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SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. GHEZAL (Tunisia)

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GENERAL DEBATE (continued)

ORGANIZATION OF WORK

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The meeting was called to order at 10.20 a.m.

GENERAL DEBATE (continued)

1. Mr. ROZENTAL (Mexico) said that joint action and shared responsibility were the only means of guaranteeing the stable, balanced growth of the international economy. The developed countries must urgently recognize their responsibility and act accordingly. In addition to demonstrating by their deeds that they recognized the role that the United Nations should play in the search for solutions to the major economic problems confronting the international community, the developed countries must participate in the process of international adjustment by exercising strict fiscal discipline, effectively co-ordinating their non-inflationary growth policies and opening up their markets. The developing countries, for their part, must resolutely continue the process of transforming their economic structures in order to make them more modern and competitive. That would stimulate growth and equity, which had been put forward as development objectives and would enable the developing countries to more fully integrate themselves in, and have a greater influence on, the international economy.
2. Acceleration of the modernization process in developing countries must be based on the genuine incorporation of technical progress in the productive process. Economic co-operation and international technology were tools that could help those countries carry out changes to reduce their long-standing excessive dependency on the industrialized countries. Technical innovation efforts must be closely linked to economic policy objectives and have a direct impact on productivity and growth. Telecommunications, micro-electronics, the computer industry and other advanced technologies must be priorities for the Governments of the developing countries.
3. Those hopes, however, could not be realized if resources continued to flow out of those countries for debt servicing. The solution to the problem lay in reconciling two fundamental aspects: substantial reduction in the amount of debt service and principal, and the establishment of new financial flows for development. In that connection, the United Nations could be of great value by underscoring the necessity for creditors to amend their tax, regulatory and accounting practices in order to facilitate the reduction of debt and debt service. The United Nations could also underscore the vital importance of adequate guarantees in carrying out such operations. Moreover, the mechanisms of debt-service reduction must involve not only the commercial banking system, but also international financial organizations and official creditors.
4. The sound growth of the world economy would not be possible as long as the current situation, characterized by deteriorating terms of trade, growing protectionism and high interest rates, persisted. The State's role as a guiding force in economic activity and an active agent of social well-being must be reassessed. The United Nations must clarify the fundamental criteria that should govern the economic activities of the modern State, at both the national and international level. The international development strategy for the fourth United

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(Mr. Rozental, Mexico)

Nations development decade and the special session of the General Assembly to be convened in April 1990 should include as essential items: reversing the transfer of resources out of the developing countries, expanding access to international markets and accelerating the absorption of new technologies by developing economies so that they could modernize their productive plants and combat world ecological deterioration. Those items should be approached, in every case, with a view to the necessity of defining the basic elements of a new type of equitable and competitive growth and the eradication of absolute poverty in the developing countries. The approach of the future strategy must be flexible and pragmatic, so that it could be adapted to a rapidly changing world economy. To that end, it would be very important for the strategy to include mechanisms for following up its implementation and development.

5. In view of their history of pollution-generating activities, the industrialized countries had a greater responsibility to channel financial and technological resources into combating environmental deterioration. New mechanisms of international co-operation must be explored so that the developing countries could have free access to scientific information and to the acquisition of non-polluting technologies more easily. The United Nations conference on environment and development proposed for 1992 should examine and propose solutions to the economic obstacles which those countries faced in adequately protecting the environment. Those proposals should consider that environmental protection and economic development must be inextricably linked, that one must not preclude the other, and that new financial conditionalities must not be imposed in the process. Similarly, it was necessary to respect the development objectives and priorities of the countries of the South and their sovereignty over their natural resources.

6. Moreover, the regional commissions and the specialized economic agencies of the United Nations must encourage the reformulation of general schemes for economic co-operation and review their work procedures, approaches and interrelationships. The limited resources, the vast scope and complexity of the work to be done and the lack of time made it necessary to avoid duplication and to move forward with specific complementary sectoral projects.

7. Mr. KRYZHANOVSKY (Ukrainian Soviet Socialist Republic) said that the need for a joint approach to solving economic problems and for all States to endeavour to find solutions which took into account a balance of interests, had been recognized among the positive trends characterizing international life, economic progress had not been commensurate with the political progress achieved. The situation of the developing countries, which had not overcome backwardness and external debt and which were experiencing a constant development crisis, was particularly alarming.

8. Recent events clearly demonstrated that the current system of international economic relations did not respond to the interests of the vast majority of States and was growing less and less predictable, providing confirmation of the system's inability to influence the complex macro-economic processes taking place as a result of profound structural transformations, the accelerated pace of scientific and technological revolution and changes in the international division of labor. Other destabilizing factors in international economic relations included the

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(Mr. Kryzhanovsky, Ukrainian SSR)

unresolved problems of the international monetary system, fluctuating interest rates and inflationary processes.

9. The difficult economic situation of many countries derived from their enormous military expenditures, which far exceeded their means, and from the continued militarization of their economies. That policy must be offset by projects to develop productive forces, in other words by a democratic socio-economic policy capable of guaranteeing employment, and uniting and motivating millions of people. The Ukrainian Soviet Socialist Republic hoped that, under United Nations auspices, genuine plans would be elaborated for shifting the production of weapons towards peaceful purposes, which would respond to the interest of all countries and all peoples.

10. In his delegation's view, the report of the Secretary-General on the principles of international economic security (A/44/217) was positive in that it proposed to use the United Nations as a centre of world macro-economic co-ordination. That would highlight the role of the Economic and Social Council as co-ordinator of all United Nations socio-economic activity in harmonizing the efforts of all bodies and organizations in the United Nations system. It would be important to propose action, based on the Economic and Social Council resolution entitled "The role of the United Nations in the early identification, analysis and monitoring of world economic development to utilize such mechanisms for the early detection of problems in the world economy with a view to taking the concerted measures necessary to ward off their possible adverse consequences.

