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EXTERNAL DEBT CRISIS AND DEVELOPMENT

Report of the Second Committee

Rapporteur: Mr. Martin WALTER (Czechoslovakia)

I. INTRODUCTION

1. At its 3rd plenary meeting, on 23 September 1988, the General Assembly, on the recommendation of the General Committee, decided to include in its agenda the item entitled "External debt crisis and development" and to allocate it to the Second Committee.
2. The Second Committee considered the item at its 16th to 21st, 24th, 28th and 48th meetings, on 19 to 21, 24, 26 and 31 October and 9 December. An account of the Committee's general discussion of the item is contained in the relevant summary records (A/C.2/43/SR.16-21, 24, 28 and 48). Attention is also drawn to the general debate held by the Committee at its 3rd to 10th meetings on 5 to 7, 10 and 11 November (A/C.2/43/SR.3-10).
3. For its consideration of the item, the Committee had before it the following documents:

A/43/184 Letter dated 1 March 1988 from the Permanent Representative of Colombia to the United Nations addressed to the Secretary-General transmitting the communiqué issued by the Ministers for Foreign Affairs of the Contadora Group and its Support Group at the conclusion of the third regular meeting of the Permanent Mechanism for Consultation and Concerted Political Action, held at Cartagena, Colombia, from 24 to 26 February 1988

- A/43/235-
S/19674 Letter dated 22 March 1988 from the Permanent Representative of Panama to the United Nations addressed to the Secretary-General transmitting excerpts from the message to the nation issued by the Minister in Charge of the Presidency of the Republic of Panama on 21 March 1988
- A/43/283-
S/19736 Letter dated 5 April 1988 from the Permanent Representatives of the Union of Soviet Socialist Republics and Yugoslavia to the United Nations addressed to the Secretary-General transmitting the text of the Yugoslav-Soviet declaration adopted on 15 March 1988 in Belgrade
- A/43/287-
S/19740 Letter dated 5 April 1988 from the Permanent Representative of Panama to the United Nations addressed to the Secretary-General transmitting the text of decision 271 adopted by the Latin American Council of the Latin American Economic System (SELA) at a special meeting held on 28 and 29 March 1988 at Caracas
- A/43/370 Letter dated 27 May 1988 from the Permanent Representative of Guatemala to the United Nations addressed to the Secretary-General transmitting the results of the seventy-ninth session of the Inter-Parliamentary Union, held at Guatemala City from 8 to 16 April 1988
- A/43/373 Letter dated 11 May 1988 from the Permanent Representatives of the Federal Republic of Germany and Thailand to the United Nations addressed to the Secretary-General transmitting the texts of the joint declaration of the seventh meeting of the Foreign Ministers of the European Community and of the Association of South-East Asian Nations, held at Düsseldorf on 2 and 3 May 1988
- A/43/399 Letter dated 9 June 1988 from the Chargé d'affaires a.i. of the Permanent Mission of Trinidad and Tobago to the United Nations addressed to the Secretary-General transmitting the Communiqué of the Fourteenth Meeting of the Standing Committee of Ministers responsible for Foreign Affairs of the Caribbean Community, held at Port of Spain on 20 and 21 May 1988
- A/43/480 Letter dated 22 July 1988 from the Chargé d'affaires a.i. of the Permanent Mission of Antigua and Barbuda to the United Nations addressed to the Secretary-General transmitting the Communiqué of the ninth meeting of the Conference of Heads of Government of the Caribbean Community, held at Deep Bay, Antigua and Barbuda, from 4 to 8 July 1988
- A/43/510-
S/20091 Letter dated 4 August 1988 from the Permanent Representative of Brunei Darussalam to the United Nations addressed to the Secretary-General transmitting excerpts from the Joint Communiqué of the twenty-first ASEAN Ministerial Meeting, held at Bangkok on 4 and 5 July 1988

