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New York

SUMMARY RECORD OF THE 32nd MEETING

Chairman: Mr. GHEZAL (Tunisia)

later: Mr. DOLJINTSEREN (Mongolia)

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ORGANIZATION OF WORK

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The meeting was called to order at 3.40 p.m.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)
(A/44/3, 84, 139, 187, 235, 254, 260, 355, 409 and Corr.1, 467, 499, 598, 617, 631, 705 and 706; A/C.2/44/L.4)

(f) ENVIRONMENT (continued)

(g) DESERTIFICATION AND DROUGHT (continued)

Draft resolution on the plan of action to combat desertification (A/C.2/44/L.33)

1. Mr. GAOUTH (Mauritania), introducing draft resolution A/C.2/44/L.33 on behalf of the sponsors, said that it was divided into two parts dealing, respectively, with the implementation of the Plan of Action to Combat Desertification and the implementation of the Plan of Action in the Sudano-Sahelian region. He read out several of the operative paragraphs and expressed the hope that it would be adopted by consensus.

(b) TRADE AND DEVELOPMENT (A/44/3, 15 (vols. I and II), 202, 268, 295, 386, 437, 510, 554, 581, 588; A/C.2/44/L.5)

2. Mr. DE ROJAS (President of the Trade and Development Board) said that, at its recent session, the Board had adopted seven important resolutions and decisions.

3. Referring to Board resolution 374 (XXXVI) on interdependence of problems of trade, development finance and the international monetary system, he drew attention to paragraph 2, which recognized "the acute need for appropriate intergovernmental and national actions for the handling of interdependence of problems of trade, development finance and the international monetary system in a comprehensive and broad-based manner to ensure mutual benefit for all, especially developing countries". To that end, the resolution recommended that Governments should design and implement effective national and international policies with a view to promoting balanced and more evenly spread economic growth and development.

4. Resolution 375 (XXXVI) on debt and development problems of developing countries had attracted the most attention. It constituted a step forward and should be used as a basis for reaching new far-reaching agreements.

5. He endorsed the views put forward by the Secretary-General of the United Nations and the Secretary-General of UNCTAD concerning areas in which efforts could continue to be made to resolve the debt problem, adding that much more was required from the quantitative and qualitative standpoints.

6. With regard to the quantitative standpoint, the resources currently available for reducing the stock and service of debt were insufficient and should be increased. Moreover, the Governments of the creditor countries should amend their fiscal and accounting regulations in order to promote debt reduction.

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(Mr. De Rojas)

7. From the qualitative standpoint, there was a need to improve the manner in which the debt problem was being tackled and to recognize that the problem would not disappear of its own but required deliberate and imaginative action.
8. The question of what organizational steps could be taken to deal with the debt problem, including the possibility of establishing a special unit, had received scant attention thus far and could, perhaps, be discussed in the Committee.
9. Referring to resolution 376 (XXXVI), which contained the declaration adopted on the occasion of the twenty-fifth anniversary of the United Nations Conference on Trade and Development, he said that it constituted a strong reaffirmation of political support for UNCTAD and its objectives. It was clear that UNCTAD should play a prominent role in the efforts to be made by the international community, and it was also clear that the impact of its work on national and international policy-making must be strengthened. The declaration, which reaffirmed that at both the national and international levels access to opportunities for the generation of wealth and income should be broadened and that all countries were responsible for contributing to the required action in accordance with their capacities and economic weights, should constitute a contribution to the preparations for the next special session of the General Assembly. There was no doubt that it would have a significant impact on UNCTAD's own preparations for the eighth session of the Conference.
10. In conclusion, he said that at a time when the United Nations was preparing to elaborate the international development strategy for the last decade of the millenium, the irreversible establishment of social justice and equity in the international economic order should be a fundamental objective.
11. Mr. DADZIE (Secretary-General, United Nations Conference on Trade and Development) said that UNCTAD's main task was to open up opportunities for weaker trading partners to secure footholds in international markets and to maintain a spotlight on the development dimension of international trade policy.
12. The realities of the international marketplace were currently a cause for concern. While the total exports of manufactures of developing countries had continued to grow rapidly during the 1980s, the majority of countries did not participate in that growth. The main obstacles related to market access. Tariff levels in the developed market-economy countries continued to be higher on products of interest to developing countries than on other imports, and tariff concessions under the generalized system of preferences (GSP) had redressed those problems only partially. It was to be hoped that the opportunity provided by the comprehensive review of GSP in 1990 would be used to strengthen the system and extend its coverage.
13. However, the most serious impediment to market access had been the proliferation of non-tariff barriers, which currently affected almost 30 per cent of the developing countries' exports to the developed market economies. In sectors of particular interest to developing countries, the proportion of affected trade ranged from one half to three quarters.