11. External debt, which had reached astronomical proportions, was the most acute expression of the international crisis. A solution to the external debt problem must be discussed in multilateral forums, including consultations between debtor and creditor countries sponsored by the United Nations.

12. The deteriorating State of the environment was one of the major international problems along with the prevention of nuclear war, disarmament and the settlement of regional conflicts and the international crisis. Environmental pollution knew neither national boundaries nor ideological barriers and affected the vital interests of everyone. The Ukrainian Soviet Socialist Republic, which had suffered the consequences of the Chernobyl tragedy, agreed that the United Nations should develop the concept of international ecological security, whose final objective must be the establishment of a new type of collaboration among States. Such collaboration should reduce the negative impact of ecological problems to a minimum and exert a positive influence in other spheres of international life.

13. Preparations for the upcoming United Nations conference on environment and development, to be convened in 1992, opened a broad field of action in that area. His delegation supported the idea of establishing, within the framework of the United Nations, a centre for emergency environmental assistance. That initiative could be carried out on the basis of the possibilities that were offered by United Nations organizations, through the strengthening of their co-ordination and the

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(Mr. Kryzhanovsky, Ukrainian SSR)

exchange of information and with the commitment of Member States to assist one another in the event of an environmental disaster.

14. The drafting of the international development strategy for the fourth United Nations development decade would require a substantial contribution from the Economic and Social Council, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO) and other specialized bodies and agencies of the United Nations. The basic objection of the preparatory work should be to ensure that the new strategy fully reflected the realities of the modern multifaceted and interdependent world.

15. The international community should recognize the right of each country freely to choose its own path to social and economic development under the present circumstances, when there were new approaches for achieving social development and a closer link between economic and social factors. The Ukrainian SSR did not object to linking the work of the Preparatory Committee of the Whole for the Special Session of the General Assembly Devoted to International Economic Co-operation to that of the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy, as provided for in General Assembly decision 43/460. A joint statement by the socialist countries on that matter was contained in document E/1989/127.

16. Mr. DJOUDI (Algeria) said that while hopes for peace were increasing kindled by the reduction of tension in conflict areas and to the cooling down of ideological and military rivalries, poverty continued to grow worse. Promising signs seemed to be emerging among the major Powers, foreshadowing a step from détente to understanding. However, for the vast majority of mankind, hunger and famine continued to spread and underdevelopment to worsen. The East-West exchange of views should be accompanied by a North-South dialogue so as to correct the serious imbalances in the world economy, which resulted in the division of mankind into two contradictory extremes. International economic relations still meant the well-being for a small minority and poverty for the overwhelming majority. Mankind could not be united until the division between North and South disappeared and until all people of the world, without exception, were able to enjoy the benefits of economic progress.

17. The division of mankind between North and South was not immutable and the degradation of the human environment, destruction of genetic species, impoverishment of the ecosystems and pollution of the environment did not have to continue. In order to ensure a common, bright future for all, it was necessary to revitalize the sustained economic growth of the poorest countries and to put an end once and for all to the longest continuous economic depression that those countries had experienced since independence, without curbing the longest uninterrupted growth of modern times in the richest countries.

18. In order to achieve that objective, it was necessary urgently to solve the external debt crisis by reducing debt service payments and by re-establishing positive North-South financial flows. Moreover, the structural adjustment of the

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(Mr. Djoudi, Algeria)

poorest countries must be complemented and mitigated by adjusting the economic situation to universal growth requirements. Furthermore, the increasing awareness of the ever increasing need to protect the environment could not be an additional obstacle to development. On the contrary, it should be a concrete expression of the interdependence among countries, so that such interdependence ceased to be asymmetrical.

19. The United Nations had managed to alleviate fears of a world war, by contributing to East-West rapprochement. The Organization must now turn, without further delay, to the task of eliminating the scourge of absolute poverty, and contributing to North-South rapprochement. The convening in April 1990 of a special session of the General Assembly devoted to international economic co-operation and, in particular, to revitalization of the economic growth and development of the developing countries and the preparation of a new international development strategy for the fourth United Nations development decade provided the framework and the means for achieving that objective. For its part, the Movement of Non-Aligned Countries at its ninth Summit Conference held at Belgrade, Yugoslavia, and the Group of 77, at its special session held at Caracas, Venezuela, had assumed their responsibility regarding that undertaking.

20. Mr. SCHLEGEL (German Democratic Republic) said that what currently mattered was to point out effective ways to solve the international community's complicated environmental problems and to correct the persisting imbalances in the world economy. In that regard, as a forum of universal dialogue and multilateral co-operation, the United Nations was irreplaceable.

21. To date, commendable progress in international security and the settlement of regional conflicts had not resulted in more equitable international economic relations. On the contrary, underdevelopment, poverty, indebtedness, disease, drug abuse and the destruction of the environment had become serious global problems.

22. His delegation agreed that ignoring urgent economic requirements could undermine the efforts for peace and stability in the world, as the non-aligned countries had stated at Belgrade. Therefore measures in favour of growth and development had become, now more than ever, part and parcel of the struggle for international peace and security. Each State must have a share in the world economy on an equal footing and must respect the sovereignty and realities of other States.