- A/43/538 Letter dated 15 August 1988 from the Chargé d'affaires a.i of the Permanent Mission of the Philippines to the United Nations addressed to the Secretary-General transmitting the text of the Manila Declaration of 1988 adopted at the International Conference of Newly Restored Democracies, held at Manila from 3 to 6 June 1988
- A/43/587 Letter dated 2 September 1988 from the Permanent Representative of the German Democratic Republic to the United Nations addressed to the Secretary-General transmitting a statement by the Ministry of Foreign Affairs on the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990
- A/43/647 Report of the Secretary-General entitled "Towards a durable solution of the debt problem"
- A/43/667-
S/20212 Letter dated 29 September 1988 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General transmitting a copy of the final documents adopted by the Conference of Foreign Ministers of the Movement of Non-Aligned Countries, held at Nicosia from 5 to 10 September 1988
- A/43/671 Letter dated 30 September 1988 from the Permanent Representative of Tunisia to the United Nations addressed to the Secretary-General transmitting the declaration of the twelfth annual meeting of the Ministers for Foreign Affairs of the Group of 77, held at New York from 28 to 30 September 1988
- A/43/692-
S/20220 Letter dated 7 October 1988 from the Permanent Representative of Jordan to the United Nations addressed to the Secretary-General transmitting the text of the final communiqué adopted by the Co-ordination Meeting of the Ministers for Foreign Affairs of the Organization of the Islamic Conference, held at New York on 29 September 1988
- A/43/709 Letter dated 6 October 1988 from the Permanent Representative of Zimbabwe to the United Nations addressed to the Secretary-General transmitting the final communiqué adopted by the Meeting of Ministers and Heads of Delegation of Non-Aligned Countries to the forty-third session of the General Assembly on 3 October 1988
- A/43/713 Letter dated 6 October 1988 from the Permanent Representative of Zimbabwe to the United Nations addressed to the Secretary-General transmitting a document entitled "Assessment of the current state of the North-South dialogue and proposals for its revitalization", issued by the First Substantive Meeting of the Standing Ministerial Committee for Economic Co-operation of the Movement of Non-Aligned Countries, held at Harare from 4 to 7 July 1988

- A/43/740 Letter dated 21 October 1988 from the Permanent Representative of the Ukrainian Soviet Socialist Republic to the United Nations addressed to the Secretary-General transmitting a joint statement of the delegations of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics concerning the current international monetary and financial situation
- A/43/791- Letter dated 29 October 1988 from the Permanent Representatives of
S/20265 Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela to the United Nations addressed to the Secretary-General transmitting the text of the Uruguay Declaration adopted on 29 October 1988 by the Second Presidential Meeting of the Permanent Mechanism for Consultation and Concerted Political Action, held at Punta del Este, Uruguay
- A/43/800 Letter dated 11 November 1988 from the Permanent Representative of Malta to the United Nations addressed to the Secretary-General transmitting the text of the Madrid Appeal adopted by the European Conference of Parliamentarians and Non-Governmental Organizations on North-South Interdependence and Solidarity, held at Madrid from 1 to 3 June 1988

4. At the 16th meeting, on 19 October, the Secretary-General of the United Nations made an opening statement, and an introductory statement was made by the Secretary-General of the United Nations Conference on Trade and Development (see A/C.2/43/SR.16).
5. At the 21st meeting, on 24 October, the Chairman of the Committee made a concluding statement (see A/C.2/43/SR.21).

II. CONSIDERATION OF PROPOSALS

A. Draft resolutions A/C.2/43/L.15, L.15/Rev.1 and L.15/Rev.2

6. At the 24th meeting, on 26 October, the representative of Tunisia, on behalf of the States Members of the United Nations that are members of the Group of 77, introduced a draft resolution (A/C.2/43/L.15) entitled "External debt crisis and development: Towards a durable solution of the debt problem", which read as follows:

"The General Assembly,

"Reaffirming its resolutions 41/202 of 8 December 1986 on strengthened international economic co-operation aimed at resolving the external debt problem of developing countries and 42/198 of 11 December 1987 on furthering international co-operation regarding the external debt problem,

"Recalling Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 1/ 222 (XXI) of 27 September 1980, 2/ and 358 (XXXV) of 5 October 1988 3/ and the relevant recommendations of the mid-term global review of progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 4/

"Recalling the Final Act adopted by the United Nations Conference on Trade and Development at its seventh session, in particular chapter II, 5/

"Recognizing that the increased debt burden and the deteriorating debt situation of developing countries continue to be the major obstacles to their economic growth and sustained development and a threat to their political stability,

"Emphasizing the global impact and the political nature of the debt crisis,

"Concerned at the grave social consequences of the debt problem and of the adjustment programmes in developing countries,

"Deeply concerned that, despite the significant efforts and sacrifices undertaken by developing countries to deal with the debt crisis, the current international approach to solving this crisis has been neither comprehensive nor effective and has not led to the restoration of growth and development in debtor developing countries,

"Recognizing that there is an urgent need to further broaden the scope and the implementation of debt reduction, including debt servicing,

"Acknowledging therefore the continuing need for effective international co-operation, in particular through improvement in the international economic environment, in order to attain a durable, equitable and mutually agreed solution to the debt problem of developing countries,

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

2/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

3/ To be issued as Official Records of the General Assembly, Forty-third Session, Supplement No. 15 (A/43/15), vol. II, part one.