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(Mr. Dadzie)

14. If the export orientation efforts of the developing countries were to be successful, the developed countries must honour fully and promptly their commitments to roll back existing non-tariff measures.

15. Another area of concern related to the consequences of the current slowdown in the developed market economies, particularly in the United States. The focus of import growth had already shifted from the United States towards western Europe and, especially, Japan. However, aside from a handful of countries in south and south-east Asia developing countries had been unable to participate adequately in Japan's upsurge in import growth.

16. Meanwhile, some developing countries had been giving increasing emphasis to trade liberalization and according higher priority to export expansion and diversification. However, a recent study by the UNCTAD secretariat indicated that the countries which had recorded the fastest rates of export growth during the 1980s had followed policies of selective intervention, although some countries which had intervened heavily to alter market-determined outcomes had not done as well. Countries which had supported industries that could become internationally competitive in the longer term had performed significantly better (in terms of both output and export growth) than countries where policies of selective intervention had not had as clear an economic rationale. It was also clear that most countries which had introduced drastic trade liberalization packages had not yet been able to raise their export and output growth rates.

17. Considerable progress had been made in the Uruguay Round of multilateral trade negotiations; yet, with barely a year to go, the perception of developing countries was that not enough progress had been made towards fulfilling their expectations. Not only had the issue of market access not been dealt with to their satisfaction but they were being pressured to make concessions on "new issues", without a corresponding willingness on the part of developed countries to impose disciplines on the practices of commercial enterprises. In the area of textiles and clothing, currently covered by what was generally recognized as a discriminatory régime, they sensed that they were being asked to pay for a return to normal GATT rules.

18. Accordingly, special efforts were required to demonstrate that the commitments and general principles governing the Uruguay Round negotiations, and in particular those designed to protect the legitimate interests of the developing countries, continued to command general adherence.

19. At the same time it was necessary to begin examining other issues not included in the Round such as the rapid pace of technological development, the emergence of large capital flows unrelated to trade, exchange rate instability, the evolution of bilateral and other economic integration arrangements involving important trading countries, the role of transnational corporations in international trade, and the greater integration of non-market economy countries in the trading system. The very nature of those issues underlined the importance of discussing trade matters in the broader context of interdependence. One example of the good results of such an integrated approach was resolution 374 (XXXVI) of the Trade and Development Board.

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(Mr. Dadzie)

20. The reform processes under way in a number of Eastern European countries were another factor affecting the trading system. Reforms in the domain of foreign economic relations were being carried forward hand in hand with steps to achieve greater integration in the world economy and to participate more actively in the international division of labour. While attainment of those objectives would call for a more universal application of the norms and rules of international trade, current developments in trade relations between countries with different economic and social systems also demonstrated the vital need to enhance the processes while taking due account of their national specificity, and to contribute both to the growth of international trade and to wider opportunities for development co-operation.

21. Commodity exports were the life-blood of a large number of developing countries. At a time when attention was focused on ways of reducing developing countries' external debt, the prices of their principal commodity exports had fallen by 20 per cent since the early 1980s, and their earnings by one third, resulting in a loss of more than \$120 billion in real export earnings. The benefits which might accrue from debt relief and trade liberalization might thus be insufficient to tide commodity-dependent countries over a viable transition to economic diversification. Since increased earnings from commodities were a prerequisite to the revitalization of growth and development, the UNCTAD secretariat was exploring the possibilities for bolder and more innovative initiatives by Governments in that regard, in addition to continuing its work on commodity price and earnings stabilization and on diversification.

