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GENERAL DISCUSSION OF
INTERNATIONAL ECONOMIC AND
SOCIAL POLICY, INCLUDING
REGIONAL AND SECTORAL
DEVELOPMENTS

Confidence-building in international economic relations

Report of the Secretary-General

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I. INTRODUCTION

1. The present report has been prepared in response to General Assembly resolution 38/196 of 20 December 1983, in which the Assembly expressed its concern about the present deterioration in the conditions for the conduct and expansion of international economic relations, and about the increasing departure from the multilateral platform of economic exchanges and negotiations. Further, in that resolution, the Assembly expressed its conviction that international economic co-operation should be placed on a long-term stable basis, a basis of broad exchange of relevant information through the United Nations system, and that it should take due account of the principles of equal rights and sovereignty of States. The Assembly noted that confidence-building in international economic relations could be achieved only through the sustained development of the developing countries, and it expressed its conviction that the protection of economic co-operation among States against the adverse impact of international political tensions, and the reinforcement of confidence among all States in their economic relations, would introduce into those relations desirable elements of stability and reliability, as a valuable contribution to efforts aimed at reviving world trade and consolidating economic recovery, developing peaceful international economic co-operation and establishing a new international economic order.

2. In that resolution, the General Assembly requested the Secretary-General to consult all States, as well as the United Nations organizations and bodies concerned, especially the United Nations Conference on Trade and Development and the regional commissions, about the scope of possible confidence-building measures which would lead to the promotion and acceleration of international economic co-operation and to report on his findings to the Assembly at its thirty-ninth session through the Economic and Social Council.

3. In pursuance of that request, the Secretary-General, on 26 January 1984, addressed a note verbale to all States and to the United Nations organizations and bodies concerned inviting them to submit their views on the subject. At the time of the preparation of the present report, 16 replies from Member States and 22 replies from United Nations organizations and bodies* had been received.

* United Nations Secretariat (Department for Disarmament Affairs, Department of Technical Co-operation for Development, United Nations Centre on Transnational Corporations, United Nations Conference on Trade and Development, United Nations Environment Programme, United Nations Centre for Human Settlements, Economic Commission for Europe, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America, Economic Commission for Africa, United Nations Development Programme, United Nations Relief and Works Agency for Palestine Refugees in the Near East, International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, World Health Organization, International Telecommunication Union, International Maritime Organization, International Fund for Agricultural Development, International Atomic Energy Agency and General Agreement on Tariffs and Trade.

4. In general, the replies address three clusters of largely mutually supportive measures:

(a) Reaffirmation of the basic principles and instruments of international economic co-operation;

(b) Co-operative efforts to promote recovery, accelerate development and achieve progress in the negotiations under way, including those dealing with the reduction of military expenditures;

(c) New measures specifically designed to promote or reinforce confidence in international economic co-operation, including new methods for the exchange of information and a new international mechanism with consultative or conciliatory functions.

5. Extracts from the replies received so far from Member States are given in section II below. For reasons of brevity, only extracts that are of direct relevance to the request made by the General Assembly in resolution 38/196 are given. The full texts of the replies are available in the files of the Secretariat. The replies of the United Nations organizations and bodies concerned are summarized in section III.

II. REPLIES RECEIVED FROM MEMBER STATES

AFGHANISTAN

[Original: English]

[29 May 1984]

1. The Government of Afghanistan is of the view that the adoption by the General Assembly of resolution 38/196 in spite of the opposition of certain capitalist countries initiated a new trend in United Nations economic activities, which is very important for us.

2. We support the Secretary-General's efforts in this regard and urge him to continue and complete his consultations with all States and the United Nations organizations and bodies concerned, about the scope of possible confidence-building measures which would promote and enhance international economic co-operation.

BULGARIA

[Original: English]

[15 May 1984]

The Government of Bulgaria proceeds from the understanding that, in order to rebuild confidence in international economic relations all States Members of the United Nations should begin to observe actively and strictly the progressive norms

embedded in the Charter of Economic Rights and Duties of States and in the Declaration and Programme of Action on the Establishment of a New International Economic Order. In pursuance of these norms, Bulgaria reaffirms its determination to contribute, to the best of its abilities, to confidence-building in economic relations among States and to the all-round development of business-like co-operation in every field without any discrimination whatsoever.