4/ Resolution 40/205, annex.

5/ TD/351, part one, sect. I.

"Deeply concerned that the gap between debt-service obligations and capacities is widening and thus that the prospect for reducing the debt burden on the development process in developing countries remains bleak,

"Noting with concern that the overall loss and net transfer of real resources from developing countries especially exacerbated by the debt crisis deprives those countries of resources needed for financing their growth and development,

"1. Expresses deep appreciation to the Secretary-General for his personal involvement in the search for a durable and lasting solution to the debt crisis, as well as for his opening statement on this issue;

"2. Takes note with appreciation of the report of the Secretary-General entitled "Towards a durable solution of the debt problem", 6/ in particular the foreword to the report;

"3. Stresses that the debt crisis of developing countries is global in its impact and political in its nature and consequences, with a bearing not only on relations between creditors and debtors, but also on prospects for the world community as a whole, thereby requiring concerted political action;

"4. Expresses deep concern that the debt crisis remains unabated, that indebted developing countries are still unable to grow and develop and that their economic and social prospects remain bleak;

"5. Also expresses deep concern that under the prevailing conditions, including the absence of a supportive international economic environment, the structural adjustment programmes, owing to their negative political, social and economic consequences, have resulted in increasing adjustment fatigue among the debtor developing countries, as well as an inability to restore economic growth and credit-worthiness;

"6. Urges the international community to search for a durable, equitable and mutually agreed growth- and development-oriented solution to the debt problem of developing countries,

"7. Urges the multilateral financial institutions to pursue their reassessment of conditionality, emphasizes the need for a more flexible approach, consistent with social objectives, growth and development priorities of developing countries, as well as with the conditions of the world economy, and stresses further the need to avoid cross-conditionality;

"8. Reaffirms that the main priority of any debt strategy should be to ensure that debtor developing countries achieve an adequate level of growth sufficient to enable them to satisfy their social, economic and development needs, and urges all relevant parties to develop new ways and means to ensure the availability of required resources to attain such a level of growth;

"9. Recognizes that a global solution to the debt problem involves, inter alia, a substantial improvement in the access of developing countries' products to developed countries' markets and in their terms of trade, as well as in their capability to increase their level of imports in accordance with their growth and development needs;

"10. Welcomes the increasing acceptance of the necessity of debt reduction and calls upon developed creditor countries, relevant organs, organisations, bodies and specialised agencies of the United Nations system, as well as private banks, to broaden this concept and its implementation in order to include all types of debt and debtor developing countries, and to translate it into policy actions with a view to reducing the stock and service of debt in accordance with the capacity of developing countries to pay and their need to grow and develop;

"11. Requests the Secretary-General to continue his efforts and to engage in a broad process of high-level consultations with heads of State or Government of creditor developed countries and of concerned debtor developing countries, heads of relevant specialised agencies and chief executive offices of concerned private financing institutions, in order to contribute to a common understanding towards a solution to the debt problem of developing countries in the context of their growth and development;

"12. Requests also the Secretary-General to take all other measures for the implementation of the present resolution;

"13. Further requests the Secretary-General to report on the implementation of the present resolution to the General Assembly at its forty-fourth session."

7. On 7 December 1988, a revised draft resolution was circulated (A/C.2/43/L.15/Rev.1), which read as follows:

"The General Assembly,

"Recalling its resolutions 41/202 of 8 December 1986 on strengthened international economic co-operation aimed at resolving the external debt problem of developing countries and 42/198 of 11 December 1987 on furthering international co-operation regarding the external debt strategy,

"Recalling Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 7/ 222 (XXI) of 27 September 1980 8/ and 358 (XXXV) of 5 October 1988 9/ and the relevant recommendations of the mid-term global review of progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 10/

"Recalling the Final Act adopted by the United Nations Conference on Trade and Development at its seventh session, 11/

