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Chairman: Ms. Zubčević (Vice-Chairman) (Croatia)*later:* Mr. Raubenheimer (Vice-Chairman) (South Africa)

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In the absence of Mr. Chowdhury (Bangladesh), Ms. Zubčević (Croatia), Vice-Chairman, took the Chair.

The meeting was called to order at 3:15 p.m.

Agenda item 91: Macroeconomic policy questions

(A/58/131-S/2003/703 and A/58/413)

- (b) **Science and technology for development** (A/58/3 (Suppl.), A/58/74-E/2003/58, A/58/76, A/58/201 and A/58/204)
- (c) **Specific actions related to the particular needs and problems of landlocked developing countries** (A/58/209 and A/C.2/58/3)
- (d) **International financial system and development** (A/58/369 and A/58/204)
- (e) **External debt crisis and development** (A/58/290, A/58/204 and A/58/437)
- (f) **Outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation** (A/58/388 and A/C.2/58/3)

Introduction and general discussion

1. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), introducing the report of the Secretary-General on the Outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation (A/58/388), he pointed out that the Almaty Programme of Action adopted at that Conference focused on specific actions to be undertaken by both landlocked and transit developing countries with the support of their development partners.

2. The first step towards the implementation of the Programme of Action would be for the General Assembly to endorse the Almaty Declaration and the Almaty Programme of Action and for all agenda items relating to landlocked developing countries to be

brought together under the review process of that Programme.

3. His Office was working on an implementation plan/roadmap of the Almaty Programme of Action, which would be considered and adopted at the inter-agency consultative meeting that would be convened in January in cooperation with the secretariat of the United Nations System Chief Executives Board for Coordination. His Office would also convene a meeting of experts to prepare a methodology for monitoring the implementation.

4. The role of the World Bank and that of the regional development banks would be crucial in implementing the Almaty Programme. His Office had been requested to provide support to the landlocked and transit developing countries in connection with the subregional meetings mentioned in paragraph 48 of the Almaty Programme of Action (A/CONF.202/3, annex I). Efforts at the subregional level must rely on active and well-coordinated involvement of the relevant international, regional and subregional organizations, including the regional commissions of the United Nations and the subregional integration organizations. His Office would make efforts to mobilize and coordinate resources and involvement of those organizations in the process.

5. Another priority for immediate action was international trade. The landlocked and transit developing countries should redouble their efforts within the context of the resumption of the Doha Round of trade negotiations following the recent setback in Cancún. Those countries should avail themselves of the benefits from technical cooperation and capacity-building programmes offered by the relevant United Nations organizations and the World Trade Organization (WTO).

6. The process of implementing priorities 1 and 2 of the Almaty Programme of Action should also start immediately. In that connection, he would like to single out the importance of reconstructing “missing links” in the regional and subregional transport networks. He would also underscore the need for increased efforts to further improve the efficiency of existing transport facilities through simplification, harmonization and standardization of border-crossing procedures and documentation, as well as greater use of information technology. His Office would initiate major efforts to

promote international conventions in the area of transit trade and transport.

7. **Mr. Herman** (Department of Economic and Social Affairs), introducing the report of the Secretary-General on the International financial system and development (A/58/369), pointed out that it was meant to complement the major policy document that the Secretary-General had prepared for the High-Level Dialogue on Financing for Development (A/58/216). The views expressed in the two reports were those of the Secretariat. The relevant policy conclusions and recommendations of the Secretariat on agenda item 91 (d) were to be found in the latter report.

8. Highlighting three broad policy concerns that the Secretariat felt were central to the “international financial architecture” issue, he said that the first had to do with global macroeconomic oversight. There were very major and persistent global financial imbalances in the world; one was the net transfer of financial resources out of developing and transition economies, which had reached almost US\$ 200 billion in 2002. That was the mirror image of the equally historic surpluses in the balances of trade in goods and services of those countries. The net financial transfer from developing and transition economies should also be seen in a global context, as it reflected disequilibrium at a world scale. Net financial transfers from developed countries other than the United States, as well as from the developing and transition economies, were financing the large external deficit of the United States economy. If that remained unchecked, there was a danger of a loss of confidence in the dollar, which could bring sharp swings in key-currency exchange rates and new shocks to trade and financial flows. To begin to reverse the imbalances the world needed a strengthening of domestic demand in other countries besides the United States. It was not clear, however, how that should be done.