BYELORUSSIAN SOVIET SOCIALIST REPUBLIC

[Original: Russian]

[25 April 1984]

1. It appears appropriate and timely for the United Nations to study in depth the adverse consequences of the imperialist policy of economic diktat and coercion, carried out in violation of the Charter and the resolutions of the United Nations, in all its manifestations with respect to all States, regardless of their socio-economic system and level of development.
2. Among the practical measures for the implementation of General Assembly resolution 38/196, it would be useful, inter alia, to identify the obstacles to normal economic relations among States and, first and foremost, those obstacles that are artificially constructed for purposes of political pressure. The reduction and removal of such obstacles might be promoted by the preparation by the Secretary-General of reports on the question for the consideration of the Economic and Social Council and General Assembly.
3. Furthermore, the progressive ideas and aims underlying the creation of the United Nations Conference on Trade and Development and, subsequently, the adoption of the Charter of Economic Rights and Duties of States and the Declaration and Programme of Action on the Establishment of a New International Economic Order, make it incumbent upon the United Nations to express resolutely its support for the exclusion from the sphere of international economic relations of diktat, blackmail and threats and the development of broad international economic co-operation based on strict respect of the principles of equality, national sovereignty and non-interference in internal affairs. The States Members of the United Nations might reaffirm this position by adopting an appropriate declaration of the General Assembly.
4. The Government of the Byelorussian Soviet Socialist Republic considers it essential to stress that economic relations among States can be normalized only if, first and foremost, political tension is removed, the arms race checked and the policy of pressure and confrontation rejected. To achieve this end, it is necessary to double and re-double the efforts of the States Members of the United Nations in carrying out the policy of peace and international co-operation.

CHINA

[Original: English]

[30 March 1984]

1. International economic co-operation should be aimed at establishing the new international economic order, based on the principles of mutual respect for sovereignty, equality and mutual benefit. The pursuit of discriminatory policies must be opposed.
2. The economic development of the developing countries is of great importance to the revival of the world economy. In view of the close economic interrelationship among all countries and the increasingly important role being played by the developing countries in the world economy and international trade, confidence-building in international economic relations can only be achieved through the sustained economic development of the developing countries.
3. All countries, in particular the developed countries, should endeavour to create a favourable political atmosphere so as to push forward international economic co-operation and improve North-South relations.

CUBA

[Original: Spanish]

[13 February 1984]

The Government of Cuba believes that the adoption of the following measures is a vital prerequisite for confidence-building in international economic relations:

- (a) The launching of a constructive dialogue within the United Nations aimed at creating just and equitable economic relations which include, as a matter of priority, satisfaction of the demands of the developing countries which have been put forward traditionally in various international forums, in particular the establishment of the new international economic order;
- (b) The implementation of a set of immediate economic measures in such critical areas as food, finance, trade and energy in order to partially alleviate the adverse economic situation of the developing countries;
- (c) The cancellation of the foreign debt of the least developed countries and the establishment of the developed capitalist countries of appropriate terms which would enable the developing countries to pay off and service their foreign debt gradually; this would contribute tremendously to alleviating the difficult financial situation of these countries and enable them to devote their export earnings to the development of their economic potential;

(d) The implementation of a genuine and effective transfer of additional resources for the development of the developing countries on an increasingly planned, sustained and secure basis, as a means of solving their serious economic problems and a necessary incentive to the implementation of short-, medium- and long-term development programmes and projects aimed at eliminating from their economies the structural distortions inherited from the colonial domination to which they were subject in the past;

(e) Strict fulfilment of the obligations emanating from the conventions, agreements and contracts concluded with other countries;

(f) The elimination of protectionism, tariff and non-tariff barriers, unequal terms of trade, the use of such concepts as "graduation" and "selectivity" and an end to discriminatory policies and practices, as the appropriate course for creating a genuine climate of co-operation in international commercial relations;

(g) The reduction of high interest rates, the elimination of the conditions that are responsible for the intolerable foreign debt, the transfer of financial and monetary resources through donations and soft loans, and an increase in the participation of the developing countries in decision-making in international financing institutions; these would constitute preliminary steps towards the building of a new international monetary and financial system;

(h) Observance of the principles set forth in the Charter of Economic Rights and Duties of States; this would lead to the creation of a climate of co-operation in which there was strict respect for the right of self-determination and national sovereignty of States and would ensure that just and equitable relations were achieved among all countries;

(i) As part of the process of reviewing and evaluating the International Development Strategy for the Third United Nations Development Decade, recognition of the real reasons for the failure to achieve the goals and objectives of the Strategy, and the incorporation in the Strategy of the necessary corrective measures that might help to produce a reversal of that situation;

(j) The undertaking by all States not to use any form of economic aggression against other States and to repeal all such measures that are currently in force;