"Recognizing that the deteriorating economic situation faced by those developing countries with heavy debt burden which constitute a major obstacle to their economic growth and sustained development can be a threat to their economic, social and political stability,

"Emphasizing that the world-wide impact and the wide range of implications of indebtedness of developing countries on today's increasingly interdependent world economy can be a threat to their political stability,

"Recognizing that, in the present circumstances, adjustment efforts are needed on the part of all countries, collectively and individually, each country contributing to the common objective in accordance with its capacities and weight in the world economy, while concern remains about the political and social implications associated with the structural adjustment programme in indebted developing countries,

"Welcoming the increasing acceptance of the reduction of the stock and service of debt as being necessary to achieve a durable solution to the external indebtedness of developing countries,

"Acknowledging the continuing need for strengthening effective international co-operation in order to resolve the external indebtedness of developing countries on a durable, equitable and mutually agreed basis, in particular through improvement in the international economic environment,

7/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

8/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

9/ To be issued as Official Records of the General Assembly, Forty-third Session, Supplement No. 15 (A/43/15), vol. II, part one.

10/ Resolution 40/205, annex.

11/ TD/351, part one, sect. I.

"Noting that, although efforts have been made by the international community to deal with the debt problem, due to its gravity, it is essential to reaffirm the shared responsibility of all parties involved,

"Noting with concern that the net outflow of resources from developing countries as a group, including deterioration of the terms of trade, especially exacerbated by the debt crisis, deprives those countries of resources needed for financing their growth and development,

"1. Expresses appreciation to the Secretary-General for his involvement in the debt issue and for his report entitled 'Towards a durable solution of the debt problem'; 12/

"2. Stresses that the debt crisis in an increasingly interdependent world economy has a wide impact, often with political implications, having a bearing not only on relations between creditors and debtors but also on prospects for the world community as a whole, thereby requiring a broad approach with political impetus and continued close co-operation;

"3. Expresses deep concern that the overall indebtedness of debtor developing countries has persisted and often increased, that indebted countries are to date unable to grow and develop and that their economic and social prospects continue to be a cause of serious concern;

"4. Stresses that a supportive international economic environment coupled with a growth-oriented development approach is needed for supporting debtor developing countries' efforts in dealing with their external indebtedness and alleviating the political and social costs of structural adjustment programmes as well as adjustment fatigue, thus contributing to the restoration of their economic growth, development and credit-worthiness;

"5. Urges the international community to continue to search through dialogue and shared responsibility for a durable, equitable and mutually agreed growth- and development-oriented solution to the debt problem of developing countries;

"6. Invites the multilateral financial institutions to continue to review conditionality criteria, taking into account, inter alia, social objectives, growth and development priorities of developing countries and changing conditions of the world economy, and stresses further the need for a more effective co-ordination among multilateral financial institutions which should not lead to cross-conditionality;

"7. Reaffirms that a major objective of any debt strategy should be that debtor developing countries achieve an adequate level of growth sufficient to enable them to satisfy their social, economic and development needs which will

in turn enhance their ability to service debt, and urges all relevant parties to develop new ways and means to sustain effectively policies aimed at attaining such a level of growth;

"8. Recognizes that efforts to resolve the debt problem should include, inter alia, policies in creditor and debtor countries that are supportive of export growth and diversification in the latter in conjunction with appropriate macro-economic policies and more open markets in both developed and developing countries, in accordance with the General Agreement on Tariffs and Trade provisions regarding the special and differential treatment of developing countries;

"9. Recognizes that there is a need to broaden further within appropriate forums the range of approaches to reducing the stock and service of debt, including the expansion of scope and implementation of currently implemented financial techniques;

"10. Requests the Secretary-General to enhance his efforts through a process of high-level consultations with heads of State or Government, as well as with other parties concerned in order to contribute to a common understanding towards a solution to the debt problem of developing countries in the context of their growth and development;

"11. Also requests the Secretary-General to take other appropriate measures for the implementation of the present resolution and to report thereon to the General Assembly at its forty-fourth session."

8. At the 48th meeting, on 9 December, the Vice-Chairman of the Committee, Mr. Ejeviome Eloho Otobo (Nigeria), informed the Committee of the outcome of the informal consultations held on the revised draft resolution.