23. The aim of multilateral co-operation in the 1990s must be to seek mutually acceptable and generally beneficial solutions to the most crucial international economic problems. At the fortieth session of the General Assembly, the socialist countries had proposed the concept of international economic security. The report of the Secretary-General on international economic security (A/44/217) was an important document and a useful contribution to the discussion on that proposal. However, it was not sufficient simply to describe existing activities. Practical measures were required of the United Nations, its organs and organizations in order to expand and shape the various elements of international economic security. A case in point was the early identification, analysis and assessment as well as the

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(Mr. Schlegel, German Democratic Republic)

monitoring of world economic developments, that had been initiated in the World Economic Survey, 1989 (E/1989/45). His delegation hoped that that valuable work would continue in accordance with the relevant resolution that had been adopted by consensus at the most recent session of the Economic and Social Council, so as to establish a mechanism within the United Nations for identifying and settling economic conflicts.

24. The special session of the General Assembly devoted to international economic co-operation and the preparation of the new international development strategy raised great expectations and the approach of the German Democratic Republic in that regard was constructive. In the 1990s new and tangible impulses were needed to attain the economic growth and development of all countries, in particular, the developing countries. The improvement of international economic relations called for a common solution to the problems of an increasingly international economy. In that regard, it was necessary to support United Nations resolutions and international conferences, as many of them (such as the resolutions of UNCTAD VII and the Charter of Economic Rights and Duties of States) had lost nothing of their topicality. Implementation of the recommendations contained in that Charter would help to improve international economic relations. The German Democratic Republic and other socialist States had reaffirmed their approval of that document in a joint statement (A/44/379).

25. It was to be hoped that the special session and the new international development strategy would help bring about stable and sustained growth of the world economy and that particular attention would be given to the needs of the developing countries. General Assembly decision 43/460 was an appropriate basis for addressing that issue at the special session. His delegation was in favour of accelerating the preparatory work, as there was an urgent need to reach agreement on the agenda, the major substantive items and the character of the final document. To that end, appropriate negotiations should be held without delay during the current session.

26. The Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade had done intensive work and his delegation was pleased to observe a growing convergence of views on the general structure and main elements of the strategy. That increasing agreement could be attributed to the prospect that a new strategy would promote the growth and development of developing countries in particular, take due account of the new challenges facing international economic co-operation in the 1990s, focus on issues such as trade, external indebtedness, technology, human resources, poverty, underdevelopment and the environment and contain concrete stipulations on United Nations participation in the implementation of the strategy.

27. Protection of the environment had become a global concern on which the future of mankind depended. All States, irrespective of their socio-economic system or degree of development, were affected by the global environmental problem. His delegation welcomed the proposal to hold a United Nations conference on environment

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(Mr. Schlegel, German Democratic Republic)

and development in 1992 at a high political level, and supported the offer by Brazil to host that conference. It hoped that the conference would identify the relevant tasks up to the year 2000 and beyond. The application of the concept of disarmament for development was also of great relevance to the environment.

28. His delegation shared the assessment made at the Belgrade summit that external debt put unbearable strains on the developing countries and involved considerable risks for international economic relations as a whole. It was in the interests of economic growth in the developing countries and the stability of the world economy to find effective and lasting solutions that took account of the legitimate interests of all parties concerned. The United Nations could make a contribution towards that end by helping to create favourable international conditions and to develop the political will to arrive at a comprehensive and just settlement.

29. There was no doubt a relationship between settling the debt problem and improving international trade relations. Reduced protectionism, stable commodity prices and fair terms of trade would visibly alleviate the situation of the developing countries. The Second United Nations Conference on the Least Developed Countries, to be held at Paris in 1990, was of great significance, in view of the need for steps to help relieve the serious economic and social situation of those countries.

30. His delegation viewed UNCTAD, which was celebrating its twenty-fifth anniversary in 1989, as a representative multilateral forum with the potential for a business-like dialogue and result-oriented negotiations, as was testified to by the progress made at UNCTAD VII towards solving urgent global economic problems.

31. Issues of great importance were being discussed at the current Uruguay Round of GATT, but participants would be able to contribute to making international trade relations more stable only if they gave balanced consideration to the interests of all partners.

32. More than ever, scientific and technological relations needed to be shaped without discrimination. Discriminatory embargo lists, some dating back 40 years, continued to be an obstacle to normal trade and healthy business relations, however. In the long run, they went against the very interests of those who imposed them. His delegation shared the view expressed at the tenth session of the Intergovernmental Committee on Science and Technology for Development that, in accordance with the Programme of Action on Science and Technology for Development, special importance should be attached to increasing the developing countries' scientific and technological potential.

33. The United Nations regional economic commissions assumed growing significance in the development of mutually beneficial co-operation in the areas of the economy, science and technology. The States members of the Economic Commission for Europe (ECE) had made good progress in that direction, although many obstacles remained to be overcome. His delegation shared the view that ECE activities were in line with

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the socialist States' initiatives to ensure lasting stability and security in Europe and to bring about relations based on partnership and good-neighbourliness and well-ordered economic co-operation between East and West.

34. Given the need to overcome the current underdevelopment of developing countries, the development and use of human resources for economic and social progress were taking on a new dimension. Economic and Social Council resolution 1989/120, which had been initiated by the German Democratic Republic and adopted by consensus, contained proposals designed to enhance both the effectiveness of multilateral co-operation and co-ordination of the manifold activities undertaken by the United Nations system in that field. Human resources development was also an important objective of the material support which his country gave to developing countries. Such aid had equalled 0.64 per cent of the country's gross national product in 1988 and had been granted despite the consequences for his country's own development of the aggravation of the world economic situation.

35. In the four decades that had passed since its founding, the German Democratic Republic had steadily increased its economic weight. The efficiency of its national economy was a solid basis that allowed for raising standards of living and ensuring social and material security, full employment, a high degree of education and free health care. In the future, too, the country would meet new challenges and react with flexibility to new conditions.