(k) To put a brake on the activities in developing countries of transnational corporations which, through the merciless plundering of these countries' natural and human resources, hinder the development of their economic potential and help, through their practices, to aggravate further the disastrous state of the economies of the developing countries and to create political and social instability;

(l) An end to the use of foodstuffs as an instrument of political pressure, the transfer of the necessary resources to the developing countries for investment in the food sector, and an increase in the food reserve to levels commensurate with global needs; this would help to eradicate from the world hunger and malnutrition which undermine international political and economic stability;

(m) The implementation of resolutions adopted by the General Assembly, UNCTAD and various general conferences of organizations of the United Nations system, which would go a long way towards solving or alleviating the urgent problems inherent in the prolonged crisis of the world capitalist economy that affect the developing countries; in this way, definite steps could be taken towards achieving genuine economic growth for all countries;

(n) The implementation of specific disarmament measures and of measures to halt the upward spiral of the arms race, as well as any action to preserve peace; this would create a climate of political confidence that would help to promote economic relations among States and would, in turn, release tremendous resources for use in global economic development and, in particular, for the development of the developing countries.

CZECHOSLOVAKIA

[Original: English]

[21 May 1984]

1. The imperative to conceive, adopt and apply confidence-building measures should not be paralyzed by the complex nature of this task or by the differences in the interests of States. It is necessary to assume without delay negotiations on this issue in all relevant universal international forums, where a separate item on this subject should be included in the agenda for their forthcoming sessions. At the same time, a basic survey of the views and ideas of possible action in this field should be worked out in the United Nations. Such a step would offer a way in which to consider the manner and the orientation of the concrete specification of confidence-building measures in international economic relations.

2. The Government of Czechoslovakia expresses its conviction that the authority of the United Nations and of its bodies and agencies will become a guarantee of success in eliminating the causes of disturbances of confidence in international relations, in both the political and the economic field.

EL SALVADOR

[Original: Spanish]

[7 February 1984]

The Permanent Mission of El Salvador informed the Secretary-General that it had transmitted his note verbale to the Ministry of Foreign Affairs for information and the requested action.

GERMAN DEMOCRATIC REPUBLIC

[Original: English]

[25 April 1984]

1. A programme for confidence-building in economic relations among States, in the view of the German Democratic Republic, should comprise the following elements:

(a) Strict observance of any bilateral or multilateral agreement and application of the generally recognized principles, norms and rules for international economic exchanges by all States, of respect for their independence and non-interference in their internal affairs, as well as of equality and mutual advantage;

(b) Readiness of all States to act in a spirit of good will towards developing international economic relations while accommodating the legitimate interests of all partners, and to use all opportunities available in order to solve international economic issues in a spirit of co-operation and in the interest of all peoples, with particular regard paid to the specific problems of the developing countries;

(c) Development of long-term international trade and of economic, scientific and technical co-operation through the conclusion of bilateral and multilateral treaties and agreements among States;

(d) Binding commitment not to convey domestic economic problems to trade partners by the adoption of unilateral measures in the tax, monetary or administrative sectors, and not to exploit dominant positions in international trade and economic affairs to the detriment of other States;

(e) Renunciation of any attempts to extend national regulations to other States and to interfere in the latter's external economic relations with third countries;

(f) Realization of the often-made pledge by States to forego the adoption of new protectionist measures and to rescind existing ones;

(g) Development of non-discriminatory international scientific and technical co-operation and international monetary and credit relations, irrespective of the differing political, economic and social systems of States.

2. A first step towards confidence-building in international economic relations should be the immediate revocation of all measures taken in connection with non-economic aspects and in violation of the recognized norms and principles of international law against individual or groups of States. This would bring economic, scientific and technical co-operation among States back to normalcy and create a favourable climate for the early convening of global negotiations in the United Nations framework on the most urgent economic problems, in pursuance of the pertinent General Assembly resolutions.

3. The German Democratic Republic would advocate that the Economic and Social Council, at its second regular session of 1984, and the Second Committee, during the thirty-ninth session of the General Assembly, give priority to the drafting of a programme for confidence-building in international economic relations and adopt further measures in that respect.