9. The second concern related to the tools for combating financial crises. The International Monetary Fund had been reviewing its initiatives of the past half-dozen years. In 2003, for example, conditions for access to the Fund’s Supplemental Reserve Facility had been clarified in order to better signal the prospective scope of IMF lending intentions during future crises. In addition, the Fund had decided to let its Contingent Credit Line (CCL) expire in December 2003, for no country had ever applied for it. Additional official

financing innovations were needed, but it was not clear yet what they would be.

10. The third concern was for effective and fair multilateral governance. A common criticism made of the governance structures of IMF and other multilateral financial institutions was that their decision-making was weighted too heavily to the rich countries, and consideration was being given to ways of enhancing the voice of developing and transition economy countries. However, the road was likely to be bumpy.

11. **Mr. Gleckman** (United Nations Conference on Trade and Development), introducing the reports of the Secretary-General on the impact of new biotechnologies, with particular attention to sustainable development, including food security, health and economic productivity (A/58/76), on transit environment in the landlocked States in Central Asia and their transit developing neighbours (A/58/209) and on external debt crisis and development (A/58/290), said that the first report provided an analysis of the impact of the new biotechnologies, with particular attention to the ones which benefited sustainable development, food security, health and economic productivity. It provided information on the sectors and countries where biotechnologies were making a contribution to productivity and human welfare, identified measures that were needed to strengthen indigenous capacities in biotechnology and put forth proposals for the enhanced transfer of such technologies, particularly to developing countries and countries with economies in transition. The report stressed the importance of national Governments formulating appropriate policies to encourage the adoption, use and innovative development of safe biotechnology applications. It also suggested setting up an integrated framework for biotechnology development within the United Nations system to facilitate policy development, private sector engagement and capacity development in biotechnology.

12. The substantive theme for the Commission on Science and Technology for Development for the period 2001-2003 was technology development and capacity-building for competitiveness in a digital world. The Commission had addressed technology transfer, diffusion and capacity-building, with particular attention to the absorption and applications of information and communication technologies (ICTs). One important outcome had been a report on

ICT development indices, including a cross-country analysis of more than 150 countries in terms of connectivity or infrastructure status, policy measures and degree of access to the Internet.

13. The report on the transit environment in the landlocked States in Central Asia and their transit developing neighbours (A/58/209) described the transit environment in Central Asia, including the present status of the transport infrastructure. The United Nations Conference on Trade and Development (UNCTAD) would continue to provide analytic work and technical assistance to landlocked developing countries in all regions in their quest for development and for the benefits of integration into the global economy.

14. The report on the external debt crisis (A/58/290) provided an overview of the debt situation, including the recent trends in regard to the debt crisis, the situation with respect to reserve accumulation and net transfer of resources, debt relief under the Heavily Indebted Poor Countries Initiative (HIPC), the remaining problem of debt sustainability and negotiations on debt relief and restructuring at the Paris Club.

15. He would be happy to provide the Committee any supplemental information it might need during its consideration of the items relating to science and technology, landlocked transit countries or the debt crisis.

16. *Mr. Raubenheimer (South Africa), Vice-Chairman took the Chair.*

17. **Mr. Benmellouk** (Morocco), speaking on behalf of the Group of 77 and China, said that the growth in ODA in real terms of 5 per cent in 2002, representing only 0.23 per cent of GDP of donor countries, was far below the targets set. Not only should capital flows to developing countries, notably to Africa, be increased, but developed countries must honour the commitments made at a variety of international gatherings, including at Monterrey and Johannesburg, to ensure that their policies were consistent with and conducive to achieving the Millennium Development Goals. The International Monetary Fund and international financial institutions must play an effective role in reducing the costs of financial risks and ensuring that there was a positive financial flow into developing countries. Innovative ways and means must be sought to identify additional public and private sources of financing for

development. In that regard, the Group of 77 and China wished to reiterate its call for using special drawing rights for development.

18. The participation of developing countries in the decision-making process of international financial institutions had become a necessity which brooked no delay. While the Group of 77 and China welcomed the efforts being made by the World Bank and IMF to identify ways and means of involving developing countries in their decision-making process and urged them to establish a specific timetable towards that end. It regretted the lack of progress on the structural measures that would require an overhaul of the capital structure of both institutions along with a review of the quota system. The Group of 77 and China encouraged the Bank and Fund to continue to devote appropriate attention to that issue and appealed to developed countries to follow through on their commitments at Monterrey to correct the anomalies of the decision-making process in the Bretton Woods institutions.