22. Meanwhile, the Agreement establishing the Common Fund for Commodities had entered into force and the Fund was now operating. It should be enabled rapidly to set in place the regulations necessary for the full operation of both its accounts. At the same time, Governments should step up their co-operation to improve the functioning of commodity markets, and to develop a firmer resolve to halt the slide of commodity prices. Prices of coffee - the most valuable export of the developing world after petroleum - and cocoa had dropped by between one third and one half, and over the coming year developing countries might lose as much as \$5 billion on those two products alone. With sufficient political determination, the Agreements on those commodities could be revived and made to work effectively.

23. During recent months, the preparatory process for the Second United Nations Conference on the Least Developed Countries, scheduled to take place in Paris in September 1990 had gathered pace. The analyses made by the UNCTAD secretariat of the experiences of the least developed countries in regard to structural adjustment could be a helpful guide, both in the formulation of any programme of action the conference might adopt, and also in the design of improved adjustment programmes in the 1990s. The process would reach a crucial stage in the spring of 1990, when the Intergovernmental Group on the Least Developed Countries, which acted as the Preparatory Committee for the Conference, would assess draft proposals for a new programme of action for the LDCs.

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(Mr. Dadzie)

24. Turning to the declaration adopted by the Board on the occasion of UNTAD's twenty-fifth anniversary (resolution 376 (XXXVI)), he said that it constituted an important new element of the foundations for political action in UNCTAD. It had not only reaffirmed support for UNCTAD as an instrument of international co-operation and negotiation in a broad range of substantive areas, but had also advanced the international community's discussion on topics of concern to the General Assembly and had identified broad challenges for the future.

25. For UNCTAD itself, the declaration also provided a valuable snapshot of States' evolving perceptions on traditional concerns and on such new themes as the role of market oriented approaches to growth and development, and sustainable development. In that respect, it represented an important building block in the construction of a conceptual framework for the eighth session of UNCTAD which was scheduled for 1991.

26. That conference should build on the consensus achieved at the seventh session and take account of the orientations provided by the special session of the General Assembly. It should seek to evolve specific directions of medium-term international action aimed at creating favourable conditions for the success of developing countries' national development efforts, in the context of the interdependence of national economies and of the major areas of economic policy. Emphasis should be placed on strengthening multilateral disciplines in the international economy and making international economic systems and structures more responsive to development needs. Advantage should also be taken of the current improvement in international political relations, the common quest for global security, the economic policy reform processes taking place in many countries and, in particular, the rising wave of ecological awareness and the concomitant recognition of the need for socially responsible behaviour in the pursuit of sustainable development. Account should also be taken of the increased recognition accorded to market forces and enterprise as factors of economic efficiency and growth, within a perspective of development that transcended growth. Finally, the agenda should encompass not only current manifestations of long-standing problems but also emerging concerns.

27. Mr. Doljintseren (Mongolia) took the Chair.

28. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs), introducing the report of the Secretary-General on international co-operation for the eradication of poverty in developing countries (A/44/457), said that, in an age of plenty, poverty was an affront to humanity that defied any sense of economic justice. Yet in the developing countries, poverty was endemic. The number of absolute poor in Asia, Africa and Latin America had increased by 200 million since 1970, and one out of every two persons in developing countries still did not have a diet that met minimum nutritional standards. The situation was likely to continue to deteriorate unless remedial measures were taken at all levels.

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(Mr. Ahmed)

29. Traditionally, the causes of poverty had been sought in societal factors and domestic economic and social policies. However, the current economic crisis in many developing countries had highlighted the international dimensions of the problem. Poverty had expanded as growth in developing countries had ebbed and it had intensified where economic crisis had hit the hardest, namely, in Africa and Latin America. Large adverse shifts in the terms of trade, high international interest rates and a net transfer of financial resources abroad had contributed to the deterioration of a great many countries' economic performance and prospects. The massive adjustment effort those countries had been compelled to undertake had tended to exacerbate poverty: declining or stagnant public expenditures on social sectors in real terms had led to a deterioration in nutritional standards and basic health and education services. An expanding labour force had faced fewer employment opportunities and declining real wages.