HUNGARY

[Original: English]

[14 May 1984]

1. The Government of Hungary bases its international economic relations on respect for sovereignty and on the principles of mutual interest and benefit, unconditional most-favoured-nation treatment and non-discrimination. Accordingly, it rightfully expects its economic and trading partners to apply these same principles in their relations with it.
2. The removal of discriminative obstacles and barriers, whether applied for economic or purely political considerations, is a basic condition for strengthening confidence in international economic relations. Mutually advantageous commercial and economic relations can only be maintained in a spirit of correct business. Reliable partnerships and no sudden, unexpected shifts are ingredients of that spirit.
3. The Government of Hungary is of the view that world trade should be based on the principles of:
 - (a) Most-favoured-nation treatment;
 - (b) Non-discrimination;
 - (c) Fulfilment in good faith of contractual obligations.
4. The work done at multilateral forums, including the United Nations, has an especially important role to play in the process of building economic confidence. It provides an opportunity for the clarification and better understanding of positions and thereby for the removal of obstacles to economic co-operation. For this to be achieved, however, it is necessary that all interested parties adopt an economic rather than another approach to these problems.

PHILIPPINES

[Original: English]

[9 April 1984]

1. Present trends in the international economy have led to the deterioration of conditions for the conduct and expansion of international economic relations,

accompanied by an increasing departure from the use of the multilateral platform for economic exchange and negotiation. The United Nations recognizes this and feels that Member States should propose possible measures to restore confidence in the multilateral system in order to promote and accelerate international economic co-operation.

2. In this regard, the Government of the Philippines recommends for developing countries a two-pronged approach to such confidence-building:

(a) Enhancement of self-reliance;

(b) Upholding of the principles of non-discrimination, liberalism, stability and transparency in the multilateral forums.

Enhancement of self-reliance

3. Confidence-building in international economic co-operation could be achieved by means of sustained co-operation among the developing and least developed countries. In view of the slow pace of the progress made in North-South co-operation, South-South options have been increasingly relied upon as the more pragmatic approach to development problems. Thus, economic co-operation among developing countries (ECDC) and technical co-operation among developing countries (TCDC) were launched with the central aim of achieving collective self-reliance. A closer look at the efforts made to date shows that many activities are still at a very early stage of development and suggests that the support of the industrialized countries is needed to intensify ECDC and TCDC programmes. More active initiatives should therefore be pursued within the United Nations system to provide the necessary support to these programmes.

Upholding of the principles of non-discrimination, liberalism, stability and transparency in the multilateral forums

4. There is a need to make the necessary adjustments in the international trade and financial systems in order to accommodate the demands of developing countries. Such reform could be in the form of substantially increased liquidity financing, improvement of the conditions attached to payment assistance, and an increased flow of investment and official development assistance from developed countries. Most importantly, other than financially supporting the developing countries, the industrialized countries should recognize the importance of liberalizing trade as a fundamental step towards accelerating the development process, as well as the global recovery. It should be noted that in the past, international forums including the United Nations Conference on Trade and Development at its sixth session, failed to adopt meaningful programmes since the capability of developing countries was not well recognized and therefore needs rebuilding.

5. An improved trading environment is essential to growth. In the past, restrictive and protectionist measures impeded the recovery process. Hence, an action-oriented commitment to the basic tenets of the General Agreement on Tariffs and Trade on non-discrimination, liberalism, stability and transparency may provide an atmosphere that is conducive to an upturn in the world economy.

POLAND

[Original: English]

[17 April 1984]

1. In a longer-term perspective, the creation of an international economic security system and an agreement to refrain from the use or the threat of use of economic force may be considered to constitute an ultimate objective to follow the successful application of the confidence-building measures.

2. The area of operation of the proposed confidence-building measures is delimited by international economic relations, that is, trade and related forms of the economic intercourse, including financing of co-operation. In the identification and subsequent choice of the confidence-building measures to be taken, the only feasible approach has to consist in building upon the collective wisdom since, in order to be effective, such measures have to be endorsed by all concerned.

3. As to the work involved in developing the concept, the following sequence for the proposed international effort might be envisaged:

(a) Drafting guidelines for international conduct in economic relations. This could include the establishment of an open-ended catalogue of the confidence-building measures that would be adopted by consensus and function on a provisional basis. An early-warning system of economic policy changes that potentially could affect the economies of other States might serve as an illustration of a specific confidence-building measure; a commitment to refrain from resorting to economic policy measures in the pursuit of political goals is offered as another. Restrictive and promotive confidence-building measures should be included in the catalogue: in the first group, state intervention mechanisms designed to prevent the use of destabilizing measures of political origin; in the second, possibilities of applying those mechanisms to facilitate international collaborative efforts (e.g., the design of special assistance schemes for countries with balance-of-payment difficulties that are meant to extend to them access to the market and of promotional schemes for joint ventures in manufacturing, research and development or investment);