19. With respect to the issue of debt alleviation, the Group of 77 and China welcomed the efforts made by the heavily-indebted low-income countries in partnership with the World Bank and IMF, which resulted in 27 and 8 countries reaching the decision and the completion points, respectively, under the HIPC Initiative. However, some flexibility was required in implementing the eligibility criteria for that Initiative so as to enable the countries concerned to reach their completion points while preserving the viability of debt management. The same level of flexibility should be applied in dealing with the debt of all developing countries across the board. It was indispensable to take into account the nexus between debt management viability and the effects of alleviation measures on progress made towards attaining the Millennium Development Goals. Furthermore, the analysis of debt viability at the completion point must take into account the prevailing global economic environment. Noting that it was important to establish a framework for dealing with the international sovereign debt of developing countries, he said that the proposal to establish a group of experts to study the debt and come up with recommendations was worthy of consideration.

20. Referring to international transit cooperation, he said while the Almaty Declaration and Programme of Action spelled out a framework for cooperation that Programme's goals could not be attained without the backing of the international community. He therefore

urged the donor countries and international and regional financing institutions to help the countries concerned to translate the Almaty Programme into reality. The General Assembly also had a central role to play in that regard by monitoring the implementation of the Programme, while issuing the necessary guidelines and political directives. In that regard, the Group of 77 and China reaffirmed its call for the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to act as focal point for the follow-up to the Almaty Programme of Action.

21. Turning to science and technology for development, he said that biotechnology should be reoriented towards fighting poverty, hunger, disease and underdevelopment and the fruits of biotechnology should be shared. Unfortunately, the benefits of the biotechnological revolution were currently confined to the developed countries and Western firms while a whole range of obstacles were placed in the path of developing countries.

22. He expressed the hope of the Group of 77 and China that the World Summit on the Information Society would be devoted to advancing information and communication technologies in the developing world. To that end all stakeholders were urged to become actively involved in the preparatory process and to continue providing financial resources to the special trust fund established by the International Communication Union. The United Nations must play a paramount role in ensuring the transfer of know-how and technologies to developing countries on favourable terms and in promoting science and technology in those countries. Accordingly, the Group of 77 and China reiterated its appeal that adequate financial resources should be made available to UNCTAD.

23. *Mr. Ranbenheimer (South Africa), Vice-Chairman, took the Chair.*

24. **Mr. Bernardini** (Italy), speaking on behalf of the European Union, the acceding countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, and the associated countries Bulgaria, Romania and Turkey, said that the common effort to address the needs and problems of landlocked and least developed countries was an essential element of the international community's broader commitment to achieving the Millennium Development Goals. The European Union

welcomed the Almaty Declaration and Programme of Action one of the main aims of which was to increase the share of landlocked least developed countries in world trade. That was why the European Union regretted the failure of the Cancún Conference, which was a missed opportunity, in particular for least developed countries, to make headway towards the objective of duty- and quota-free access for their exports, as set out in the Doha Declaration. The European Union remained convinced that the enhanced liberalization of world trade, together with better multilateral trade rules and development cooperation activities could play a crucial role in achieving the Millennium Development Goals. The Doha Development Agenda could bring trade gains for landlocked least developed countries in the area of trade facilitation — while new WTO commitments could considerably ease border and transit procedures — or in that of transport services, which were crucial in moving products rapidly to the market. The European Union was therefore willing to make progress in WTO, if other members were ready to show real commitment and the flexibility needed to achieve results reflecting the interests of all parties.

25. Implementation of the Almaty Programme of Action must begin with the strengthening of existing regional cooperation initiatives between transit and landlocked developing countries and the promotion of new agreements between those countries. The donor community would have an important role to play in that regard. The European Union already provided financial and technical assistance for sustainable policies and strategies and for transport infrastructure and services such as roads and railways, and was currently funding several projects in landlocked least developed countries related to trade facilitation, customs modernization and trade-related assistance. The further implementation of such programmes, however, needed to take place as part of a coherent national development strategy and in compliance with internationally agreed rules.

26. The European Union was committed to the implementation of the Brussels Plan of Action for Least Developed Countries and paid special attention to the specific needs of such countries, which should be the primary beneficiaries of poverty-reduction strategies. Issues of vital importance to the implementation of the Brussels Plan of Action included

accountability, good governance, the rule of law and capacity-building in the least developed countries.