30. Although economic difficulties had not been as severe in Asia, the great majority of people living in poverty were still to be found in that continent, and in absolute terms their numbers were growing. Only in certain fast-growing countries of east Asia had both the proportion and the number of people living in poverty declined appreciably in recent years. Their experience suggested that a positive correlation could be achieved between rapid and durable economic growth and the alleviation of poverty. A favourable external environment combined with sound, growth-oriented domestic policies were thus prerequisites for a successful attack on poverty.

31. Yet sustained economic growth was not the only prerequisite for reducing poverty. It must be supplemented by clearly defined poverty reduction strategies and programmes. The report thus attempted to identify some strategies to increase the income, employment and earning capacity of the poor, and to reduce their vulnerability to future shocks and crises. It also studied the interactions between dynamic economic growth and poverty-targeted programmes, areas of mutually complementary rather than conflicting policy objectives, concluding that the enhancement of the earning capacity and economic security of the poor and increased social expenditure on them could have significantly higher rates of return than was commonly believed. However, poverty reduction efforts would bear fruit only if consistent progress was made on a broad range of mutually complementary fronts.

32. The main conclusion of the report was that the economic crisis of the 1980s had had a generally adverse impact on poverty in a large number of developing countries and that international co-operation was essential if progress was to be made towards the eradication of poverty. Such co-operation could take the form of ensuring a more favourable external economic environment and an early resolution of the problems of debt, finance and trade. Equally, more direct international support for poverty eradication policies and programmes was essential to supplement the national resource mobilization efforts of developing countries.

33. The forthcoming special session of the General Assembly and the negotiations on the new international development strategy would provide an opportunity to reach agreement on the framework for international development co-operation, with poverty

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(Mr. Ahmed)

eradication as one of its major objectives. The policies, programmes and strategies at national and international levels necessary to attain that objective during the next decade must also be agreed on and implemented.

34. Mr. TAI (Malaysia), speaking on behalf of the Group of 77, said that at the Ninth Conference of Heads of State or Government of the Movement of Non-Aligned Countries the developing countries had expressed their profound concern at the persistent negative trends in terms of trade, and the upsurge of unilateralism, bilateralism and discrimination, and had reaffirmed the importance of the successful completion of the Uruguay Round of multilateral trade negotiations.

35. The expansion in global output and trade continued to be asymmetrical. While developed market-economy countries and a handful of Asian countries had registered buoyant growth, the rest of the world remained in the grip of a severe depression. There could be no sustained and healthy global development if those asymmetries were allowed to persist. The logic of interdependence and mutuality of interest between the developed and the developing worlds must inevitably assert itself, and a co-ordinated approach must be adopted in handling the linkages between trade, money, finance and development of the developing countries.

36. The Uruguay Round had seen unprecedented participation by developing countries. Yet, despite three years of interaction and negotiations, there had been no breakthroughs in areas of interest to them such as tropical products, textiles and natural resource-based products. Indeed, an attempt was being made to remove or dilute those provisions of the General Agreement on Tariffs and Trade which had traditionally provided developing countries with their only means of reducing their exposure and vulnerability in the face of serious balance-of-payments difficulties. Little regard was paid to the principles of differential treatment in favour of developing countries and little movement had been made towards a comprehensive, non-discriminatory agreement on safeguards. At the same time, in respect of new issues, the interests of developed countries were being advocated strongly without due regard for those of developing countries.

37. The multilateral process, was being jeopardized by the efforts of a few powerful trading partners to dominate it. It was therefore necessary to ensure that the remainder of the Uruguay Round was devoted to building a new world trading order conducive to the kind of expansion of world trade which did not limit the participation of developing countries in the international trading system.

38. The trend towards regional economic integration arrangements among developed countries had raised fresh concerns about the creation of powerful trade blocs which could adversely affect the economic and trade interests of developing countries. At the same time, the developing countries hoped that such regional arrangements would include provisions for maintaining and increasing the access of developing countries' exports to "integrated markets".

