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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Letter dated 3 October 1984 from the Permanent Representatives of Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Peru, Uruguay and Venezuela to the United Nations addressed to the Secretary-General

We have pleasure in transmitting to you with this letter the text of the Mar del Plata Communiqué (see annex), signed by the Ministers for Foreign Affairs and the Ministers of Finance of Argentina, Bolivia, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Peru, Uruguay and Venezuela in Mar del Plata, Argentina, on 14 September 1984.

In doing so, we wish to draw your attention to the fact that the Mar del Plata Communiqué supplements and develops the proposals approved by those same 11 Latin American countries in the Cartagena Consensus, adopted on 22 June 1984 (A/39/331, annex).

At the Cartagena and Mar del Plata meetings, the 11 participating Latin American countries agreed on a series of proposals for dealing with the problem of external indebtedness and with questions relating to finance and trade. The proposals constitute a broad approach to these issues embodying the following salient features:

The problem of the external indebtedness of the developing countries should be tackled in the light of the joint responsibility currently borne by all the parties involved: the Governments of both debtor and creditor countries, the multilateral financial agencies and the international banking system. This responsibility makes it essential that all the parties participate actively in the search for lasting solutions to the problem.

The necessary understandings may be achieved only through dialogue, which constitutes the appropriate procedure for comprehending the problem and making progress in the search for solutions.

Accordingly, there is a need for direct political dialogue between the Governments of industrialized countries and the Governments of debtor countries. It is clear that the problem of indebtedness cannot be resolved only through negotiation with the banks and through discussions with the multilateral financial agencies, since the latter are unable to grasp the full scope of the political and social implications of this serious problem.

Direct political dialogue between Governments will make it possible to define the necessary guidelines for seeking solutions more in keeping with the long-term interests of all the parties concerned. Without such guidelines, which only Governments can formulate, there will be a continuation of partial, limited approaches, which until now have scarcely been conducive to dealing even inadequately with some of the aspects of the problem.

On instructions from our respective Governments, we request you kindly to arrange for the text of the Communiqué to be distributed as a document of the General Assembly under items 12 and 80.

(Signed) Carlos M. MUÑIZ
Permanent Representative
of Argentina

(Signed) Miguel A. ALBORNOZ
Permanent Representative
of Ecuador

(Signed) Jorge GUMUCIO-GRANIER
Permanent Representative
of Bolivia

(Signed) Porfirio MUÑOZ-LEDO
Permanent Representative
of Mexico

(Signed) George A. MACIEL
Permanent Representative
of Brazil

(Signed) Javier ARIAS STELLA
Permanent Representative
of Peru

(Signed) Pedro DAZA
Permanent Representative
of Chile

(Signed) Juan Carlos BLANCO
Permanent Representative
of Uruguay

(Signed) Carlos ALBAN-HOLGUIN
Permanent Representative
of Colombia

(Signed) José Francisco SUCRE-FIGARELLA
Permanent Representative
of Venezuela

(Signed) Eladio KNIPPING VICTORIA
Permanent Representative
of the Dominican Republic

ANNEX

Mar del Plata Communiqué

The Ministers for Foreign Affairs and the Ministers of Finance of the signatory countries of the Cartagena Consensus, meeting in Mar del Plata on 13 and 14 September 1984:

1. Noted with concern the loss of a sense of urgency in the industrialized countries with respect to solving the external-debt crisis, while at the same time the developing countries were becoming increasingly impoverished. They stated that, although thus far no severe destabilization of the international financial system had occurred, the impact of that crisis on their countries was being more deeply felt.

In the light of those facts, which must be dealt with by taking a broad political approach, they agreed:

(a) To confirm the validity of the Cartagena Consensus;

(b) To reiterate their solidarity in the face of the problem of Latin American indebtedness; and

(c) To reaffirm their determination to continue carrying out consultations, as often as necessary, in the framework of the consultation and follow-up machinery.

2. They pointed out that the increase in interest rates which had occurred shortly after the conclusion of the Cartagena meeting had aggravated the adverse impact of their already excessively high level. Although the increases had stopped by the end of June, the stabilization of the rates at current levels, which exceeded past averages several times over, made it difficult to implement economic projects and exacerbated existing problems of external and internal indebtedness, making it impossible to manage development policies in the region adequately. All that confirmed the urgent need for the international community, especially the Governments of industrialized countries, to take steps to allow the real interest rates to drop to reasonable levels.

3. They noted that signs of economic recovery were still concentrated in a few developed countries, and that those countries continued to implement policies which adversely affected the growth prospects of most countries of the international community. As long as the recovery did not extend to all countries, it would be a precarious one, threatening to bring on an international crisis whose size, depth and impact could not be predicted.

4. They expressed the view that, except in isolated cases, protectionist trends and other restrictive measures had intensified, thus accentuating the adverse effects of those actions on the level of export earnings, import capacity, the ability to service the external debt and the prospects for development programmes in the countries of the region. They also noted that there had not been a

satisfactory resumption of financial flows capable of promoting economic growth, or of short-term commercial credits.

5. They reaffirmed their concern about the one-sidedness of adjustment efforts, which was incompatible with the joint responsibility of creditors and debtors to seek a solution to the debt problem.

6. They were pleased to note that, in recent negotiations on debt restructuring, some of the principles stated in the Consensus with respect to terms, costs and conditions had been adopted.

However, they pointed out that it was of fundamental importance to continue to seek appropriate and lasting solutions to all the external-debt problems, under the guidelines established in the Consensus, so that the Governments of the creditor countries, the multilateral financial agencies and the banking community would make contributions comparable to the efforts exerted by the debtor countries in their adjustment process.

7. They reaffirmed the need for dialogue as a way to promote understanding. On the specific matter of indebtedness, they concluded that dialogue between creditors and debtors was essential to achieving a proper comprehension of the problem and reaching such an understanding. The absence of dialogue would make it more difficult to initiate the co-operation among the parties needed to resolve the crisis jointly.

8. In view of the persistent gravity of the situation described, and in accordance with paragraph 23 of the Cartagena Consensus, they felt that it was essential to invite Governments of industrialized countries to participate in a direct political dialogue, to be held preferably in the first half of 1985 and for which the appropriate steps will be taken.

9. They drew attention to the co-ordination achieved by their countries in anticipation of the forthcoming international meetings. As a result, the initiatives agreed upon would be proposed in all relevant forums as an expression of the Consensus.

10. The member countries would be able to request the holding of extraordinary meetings within the framework of the consultation and follow-up machinery in order to consider the implications and consequences of events requiring urgent attention.

The next meeting would be held in the Dominican Republic during the first quarter of 1985. To that end, the host country would act as secretariat pro tempore.
