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## Second Committee

### Summary record of the 26th meeting

Held at Headquarters, New York, on Friday, 30 October 2009, at 4 p.m.

*Chairperson:* Mr. García González (Vice-Chairperson) . . . . . (El Salvador)

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*In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 4.20 p.m.*

**Agenda item 51: Macroeconomic policy questions**  
(continued)

**(c) External debt and development: towards a durable solution to the debt problems of developing countries** (continued) (A/C.2/64/L.9)

*Draft resolution on the external debt crisis*

1. **Ms. Osman** (Sudan) introduced draft resolution A/C.2/64/L.9 on behalf of the Group of 77 and China.

**(a) International trade and development**  
(continued)

2. **Mr. Ali** (Syrian Arab Republic) said that his country was committed to the principles of the international trade system and had undertaken various economic measures and reforms in conformity with World Trade Organization (WTO) rules. It had established a ministerial department tasked with following up its preparations for WTO accession and with completing the alignment of its legislation for integration into the international trade system, in addition to which it had enacted new laws designed to guarantee operation of the social market economy. Its earnest desire for WTO membership nevertheless continued to be thwarted by the politically motivated objection of one particular influential WTO member State to the inclusion of its now eight-year-old application as an item of discussion on the WTO agenda. The WTO membership process should most emphatically not be politicized in such a manner; WTO member States should instead comply with General Assembly resolutions relating to international trade and development, including resolution 62/184, which called for facilitating the accession of all developing countries that applied for WTO membership.

3. The Secretary-General's report on unilateral economic measures as a means of political and economic coercion against developing countries (A/64/177) included information on his country, against which the United States sanctions imposed in 2004 had been renewed for one year in May 2009. United States companies and banks had furthermore been banned from dealing with Syrian banks, which

had severely restricted the latter's foreign business. As also mentioned in the report, unilateral economic measures by the European Union and the United States remained in place in Gaza, which had additionally been under a total blockade imposed by Israel since the second half of 2007. A severe economic decline had resulted, leading to a humanitarian crisis further exacerbated by the ban on construction materials and industrial goods, which impeded reconstruction and recovery.

4. The continuing imposition of such measures by certain developed countries was a violation of international law and the principles of international trade. It had serious implications for the international trade system in that it further diminished confidence in its validity and called into question the commitment of developed countries to a system that was open, transparent, predictable, non-discriminatory and fair. His country condemned the use of all such measures as a means of political and economic coercion and called for full compliance with General Assembly resolution 62/184.

5. **Mr. Khan** (Pakistan) took specific note of certain important observations made in the report (A/64/177), namely the deep and synchronized contraction of international trade that characterized the crisis; the limited availability and higher cost of trade finance; and the rapid emergence of economic nationalism and protectionist sentiments, although those sentiments did not amount to the kind of protectionism seen in the Great Depression, which must be avoided.

6. Although different groups and coalitions had been formed to consult and negotiate to conclude the Doha Round, Pakistan believed that WTO members must primarily engage through multilateral processes. After all, what was needed was a dynamic and vibrant Doha development agenda, not a new one. Pakistan suggested that agriculture and non-agricultural market access modalities must be finalized by early 2010 in line with a workplan marked by time frames, to be followed by work on services and other areas.

7. The aspects of the Doha Round related to development were intended to spread prosperity to all, to give everyone a role in the process and to ensure that all parties had an interest in an open and equitable trading system and in negotiations that promoted development. However, the existing impasse had weakened the multilateral trading system and

marginalized poor countries, whose chances of achieving the internationally agreed development goals had been weakened.

8. The stalemate was bad news for the developed and developing worlds that, as global crises had shown, were interconnected. The potential of trade must be unleashed, promptly and equitably, to protect and promote economic growth and development. Pakistan remained committed to the development agenda of the Doha Round.

9. **Mr. Matenje** (Malawi) said that his country's economic policy had cut inflation and interest rates, and that the exchange rate had been stable for some time. Its GDP growth had been at least 6 per cent for the previous four years. However, that progress had been achieved despite an environment hostile to economic development. Malawi's revenue from foreign trade had fallen and trade deficits were huge. The country's economy depended on a small number of agricultural commodities, affected by adverse terms of trade and subject to weather conditions.

10. As a landlocked country dependent on a narrow export base, Malawi was also affected by high transportation costs that made its goods less competitive. It had worked to expand and diversify its exports, including by developing infrastructure within the framework of the Southern Africa Development Community, the Common Market for Eastern and Southern Africa and the New Partnership for Africa's Development (NEPAD). It hoped that the Almaty Programme of Action would facilitate access to trade for landlocked developing countries, including Malawi. As globalization advanced, the least developed countries needed assistance to become a full part of the global economy.