36. Mr. ZIARAN (Islamic Republic of Iran) said that since the early 1980s, the international economic situation had been unfavourable to the developing countries. Commodity prices had remained low, the gap between rich and poor countries was widening, no solution had been found to the debt problem and the flow of resources to developing countries continued to decline. As a result, the gross domestic product (GDP) of those countries was not keeping pace with population growth and real per capita income remained below 1980 levels.

37. The steady reduction in prices for commodities and raw materials, especially oil, since 1982 had caused a serious deterioration in terms of trade and impeded the development of developing countries. Since commodities and raw materials were the sole source of income for those countries, their prices should be boosted and stabilized to ensure a revitalization of economic growth. In that context, his delegation welcomed the fact that the Common Fund had come into operation. His delegation also urged the roll-back of protectionist barriers against developing countries' exports. The Uruguay Round of trade negotiations must receive due attention, in order to strengthen the international trading system in a way that met the needs of developing countries.

38. The problem of external indebtedness had not been resolved, notwithstanding the efforts made to that end. The ratio of external indebtedness to GNP and export earnings had been extremely unfavourable to the developing countries in recent years. In addition, during the past seven years the financial resources received by developing countries had diminished by 50 per cent. Consequently the reverse

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transfer of resources from developing to developed countries had been intensified. Austerity measures adopted by the developing countries had failed to stimulate domestic investment and development and, on the contrary, had restricted the social budget; that, in turn, had adversely affected the poorest strata in the developing countries. During the previous year there had been political riots in some indebted countries, thus demonstrating the gravity of the situation. His delegation reiterated that the only way out of the external indebtedness crisis was a substantial reduction in external indebtedness in terms of both principal and interest, accompanied by new flows of financial resources to developing countries.

39. In 1988 the Second Committee had shown its readiness to undertake its responsibility as an international forum to seek solutions for global economic problems. The adoption by consensus of a resolution on the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade and on the Preparatory Committee of the Whole for the Special Session of the General Assembly Devoted to International Economic Co-operation was evidence that it could succeed. At the latest session of the Ad Hoc Committee, the Group of 77 had introduced an initiative designed to facilitate preparation of the strategy. That proposal had been welcomed by other groups of countries but unfortunately had not been approved. Important elements to be included in preparing for the strategy were: trade, the external debt crisis, the eradication of hunger and poverty, science and technology for development, the development of human resources and agriculture. The strategy by itself could not solve the problems of international development; it would be impossible for it to achieve its objective without a strong political will.

40. The North-South dialogue had not produced results. Bearing in mind the increasing interdependence of the world economy, the stagnation of growth in developing countries and changes in the world economic situation, it was essential to adopt common measures with a view to strengthening the capacity of the developing countries to meet new challenges. The Islamic Republic of Iran supported the convening of the special session of the General Assembly devoted to international economic co-operation and, in particular, to the revitalization of economic growth and development of the developing countries; such an initiative could provide new impetus for the negotiations intended to seek ways and means to address the problem of the economic stagnation of the developing countries and to introduce a just economic order as the basis for lasting peace, security and prosperity.

41. Mr. Payton (New Zealand) took the Chair.

42. Mr. DING Yuanhong (China) said that the world economic situation remained serious. While the developed countries had enjoyed seven consecutive years of economic growth and international trade had expanded substantially, a number of factors making for instability and imbalances continued to exist. Inflation was rising and economic growth was slowing in a number of countries. Trade friction and financial disorder persisted. The economic situation in the developing countries was very serious. Notwithstanding the rigorous adjustment measures

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(Mr. Ding Yuanhong, China)

adopted in many of those countries, the great majority continued to experience nil or negative growth rates. The external economic environment continued to deteriorate: the debt burden was increasing concurrently with the reverse flow of financial resources; the rate of investment had dropped; protectionist barriers had been consolidated and terms of trade had worsened. That situation was particularly evident in Latin America and Africa but, even in the Asian region, where there had been relatively strong growth, poverty and underdevelopment continued to be very serious. If the gap between rich and poor countries was not closed, world peace and stability would be endangered. The developing countries represented the great majority of the world. There could be no global prosperity without their prosperity.

43. His delegation hoped that the international community would give careful consideration to the proposals made by the special ministerial meeting of the Group of 77 in Caracas, and by the Summit Conference of the Non-Aligned Countries in Belgrade. While it was the responsibility of the developing countries themselves to make every effort to eliminate poverty and stimulate economic recovery, they could not succeed without the support of the international community. Such support could take two forms: in the short and medium term, revitalization of the North-South dialogue was imperative and, in the longer term, the mechanisms for international economic co-operation and the management of the world economic system must be strengthened. International economic relations must undergo radical transformation. In particular, there must be changes in the system which made it possible for a small group of developed countries to impose their decisions on economic issues on the rest of the international community. The needs of the developed countries were undoubtedly important but those of the developing countries were equally so. The principles of mutual respect and equity should guide international economic relations.

44. His delegation supported the special session of the General Assembly devoted to international economic co-operation, which would be the forum for the first North-South dialogue of the 1990s; he hoped that the Governments of the various countries would participate actively in the preparatory process with fresh ideas and approaches. His delegation also hoped that the session would enjoy universal and high-level participation and that it would be able to arrive at new guidelines for international economic co-operation. The Second Committee should try during the current session to reach agreement as early as possible on the provisional agenda of the special session.

45. His Government attached great importance to the formulation of the international development strategy and hoped that it would contribute to the revitalization of the economies of the developing countries during the next decade. At the second session of the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Decade, some groups and countries, including China, had put forward many good proposals on the structure of the strategy. Although the session failed to reach consensus on the broader outline of the strategy, the preparatory work had made progress. His delegation was ready to participate actively in the preparation and formulation of the strategy with a practical and flexible approach.