9. At the same meeting, the representative of Tunisia, on behalf of the States Members of the United Nations that are members of the Group of 77, introduced a revised draft resolution (A/C.2/43/L.15/Rev.2), which he further orally revised by replacing the words "debt strategy" at the end of the first preambular paragraph with the words "debt problem", and by replacing the word "burdens" in the fourth preambular paragraph by the word "burden".

10. The representative of Greece, on behalf of the States Members of the United Nations that are members of the European Community, made a statement in which he proposed that, in the eleventh preambular paragraph, a comma be inserted after the words "debt crisis", and the word "deprives" should read "deprive".

11. The representative of Saudi Arabia made a statement in which he proposed that the word "developed" be inserted before the words "creditor countries" in operative paragraph 8.

12. Following statements by the representatives of Greece (on behalf of the States Members of the United Nations that are members of the European Community) and Tunisia (on behalf of the States Members of the United Nations that are members of the Group of 77), the Committee agreed to a suspension of the meeting.

13. Upon the resumption of the meeting and following a question raised by the representative of Greece (on behalf of the States Members of the United Nations that are members of the European Community), the representative of Tunisia (on behalf of the States Members of the United Nations that are members of the Group of 77) made a statement in which he clarified that the only changes to the revised draft resolution A/C.2/43/L.15/Rev.2 were the following:

(a) In the title, the words "debt problem" was replaced with the words "debt problems";

(b) In the first preambular paragraph, the words "debt strategy" at the end of the paragraph were replaced with the words "debt problem";

(c) In the fourth preambular paragraph, the word "burdens" became "burden".

14. Following statements by the representative of Greece (on behalf of the States Members of the United Nations that are members of the European Community), Tunisia (on behalf of the States Members of the United Nations that are members of the Group of 77) and Saudi Arabia, the Committee adopted draft resolution A/C.2/43/L.15/Rev.2, as orally revised, by a recorded vote of 115 to 1, with 1 abstention (see para. 19, draft resolution). The result of the voting was as follows: 13/

In favour: Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Cape Verde, Chad, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cuba, Czechoslovakia, Democratic Yemen, Denmark, Djibouti, Ecuador, Egypt, Ethiopia, Finland, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guinea, Guinea-Bissau, Guyana, Hungary, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Jordan, Kenya, Kuwait, Lesotho, Liberia, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Malaysia, Maldives, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Mozambique, Netherlands, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Sao Tome and Principe, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia, Zimbabwe.

13/ The delegation of Nepal subsequently indicated that, had it been present at the time of the voting, it would have voted in favour of the draft resolution.

Against: United States of America.

Abstaining: Japan.

15. After the adoption of the draft resolution statements were made by the representatives of Greece (on behalf of the States Members of the United Nations that are members of the European Community), Japan, the United States of America, Tunisia (on behalf of the States Members of the United Nations that are members of the Group of 77), and the Union of Soviet Socialist Republics (see A/C.2/43/SR.49).

B. Draft decision A/C.2/43/L.19

16. At the 28th meeting, on 31 October, the representative of Tunisia, on behalf of the States Members of the United Nations that are members of the Group of 77, introduced a draft decision (A/C.2/43/L.19) entitled "Establishment of an Advisory Commission on Debt and Development".

17. At the 48th meeting, on 9 December, the Vice-Chairman of the Committee, Mr. Ejeviome Eloho Ootobo (Nigeria), informed the Committee that it had been agreed, as a result of informal consultations, to transmit the draft decision to the forty-fourth session of the General Assembly for consideration.

18. At the same meeting, the Committee decided to recommend to the General Assembly that it transmit draft decision A/C.2/43/L.19 to its forty-fourth session for consideration (see para. 20, draft decision).

III. RECOMMENDATIONS OF THE SECOND COMMITTEE

19. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

External debt crisis and development: towards a durable
solution of the debt problems

The General Assembly,

Recalling its resolutions 41/202 of 8 December 1986 on strengthened international economic co-operation aimed at resolving the external debt problem of developing countries and 42/198 of 11 December 1987 on furthering international co-operation regarding the external debt problem,

Recalling Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 14/ 222 (XXI) of 27 September 1980 15/ and 358 (XXXV) of 5 October 1988 16/ and the relevant recommendations of the mid-term global review of progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 17/

Recalling the Final Act adopted by the United Nations Conference on Trade and Development at its seventh session, 18/

Recognizing that the deteriorating economic situation faced by those developing countries with heavy debt burden, which constitutes a major obstacle to their economic growth and sustained development, can be a threat to their economic, social and political stability,