11. Malawi saw export trade as key to development and poverty reduction. Its Growth and Development Strategy was based on the efficient use of production capacities; rather than welfare transfers, the direct creation of wealth and value, adding to the country's agricultural and mineral outputs, were the necessary steps.

12. Industrialized countries were called upon to provide greater aid for trade for developing countries to enable them to compete internationally. Well managed, that could make an enormous difference.

13. There must be an early resumption and timely conclusion of the Doha Round. The breakdown of talks denied developing countries access to the finance they needed to achieve development goals. Although the Group of Eight countries held the key to restarting talks, genuine dialogue by all was needed for a successful conclusion.

14. Malawi wished to see a fair international economic and trading system that could enhance sustainable growth and development in all developing countries. Vulnerable countries must be protected from external shocks to trade and the United Nations Conference on Trade and Development (UNCTAD) had an essential role to play in that regard.

15. **Mr. Zdorov** (Belarus) said that success in international trade and further economic and social development would be impossible unless the different development paths of countries were taken into account. The use of politically motivated measures of economic coercion against other countries and the failure to respect their national traditions and cultures hindered not only the development of trade but also the achievement of the Millennium Development Goals (MDGs). In that connection, the United Nations needed to implement targeted actions to eliminate the most significant imbalances in international trade relations and to accelerate progress towards the MDGs.

16. In an increasingly interdependent world, business as usual and the exclusion of countries from economic activities would ultimately reduce the resources available to the international community to overcome the global crisis and to establish the basis for sustainable development in the future. It was therefore more important than ever for the international community to strictly observe the principles of free trade prohibiting protectionist measures in various areas, including trade and investment.

17. One of the most important problems facing the international community was how to ensure the availability of sufficient energy resources without damaging the environment or causing climate change. Belarus was convinced that the solution lay in the widespread introduction of technologies involving the use of new and renewable energy sources, and in reinforcing intergovernmental dialogue on energy issues within the United Nations. Coordinated approaches to ensure the provision of energy resources

and improved access to advanced energy technologies would facilitate a quantum leap forward.

18. His delegation welcomed the expansion of credit from the International Monetary Fund (IMF) and the World Bank to countries in need and supported the proposals to develop new credit mechanisms aimed at providing effective assistance to countries with financial problems, including middle-income countries.

19. **Mr. Mohamed** (Iraq) said that if integration was to be achieved, financial, monetary and trade policies must be changed, but the degree of flexibility of local policy and its conformity with international integration differed from country to country. Policymakers in developing countries might not possess the tools to enable them to achieve the desired economic objectives. When those countries wished to join an international organization, they were asked to apply standards which in most cases they did not have the technology to apply, for it was monopolized by the advanced countries. Consequently, to achieve global integration it was essential to provide a suitable environment based on principles of fairness and transparency in North-South dealings.

20. Competition was vital to any free economy. The ultimate purpose of organizing competition was to have access to competitive markets. Introducing new production methods, lowering production costs and using modern technology led to production and distribution efficiency and better use of available resources, so that the desired quantities of goods of high quality were produced at lower cost, all of which called for organizing competition both locally and globally.

21. The World Trade Organization (WTO) guaranteed considerable fairness among negotiating parties under its umbrella, but States not yet members must conclude bilateral trade agreements during the period of preparation for admission, which might be lengthy. Such agreements could play an important role in building the multilateral trading system, providing new trade channels for developing countries. They also offered an opportunity for officials in those countries quickly to acquire negotiating experience not only with regard to trade, but also in other related areas, in addition to offering advantages in terms of free choice of markets and the speedy conclusion of agreements and achievement of objectives.

22. International trade might also play a fundamental role in curing the current financial crisis, for it was unlikely that under the multilateral trading system trade would collapse as during the Great Depression, inasmuch as the rules and controls provided for that system and legally binding within WTO promised a degree of stability and certainty.

23. Globalization should be a positive force benefiting all the world's peoples; as things stood, its benefits and costs were unevenly distributed. It was essential to achieve the Millennium Declaration goal of a multilateral trading system that was open, fair, non-discriminatory, based on law and predictable. Openness, comprehensiveness, transparency and democracy were important to enable Member States to realize the vital interests of their peoples. The concerns of developing countries must be placed at the heart of the global trading system, especially with regard to the elimination of tariffs and the related compensatory mechanisms.

24. **Mr. Alimov** (Russian Federation) said that the financial crisis had slowed global economic growth and progress towards the achievement of the MDGs. In that context, it was extremely important to maintain confidence in the multilateral trading system and to refrain from the use of protectionist measures and trade barriers.

