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SUMMARY RECORD OF THE 36th MEETING

Chairman: Mr. GHEZAL (Tunisia)

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued)
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386, 437, 510, 554, 581, 588 and 726; A/C.2/44/L.5)

1. Mr. SONKO (Gambia) said that, for over a decade, the vast majority of the developing countries had experienced little or no growth, due in part to the steady decline in commodity prices. The situation was even more dramatic in the Sudano-Sahelian region of Africa where persistent drought had caused a substantial drop in agricultural output further depressing an already low standard of living.

2. Low commodity prices and poor harvests had resulted in increased debt and, in the absence of any other alternative, the Gambia had begun negotiations with multilateral agencies on a structural adjustment programme in order to arrest its economic decline and to promote growth. While that programme had had certain desirable effects on the Gambia's economy, it had also worsened the situation of certain disadvantaged sectors of the country's population, particularly women and children. It was heartening to note that programmes and projects were currently being designed to address that issue.

3. International trade was vital to the success of developing countries' efforts to redress their economies and combat poverty. If the developing countries were to be able to repay their debts and invest for the future, they must obtain fair and stable prices for their commodities. In that connection, his delegation associated itself fully with the views expressed by the Chairman of the Group of 77 in his statement on the subject. The developing countries were encouraged by the achievements of the current negotiations taking place in the Uruguay Round, and hoped that agreement would be reached on ways to improve international trade among all countries.

4. The issue of price stabilization for commodities deserved special attention. The establishment of the Common Fund for Commodities had been a great achievement, and the regulations needed to allow the Fund to become operational must be drawn up as a matter of urgency. The Gambia was looking forward to the Second United Nations Conference on the Least Developed Countries.

5. The Gambia wished to express its appreciation for the support it was receiving from bilateral and multilateral sources. The United Nations and its specialized agencies, in particular the United Nations Development Programme (UNDP), played a very important role in the Gambia's struggle to contain poverty. The capacity of those and other multilateral institutions must be strengthened in order to enhance their effectiveness.

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6. Ms. KETOKOSKI (Finland), speaking on behalf of Denmark, Norway, Sweden and Finland, said that the Nordic countries had consistently underscored the importance of the work of the United Nations in the economic field. The global and interrelated problems of poverty, debt, trade and uneven development should be priority areas for international co-operation. The Nordic countries commended the valuable work of the secretariat of the United Nations Conference on Trade and Development (UNCTAD) in preparing studies and analyses on a wide range of interrelated trade and development issues. In particular, the Trade and Development Report, 1989 had attracted the attention of Governments, research institutions and the media.
7. The constructive spirit which had prevailed at the thirty-sixth session of the Trade and Development Board had also produced results. UNCTAD's usefulness as a forum for debate and negotiations on trade and development had been enhanced by innovative methods. Seminars, meetings of eminent persons and the use of informal discussions during the meetings of the Board had all contributed to a constructive dialogue which had led to a growing international convergence of views on central elements of economic policy. The Nordic countries hoped that that co-operative spirit would lead to increased international awareness of the seriousness of environmental problems. The concerns and challenges underlying the concept of sustainable development should be fully integrated into all pertinent areas of the activities of UNCTAD.
8. The Nordic countries strongly favoured the strengthening and expansion of the open multilateral trading system and viewed the successful conclusion of the Uruguay Round as the next important step in that process. One of the main objectives of the ongoing trade negotiations was to put an end to protectionist measures which, together with discriminatory trade practices, posed serious threats to the multilateral trading system and to the balanced development of the world economy. Tariffs and non-tariff measures should be reduced, with emphasis on products of particular export interest to developing countries. The Nordic countries had already extended special treatment to developing countries.
9. The entry into force of the Common Fund for Commodities had been a positive development. The Nordic countries would work to achieve the goals of the Fund and to put the monies to the best possible use in the current circumstances, with due emphasis on the difficult situation of the least developed countries.
10. Mr. SILALAH (Indonesia) said that, in an increasingly interdependent world, international trade was the primary instrument for economic growth and development. Trade was also closely linked with the issues of money, development finance and the external debt crisis. Although it was essential for the developing countries to increase their participation in international trade, the harsh realities of an unfavourable global economic climate, characterized by deteriorating terms of trade, protectionist measures, depressed commodity prices, volatile exchange rates, high interest rates and the net transfer of resources from the developing to the developed countries, impaired the ability of the developing countries to participate effectively in international trade.