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(Mr. Ding Yuanhong, China)

46. External indebtedness was one of the most serious problems facing the developing countries. His delegation supported the efforts for drastically reducing the debt in terms of both principal and interest and urged a flow of new money to the developing debtor nations. In that connection, he welcomed the recent initiatives designed to lighten the debt burden of some countries. Nevertheless, not only should the debt of middle-income, heavily-indebted countries be reduced, but that of the low-income debtor countries and other developing debtor countries should also be given relief. The measures adopted to solve the debt problem should be focused on helping the debtor countries to regain economic growth so that they would possess the capacity to repay the debt. To that end account must be taken of factors such as commodities, trade and financial resources.

47. Protection of the environment was crucial to the survival and development of humanity. Since the developed countries were chiefly responsible for the polluted environment in the present-day world, they should also bear responsibility for protecting the environment and addressing the problem of pollution. Environment protection should not become an additional conditionality in providing credit to the developing countries; rather, they must be provided with the necessary technology and capital to enable them to solve their environmental problems on their own. His Government supported the convening of a United Nations conference on environment and development in Brazil in 1992.

48. Lastly, with regard to the comprehensive policy review of operational activities for development of the United Nations system, his delegation considered that the operational activities of the United Nations system had provided considerable technical assistance to the developing countries over the past few years, which had played a positive role in their economic reconstruction and social development. At the same time, it was mindful that much remained to be done in meeting the changing needs of the developing countries. Many organizations and agencies were reviewing the work they had done in the 1980s and studying ways of coping with the challenges of the 1990s. In his delegation's view, the operational activities of the United Nations system should continue to take the 1970 consensus and the 1975 new dimensions programme of technical co-operation as the source for their guiding principles. They should continue to respect the sovereignty of the recipient countries, to provide effective assistance to the developing countries in line with their respective development programmes and priorities, and to promote technical co-operation between developing countries, thereby enhancing their capacity for self-reliance.

49. Mr. PEJIĆ (Yugoslavia) said that the introductory statements by the Director-General for Development and International Economic Co-operation and by the Under-Secretary-General for International Economic and Social Affairs accentuated, with their realistic approach, the priority that the international community attached to world economic problems. His delegation associated itself with the comprehensive statement delivered on behalf of the Group of 77 by the Ambassador of Malaysia.

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(Mr. Pejić, Yugoslavia)

50. At the current session of the General Assembly, the international community would have an opportunity to confront some of the most pressing problems jeopardizing the positive developments in international political relations and peace and security in the world. On the threshold of the twenty-first century, the international community had a responsibility to present and future generations to halt and reverse the widening of the gap between rich and poor and the exacerbation of the economic problems of developing countries, so glaringly evident in growing hunger and poverty. If left unchecked and unattended, those problems would inevitably lead to the destabilization of international relations.

51. The dramatic deterioration in the position of the developing countries deserved maximum attention. In that context, the drastic fall in standards of living in the vast majority of developing countries, especially the least developed and most highly indebted ones, was, and must be, of particular concern. The situation would not change soon unless appropriate measures were taken to begin to resolve the problems standing in the way of the economic recovery and development of developing countries. Dialogue and negotiations between the developed and developing countries were therefore an imperative. At the Ninth Summit Conference of Non-Aligned Countries, recently concluded in Belgrade, the highest priority had been assigned to international economic issues. It had been stressed at the Conference that the deteriorating position of developing countries in the world economy represented the single most serious impediment to the consolidation and continuation of the current positive trends in international relations. There had been a general consensus that, unless the pressing development problems facing the developing countries were solved, it would not be possible to ensure lasting peace and security in the world. That opinion prevailed not only among the non-aligned and other developing countries but also in ever broader circles that recognized the urgent need to confront the problems and commence dialogue.

52. International solidarity must be directed towards ensuring economic growth and development of all countries, thus facilitating the integration of the developing countries into the mainstream of the world economy in the context of ever increasing interdependence. The special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, represented one of the most important opportunities to embark upon the dialogue that the non-aligned and other developing countries had called for in Caracas and Belgrade. The special session must be properly prepared, with the participation of all countries, if it was to succeed. The general conditions prevailing, in particular the relatively stable growth of the developed countries and the current political climate, were conducive to such success.

53. Alongside the preparations for the special session, work should be done on the elaboration of the international development strategy for the fourth United Nations development decade, which should provide a framework for accelerated economic growth and development, first and foremost in the developing countries. The strategy should help remove the obstacles that stood in the way of a balanced development of the world economy, and offer possible long-term solutions to major

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(Mr. Pejić, Yugoslavia)

development problems, thus paving the way for the eradication of poverty. In addition, the strategy should deal with certain issues which were bound to influence the course of world economic development in the next decade, in particular the environment and human resource development.

54. The external debt of the developing countries constituted the greatest obstacle to their economic development and social progress. There were now net flows of funds from the developing to the developed countries, a state of affairs that was morally unacceptable. The developed countries had also gradually begun to recognize the economic and political importance of the external debt, and particularly its serious implications for development and the stability of the world economy. It was thus no surprise that there had been some evolution in the approach to solving the problem. Nevertheless, not enough had yet been done. The debt crisis called for more courageous, broader application of all the initiatives and for their extension to all indebted developing countries. His delegation welcomed all the initiatives and proposals arising from the concept of debt and debt-servicing reduction, with a view to bringing them into line with the actual payment capacity of debtor countries and their development needs. But at the same time there was a need to ensure flows of new financial resources, without which it would not be possible to ensure revival of economic growth in the developing countries. A firm commitment by the Governments of developed countries to that process was of vital importance.

