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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

Assistance to Zambia

Report of the Secretary-General

1. The Economic and Social Council, on 2 August 1978, adopted resolution E/1978/46 on assistance to Zambia. The Council took note of the urgent economic needs of Zambia, as identified in the report of a review mission (E/1978/114, annex), and endorsed the assessment and recommendations contained in the report of the Secretary-General (E/1978/114).
2. The Economic and Social Council endorsed the appeals of the Security Council to the international community to provide financial, technical and material assistance to Zambia. Furthermore, it called upon all States and all regional and intergovernmental organizations to provide Zambia with ample and appropriate assistance, wherever possible in the form of grants, and requested the United Nations and its organizations and specialized agencies to make every effort to assist Zambia.
3. The resolution requested the Secretary-General to mobilize financial, technical and economic assistance from the international community to meet the short-term and long-term needs of Zambia until the situation in relation to the illegal régime in Southern Rhodesia was resolved and to ensure that adequate financial and budgetary arrangements were made to continue the programme of assistance to Zambia. The Council further requested the Secretary-General to keep the situation under constant review and to report to the General Assembly at its thirty-third session. The present report is submitted in accordance with that request.
4. The information provided in the revised version of the Secretary-General's report E/1978/114/Rev.1 shows that Zambia is facing a grave economic and financial crisis. There are a number of major problems compounding the heavy burden of applying sanctions, now estimated to have cost Zambia over \$800 million. The low price of copper and the continuing worsening of Zambia's terms of trade have created a serious balance-of-payments deficit. Further, the country has continued

to be the victim of armed attacks by the illegal régime in Southern Rhodesia, which has caused heavy losses and damage and necessitated major expenditures on defence. In addition, Zambia has continued to receive an increasing number of refugees. Major concerns have been transport capacity and costs for imports and exports. Zambia has been unable to use traditional transport routes and sources of supply and has continued to experience serious difficulties in the transport sector.

5. At least \$850 million in quick-dispersing assistance is required in the period ending in December 1979 in order to finance necessary imports, to reduce substantially outstanding arrears, to build up foreign exchange reserves to a workable level and to begin the long-term restructuring of the economy.

6. A Consultative Group for Zambia was formed under the auspices of the World Bank and met in Paris from 27 to 29 June 1978. Twenty-four Member States and international and interregional organizations, including the United Nations Development Programme (UNDP) and the Office of the Assistant Secretary-General for Special Political Questions, sent representatives or observers.

7. The Zambian delegation explained the means and instruments it intended to employ to carry out a stabilization programme and to begin the long-term restructuring of the Zambian economy. The Government of Zambia also clarified a number of issues relating to its approach to the Third National Development Plan. It was generally agreed that quick-dispersing and commodity-type assistance would provide the necessary stabilizing effect in the short run, and that urgent assistance was required for the transport sector.

8. Zambia's serious transport problem, described in detail in the Secretary-General's report (E/1978/114/Rev.1), has deteriorated further since that report was prepared and since the Consultative Group for Zambia held its meetings in Paris. On 6 October 1978, the Secretary-General received a communication S/12884 from His Excellency the President of the Republic of Zambia, Dr. K. D. Kaunda, stating that because of the limited capacity of rail and road routes, the imperative need to import fertilizer before the planting season and the accumulation of a large tonnage of copper at the mines, the Government of Zambia had decided, with immediate effect, to use the southern route for the transportation of its goods.

9. The Secretary-General is fully cognizant of the complex problems facing Zambia at this time. The crucial question of transporting imports and exports has been emphasized in past reports. Transportation difficulties have now culminated in a situation in which circumstances beyond the Government's control have necessitated its making the difficult decision to re-open the southern route.

10. During the past month, the Joint Co-ordinator of Special Economic Assistance Programmes in the Office of the Assistant Secretary-General for Special Political Questions visited a number of capitals and the headquarters of the European Economic Community to discuss Zambia's needs and to mobilize assistance towards meeting those needs. Considerable understanding of Zambia's situation was shown, but it is too early to report on any international response towards meeting Zambia's requirements.

11. The Secretary-General is continuing his efforts to mobilize and co-ordinate an international programme of assistance to Zambia, and urges the international community to respond generously to the appeals for assistance. The importance of providing adequate and appropriate assistance to Zambia at this time cannot be over-emphasized.