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(Mr. Silalahi, Indonesia)

11. Protectionist measures had proliferated and currently affected 30 per cent of developing countries' exports. The developed countries seemed to be disturbed by the developing countries' growing competitiveness and comparative advantage, which had yet to be perceived as factors which could enhance the growth of the developing countries and provide an impetus for growth in the developed countries. If the developing countries were to succeed in increasing their exports, the developed countries must resist protectionist pressures, undertake adequate structural adjustments and adhere strictly to their commitments to roll back existing non-tariff measures. His delegation was pleased to note that the Trade and Development Board had requested the UNCTAD Secretariat to carry out a study of the costs and consequences of non-tariff measures, in particular, those which adversely affected the exports of developing countries. It was essential that the Uruguay Round should cover areas of special interest to the developing countries, such as the liberalization of international trade in agricultural and tropical products. The principle of differential and most favourable treatment for developing countries must be clearly reflected in the various negotiations of the Round.

12. Trade in commodities was of crucial importance to the developing countries. As a result of the continuing increases in the prices of manufactured goods from developed countries, the terms of trade of developing countries had further deteriorated. While the long-term solution to the commodity problem would entail diversification, in the interim higher and stable prices were needed. The Committee on Commodities should promote and strengthen the establishment of consultations and co-operation between producers and consumers. His delegation welcomed the entry into force of the Common Fund for Commodities, and supported the appeal to the international community to contribute to the effective functioning of the Fund.

13. Indonesia commended the active role played by UNCTAD in promoting economic co-operation among developing countries, as well as its intensive activities to improve the situation of the least developed countries.

14. Mr. VILCHEZ (Nicaragua) said that the current international macro-economic environment had revealed the serious imbalances and weaknesses of the international trade system. Trade relations had worsened, and access of developing countries' exports to the markets of the developed countries continued to be hampered by growing protectionism, as well as discrimination and the application of coercive economic measures against developing countries. All that was in violation of the commitments which had been undertaken in the General Agreement on Tariffs and Trade (GATT) and UNCTAD.

15. The external debt crisis and the net transfer of resources to the developed countries had had a direct impact on world trade. The debt crisis had obliged many developing countries to accumulate trade surpluses in order to service their debt. That had led to lower prices for their exports and a sharp reduction of their imports, and the decline in domestic consumption and investment had threatened political stability.

(Mr. Vilchez, Nicaragua)

16. The world economic crisis had exacerbated tensions in international economic relations, and had had a negative effect on international trade as a whole. Such tensions had resulted in the increased recourse to bilateral solutions. Attempts to make the access of developing countries' commodities to the markets of developed countries dependent on economic or political concessions had become widespread.

17. Although the industrialized countries had pledged at Punta del Este not to require the developing countries to make concessions that were incompatible with their development needs, they were increasingly calling on the developing countries to liberalize their trade. It was unconscionable to ask the developing countries to make concessions in exchange for the roll-back of trade restrictions which had been imposed in violation of the norms and principles of GATT. The Uruguay Round should be devoted to negotiations, not to blackmail.

18. Attempts were being made to persuade the developing countries to open their national markets to the service industries of developed nations, and multilateral efforts were under way to elaborate a series of norms which would affect the capacity of the developing countries to control foreign private capital flows. The developing countries were also being subjected to increasing pressure to adapt their legislation on intellectual property rights in the interests of the exporters of technology. If those efforts proved successful, a "new international economic order" would be established. It would not be based on equity and justice but would reflect the interests of the exporters of capital and the leaders in technology.

19. The new issues which had been included in the Uruguay Round sought to extend the GATT's jurisdiction well beyond the traditional area of tariff restrictions. That reflected the desire of the major developed countries to reformulate the norms and principles governing the world economy and to adapt them to the interests of their transnational corporations. If the developing countries wanted to influence the outcome of the negotiations, they must staunchly defend a number of principles.