55. Notwithstanding the role of international financial institutions in that regard, it was important to strengthen and promote the specific role of the United Nations, as a forum in which the problem of debt could be considered in the broadest possible context of development. At the recent Summit Conference of the Non-Aligned Movement, it had been proposed that an appropriate forum under the auspices of the United Nations should be convened, with the participation of international financial institutions and banks, to review all aspects of the problem of external debt within the context of an improved environment for development.

56. On the other hand, it was evident that a lasting solution to the global problem of the external indebtedness of developing countries could not be found if other economic problems were not adequately addressed at the same time. The system of international trade was still subject to growing protectionism, unilateralism, proliferation of non-tariff barriers and non-compliance with commitments to maintain the status quo and reverse protectionist measures assumed at Punta del Este. That situation underscored the importance of the negotiations at the Uruguay Round, which should contribute to the liberalization and expansion of international trade. The decline and general instability of prices for basic commodities had delayed the development of many developing countries, especially in Africa, for almost a decade. Concerted action was necessary to solve that problem. The Common Fund for Commodities could achieve the desired results if its effective functioning was ensured.

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(Mr. Pejić, Yugoslavia)

57. The degradation of the environment, which threatened the very survival of humanity, was rapidly becoming one of the priorities of multilateral co-operation. The continuing deterioration of the global environment and its negative consequences for all countries obliged the international community to address various related problems with the utmost urgency. Those questions could not be considered outside the context of growth and accelerated development for developing countries. In giving priority to the environment, the Ninth Summit Conference had emphasized the need for additional financial resources and the transfer of environmentally safe technology which could strengthen the capability of developing countries to address those problems effectively. At the current session of the General Assembly, a decision should be adopted calling for a United Nations conference on the environment and development in 1992. The delegation of Yugoslavia fully supported the offer by Brazil to host such a conference. The necessary preparations should fully reflect the interests of all countries, especially the development needs of developing countries.

58. Other items on the agenda of the Second Committee deserved thorough consideration, in particular, science and technology for development, economic and technical co-operation among developing countries, preparation of a conference on the least developed countries and operational activities for development. His delegation was convinced that the spirit of constructive co-operation manifested in international relations would also prevail in the Committee. One way in which the United Nations could safeguard world peace and security was to apply its enormous prestige and political weight in support of the efforts to find solutions to international economic problems.

59. Mr. PAOLILLO (Uruguay) said that the general debate in the Committee was, for the most part, redundant, because the comments made in the Economic and Social Council and other forums were inevitably repeated and the positions of the various countries concerning international economic co-operation were being expressed simultaneously in the General Assembly. Nevertheless, he emphasized the need to strengthen the role of the United Nations, and especially that of the Second Committee, in international economic co-operation. His delegation was firmly convinced that the United Nations could again play a leading role in that co-operation only if the international community reached a new consensus reflecting and recognizing the important changes that had occurred in the international economic system in the past decade, in both the North and South, profoundly affecting the relations between them. The plans of action and the strategies formulated in the past two decades had failed not only because of a lack of political will, but also because they did not reflect reality.

60. As for the lack of political will, there was a noticeable disinclination to co-operate in development-related matters with developing countries in one sector of the international community. Biased approaches to topics reflecting special interests were beginning to predominate. Economic co-operation was thus becoming a process of permanent negotiation on the aspects to be addressed. His delegation believed that those aspects would be the ones that most seriously threatened the survival of developing countries. That did not mean that certain topics could not

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(Mr. Paolillo, Uruguay)

be the subject of negotiation in the United Nations, but it was impossible arbitrarily to specify the range of economic co-operation in terms of the interests of one group of countries.

61. As for the failure to face reality, it would be difficult to continue making progress without taking into account the new elements which had begun to influence international economic co-operation in recent years. Decisive changes had occurred in three areas. The first was the development of new international relationships in trade and finance. The changes in the global economy since the beginning of the 1970s had, in fact, altered the system established in the Bretton Woods agreements. Thus, the 1980s were ending with high trade and financial imbalances and a new relationship among the various countries and blocs of countries in trade and finance. The United States had a trade deficit and had become a net importer of capital. Other developed countries such as Japan and the Federal Republic of Germany and, on the other hand, the countries of Latin America and the Caribbean had surpluses and had become net exporters of capital, without any apparent trend to re-establish the balance.

62. Currently, the fundamental question was whether the global economy could grow on the basis of greater openness in international trade encompassing a growing number of developing countries and socialist economies or if, on the contrary, a system dominated by a few powerful economies and based on protectionism and internal production subsidies would prevail. Another aspect of the same problem was the change in the composition and direction of trade caused by technological advances. The basic commodities component in the cost of a final product had declined noticeably in recent years, while the service component had increased. That phenomenon had transformed the traditional concepts of international trade and was probably behind the difficult negotiations in Geneva held over the past three years to establish a system reflecting those changes in a just and balanced form and including special treatment for developing countries. The financial flows between developed and developing countries had also changed significantly. The decade of the 1980s had been characterized by a new phenomenon: the net transfer of resources from developing countries to developed countries. In the World Economic Survey, published each year by the Secretariat, it was noted that in 1988 that outward movement of resources had increased to more than \$30 billion.

63. It was relevant to mention three other elements closely linked to those changes which, in spite of national or regional factors, influenced the system of trade and financial relations of the developing countries as a whole: the fiscal and trade deficit of the United States and its repercussions on that country's rate of economic growth and on the maintenance of a free-trade system; the new role Japan was beginning to play in the international economic system; and the reforms and economic integration taking place among the States members of the European Economic Community. The changes taking place in the Soviet Union and in some eastern European countries should also be taken into account, as they would have considerable repercussions on international economic co-operation as well. The possibility of increased trade between the countries of the East and West would

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(Mr. Paolillo, Uruguay)

have profound effects in the next decade on the world economy in general and on the economies of developing countries in particular.