25. A balanced conclusion to the Doha Development Round would make a significant contribution towards overcoming economic decline and invigorating trade flows, since it would instil confidence in a more predictable and stable world trading system. His delegation therefore wished to see genuine progress made in the WTO multilateral negotiations, which should be based on the substantive issues where agreement had already been reached. The Russian Federation was already helping to move the process forward through the Group of Eight (G-8), the Group of Twenty (G-20) and the Asia-Pacific Economic Cooperation forum. Meanwhile, the Russian Federation was continuing to negotiate its own accession to WTO and was also engaged in practical steps to establish a customs union with Belarus and Kazakhstan.

26. UNCTAD played a key role in developing common principles for trade and investment policies and in establishing a dialogue between developed and developing countries on issues related to development assistance. In that connection, it was important to

underscore the useful work carried out by UNCTAD to enhance the foreign trade potential of developing countries and to integrate them fully into the multilateral trading system, including their accession to WTO.

27. His delegation particularly noted the need to implement the Accra Accord, reached at the twelfth session of UNCTAD, with a view to combating trade protectionism, providing special measures of protection for the least developed countries, and expanding interregional integration, including through South-South cooperation. The Investment, Enterprise and Development Commission established by UNCTAD would also help to implement the Conference's development mandate.

28. **Mrs. Barro** (Cuba) said that for years her delegation had made the same points and legitimate demands, essentially those shared by all developing countries. Despite promises made in many forums, there was still no open, just and equitable multilateral trading system. The global economic and financial crisis exposed the urgent need for reform of the world economic system, including its multilateral trading system. The crisis had left trade in a bleak state, particularly where developing countries were concerned.

29. Although the conclusion of the Doha Round, with renewed political commitment, was alleged to be the solution to the problems of trade, the developed players were not adopting flexible positions to make that possible. A successful conclusion meant achievement of the Round's development goals, through a balanced and equitable agreement on access to markets for agricultural and industrial goods, while allowing less than full reciprocity so that developing countries could implement domestic policies. Small and vulnerable economies must be able to effectively participate in world trade.

30. Initially the Doha Round had acknowledged the need for special and differentiated treatment and flexibility for developing countries, along with the important guarantees of a special safeguard mechanism. That need had been ignored, along with the unequal terms of trade that affected developing countries' exports. Resisting protectionism had, on the other hand, been discussed, but not the removal of huge agricultural subsidies. There must be no demagoguery or double standards in the fight against protectionism, as the developed world's subsidies cost

the food-exporting developing economies, whose agricultural goods were less competitive, more than \$40 billion annually.

31. Because developing countries could not use subsidies under WTO agreements, tariffs were the only policy instrument available to them. They must also be able to apply a range of measures, including quotas and treatments for sensitive products.

32. Finalizing the Round would mostly benefit the developed world. Therefore, a return to the original Doha mandates was necessary. Cuba believed that a response to the current crises needed the special safeguard mechanism, an agreement on special products, effective access for sensitive goods such as cotton and bananas, attention to the issue of erosion of preference and flexibility to give food-importing countries access to the necessary funding. Future agreements must protect producers from unfair competition while safeguarding food security and development.

33. **Mr. Taguri** (Libyan Arab Jamahiriya) said that international trade was a powerful force for growth and development and a major source of national revenue, helping to finance efforts to combat poverty, hunger and disease, providing work opportunities and encouraging diversification and increased production.

34. The financial crisis, however, had brought a decline in demand, multiplying the economic hardships of many developing and least developed countries. Indeed, under the existing unfair international trading system, those countries had been unable to export their products satisfactorily to world markets owing to the tariff barriers and protectionism applied by some advanced countries, especially in agriculture, thus restricting fair competition. In that context, UNCTAD had noted with concern that Africa's exports as well as its share in global exports had declined. Effective solutions to the problem of dwindling trade concessions to African countries must be found and efforts to deal with weak internal trade among the African countries increased. He stressed the importance of improving production both quantitatively and qualitatively through financing, technology transfer, capacity-building, improved cooperation and economic integration across Africa and the encouragement of South-South and North-South cooperation.

35. He wondered how long it would take before a response was obtained to the developing countries' demand for a fair and balanced multilateral international trading system that served the interests of all and helped achieve the Millennium Goals. He looked forward to the end of the current stalemate in the Doha negotiations and to signs of flexibility and political will on the part of the developed countries for realizing the agreement reached in the 2001 Doha Ministerial Declaration, i.e., to place the needs and interests of the developing countries at the centre of the Doha Round negotiations. Failure to do so might encourage more of the protectionism triggered by the current financial crisis and recourse to bilateral trade initiatives, in which developing countries had little negotiating power.