(b) Analysis of the feasibility of introducing, on an experimental basis, selected confidence-building measures on a global or regional scale, entrusting an appropriate United Nations body or organization with the responsibility of monitoring their efficiency. Simultaneously, modi operandi of the confidence-building measures provided for in the catalogue might be considered by UNCTAD and the regional commissions, with the possible involvement of the General Agreement on Tariffs and Trade (GATT);

(c) Elaboration of the founding provisions of a system of security in international economic co-operation in conjunction with the establishment of the new international economic order and regional efforts towards economic recovery and expansion of international co-operation. The system in question might eventually

take the form of a code of conduct, including a ban on, or a model declaration of intent to refrain from, the use of economic force and the threat of its use;

(d) Establishment of an efficient international mechanism with consultative or conciliatory functions to solve politically conditioned international economic disputes, bearing in mind the existing gap between the system of rules of international economic co-operation and the system of rules of international political relations. For each system, there are proper forums and instruments to resolve disputes; however, no mechanism to control the smooth interaction of both systems is yet in existence;

(e) Supplementing the existing system of international food security with the element of a secure concessional and commercial food supply as a means leading to a better allocation of scarce resources in world agriculture and to the intensification of the international division of labour in the field of agriculture. The confidence-building measures in that field would reduce the uncertainty of food supply and the possibility of resorting to food supplies as an economic weapon, and thereby prevent the expansion of autarchic agricultural policies and related agricultural protectionism.

4. Neither the above proposed sequence of events nor their suggested substantive content should be construed as anything more than an option to be carried out under the auspices of the United Nations system of organizations and bodies, as appropriate. The Government of Poland remains flexible as to the procedures to be followed for the implementation of the idea of confidence-building measures. It firmly believes though that the implementation of the concept would considerably upgrade the development of international economic relations and economic recovery world wide. All groups of countries, regardless of their economic system and level of development, would profit from enhanced confidence in their mutual economic relations. Tendencies towards protectionism, including "political protectionism" and semi-autarchy, could no doubt be attenuated.

5. The introduction of the confidence-building measures into the practice of international economic relations would pave the way to multiplying the advantages that the international community as a whole and its individual members draw from the international division of labour, while at the same time adding a fresh stimulus to the improvement of political relations among States. This is why the Government of Poland sets great store by the intergovernmental dialogue within the United Nations system on the scope and contents of possible confidence-building measures in international economic relations. The usefulness of such a dialogue has already been evidenced by the interest that the initiative has encountered in a number of United Nations and other intergovernmental and non-governmental forums. This includes the important statement of the socialist States made in January 1983 in favour of the all-round expansion of active co-operation in the commercial, industrial, agricultural, scientific and technological spheres without any discrimination and with measures to strengthen confidence in economic relations. The growing international support has materialized in the adoption by the General Assembly, without a dissenting vote, of resolution 38/196, in which the Assembly set in motion a dialogue among Member States designed to enhance confidence in their economic relations, a dialogue that the foregoing comments are meant to enrich and animate.

QATAR

[Original: Arabic]

[14 March 1984]

The Government of Qatar considers that the following measures would lead to confidence-building in international economic relations:

- (a) Correction of the gross imbalance in the distribution of economic well-being throughout the world. This requires that the international community accord special attention to the poorest and least developed countries, particularly in Africa and Latin America;
- (b) The devising of just and practical solutions to the indebtedness of the developing countries and the countries of the third world, particularly the least developed countries. The budgets of these countries must not be balanced at the expense of their development and their economic and social stability;
- (c) The encouragement of international negotiations aimed at the establishment of a better balance in international economic relations that must be based on international interdependence. The developing countries and the developed countries must follow a common path in order to realize their joint interests; solidarity, co-operation and mutual understanding must replace contention and confrontation between the developing countries and the developed countries. The efforts of regional organizations, the Movement of Non-Aligned Countries and the organs of the United Nations should be utilized to this end, and the continuation of the fruitful dialogue between the North and South should also be helpful in this regard;
- (d) An endeavour to strengthen the economic independence of the developing countries and encouragement of the policy of self-reliance, within a framework of international harmony;
- (e) The observance of justice in the distribution of burdens with regard to the financial assistance provided to the developing countries. In this connection, mention should be made of the efforts made by the petroleum-exporting countries in the area of financial assistance. Studies have shown that the financial assistance provided by these countries to the developing countries, calculated as a proportion of the gross national product (GNP), greatly exceeds the proportion of GNP represented by the assistance provided by the developed industrialized countries. This assistance has reached a high level with regard to absolute value and has been distributed among a large number of developing countries in the various regions. A large part of this assistance has been channelled through international organizations;
- (f) It is essential that foreign investments be protected from the dangers of monopolization, arbitrary nationalization and monetary inflation and that arbitrary restrictions should not be imposed on the transfer of investment profits to the countries of origin. It is also necessary to create an appropriate climate for the

success of investments, particularly production investments capable of increasing the national income of the developing countries;

(g) Acceleration of the establishment of the new international economic order, which must be based on the principles of the sovereignty and equality of all parties, non-intervention in the internal affairs of States and non-discrimination in international economic relations.