64. A second area of change was that of the social factors bound up closely with development processes. Since the 1970s, Governments no longer had concerned themselves solely with economic growth and capital accumulation but had placed increasing emphasis on planning for the development of human resources, income distribution, meeting basic needs and eliminating extreme poverty. In that context, the question arose whether structural adjustment was a fitting instrument to remedy poverty. The limitations of such an approach were becoming ever-clearer and it was increasingly apparent that the distribution of government expenditure did not suffice in solving medium- and long-term poverty difficulties. That problem required a more comprehensive approach. The links between poverty, human resources and science and technology were stated in considerable detail in the Cartagena, Jakarta and Khartoum declarations.

65. A third area of change affecting development processes was that of technological advances, particularly with respect to micro-electronics, informatics, biotechnology and new materials. Such advances were reflected in the production systems, commerce and employment, and they represented a serious challenge for the developing countries, as they impeded the development of their primary sectors and curtailed their exports of manufactures, thereby undermining competitiveness in the market-place and job generation. The developing countries must find effective ways of harnessing technological progress in order to prevent the development gap between the North and the South from growing wider.

66. In the context of those trends and changes, two items would form the nucleus of the Committee's deliberations and negotiations at the current session: external indebtedness and the environment. His delegation would deal with those issues when they were taken up by the Committee and hoped that it would currently be possible to arrive at a consensus. The changes to which he had referred should be discussed in depth both at the special session of the General Assembly in April 1990 and in connection with the international development strategy, whose common objective was to revitalize development in the developing countries and to strengthen the role of the United Nations in international co-operation. That would also entail a reappraisal of the United Nations role in economic and social matters and a redefinition of the responsibilities of the leaders of the international system.

67. Recent progress in political matters demonstrated that the will to co-operate led to maximum efficiency of multilateral machinery; the experience could be repeated in the economic and social areas if the necessary political will existed. That, together with an awareness of economic realities, could give substance and meaning to international co-operation for development in the United Nations system.

68. Ms. HAMODI (Iraq) said that, although there was an improvement in the political situation, in economic matters a greater effort was required to alleviate the poverty, hunger and other hardships endured by many countries and peoples. Her country found disturbing the enormous gap between the developing and the developed economies.

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(Ms. Hamodi, Iraq)

69. Scientific and technological progress in the developed countries and worsening economic crises in the developing countries had led to inequitable and unjust international economic relations. The developing countries were trying to keep up their external debt and interest payments, which took a large share of the gross national product. That prevented them from pursuing development efforts aimed at achieving a reasonable standard of living for their peoples. It was important to increase aid to those countries for the restructuring of their economies and the diversification of their exports, which would ensure that there were sufficient resources for economic and social development. That was why such weight was attached to the important deliberations which would be held during the special session of the General Assembly in 1990.

70. Her country was convinced that economic co-operation among the developing countries was a sound and constructive approach. Accordingly, at the regional level, the Arab States had begun to unite their efforts within regional economic groupings in order to create the collective capacity for self-reliance. A good example had been the establishment of the Arab Co-operation Council by Egypt, Iraq, Jordan and Yemen.

71. Mankind as a whole was perturbed by ecological degradation. Iraq considered that the preservation of the environment was one of the prerequisites for economic and social development and stressed that concern on the part of all was necessary in order to avert a devastating ecological disaster. The development priorities of developing countries must be taken into account and their sovereignty over their natural resources, which had been consistently pillaged, must be respected.

72. Mr. MOOSA (Oman) said that the Committee had some very important issues before it, including the item relating to the economic difficulties of developing countries, which arose from protectionism, the external debt, reduced prices for basic commodities and unstable rates of exchange. As a result, the gross national product of the poorest countries had decreased.

73. At the current session of the General Assembly dialogue and negotiations were predominant, and that was a welcome development. At the same time, there was stagnation in economic matters and the dialogue between the north and the south had not got under way. There was a need for negotiations to find ways of solving problems through co-operation among all countries. Economic difficulties were not easy to overcome. Accordingly, all countries should assume their responsibilities and go to the aid of the developing countries. The financial institutions, whether multilateral or private, must come up with solutions to the debt problems of all countries without exception. Protectionism must be eliminated.

74. The Minister for Foreign Affairs of Oman, speaking at the current session of the General Assembly, had referred to the proposal concerning economic matters made by Kuwait at the forty-third session, a proposal couched in precise terms which merited the necessary support and to be translated into practice.

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(Mr. Moosa, Oman)

75. Negotiations were a sound way of finding solutions to problems. The Minister for Foreign Affairs of Oman had expressed his support for a special session of the General Assembly devoted to international economic co-operation, with a view to reversing the current trend towards economic deterioration. The current gap between the minority of "have's" and the majority of "have not's" must be eliminated.

76. The environment should be a source of concern for all of mankind. Steps must be taken to avert threats to health without hampering development. The world today was more unified than ever and, as a result, pollution knew no frontiers. Oman had established a Council for environmental protection and ecology and a Ministry responsible for environmental questions. The conference on the relationship between development and the environment in 1992 would help to solve such problems.

77. Mr. Ghezal (Tunisia) resumed the Chair.

78. Mr. AL-ERYANY (Yemen), speaking also on behalf of Democratic Yemen, said that the current session was being held at a time of extremely complex economic conditions, including declining economic development levels, growing foreign exchange deficits and a widening gap between the developed and the developing countries. It was therefore a matter of urgency to establish a new international economic order based on justice and equity. It was inadmissible that the developing countries should continue to be net exporters of raw materials and net importers of manufactured products and that they should therefore continue to show a deficit and be unable to meet the basic needs of their peoples. The least developed countries, because of their scant resources, were those which suffered most. Yemen, which was such a country, had been seriously affected not only by the economic crisis but also by two types of natural disaster: earthquakes and floods. Those disasters had caused grave loss of life and property, and the Government of Yemen had adopted reconstruction measures and taken steps to assist the population.