27. With regard to accountability, the participatory approach adopted in the framework of the poverty reduction processes was vital to fostering the adoption of a pro-poor strategy. In some cases, however, consultations had proven ineffective or of limited impact due to the weakness of civil society in many least developed countries. The participatory approach should be reinforced for all the components of civil society, particularly the poor, women and minorities. However, a participatory approach could only produce the expected results if it was carried out in a conducive environment where democracy, respect for human rights, the rule of law and good governance held sway. Furthermore, the role of national parliaments in the decision-making process should be strengthened. In that regard, the European Union intended to start a debate in the coming months on the concept of good governance in the context of its development policy.

28. The European Union recognized that excessive demands from the donor community could create excessive opportunity and transaction costs for least developed countries. To that end, the High-Level Meeting on Harmonization held in Rome, in February 2003, had encouraged partner countries to develop a country-based approach that emphasized country ownership, government leadership, capacity-building, different aid modalities and the involvement of civil society and non-State actors. The European Union therefore supported the least developed countries' request that poverty reduction strategies and priorities should be identified through a single nationally driven analytical process and reaffirmed its commitment under the Brussels Plan of Action to support the efforts undertaken by such countries in the area of environmental protection, in accordance with the Johannesburg Plan of Implementation.

29. The European Union considered the smooth and gradual integration of the least developed countries into the world economy a priority, with due regard being paid to their political choices and priorities. The "Everything but Arms" (EBA) initiative gave a clear signal of the European Union's intentions in that regard. The integration of least developed countries into the multilateral trading system had been further improved by the decision on their accession to WTO of December 2002. The acceleration and facilitation of accession of those countries to WTO was an element of

the Brussels Plan of Action to which the European Union was particularly dedicated.

30. With regard to financing, he reconfirmed the European Union's commitment to raise its ODA level to 0.39 per cent of gross national income by 2006 as a first step towards achieving the United Nations goal of 0.7 per cent. Turning to debt relief, he announced that the European Union was contributing approximately 1.8 billion euros to the HIPC Trust Fund out of a pledged total contribution of 2.5 billion euros.

31. **Mr. Løvold** (Norway) said that his delegation shared the Secretary-General's opinion, stated in paragraph 25 of his report on the external debt crisis and development (A/58/290), that substantial increases in expenditures were needed to improve living conditions and make progress towards the Millennium Development Goals. However, the report exaggerated the importance of debt relief relative to other measures. On the slowness of the implementation of the HIPC Initiative the focus of the report was again slightly off-centre. Most of the delay could be attributed to the difficulty of preparing credible poverty-reduction strategies with national ownership. The Initiative was simply taking more time than expected. Steep debt-service reduction was implemented once an HIPC country reached its Decision Point. Excessive focus on the small number of "exits" from the HIPC mechanism rather than on the many countries enjoying dramatic reductions in their debt service might invite flawed speculation.

32. The HIPC treatment of conflict-ridden countries must presuppose the formation of legitimate governments, but the Secretary-General was right to call for flexible treatment of post-conflict countries. However, since all such operations had so far been fully funded by donor countries, the merits of establishing a special Trust Fund were questionable.

33. His delegation shared the concerns expressed in the report about long-term debt sustainability, and it was fortunate that IMF and the World Bank were taking corrective action. The case for "topping up" of the debt relief when countries reached their Completion Points and for additional financing was a strong one. Norway would continue to press for a review of IMF and World Bank methodology so that extra voluntary bilateral debt cancellations were genuinely treated as additional relief. A situation in which creditors who did more subsidized those who did less was unacceptable.

34. Norway regretted the lack of consensus to move forward on the Sovereign Debt Restructuring Mechanism; efforts to revitalize the search for debt work out mechanisms must aim at practicable arrangements on which consensus might be possible. The importance of sound debt management was evident. Despite the efforts of many institutions, there was ample room for better coordination. With a view to increased efficiency Norway had proposed the formation of a consultative group on debt management.

35. It was high time for long-term debt sustainability to become the guiding principle of debt renegotiation with non-HIPC and middle-income countries as well. Norway strongly supported the Paris Club's continuing deliberations on the Evian Approach and the updating of cut-off dates as long as they safeguarded new credits in the best interests of the debtor countries themselves. It would be difficult for the uniform cut-off date proposed by the Secretary-General to gather sufficient support among creditors. Flexible instruments such as debt-for-development swaps, with several creditors and single debtors coming together in cooperative schemes, likewise warranted support. The creditor countries must also coordinate their debt swaps.