ROMANIA

[Original: French]

[27 April 1984]

1. In the opinion of the Government of Romania, in order to strengthen confidence in international economic relations, it is essential to base those relations firmly on the fundamental principles of international law, equality of rights, respect for independence and national sovereignty, non-interference in internal affairs, mutual advantage and non-use of force or threat of force.

2. To strengthen confidence in international trade relations, Governments must refrain from adopting restrictive trade measures based on political considerations and must conscientiously and effectively adhere to commitments undertaken at the international level.

3. In accordance with resolution 152 (VI) adopted on 2 July 1983 by the United Nations Conference on Trade and Development at its sixth session, developed countries must refrain from applying trade restrictions, blockades, embargoes and other economic sanctions incompatible with the purposes and principles of the Charter of the United Nations, and in violation of undertakings contracted multilaterally, against developing countries as a form of political coercion.

4. The provisions of resolution 159 (VI) adopted on 2 July 1983 by the United Nations Conference on Trade and Development at its sixth session, in accordance with which the developed countries must refrain from introducing new restrictions and must adopt measures aimed at the liberalization of international trade, must also be fully implemented. The contracting parties to the General Agreement on Tariffs and Trade must likewise scrupulously fulfil the commitments they made in the Ministerial Declaration of 29 November 1982 to abide by the principles and rules of the Agreement and to resist protectionist pressures.

5. With a view to preventing the arbitrary application of restrictive measures and to ensuring greater security and equity for both the exporting and the importing countries, negotiations within the Agreement on an improved system of safeguards against the disruption of markets by imports must be completed as soon as possible.

6. A more extensive reliance on long-term agreements and contracts in order to ensure the stability and reliability of trade relations would also contribute to the strengthening of confidence in those relations.

7. In respect of commodities, the establishment of an atmosphere of confidence calls for unlimited access to sources of raw materials and energy and the stabilization of prices at levels that are profitable for producers and equitable for consumers.
8. Ensuring confidence in international financial relations requires that the interference of financing capital in the internal affairs of States be rejected, that the funds allocated for assistance to developing countries be substantially increased, that the particularly severe problem of their external debt be solved, that interest rates be lowered and stabilized at rational levels and that developing countries be given access to international credit on favourable terms.
9. The international economic organizations, including the international banks, must become democratic institutions and, above all, promote the interests of developing countries and assist them in their economic development efforts.
10. In the view of the Government of Romania, the debts of the poorest countries must be cancelled and those of other developing countries reduced in proportion to their per capita income and rescheduled, free of interest or at reduced rates of interest, over a long period. As an intermediate step, until such time as adequate solutions have been developed, the foreign debt of the developing countries could be deferred for two to three years, free of interest or at reduced rates of interest, followed by negotiations at a conference of borrowing and lending countries.
11. The Government of Romania advocates a freeze on military expenditures and, as a first stage, their reduction by 10 to 15 per cent, with a portion of the funds thus released being used to support the efforts of the developing countries to achieve economic and social progress.
12. The creation of an atmosphere of confidence in economic relations also involves ensuring free access and on favourable terms for all States, including the developing countries, to the achievements of modern science and technology, eliminating the adverse effects on the developing countries of the flight of their qualified personnel and rendering them greater assistance in enhancing their ability to acquire, adapt, produce and use technology.

UKRAINIAN SOVIET SOCIALIST REPUBLIC

[Original: Russian]

[16 May 1984]

1. If genuine, positive advances are to be made in the system of world economic relations, a climate of confidence and constructive co-operation among States must first be built up.
2. A positive step in that direction was the adoption on 20 December 1983 by the General Assembly at its thirty-eighth session of resolution 38/197, in which it

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urged the countries concerned to refrain from adopting economic measures as an instrument of political and economic pressure or coercion against developing countries. In that resolution the Assembly rightly emphasized that such coercive measures have a negative effect on the economies of the developing countries and their development efforts and do not help to create a climate of peace and friendly relations among States.