39. Protectionism in the developed countries continued to undermine any progress towards a liberal multilateral trading system. The Governments of developed

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(Mr. Tai, Malaysia)

countries were resorting increasingly to a wide range of non-tariff measures, many of which were directed against exports from developing countries. Protectionism at the government level was compounded by a variety of restrictive business practices applied by enterprises. As a result, developing countries were being forced to accept lower prices for their exports, pay higher prices for essential imports, and accept a constraint on their technological development.

40. The overall result was that the developing countries' share in the world trading system remained as low as 20 per cent, while their exports of manufactured and semi-manufactured goods accounted for barely 14 per cent of the world trade in manufactures. There had been an overall deterioration in the terms of trade of developing countries, and the goal of substantially expanding and diversifying their exports had remained largely unrealized.

41. Developing countries had progressively liberalized their imports to build up their industrial and export supply capacities and to achieve accelerated economic growth and development. The import liberalization of developing countries needed to be supported by the greater access of their exports to the markets of developed countries and enhanced concessional resource flows from developed to developing countries. Increased export earnings were indispensable for investment and for building productive and technological capacities, as well as for financing debt servicing obligations. Export earnings could catalyse demand and enable developing countries to deal with exchange rate fluctuations and liquidity and foreign-exchange shortages. The enhanced purchasing power of developing countries as a result of their increased export earnings could stimulate the exports of industrialized countries and contribute to the economic dynamism of developed countries.

42. International dialogue was needed in order to formulate specific policies and to take concrete action to correct the structural and cyclical problems which hampered global development. Adequate measures must be evolved to liberalize international trade in agriculture through the elimination of all restrictions imposed by developed countries. The Group of 77 welcomed the entry into force of the Common Fund for Commodities, and called upon the international community to contribute to the effective functioning of the Fund.

43. Mr. SERSALE di CERISANO (Argentina) said that the problem of international agricultural trade should be understood in a broader macro-economic context, and its link with external debt should be taken into account. Unless countries which produced low-cost foodstuffs were able to expand their exports, they would not be able to solve their external debt problem.

44. The participation of food-producing countries in international trade continued to be affected by the protectionist policies of, and macro-economic imbalances in, certain highly industrialized countries. That situation had been recognized for more than a decade. While progress was being made in some sectors of the international economy, the situation with respect to the commodities trade had grown much worse. It had been compounded by the unilateral restrictive measures,

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(Mr. Sersale di Cerisano, Argentina)

many of which violated existing multilateral agreements, taken by certain highly developed countries, as well as by other measures which prevented access of the developing countries to advanced technologies. His delegation hoped that the countries which applied such measures would change their policies in order to facilitate the introduction of a just, transparent and predictable system of international trade.

45. The Uruguay Round provided an exceptional opportunity to remove the obstacles to the expansion of developing countries' exports and imports. The principle of special and most-favoured-nation treatment should be applied to the developing countries and be made effective by the adoption of specific measures affecting all areas under negotiation at the Uruguay Round.

46. Given the importance of international trade for the growth and development of the economies of developing countries, the Second Committee should help create an adequate political framework for finding a lasting and stable solution to the problems of international trade.

47. Mr. MAKITA (Japan) said that while there was some cynicism in certain quarters regarding the future role of the Movement of Non-Aligned Countries and UNCTAD, both of which had recently celebrated their twenty-fifth anniversaries, his delegation fully expected that they would play a critical role in the resumption of the North-South dialogue as the twentieth century drew to a close. That assessment was based on the new, pragmatic approach to trade and development issues taken by the non-aligned countries at their recent summit conference and by the Trade and Development Board at its thirty-sixth session.

48. A number of important international meetings would be held in the next few years: 1990 would see the special session of the General Assembly devoted to international economic co-operation, the forty-fifth session of the Assembly, at which the new international development strategy would be finalized, and the Second United Nations Conference on the Least Developed Countries, while the eighth session of UNCTAD would be held in 1991. Those conferences took on particular significance in view of the sweeping political and economic changes taking place throughout the world. Consequently, their functions and aims should not overlap and, in the case of the eighth session of UNCTAD, the specific issues to be addressed should be selected in the light of the outcome of the earlier meetings.