36. **Ms. Liu Hua** (China) said that since China was itself pursuing a strategy of revitalization through science and education it understood the difficulties confronting the developing countries in that area. It called on the developed countries to provide the developing ones with more assistance in the transfer of technology and capacity-building, a prerequisite for attainment of the Millennium Development Goals.

37. Implementation of the outcome of the Almaty Conference on transit transport cooperation would require all the parties involved to make coordinated efforts, in conjunction with the landlocked and transit developing countries, to turn commitments into action. The Chinese Government would continue to support those countries in their development efforts.

38. Turning to items 91 (d) and (e), she said that her delegation had noted some useful recommendations contained in the Secretary-General's report. The United Nations and the Bretton Woods institutions had made efforts since the Monterrey Conference to improve the external debt situation, but more remained to be done.

39. Finally, it was necessary to reform the international financial system and establish a just and

equitable international economic order. The United Nations should play an active role in that regard.

40. Secondly, the efforts to mobilize both international and domestic financial resources for development must be intensified. China urged the developed countries to meet their commitment of using 0.7 per cent of GDP for ODA and stressed that the tendency to politicize development assistance should be resisted.

41. Thirdly, debt relief must be speeded up and simplified. While there had been some progress in implementing the HIPC Initiative, the process had slowed. China supported the Secretary-General's proposals on speeding-up and streamlining the Initiative and increasing the amount of debt relief. The developed countries must not use debt reduction as part of ODA but should provide the Initiative with new and additional capital. The Chinese Government had signed debt-relief agreements with 31 African countries in a total amount of \$1.05 billion.

42. Finally, the ownership and the decision-making prerogatives of the developing countries must be respected and their capacity-building enhanced. International institutions and donor countries should learn from the lessons of the past: the imposition of such policies as privatization, liberalization and market reform usually failed.

43. **Mr. Isakov** (Russian Federation) said that the stability of the international financial system was one of the keys to attainment of sustainable development goals, especially in the light of the received opinion that the rate of liberalization of financial markets should correspond strictly to the specific conditions of individual countries. Effective national financial and banking systems were also critical to the mobilization of domestic resources for development. His delegation believed that the United Nations was making a positive contribution to the development of common approaches to the strengthening of the international financial system and it attached particular importance to the forthcoming High-level Dialogue on Financing for Development.

44. Debt relief, especially for the HIPCs, was the most important source of development funding. All the creditors of the poorest countries must be involved in implementation of the HIPC Initiative, and the Russian Federation supported the efforts of IMF and the World Bank to that end. The President of the Russian

Federation had confirmed that it would continue to contribute to the debt-relief process; over the past three years Russia had written off developing country debt totalling 27.2 billion. It was true that many countries covered by the HIPC Initiative were not implementing the IMF reform programmes properly. Russia could accept the prolongation of the Initiative until the end of 2004, but the interval should be used for developing suitable treatment of countries which were not meeting the requirements. Expansion of the Initiative must be supported by adequate resources; dilution of the participation criteria might erode its fundamental principles.

45. His delegation attached great importance to the work of the Commission on Science and Technology for Development and believed that its coordination role should be strengthened since there had been a shift of emphasis by United Nations agencies with regard to the science and technology component of their activities.

46. Russia was taking an active part in the preparations for the World Summit on the Information Society and hoped that at its meeting in November the Preparatory Committee would be able to take generally acceptable decisions on the agenda. The latter should not be confined to the technical aspects of bridging the "digital divide" but provide a broader framework for dealing with the impact of the emerging information society and making efficient use of information and communication technologies for sustainable development.

47. His delegation endorsed the decisions of the Almaty Conference on transit transport cooperation and welcomed the Programme of Action.

48. **Mr. Moleko** (Lesotho), speaking on behalf of the Southern African Development Community (SADC), noted that the quest for solutions to the problems of landlocked and transit developing countries had culminated in the adoption of the Almaty Programme of Action. The Millennium Declaration called for donors to increase their financial and technical assistance to such countries and help them to improve their transport infrastructures so as to enable them to benefit from the global trading system.

49. The SADC countries had already made headway by establishing the Directorate of Infrastructure and Services, which had a technical committee on transport and communications. They had also adopted a protocol on transport, communications and meteorology and

were working on regional transport-corridor systems linking all the Community's members; the corridors might also serve other countries. But such initiatives were insufficient to solve the problem of high transit and transport costs, and SADC called on the international community and the private sector to lend their support.