3. Politically, the use of such measures will lead to a further deterioration in the international climate and, in the final analysis, create a threat to general peace and security and undermine the role of international economic relations in strengthening peace and trust. Economically, the use of such measures slows down international efforts in the field of economic development and co-operation and has the most destructive consequences for the developing countries, since it impinges on their national sovereignty, makes it more difficult to use natural resources in the most effective way for social and economic progress and worsens the living conditions of the working masses.

4. Like other countries, the Government of the Ukrainian Soviet Socialist Republic considers that the international community should act decisively so that the practice of economic diktat and measures of economic coercion may be outlawed without delay.

5. The United Nations can and must play a major role in tackling this problem. It should step up its activities aimed at counteracting the current negative trend in international economic relations, including the commercial and economic relations between capitalist and socialist countries. The United Nations should take practical steps to protect international economic co-operation from the influence of political tension by prohibiting the use of instruments of economic pressure against sovereign States.

6. In the opinion of the Government of the Ukrainian Soviet Socialist Republic, all States Members of the United Nations should embark on a course of unswerving implementation of the provisions of the Charter of Economic Rights and Duties of States and of the Declaration on the Establishment of a New International Economic Order.

7. The Government of the Ukrainian Soviet Socialist Republic, along with many other States, considers that international economic relations can be normalized only if peace and international security prevail and the arms race is checked.

UNION OF SOVIET SOCIALIST REPUBLICS

[Original: Russian]

[25 April 1984]

1. The Government of the Union of Soviet Socialist Republics gives political support in the United Nations to the just demands of the developing countries. The economic assistance provided by the Soviet Union on a bilateral and multilateral

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basis and its decisive struggle to remove diktat, blackmail and threats from the sphere of international economic relations and to develop broad international co-operation constitute an authentic and essential contribution to the restructuring of international relations on a just and equitable basis. By virtue of its content, principles and purposes, the commercial, economic, scientific and technological co-operation of the socialist countries with the developing countries represents a new type of international economic relationship, in contrast to the system imposed by imperialism of exploiting the natural and human resources of the developing countries of Asia, Africa and Latin America.

2. As was emphasized in the joint statement of the government leaders of the socialist countries at the thirty-seventh session of the Council for Mutual Economic Assistance, held at Berlin in October 1983, they firmly condemn all forms of economic aggression and any attempt to use economic ties as a means of exerting political pressure and interfering in the internal affairs of States.

3. The Soviet Union calls upon the international community to take firmer measures to ensure that the imperialist pursuit of economic diktat and economic coercion in any form should be made illegal without delay.

4. These goals would be promoted by United Nations activities aimed at counteracting the negative trend towards limiting and destabilizing, for political ends, international economic co-operation, including co-operation between the developed capitalist and socialist States; at protecting this co-operation from the destructive influence of the policy of exacerbating political tension, by prohibiting the use of instruments of economic pressure for political blackmail against sovereign States; and at establishing guarantees for States with respect to the execution of economic activities in their territories and their equal participation in international economic relations.

VIET NAM

[Original: English/French]

[12 June 1984]

With regard to the scope of possible confidence-building measures to implement effectively General Assembly resolution 38/196, the Government of Viet Nam fully endorses the following steps, suggested by the Government of Poland.

(a) First, steps could be taken to establish a practical list of guidelines and rules for international conduct designed to build confidence in economic relations and thus strengthen international economic co-operation. The establishment of a catalogue of confidence-building measures in international economic relations could be a first step;

(b) An analysis of the feasibility of actually introducing such measures, even if on an experimental basis at first, in responsive areas of international economic co-operation could be conducted as a second stage;

(c) The third course of action could be the preparation of broad outlines for an international system of security in economic co-operation in conjunction with the establishment of the new international economic order and with the regional efforts being made to improve the economic situation and strengthen co-operation.