20. The negotiating position of the developing countries was based on several principles. First of all, the close links between trade, money and finance must be respected, with special attention paid to the impact of the developed countries' trade and other macro-economic policies on the developing countries' prospects for development. The international trading system must be reformed so that the sustained development of developing countries became one of its chief objectives. Confidence in that system must be built by means of compliance with transparent and non-discriminatory multilateral rules. Attention must be refocused on the export of commodities and new mechanisms, such as broader compensatory financing models, must be developed. Before tackling new issues, priority should be given to unfinished work left over from earlier rounds, particularly in the areas of tropical and agricultural products, textiles, tariffs and non-tariff measures and the settlement of disputes. An agreement in principle must be reached on differential and most-favourable treatment of developing countries. A set of multilateral norms must be developed to govern trade in services, setting out specific measures to develop service industries in developing countries while

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(Mr. Vilchez, Nicaragua)

respecting national policy objectives. Finally, negotiations pertaining to investment and intellectual property rights must formally acknowledge the development goals of developing countries and respect national policy goals.

21. The strengthening of international trade would generate greater confidence in international economic relations and guarantee international economic security. The current trading system, characterized by protectionist and coercive measures, could not continue to exist, as it had a drastic effect on the economies of developing countries, particularly those that were the target of such measures.

22. Nicaragua was directly affected by coercive economic measures intended to exert political pressure on the Government. Beginning at the fortieth session of the General Assembly, his delegation had sought to have the trade embargo and related measures reversed. While the Assembly had adopted a number of resolutions on that subject by a vast majority, the United States of America, nevertheless, continued to renew those measures every six months. He drew attention in that connection to the information supplied by his country in the Secretary-General's report on the trade embargo against Nicaragua (A/44/581) and pointed out that the embargo continued to pose a major obstacle to the development of trade in Central America and to the implementation of the Special Plan of Economic Co-operation for Central America.

23. The embargo would not promote political reform or democratic change in Nicaragua and, in fact, it was having the opposite effect, since democracy could not flourish without economic development. The most effective way to promote democracy was through dialogue, negotiation and the promotion of trade and economic development. In fact, the United States' obsession with Nicaragua was isolating it and tarnishing its image.

24. Mr. ABBASI (Pakistan) said that recent developments in the global economy had demonstrated the importance of trade as an engine of economic development. Access to external markets was critical to the developing countries' ability to borrow from capital markets in order to service their external debt. Thus continued denial of such access could result in an unmanageable crisis of debt and development. The developing countries also faced severe liquidity problems, epitomized by the reverse transfer of resources to developed countries. An immediate and unconditional commitment to free trade on the part of the international community was therefore necessary.

25. Unfortunately, there had been no general move towards trade liberalization. A substantial portion of international trade continued to be governed by a wide range of non-tariff measures that had adverse consequences for the developing countries, particularly in the case of products where they enjoyed a distinct competitive advantage. Moreover, persistent friction and disputes among major trading countries had created deep uncertainty in the international trading environment, which inevitably affected the developing countries.

(Mr. Abbasi, Pakistan)

26. Trade liberalization would have a salutary impact on the entire economic landscape. The elimination of tariff and non-tariff distortions would not only alleviate the indebtedness of the developing countries but would also improve their credit-worthiness, thereby stabilizing the international financial system. Developing countries would then be able to increase their investment in production and see their import capacity enhanced. A simultaneous increase in exports and imports generated by trade liberalization would also help to reduce the strain of structural adjustment.

27. The developing countries' right to greater involvement in the processing, marketing and distribution of export commodities had been universally recognized, yet the developed countries continued to maintain an unhelpful attitude: their Governments employed a variety of measures to restrict imports of agro-industrial products and tariffs on imports from developing countries were higher than those applied to developed country imports. Tariffs tended to escalate with the level of processing, while non-tariff measures also affected highly processed commodities more heavily. Even tropical products such as coffee, tea and cocoa, which were not generally grown in the developed countries, were subject to significant trade barriers once they underwent any form of processing.

28. The international community had demonstrated its willingness to work together to bring about a fair trading régime at its meeting in Uruguay in September 1986. The developing countries had been encouraged by the commitments taken on standstill and roll-back set out in the Punta del Este Declaration. His delegation hoped that those commitments would be upheld, thereby ensuring the ultimate success of the Uruguay Round.