50. SADC hoped that the implementation of the Almaty Programme of Action would be pursued vigorously, especially with respect to the link between trade and transport. The developed countries were urged to ensure that landlocked and transit developing countries were integrated into the global trading system; the failure of the Cancún Conference did not bode well in that respect. As currently constituted, the international trading system would prevent the developing countries from meeting the Millennium Development Goals.

51. **Ms. López** (Venezuela) said that the topic of external debt and development was central to the attainment of sustained economic growth for development; it must be perceived as a structural relationship in which less external debt meant more development. The high cost of external debt had turned developing countries into net exporters of capital and was constraining their development capacity. The options offered at international meetings had sometimes produced significant effects, but most of the developing countries still bore a heavy debt burden.

52. Despite the severe economic contraction since late 2002 Venezuela was trying to meet its external-debt commitments and had taken action to increase its international reserves. It had also achieved an interest-rate cost reduction of more than eight percentage points in comparison with the first half of 2003. Such actions had helped to improve the country's growth prospects. Venezuela reiterated the appeal to the international community to redefine its financing terms in the light of the debt burden and the specific characteristics of each country. The present inflexible terms were increasingly impeding the attainment of the Millennium Development Goals.

53. Her Government believed that access to science and technology was essential in order to increase production and productivity, and it was promoting scientific training programmes, allocating resources to research institutes and establishing information centres.

It naturally looked forward to the forthcoming World Summit on the Information Society.

54. **Ms. Monteith** (Jamaica), speaking on behalf of the member States of the Caribbean Community (CARICOM) that were Members of the United Nations, expressed the hope that the primary objectives of the World Summit on the Information Society would include the formulation of policies that would allow the international community to take advantage in an equitable manner of opportunities created by the information and communication technologies. Societies which placed greater emphasis on the use of information and communication technologies for social, economic and cultural development were far preferable to those which focused on technology as an end in itself.

55. In spite of their differences, the countries of the Caribbean shared a desire to improve their economic status and to enrich the lives of their populations. Health, environment, agriculture, trade and industry could benefit greatly from scientific and technological applications. She outlined a number of regional initiatives that had been taken to pool resources and expertise for long-term development.

56. In order to further harness the potential of new developments in science and technology, the region would need to strengthen national innovation systems and link them to the global information society. The members of CARICOM therefore looked forward to continued partnerships with government and private sector entities outside the region.

57. CARICOM also welcomed the establishment of the United Nations Information and Communication Technologies Task Force and was particularly pleased with the launching of regional nodes in Latin America and the Caribbean because it believed firmly that harnessing the potential of information and communication technologies was critical for development, poverty reduction and the empowerment of marginalized groups.

58. Turning to the report of the Secretary-General on the impact of new biotechnologies (A/58/76), she said there was concern at the potential negative effects of such technologies on public health and fragile ecosystems. Regulatory and management systems to minimize potential negative consequences must be encouraged, but such measures should not be used to discriminate against exports from developing countries.

59. She expressed concern at the absence of a comprehensive international regime that would impose legal obligation on States to respect and protect traditional knowledge and noted that, because of biopiracy by developed country industries in the developing world, the developing countries were unable to take full advantage of their own traditional processes to advance development. She also expressed concern at the rate of implementation of the Cartagena Protocol on Biosafety, and welcomed the proposal of the Secretary-General for an integrated framework for the development of biotechnology, under the auspices of the United Nations, to give special consideration to the needs of least developed countries and small island developing States and to help them boost manpower for the development of biotechnology.

60. The rapid pace of global technological and economic transformation required urgent action on a global scale in order to create opportunities for all. In order to fully harness the potential benefits of technology, the international community must accept the challenge to make an even greater effort to promote equality and shared access to scientific and technological progress. The Caribbean Community looked forward to the consolidation of the work of all relevant United Nations organs and agencies in promoting that goal.

61. **Mr. Qamar** (Pakistan) said that the HIPC Initiative, though inadequate, remained an important mechanism for the 42 eligible countries. However, there was nothing comparable to deal with the problems of other countries with high debt ratios which did not qualify for HIPC Initiative consideration because of the per capita criterion. Debt sustainability of middle-income developing countries was not only essential to their economic growth but also important for the smooth functioning of the world economy. By the same token, debt repayment aggravated absolute poverty.