36. Developing countries' accession to WTO must be facilitated, for it would enable them to take part in formulating world trade policies, solving economic problems and ensuring adherence to WTO guiding principles, thus accelerating their emergence from economic marginalization. His country hoped WTO members would support the completion of its accession to the organization.

37. Strengthening South-South cooperation was an important step towards effective participation of developing countries in world trade. Hence the importance of greater trade among the countries of the South through improved market access, the encouragement by financial institutions of joint investment in human and natural resources and the guaranteeing of product diversification and quality.

38. He stressed the important role of UNCTAD in dealing with a wide range of trade and development problems and encouraged it to continue its studies aimed at giving developing countries access to modern technology in the fields of production, administration and marketing.

39. His country had taken steps to improve its economic performance by granting soft loans to citizens wishing to carry out production or service projects. It had opened a securities market, encouraged foreign investment and enacted laws providing guarantees, privileges and customs exemptions for that purpose. It had abolished foreign-exchange control, greatly lowered import tariffs and reduced the number of prohibited imports.

40. **Ms. Gervasi** (Peru) said that, while international trade had been hit hard by the global financial and economic crisis, it continued to be an important engine of global economic growth. It was essential for trade flows to continue so that all countries, particularly developing countries, could maintain the levels of income necessary to combat the current crisis. To that end, the international community must eliminate all forms of protectionism, reaffirm the multilateral trading system and successfully conclude the Doha Development Round. While her delegation welcomed the commitments undertaken recently by the G-20 in that regard, it could not fail to note that 17 of the Group's members had in fact adopted measures limiting international trade.

41. The crisis had undoubtedly been detrimental to the economic and social prospects of developing and middle-income countries alike. In that context, her delegation underlined the importance of international trade in promoting sustainable economic growth and development for countries such as Peru, which was in the process of expanding and diversifying its external markets through bilateral and regional trade agreements.

42. For its part, Peru was implementing a domestic trade and development strategy designed to enhance and prioritize the benefits of trade liberalization and investment. In so doing, it was seeking to identify best practices to ensure that those benefits were shared equally among all sectors of society, with a special emphasis on small- and medium-sized enterprises and farmers.

43. Such national efforts should be complemented by effective international cooperation between developed and developing countries. The United Nations, owing to its inclusive nature, was uniquely placed to play a facilitating role in that respect.

44. **Mr. Ahmed** (Sudan) said that, as stated in the report of the Secretary-General on international trade and development (A/64/177), there had been a sharp slowdown in the pace of development in the developing countries as a result of the financial and economic crisis, imposing an additional burden on them and requiring efforts to ward off the negative effects on the poor countries. In that connection, his delegation supported the efforts of the United Nations to mitigate the impact of the crisis on the developing countries.

45. His delegation was opposed to economic and trade embargoes which were contrary to the principles

of international law governing relations between States and were at variance with both the letter and the spirit of the Charter which called for solidarity, cooperation and friendly relations between States. Such sanctions were detrimental to the living conditions of the Sudanese population and prejudicial to their human rights and impeded the efforts of the Government of National Unity to achieve the internationally agreed development goals, including the elimination of poverty and hunger, the promotion of health care and education as well as the ending of armed conflict to which those issues gave rise.

46. However, his delegation found in the support enjoyed by Cuba, when it rejected the sanctions imposed upon it by the United States of America at a meeting of the General Assembly two days previously, a clear indication of the strong opposition of the international community to coercive unilateral economic measures in general. Moreover, as long as the international community faced major challenges such as the global economic and financial crisis and the resulting increase in poverty and unemployment, malnourishment and impediments to the attainment of development goals, his delegation considered that it was irresponsible to impose economic, financial and trade sanctions on poor countries.

47. The agricultural sector of the Sudan was highly important in the economy of the country, accounting for 45 per cent of GDP, employing about 55 per cent of the workforce and providing food to the rural population which constituted 65 per cent of the overall population. That made it imperative for the Sudanese economy to become integrated in the world economy.

48. His country had been engaged in negotiations on meeting the criteria for membership in WTO since 1994 but despite painstaking efforts it was still prevented from attaining that objective. General Assembly resolution 60/184 had expressed concern over the lack of progress in areas of negotiations of particular concern to developing countries, which led to missing deadlines provided in the decision of the General Council of WTO. He appealed to all members of WTO to make more serious efforts to facilitate the unconditional membership of the developing countries, and particularly the least developed among them and those emerging from conflict. His delegation opposed the politicization of the procedures for membership in WTO.