49. The long-awaited entry into force of the Common Fund for Commodities was an important event, given that developing countries continued to depend on commodities for the greater part of their export earnings. Nevertheless, a number of outstanding issues remained to be settled before the Fund could function properly on a full scale. It was especially important that financial and accounting rules should be formulated and adopted as quickly as possible.

50. Having regularly attended UNCTAD meetings at Geneva, he believed that much time and energy was devoted to trade and development issues in the Second Committee which could be used to deal with other important issues if technical discussions

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(Mr. Makita, Japan)

were left to UNCTAD and the Committee limited itself to giving general guidance for UNCTAD deliberations and endorsing that body's decisions. UNCTAD was better equipped by virtue of its expertise and experience to tackle the whole range of issues relating to trade and development.

51. Mr. URIARTE (Chile) said that, along with measures for renegotiating its external debt, the Government of Chile had designed a development strategy which freed the country's productive forces. Its implementation in the area of international trade had reversed the process of protectionism and State intervention. The strategy was based on an exchange-rate policy which sought to achieve equilibrium in the balance of payments with a single exchange rate; a tariff policy aimed at the more efficient allocation of resources; and a policy of freer access to international capital, which had increased sources of financing. The consistent implementation of such policies had yielded positive results. In 1988, Chile's exports had risen to \$7,050,000,000 and, its sales to other countries in the first six months of 1989 had been up 22 per cent from the corresponding period in 1988. The diversification of Chile's exports had enhanced its participation in international trade. Such trade provided the foreign currency vital for development.

52. His delegation had repeatedly stated that, in order to achieve development, Chile must be given the opportunity to compete. Nevertheless, restrictive measures persisted and new threats loomed over the economies of the developing countries. That process should be reversed, and the Uruguay Round should result in an effective liberalization of international trade and the strengthening of the multilateral trade system.

53. On 13 March 1989, the United States and Canada had suspended imports of Chilean fruit after two grapes contaminated with toxic products had been discovered. Other countries had followed suit. Grape exports played a decisive role in Chile's development process, and the temporary restrictions had had serious consequences. That had led Chile to propose that unilateral action of that kind, which almost totally barred an export from the market, should not be taken without prior consultation. Chile had worked to establish procedures for consultations and co-operation on concrete proposals which it had made to GATT and to the Governments of the United States and Canada.

54. On 11 October, the GATT Council had adopted basic guidelines to help parties to the Agreement deal with situations similar to that experienced by Chile earlier in the year. Under the new arrangement, as soon as a problem arose, the importing and exporting countries involved would enter into consultations to determine how it could best be resolved. The exporting country could take no stronger measures than necessary to protect the health and life of persons, animals and plants.

55. At the bilateral level, Chile had recently signed a memorandum of understanding with the United States of America which had as its principal goal the prevention and minimization of damage caused in the course of the two countries' fruit trade. A similar agreement was being negotiated with the Canadian

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(Mr. Uriarte, Chile)

Government. The crisis which Chile had experienced had highlighted the need for norms and mechanisms to facilitate co-operation and exchanges of information in cases involving acts of violence that affected international trade. Those norms and mechanisms must uphold the sovereign right of States to take the necessary steps to protect the health and life of their peoples as well as the interest of States in seeing their exports unharmed. The United Nations must study that situation with a view to developing a mechanism for dealing with the adverse effects of such illegal actions.

56. The strengthening of a more open international trading system was indispensable. New markets must be opened up and liberalized if development was to be promoted, particularly in the countries of Latin America and the Caribbean. He expressed the hope that the principal markets on which the region's products were traded would take the necessary steps and reverse the restrictions they had imposed thus far, for international trade must be an instrument for development.

57. Mr. WORONIECKI (Poland) endorsed the conclusions regarding trade reached by the Ninth Conference of Heads of State or Government of the Movement of Non-Aligned Countries, in which Poland had participated under a special status. As the Independent Group on Financial Flows to Developing Countries had pointed out in its report, Facing One World, free trade was a prime benefit to the world economy and sustainable growth in the world economy and world trade was the key to developing a sound and efficient pattern of international financial flows, particularly to the developing countries. Indebted countries in particular must have access to the markets of developed countries if they were to continue to service their debts. The interrelationship between trade, debt and development must therefore be addressed, a view endorsed at the non-aligned summit. He particularly welcomed the movement's proposal to convene a meeting prior to the end of the Uruguay Round to assess the results of the Round, taking into account the close relationship between external debt and trade, a meeting in which Poland would willingly participate.