29. Ms. de WHIST (Ecuador) said that international trade in recent years had been characterized by unpredictability and instability and an increase in all types of protectionist measures. The result had been general economic instability, a failure to achieve development goals, heavy external debt and the application of onerous adjustment measures at high social cost. There had also been a reduction in South-South trade caused by a scarcity of financing and by deflation, even though the countries of the South had managed to increase their volume of exports and reduce imports in order to conserve foreign exchange for debt-servicing purposes.

30. UNCTAD was the most appropriate forum for discussing the relationship between trade and development, yet that body had forfeited its leading role because of the developed countries' lack of political will to put into practice the principles which had led to its establishment. Ecuador was an active participant in the work of UNCTAD and believed it to be of the utmost importance that all the provisions of the Final Act of the seventh session of UNCTAD should be implemented. Even though that document did not reflect all the aspirations of the developing countries, it served as a framework for the work of the Trade and Development Board and the subsidiary bodies of UNCTAD.

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(Ms. de Whist, Ecuador)

31. The results achieved by UNCTAD were commensurate with the degree of commitment and political will of its constituent States. Little had been done in the past year to translate the acknowledgement of the interrelationship between the problems of interdependence and debt on the one hand and trade, finance and development on the other into practical and equitable solutions. Likewise, the developing countries were extremely disappointed at the lack of agreement among countries granting trade preferences on the need to improve their schemes and maintain the principles of universality, non-reciprocity and non-discrimination under the generalized system of preferences.

32. The resolutions of the seventh session of UNCTAD were being undermined by the industrialized countries, which were seeking to distribute the functions of UNCTAD to other bodies such as the Paris Club, IMF or the Economic and Social Council. They did not wish to see UNCTAD develop effective policies that might influence the work of other bodies dealing with economic growth.

33. With regard to protectionism, the industrialized countries had not honoured the commitments they had made to eliminate trade barriers. That situation must be improved and national policies must be characterized by greater transparency. The situation with regard to commodities was characterized by persistent low prices, abundant supply and low demand and the proliferation of measures to limit or obstruct trade. Surely, that situation could be reversed by correcting the externally induced depression in those markets on the demand side and by concerted efforts to develop forms of structural adjustment that would help to alleviate the problem on the supply side. Measures must also be adopted to ensure that international agreements on commodities were implemented effectively.

34. No progress had been made in the past year on an international code of conduct on the transfer of technology. A political decision must be taken to resume negotiations thereon, for the code constituted the best way of narrowing the huge gap which existed between industrialized and developing countries in the area of technology.

35. Noting that UNCTAD had recently celebrated its twenty-fifth anniversary, she reaffirmed her delegation's confidence in that body and in the validity of its mandate. She urged all other delegations to do likewise so that UNCTAD might play its crucial guiding role in many of the meetings related to development which would take place in the near future.

36. Mr. ALMABROUK (Libyan Arab Jamahiriya) said that the 1980s had been a period of world economic turmoil. His country had repeatedly called for the establishment of a new and just world economic order, since the existing order had had adverse and restrictive consequences for trade and development. There was an urgent need to create a stable and supportive world economic environment which would promote development in the developing countries through the adoption of appropriate monetary, financial and technological policies.

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(Mr. Al Mabrouk, Libyan Arab Jamahiriya)

37. International trade had been hampered by numerous practices which openly violated GATT rules. It was essential to do away with discriminatory restrictions against exports and to halt protectionism and other arbitrary and coercive practices engaged in by the developed against the developing countries in violation of the Charter of the United Nations, international law and numerous resolutions adopted by the General Assembly. He urged the international community to take urgent and effective measures to put an end to such practices and to reverse the steady decline in the prices of basic commodities, which were the sole source of income for many developing countries. It was also imperative to improve the access of the exports of developing countries to world markets and to increase financial flows to those countries. In that connection, he reiterated his country's support for UNCTAD which played a vital role in promoting international trade and development.

38. Mr. MUTOMBO (Zaire) said that in its 25 years of existence, the importance of UNCTAD as a forum for negotiation had grown steadily. Its role in the development of measures to regulate trade in commodities was particularly important. However, UNCTAD was currently facing difficult situations which prevented it from acting as an agent for accelerated development.