Emphasizing that the world-wide impact and the wide range of implications of indebtedness of developing countries on today's increasingly interdependent world economy can be a threat to their political stability,

Recognizing that, in the present circumstances, adjustment efforts are needed on the part of all countries, collectively and individually, each country contributing to the common objective in accordance with its capacities and weight in the world economy, while concern remains about the political and social implications associated with the structural adjustment programme in indebted developing countries,

Welcoming the increasing acceptance of further diversifying the range of options that, inter alia, reduce the stock and service of debt and contribute to the achievement of a durable solution to the external indebtedness of developing countries,

Acknowledging the continuing need for strengthening effective international co-operation in order to resolve the external indebtedness of developing countries on a durable, equitable and mutually agreed basis, in particular through improvement in the international economic environment,

14/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

15/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

16/ To be issued as Official Records of the General Assembly, Forty-third Session, Supplement No. 15 (A/43/15), vol. II, part one.

17/ Resolution 40/205, annex.

18/ TD/351, part one, sect. I.

Noting that, although efforts have been made by the international community to deal with the debt problem, it is essential, owing to the gravity of the problem, to reaffirm the shared responsibility of all parties involved,

Deeply concerned that debt-service obligations remain high, that the factors determining the capacity to pay have not moved in consonance with the debt-service obligations of the majority of developing countries, and that prospects for reducing the adverse effects of the debt burden on the development process in developing countries continue to be uncertain,

Noting with concern that the net outflow of financial resources from developing countries as a whole, exacerbated by the debt crisis and the deterioration in the terms of trade, deprives those countries of resources needed for financing their growth and development,

1. Expresses its appreciation to the Secretary-General for his involvement in the debt issue and for his report entitled "Towards a durable solution of the debt problem"; 19/
2. Stresses that the debt crisis in an increasingly interdependent world economy has a wide impact, often with political implications, having a bearing not only on relations between creditors and debtors but also on prospects for the world community as a whole, thereby requiring a broad approach with political impetus and continued close co-operation;
3. Expresses deep concern that the overall indebtedness of debtor developing countries has persisted and often increased, that their growth and development are severely limited, and that their economic and social prospects continue to be a cause of serious concern;
4. Stresses that a supportive international economic environment, together with a growth-oriented development approach, is needed for supporting the efforts of debtor developing countries in dealing with their external indebtedness and alleviating the political and social costs of structural adjustment programmes and adjustment fatigue, thus contributing to the restoration of their economic growth, development and credit-worthiness;
5. Urges the international community to continue to search, through dialogue and shared responsibility, for a durable, equitable and mutually agreed growth-oriented and development-oriented solution to the external indebtedness of developing countries;
6. Invites the multilateral financial institutions to continue to review conditionality criteria, taking into account, inter alia, social objectives, growth and development priorities of developing countries and changing conditions of the world economy, and stresses further the need for

increased co-operation between the International Monetary Fund, the World Bank and other multilateral financial institutions, which should not lead to cross-conditionality;

7. Reaffirms that a major objective of any debt strategy should be that debtor developing countries achieve an adequate level of growth sufficient to enable them to satisfy their social, economic and development needs, which will in turn enhance their ability to service debt, and urges all relevant parties to develop new ways and means to sustain effectively policies aimed at attaining such a level of growth;

8. Recognizes that efforts to resolve the debt problem should include, inter alia, policies in creditor countries and debtor countries that are supportive of export growth and diversification in the latter;

9. Recognizes that there is need to broaden further the range of approaches that, inter alia, reduce the stock and service of debt, including expansion of the scope and implementation of currently implemented financial techniques;

10. Recognizes that the external indebtedness of some other countries with serious debt-servicing problems gives rise to considerable concern, and invites all those involved to take into account, as appropriate, the above provisions in addressing those problems;

11. Requests the Secretary-General to continue his efforts, through a process of high-level consultations, as appropriate, with heads of State or Government and other parties concerned, to contribute to a common understanding on a solution to the external indebtedness of developing countries in the context of their growth and development;

12. Also requests the Secretary-General to take any other appropriate measures for the implementation of the present resolution and to report thereon to the General Assembly at its forty-fourth session.

* * *

20. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Establishment of an advisory commission on debt and development

The General Assembly decides to defer consideration of the draft decision entitled "Establishment of an Advisory Commission on Debt and Development" 20/ to its forty-fourth session.