58. Only two months earlier, Poland had begun a historic transition to a parliamentary form of democracy and a market economy, abandoning an authoritarian, centrally planned system. Its chances of success were enhanced by widespread public support for the new Government, which represented to the Polish people both a guarantee of and vehicle for change. Poland hoped to be able to release previously untapped forces of competition and entrepreneurship and to see increased direct foreign investment on mutually beneficial terms spur economic activity in several domains. Poland was relying, too, on the goodwill and material support of the international community in its domestic adjustment efforts. His delegation was deeply grateful for the declarations of support which had been made and particularly for the vital assistance provided by the United States of America and the European Economic Community during the current difficult transitional period.

59. The comprehensive programme to reactivate economic growth which Poland had submitted to the annual meeting of IMF and the World Bank in September had two main components: macro-economic stabilization and structural adjustment. While social sacrifices were unavoidable in both phases, Poland looked forward to the early

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(Mr. Woroniecki, Poland)

conclusion of agreements with both the Fund and the Bank or, as a stand-by measure, a structural adjustment loan and development assistance, as well as to a multilateral stabilization loan and ad hoc "bridging" credits and, lastly, the reduction of the country's debt to commercial banks and creditor Governments, particularly those of the Paris Club. Debt-equity and debt-for-nature swaps were among the measures contemplated in that regard. It was of vital importance that those efforts should succeed, not only for Poland but for the stability of Europe as a whole.

60. Poland shared many problems and economic characteristics with developing countries, a fact reflected in the de facto developing-country status it enjoyed with various international financial and development organizations. The recent political and economic changes meant that the national economy would now be exposed to external competition. Liberalization of Poland's trade régime was well under way and a realistic rate of exchange of the national currency would be enforced. New customs tariffs had recently been introduced, and Poland planned to modify the nature of its association with GATT so that it could be placed on an equal footing with other market-economy countries.

61. The economic changes taking place in Poland would help to integrate the country in the interdependent world economy. Bearing that in mind, his delegation believed that the gap between affluent and underprivileged countries should be narrowed in the interest of all. More trade and less debt would surely lead to greater growth and adjustment, sustainable development, stability, fewer political tensions and increased security. Denying debtor countries access to external resources and markets until they implemented adjustment programmes, improved their export potential and regained their capacity to service their debts tended to create a vicious circle with no positive results. A long-term approach which viewed trade, debt and development as related concepts was very much called for. Long-term collective management of international economic interdependence would ensure the welfare of all Member States and could be achieved only through international co-operation with the assistance of the United Nations and UNCTAD.

62. Mr. LOHIA (Papua New Guinea) associated himself with the statement made by the representative of Malaysia on behalf of the Group of 77.

63. Despite the current positive trends witnessed in the area of international trade, many developments in the multilateral trading system continued to be a cause of concern to developing countries such as his own. Unless those developments were adequately addressed by Governments and multilateral trading institutions, they could lead to further disparities between trading partners, thereby hampering future growth in international trade.

64. Papua New Guinea was an island developing country with an agricultural economy that depended for its foreign exchange on the export of commodities and semi-finished goods. Given the country's development needs, the acquisition of foreign exchange through international trade, foreign investment and official development assistance were major Government objectives. Through a broad and sound

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(Mr. Lohia, Papua New Guinea)

economic-management strategy and a diversified trade and development policy, Papua New Guinea had succeeded in sustaining modest economic growth, but it could do more if the terms of its trade with its commercial partners were better.