79. Among the world's most serious economic problems were those related to external debt. In spite of all the efforts that had been made by the developing countries to find solutions to their immediate problems, development remained a distant goal. Co-operation between creditor countries and debtor countries must be encouraged. To that end, the United Nations should redouble its efforts to promote solutions that were acceptable to all.

80. The 1980s had been a minus. The international community and, above all, the developed countries should spare no effort to solve the world's economic problems in order to dispel that gloom. All possible support should be given to ensure the success of the special session of the General Assembly devoted to international economic co-operation. That session would be an opportune time to revitalize the North-South dialogue and to establish mechanisms making it possible to provide genuine solutions to the world's problems and to define the international development strategy for the fourth United Nations development decade.

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(Mr. Al-Eryany, Yemen)

81. Lastly, the international community should bear the environmental problems in mind. Environmental protection measures must be adopted. His delegation supported the convening in 1992 of a United Nations conference on environment and development.

82. Mr. SOTIROV (Bulgaria) said that, in the days following the opening of the forty-fourth session of the General Assembly, numerous heads of State and ministers for foreign affairs had referred to the problems of economic development and international economic co-operation. While it was too early to draw conclusions, considerable emphasis had been placed on the growing interdependence of the world and on the need for the international community to join efforts in the search for new means for overcoming the most serious obstacles impeding development and international economic co-operation. The harmonious development of the entire world in the final decade of the twentieth century would depend not only on military and political factors and on the demilitarization of international relations, but also on the ability of the international community to provide an adequate collective response to economic and social problems. As the Minister for Foreign Affairs of Bulgaria had pointed out in his statement, the United Nations had sufficient mechanisms for stimulating international economic interaction and was in a position to make a significant contribution to the democratization of international economic co-operation and its organization on the basis of mutual advantage.

83. The World Economic Survey, 1989 showed that world output and world trade had grown, respectively, by 4.3 per cent and 8.3 per cent. Those figures indicated an encouraging trend in world economic development. However, while those figures were based above all on the high growth rates of some States, the majority of African and Latin American countries had experienced a decline in their per capita income. Many of the poor countries had become even poorer or had remained at the same level. In many of those countries, foreign debt, unemployment and other social problems had become uncontrollable.

84. Bulgaria fully supported the proposals for intensifying the efforts of the international community to solve the external debt problem of the developing countries. Its solution was vital for achieving sustained economic and ecological growth and the well-being of the entire world.

85. The reports that had been submitted by the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade indicated that its work appeared to be entering a phase of greater concreteness and content. The following should be borne in mind when preparing the Strategy: it should be practice-oriented and functional and should also have realistic goals and depend more fully on qualitative indicators. Those criteria were also applicable to the preparatory work for the special session of the General Assembly devoted to international economic co-operation. While that session would focus on the most urgent socio-economic problems of the developing countries, it should also be an important stage in the development of international economic relations in general. His delegation trusted that the final document of that session would include general recommendations and principles that were

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(Mr. Sotirov, Bulgaria)

relevant to the work of the various United Nations bodies, so as to consolidate multilateral economic co-operation and attached particular importance to the idea of international economic security.

86. Degradation of the environment and the unfavourable impact of society's activities on the basic ecological structures were closely linked to other global problems. They required that all States should adopt a wise and practical ecological policy and maintain the fullest international co-operation in that field. His delegation supported the concept of international ecological security, which did not contradict the ideas and proposals of other States. It proposed that the following elements, among others, should be considered and included: the free transfer of ecologically safe technologies, the lifting of discriminatory restrictions in the implementation of environmental protection projects, financial concessions to the developing countries for trade in technological innovations and widening the range of the developed countries' technological assistance, including assistance linked to industrial co-operation and information.

87. The second United Nations conference on environment and development should play a significant role in extending international co-operation and should formulate concrete recommendations to Governments for outlining joint projects and for establishing an international economic environment conducive to the sustainable development of all States. It should be noted that from 16 October to 3 November an important international meeting on the environment would be held at Sofia which would be important not only regionally, but also internationally, as the efforts of all European States would no doubt help to establish the guidelines for environmental protection activities.

88. Lastly, he pointed out that an in-depth process for the restructuring of Bulgaria's economy and its management was under way in Bulgaria. Its purpose was to improve the efficiency of the economic system, extend democracy in public and political life and achieve a qualitative improvement in the standard of living. Those reforms were intended to expand Bulgaria's international activities and intensify its economic and trade relations with all States. It was to be hoped that those goals could be achieved by accelerating the introduction of technological innovations, and by decentralizing management on the basis of self-management and self-financing on the part of producers. One of the main characteristics of that process of change was the stronger orientation of the economy towards market mechanisms and towards the integration of domestic and foreign markets. The steps that Bulgaria had taken to join the General Agreement on Tariffs and Trade (GATT) and to establish official relations with the European Economic Community were tangible proof of its interest in maintaining mutually advantageous economic, technical and scientific co-operation.

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ORGANIZATION OF WORK

89. The CHAIRMAN said that the general debate would continue in the following week and that, although the speakers' list had been closed, three delegations had requested permission to be included. If there were no objections, he would take it that the Committee was in favour of permitting those delegations to take part in the debate.

90. It was so decided.

The meeting rose at 1.05 p.m.