49. The objective of achieving a just system of international trade should be a joint responsibility under a shared commitment to make the international trading system more development-friendly; all States, and particularly the large ones, had a common interest in increasing the opportunities for trade with the developing countries. His delegation therefore called on the developed countries to put forward constructive and ambitious proposals consistent with the obligations they had undertaken in various forums to make progress in all areas of negotiations, particularly in agriculture, non-agricultural market access and trade-related services and to give special treatment to the developing countries.

50. It would undoubtedly be conducive to real and sustainable development and to more effective attainment of development objectives for the developed countries to provide opportunities for access by the products of the developing countries to world markets, to ensure transparency and justice in world trade, and to take practical steps to facilitate the accession of the developing countries to membership in WTO.

51. In that connection, his delegation supported the efforts of the United Nations to mitigate the impact on the developing countries of the various crises, particularly the damage inflicted on the countries that suffered from unilateral coercive economic measures, and to ensure compliance with the appeals of the General Assembly for annulment of such measures as soon as possible, bearing in mind that they had been an obstacle to economic and social development and ultimately perpetuated poverty.

52. **Mr. Al-Nasser** (Qatar) said that movement of capital should be accompanied by unrestricted movement of trade and natural persons. The hiatus in the Doha Round negotiations had frustrated hopes in developing countries of achieving a balance between agriculture and non-agricultural market access. The international trading system needs to be more transparent and democratic. Unfair protectionism for developed countries' markets should be eliminated and capacity-building assistance provided to developing countries to achieve the development goals outlined in the Doha work programme. He commended UNCTAD for its positive contribution to the Doha Round negotiations and urged an accelerated process for accession to WTO.

53. **Mr. Neville** (Australia) said that his country was committed to ensuring that the benefits of economic

development were shared by all. Trade liberalization through WTO was one of the best ways to achieve that goal. Trade reform could help developing countries to achieve a better deal in world trade, promote sustainable development and eradicate poverty.

54. All participants in the Doha Development Round would need to show greater flexibility to achieve a successful outcome. The opportunities provided by the Doha Round to combat protectionism and stimulate growth through trade were too important to be lost, particularly in the light of the ongoing global financial crisis.

55. Failure to conclude the Doha Round would be a major blow for development, agricultural trade reform and the multilateral trading system. A properly functioning global trading system was a prerequisite for lifting millions of people out of poverty. His country deeply regretted that developing countries were still disadvantaged by trade-distorting subsidies and barriers to market access. Such measures reduced the ability of developing countries to participate in global agricultural trade and directly contributed to their continued impoverishment.

56. Australia had strongly supported the interests of developing countries in the Doha Development Round and, through the Cairns Group, had worked closely with them to secure vital reforms of trade and agriculture. It had also continued to stress that developing countries must receive special and differentiated treatment. By translating that principle into practical provisions consistent with the overall reform agenda, WTO would be able to continue to support the economic development needs of developing countries.

57. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that mechanisms must be found to overcome existing asymmetries and inequities and establish fair and equitable terms of trade. Though the Doha Round in theory concentrated on development, the developed world showed no will to bring about concrete action to achieve it. Trade liberalization alone would not ensure development for all, because special circumstances had to be addressed fairly. A more critical approach was needed to WTO processes. Special and differentiated treatment policies were needed to account for specific conditions to make international trade a tool for development.

58. While lip service was paid to development, a global system based on trade liberalization was being imposed that did not take into account the asymmetries between developing and developed countries. A system based on equal treatment that did not take into account the profound structural differences between States was not viable.

59. There was a need for changes in the international trade system to make it fair and equitable. Developing countries must be able to protect themselves from imports that could affect local economies, harming development policies. The developed world's clear advantages and protectionist policies stood in the way of free trade.

60. The unique features of his country's economy must be stressed, both as a net food importer in the field of agricultural negotiations, and as an extremely volatile economy owing to its heavy dependence on trade in oil and gas, in the non-agriculture market access talks. His country had participated actively in the Doha Round and had asked WTO to take its specific conditions into account and to consider granting it weak and vulnerable status regarding non-agriculture market access.

61. In UNCTAD, the developing countries had emphasized the importance of preserving national policy space against trade expansion, investment inflows, the unbalanced international financial architecture, information and communication technologies business development, and preoccupation with sustainable development. Developing countries must be heard so that trade talks could move away from the simplistic vision of free markets and address sensitive issues such as the development dimension, that could usher in a new international economic order.

62. The principles of complementarity, cooperation and solidarity helped to consolidate transparent and non-discriminatory trade, which took into account the asymmetries, different levels of development and unique strategies of each country.

*The meeting rose at 5.50 p.m.*