62. Developed countries and international financial institutions must review their debt relief policies and take immediate action to provide a durable solution to the external debt problems of all developing countries. New and innovative forms of debt relief should be seriously pursued. In that context, the United Nations must play a key role in implementing a comprehensive strategy.

63. With regard to agenda item 91 (d), he stressed the need for a reform of the international financial architecture. Since decisions and policies of the Bretton Woods institutions had an impact on all countries, those institutions needed to be more participatory and transparent. The ability of developing countries to influence the design and content of the international development agenda should be enhanced. Pakistan looked forward to the early completion of work aimed at enhancing the voting power and participation of developing countries in those institutions. However, it believed that the issue could be addressed effectively only by a comprehensive package of measures and that it would require a sharp focus on genuine development and structural reform agendas.

64. He welcomed the outcome of the recent International Ministerial Conference of Landlocked and Transit Developing Countries as the first firm step towards identifying the special needs and concerns of landlocked developing States and their transit neighbours. Pakistan was committed to providing easy, efficient and expeditious transit access to its landlocked neighbours in order to help them expand their international trade. It was not only modernizing its existing system of highway and rail systems, but had also embarked on constructing new road networks, ports and related facilities. He expressed the hope that the efforts of Pakistan and other landlocked and transit developing countries would be complemented by corresponding technical support and financial assistance from donors, international institutions, and other stakeholders.

65. **Mr. Haddad** (Yemen) said that foreign indebtedness was seriously hampering the efforts of the heavily indebted poor countries (HIPCs) to attain the Millennium Development Goals, particularly with respect to the alleviation of poverty. In 2002, the foreign indebtedness of the developing countries had exceeded \$2,384 billion. Procedures for alleviating the debt burden of the countries concerned were still too slow; the ministers of finance of the indebted countries had concluded that the delay in the process of debt alleviation was due to the failure to simplify the conditionalities of the International Monetary Fund and the World Bank. The nature and content of programmes for overall economic structural reform should be tailored to the circumstances of each individual country. His delegation wished to stress the need for a safety margin to protect HIPCs against external shocks

and for prompt emergency funding based on the annual evaluation of debt sustainability so as not to reduce the funds available, particularly for poverty alleviation programmes.

66. Like other developing countries, Yemen attached great importance to the preparations for the World Summit on the Information Society and welcomed the decision to hold the Summit in two phases. His delegation hoped that the Summit would address the principal concerns of the developing countries in relation to the acquisition of information and communications technology and the development of their national capacity to apply it to the various development sectors so as to be able to face up to the challenges imposed by the information gap between the developed and the developing countries. The draft declaration and draft plan of action should also include a shared vision of the information society with mankind as its focus.

67. Discussion of the reform of the international financial structure at the previous session of the General Assembly had underscored the need for fair policies to alleviate external financial crises and promote sound economic management so as to increase economic growth and eradicate poverty. The Monterrey Consensus had given rise to a number of new ideas in the general framework of international monetary reform, particularly in connection with the financing of development, and increasing the participation of the developing countries in the decision-making process in the Bretton Woods institutions. His delegation expected the international community to take the opportunity to engage in a high-level discussion on the financing of development so as to take advantage of the ideas aimed at reform of the international financial structure.

68. **Mr. Kenyora** (Kenya), referring to document A/58/369, drew attention to the high level of net outward transfers of financial resources from developing countries, and noted that negative net transfers in periods of slow global economic growth were particularly harmful to development. He agreed that it was necessary to speed up international financial reform, while enabling developing countries to tap into potential financial resource transfers and thereby increase economic growth and eradicate poverty. Macroeconomic policies of individual countries would bear fruit only if the governance of the international financial system were consistent and equitable.

Increased participation of developing countries in international economic decision-making was crucial.

69. The continued decline in commodity prices was undermining the efforts of developing countries. An equitable multilateral trading system based on enhanced market access for the exports of developing countries could significantly reduce the latter's debt burden. Kenya doubted whether the present form and scope of the HIPC Initiative could effectively address the challenges of all HIPC countries, and called for additional resources to support the Initiative and the adoption of a new framework to cater to other indebted poor countries.