65. Trade relations with many of the country's major trading partners had expanded, and the Government intended to increase the volume of international trade significantly in the future. Accordingly, Papua New Guinea fully supported all international efforts to reduce international trade imbalances between developed and developing countries by improving the terms of trade and stabilizing declining commodity prices. Papua New Guinea had participated actively in a number of major international commodity agreements as well as in the recent round of negotiations on the agreement to replace the third Lomé Convention which governed relations with the European Economic Community and the African, Caribbean and Pacific States. His delegation hoped that the economic integration of Europe in 1992 would not adversely affect the current trend of his country's trade and economic relations with individual members of EEC. Likewise, his delegation viewed with caution the recent inauguration of the Asia Pacific Economic Co-operation arrangement, which it felt should complement existing arrangements in the South Pacific rather than dismantle them.

66. Papua New Guinea had entered into a number of economic and trade arrangements and hoped to extend them in order to facilitate the smooth conduct of broad-based trade and economic relations. At the regional level, Papua New Guinea was a member of the South Pacific Forum, in which it had sought to promote closer trade and economic relations among the countries of the region. One of their common objectives was the development and exploitation of fisheries resources for export purposes. That was why the countries of the South Pacific had been vocal on the issue of drift-net fishing. They believed that their fishery and marine resources should be exploited by the use of fishing methods they themselves found acceptable, unlike the destructive methods employed by certain major fishing nations. Such practices must be halted completely, for their continued use would limit the region's export capabilities.

67. Their small, open economies made the countries of the South Pacific particularly vulnerable to developments in international trade. His delegation therefore urged the Committee to formulate appropriate and practical proposals and resolutions to help all small island countries cope with severe trade disturbances.

68. He welcomed the substantial progress made under the Uruguay Round, particularly in view of the growing trade protectionism displayed by developing and developed countries alike. The negotiation process was also important because failure to remove non-tariff barriers imposed by many countries would impede the ability of small island countries to trade competitively on the international market.

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69. Mr. NIKULIN (Byelorussian Soviet Socialist Republic) said that it was becoming increasingly apparent that existing international economic relations could be improved only by applying the objective laws governing the development of the world economy and by guaranteeing equal economic security for all participants in international economic relations. The international community must therefore demonstrate its goodwill and begin work on the collective preparation and implementation of effective and comprehensive measures to free world trade from unpredictable unilateral decisions. UNCTAD and GATT should contribute significantly to such efforts.

70. In accordance with the Final Act of its seventh session, UNCTAD should develop effective measures to counteract the continuing erosion of the trade system, and ensure that concerted international action was taken to regulate the commodity trade and to solve monetary and financial problems, including external debt. UNCTAD should also contribute to the solution of trade and economic problems among countries having different social and economic systems and should endeavour to improve the situation of the least developed countries. Increased protectionism in trade, especially with regard to the developing countries, was particularly alarming. Discriminatory policies were, to a large extent, also directed against the socialist countries.

71. The United Nations and its bodies and agencies could play a more substantive role in solving problems of international trade and economic co-operation. In that regard, his delegation supported resolution 374 (XXXVI) of the Trade and Development Board, in particular its pledge to "enhance the effectiveness of UNCTAD as an important instrument of international economic co-operation". UNCTAD had an important role to play in the normalization of the commodity trade, which affected the interests of most States. In that regard, the functioning of the Common Fund for Commodities was of vital importance. The development of a programme for further promotion of trade and economic co-operation among countries having different systems, was encouraging and timely in view of the fact that a number of socialist countries were carrying out reforms in order to integrate their economies more fully into the international economic system.

72. Disarmament had a direct influence on international development. The conversion of the weapons industry could release vast amounts of resources for development purposes. The strengthening of international economic security was also essential for preventing negative phenomena in the world economic situation.

ORGANIZATION OF WORK

73. The CHAIRMAN announced that a number of delegations wished to join in sponsoring draft resolutions which the Committee would consider. The draft resolutions and respective sponsors were: A/C.2/44/L.10 (agenda item 82 (d)) - Morocco; A/C.2/44/L.19 (agenda item 88 (c)) - Thailand; A/C.2/44/L.22* (agenda item 12) - Zaire; A/C.2/44/L.24/Rev.2 (agenda item 82 (h)) - Mali; A/C.2/44/L.25 (agenda item 12) - Mali; and A/C.2/44/L.27 (agenda item 88 (a)) - Mali.

The meeting rose at 6.35 p.m.