III. SUMMARY OF REPLIES FROM THE UNITED NATIONS ORGANIZATIONS AND BODIES CONCERNED

1. In their replies, UNCTAD, the regional commissions and other United Nations organizations generally recognized the broad relevance of General Assembly resolution 38/196 and the urgent need to reinforce confidence in international economic relations. They referred, among other issues, to a need for a new co-operative effort to promote recovery, accelerate development and make progress in the negotiations under way. In this context, the need to reach agreement in the negotiations in the fields of commodities, money and finance, liberalization and expansion of trade, transfer and development of technology and shipping was specifically mentioned. Furthermore, the needs and problems of the least developed, land-locked and island developing countries, trade among countries having different economic and social systems, increased economic co-operation among developing countries and promotion of their self-reliance, support of the industrialized countries for economic and technical co-operation among developing countries, improvement in the natural environment and progress in disarmament were also quoted as areas in which efforts to reach agreement would restore or reinforce confidence in international economic relations and multilateral institutions.
2. Other matters referred to in the replies of the United Nations organizations and bodies concerned included trading conditions, international financial markets and monitoring of external debt management, regional and sectoral experiences in the setting up and the functioning of some innovative institutions in international economic relations.
3. With regard to trading conditions, a number of United Nations organizations stressed the lack of transparency, discrimination and the lack of stability which permeated current trading conditions. Export-oriented strategies, particularly in developing countries, can only be formulated when the rules and regulations governing international trade are well known, understood and respected by all concerned. If those rules are bypassed or unobserved, the risks of trade and, by implication, the risks of investment decisions are increased, resulting in a contraction of trade and an adverse impact on the global economic recovery. In this context, UNCTAD proposed that in-depth studies be undertaken, directed towards identifying the difficulties and problems that are hindering the normal and stable development of international trade and the economic relations of all countries. The studies should focus on the violations of the rules and principles of international trade and emphasize the need for immediate measures to be taken in this particular sphere. In the view of UNCTAD, the most important elements contributing to the lack of confidence in trade relations are the following: the growing irrelevance of custom duties; the development of new concepts and the corruption of existing ones in order to justify increased discrimination in international trade; the use of trade measures as a means of attempting to extract

non-trade and even political concessions from trading partners; and the lack of coherence between the trade and monetary systems and the related policies of the major trading countries, which has aggravated the trade and payments crises in the developing countries in particular.

4. One regional commission proposed the establishment of a multilateral information scheme which would provide exporters with current and relevant data on the measures and barriers affecting goods in which they are especially interested.
5. International financing and the management of external debt were cited as a frequent example of yet another issue for which efforts aimed at confidence-building were deemed necessary by the United Nations organizations.
6. There is much uncertainty and mistrust in the new forms of international co-operation involving private banks, international financial organizations and Governments of debtor and creditor countries, while there is growing recognition that the adjustment process should be done in an equitable and co-ordinated fashion among all those involved in the actual debt crises. The need to share the responsibility in the external debt problem was stressed.
7. The efforts to reach agreement on the draft code of conduct on transnational corporations was specifically quoted as being an important measure of confidence-building. It was stressed that the negotiations that had taken place over the past seven years had helped to build a better climate in relations between home countries, host countries and transnational corporations in the area of transnational investments, even though the negotiations had not thus far achieved the success that all desired.
8. The International Fund for Agricultural Development drew attention to its unique structure, mandate and objectives and the innovative way in which its voting structure strengthens the confidence of its three categories of members in each other and in the viability of sharing the burden of responsibility equally.
9. The Economic and Social Commission for Asia and the Pacific pointed to the activities of the Trade Co-operation Group (TCG), which has brought together the developed market economy countries, the developing countries and the Union of Soviet Socialist Republics and China, as a good example of confidence-building. Through its subgroups, TCG ensures the sharing of experience and the promotion of co-operation in various fields.
10. One of the regional commissions, after noting a confrontation between two different perceptions (North and South) about the way in which to envisage the restructuring of the prevailing international order, urged the international community to pay due respect to the "idiosyncrasy of individual nations and regions and the acceptance of pluralism, both politically and economically". It suggested that there was an urgent need to create "an optimistic perspective", by means of an international set of principles and rules of behaviour acceptable to all countries.

IV. CONCLUDING REMARKS

1. The measures for confidence-building in international economic relations proposed by Member States and the United Nations organizations and bodies concerned, summarized in the present report, cover a wide range of complex and fundamental issues. The general tone of the replies is that the United Nations has a major role to play in strengthening confidence in economic relations among States. The number of responses received so far does not provide a sufficient basis for the Secretary-General to recommend any specific course of action. However, the Secretary-General has, on several occasions, drawn the attention of Member States to the need for urgent action to be taken to improve the state of the global economy and especially to accelerate the pace of development of developing countries.

2. The responses reflect a frequently expressed concern over the need to reinforce international economic co-operation and multilateralism. They also reflect the urgent need for a thorough consideration of measures that would contribute to reinforcing the spirit of confidence in international economic relations. Clearly, the problems currently faced in improving these relations cannot be separated from the parallel deterioration of the political climate in the international community. Action on several fronts appears to be required.