70. His delegation welcomed the Almaty Declaration which recognized that partnership and cooperation were central to developing the required infrastructure and providing access to the world market for the benefit of all. The implementation of the Almaty Programme of Action would significantly reduce the gap between landlocked and transit developing countries, on the one hand, and industrialized countries on the other. He therefore underscored the role of the Office of the High Representative in not only ensuring the implementation of the Programme of Action, but also in the mobilization of resources for development of transit transport infrastructure. He shared the view that transit transport cooperation would stimulate the economies of transit developing countries.

71. Kenya was an active member of various regional and subregional organizations involved, among other things, in the harmonization of transport laws and standardization of documentation requirements to facilitate cross-border trade and access. His Government intended to construct road and rail links in that context but its plans had been stymied by a lack of resources. He therefore appealed to development partners to support Kenya's initiatives in developing its infrastructure accordingly.

72. **Mr. Gerus** (Belarus) said that the effective functioning of the international financial system played a significant role in the attainment of the agreed development goals, but its structure must be further improved and made more transparent. The international financial institutions should give greater attention to the search for innovative ways of expanding the participation of the developing and transitional States in the adoption of international economic decisions. As part of the necessary reforms, his delegation advocated

a more balanced approach to debtors and creditors with regard to regulatory measures, together with arrangements which affected countries' sovereignty less and rendered the multilateral institutions more democratic.

73. The international financial institutions should also support more actively the efforts of the developing and transitional States to develop ICT. In his report on the work of the Organization (A/58/1) the Secretary-General rightly linked hopes for more effective functioning of the United Nations to the strengthening of the cooperation between the Organization and the Bretton Woods institutions. The Belarus delegation was in favour of the participation of the leaders of those institutions in the spring meetings of the Economic and Social Council, which must facilitate a discussion of concrete joint actions by international organizations for the implementation of the Monterrey Consensus and attainment of the Millennium Declaration Goals. It looked forward to exploring all those issues further at the High-level Dialogue on Financing for Development.

74. **Mr. Mpundu** (Zambia) said that the debt crisis had its roots in the unfavourable terms of trade of the developing countries. It was time for their external debt problems to be solved so that they could use their scarce resources to meet development challenges. Zambia's own external debt had increased to \$7.1 billion by December 2002 and the situation was being exacerbated by deteriorating terms of trade. Zambia had been using the Poverty Reduction Growth Facility, under which a satisfactory performance was one of the trigger conditions for reaching the HIPC Completion Point. However, despite the macroeconomic policies which it had introduced it would not reach the Completion Point by December 2003. It therefore fully supported the call in the Monterrey Consensus for the full implementation of the HIPC Initiative and the General Assembly's call for a durable solution to external debt problems. Zambia urged the multilateral institutions and donor countries to consider cancelling the debts of developing countries.

75. **Mr. Langmore** (Observer for the International Labour Organization) said that it would take major changes of strategy to expand the employment growth rate sufficiently fast to meet the Millennium Development Goals and other targets. All countries had agreed to give high priority to employment growth and that had implications for macroeconomic policy; it was

therefore inconsistent that some poverty reduction strategy papers did not include employment as a macroeconomic goal, and that financial institutions did not encourage them to do so.

76. In many countries, monetary constraints had been so tight that access to credit was difficult and interest rates were prohibitively high. The availability of credit at manageable rates was a prerequisite for the establishment and growth of new enterprises. Fiscal policy could also positively influence the growth of employment opportunities. Employment growth could be effectively encouraged through well-chosen expenditure increases aimed directly at equitable improvements in services. There was evidence to suggest that developing countries might well benefit from aiming to improve their expenditure capacity by increasing revenue. He also noted that technical assistance for the improvement of tax administration was a particularly cost effective form of development cooperation.

77. He said that increased external concessional finance was essential and cited the liberalization of financial markets, and subsequent volatility of money supplies and interest rates, as the most influential change in the macroeconomic environment over the past 30 years. The power of short term capital flows in liberalized financial markets to destabilize economies ensured that the preferences of financiers were foremost in the minds of national economic policy makers, thereby skewing priorities towards reduced expenditure. Financial liberalization could therefore be doubly damaging, causing both increased poverty and the reduced capacity of Governments to ease the suffering of the poor. Countries which had not yet comprehensively liberalized should exercise caution in determining the extent and sequence of liberalization, and adopt a moderate policy. Countries which had already liberalized should consider how best to escape from the vicious circle of strengthening supervision or selective regulation, without increasing the risk premium on their bonds. Major international cooperative action was also essential.

The meeting rose at 6.05 p.m.