39. The 1980s had been marked by growing interdependence of an economic, social, demographic and environmental as well as political nature. That situation lay behind the decision to convene a special session of the General Assembly and the Second United Nations Conference on the Least Developed Countries. In view of the widespread changes taking place in the world, the concept of development must be redefined with emphasis placed on the catalytic role of international trade. For trade to play such a role, however, a favourable economic environment was required. Few developing countries - none of them in Africa - had enjoyed rapid growth in recent years. Global development could not take place if that situation persisted. It was only through co-ordinated efforts that the international community could meet that challenge. His delegation therefore hoped that the Uruguay Round would produce mechanisms that would confer more favourable treatment on developing countries and lead to the effective implementation of the decisions taken at Punta del Este, particularly with regard to the removal of non-tariff barriers which affected the exports of developing countries.

40. Mr. CHIRÚ (Panama) said that for more than 300 years the main economic resource of the people of Panama had been its privileged geographical location at the centre of the American continent and at the point where the world's two largest oceans almost met. For Panama itself, however, the benefits had been relatively few.

41. Over the past decade Panama had made considerable progress in securing its reintegration in the world economy, seeking more dynamic development than could be attained through its own internal market. Almost two thirds of the economy was concentrated in activities related to the international services which operated from Panama, taking advantage of the country's privileged geographical position.

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(Mr. Chirú, Panama)

The effort to restructure its international economic relations in an adverse international economic climate had reduced Panama's control over its own economic destiny. Since mid-1987 Panama had seen the bases of its political, economic, cultural and social system undermined by pressures applied by the Government of the United States of America

42. The report of the Secretary-General contained in document A/44/510 faithfully reflected the view that the various coercive measures imposed on the developing countries by the developed countries jeopardized the formers' efforts to overcome their economic difficulties. One such measure had been imposed by the United States through Executive Order No. 12,635 on the absurd pretext that Panama - an economically fragile country with a population of barely 2.5 million and with no significant armed forces - constituted an extraordinary threat to the national security of the United States. The United States had adopted coercive measures against Panama in the economic, political and military spheres, as well as more directed at the banking and monetary system. It had unilaterally suspended payments under the Panama Canal Treaty, and had prohibited its agencies, corporations and citizens from remitting taxes, duties, dividends and periodic payments to the Government of the Republic of Panama and its agencies abroad. Panama's quotas on sugar imports had been abolished, and Panama had been barred from enjoying the benefits of the Caribbean Basin Initiative and the generalized system of preferences. Those measures had had a disastrous effect on Panama's economy and society and had led to a fall in GDP of around 17.1 per cent in 1988. Government current account revenue was down 44 per cent from fiscal 1987. All economic sectors had been affected. Unemployment had risen from 11.8 per cent in 1987 to 16 per cent in 1988.

43. Through application of the coercive measures contained in the Executive Order, the United States Government had deprived the Panamanian Government of an estimated \$175 million of tax revenue in 1988 and the figure was expected to rise to \$250 million in 1989. That sharp reduction in tax revenue was keeping public expenditure at unsustainably low levels, adversely affecting State investment and essential public services programmes. The fall-off in primary, secondary and university teaching and in health programmes was a matter for particular concern. Such measures constituted external interference intended to undermine the exercise of the sovereign rights of the Panamanian people. By its actions, the United States had consistently violated important rules of international law, including provisions of the Charter of the United Nations and of the Organization of American States, General Assembly resolutions, Decision No. 112 of the Latin American Council of the Latin American Economic System (SELA) and the 1977 Panama Canal Treaties.

44. Mr. DENU (Ghana) said that, while sound macro-economic policies were necessary in developing countries, they would only induce rapid development if the exports of developing countries were increased and received fair prices. The misconception of some developed countries and financial institutions, that trade could be divorced from development and that sound management and fiscal policies were the only prerequisites for development, had encouraged the growth of protectionist measures in the developed countries and the proliferation of non-tariff barriers against

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(Mr. Denu, Ghana)

products from developing countries. Tariff and non-tariff measures adopted by developed countries had reduced market access for developing countries, thereby denying them the foreign exchange they needed for development.

45. While the generalized system of preferences (GSP) was a laudable attempt by some developed countries to open up their markets to developing countries, it covered few items of vital interest to developing countries and excluded a number of processed products in which they had export advantage. Ghana had repeatedly objected to the unjustified linkage of GSP benefits to concepts such as workers' rights and human rights, and was similarly opposed to the attempt by some countries to demand trade-offs in return for GSP privileges. Those practices were contrary to the principle of non-discrimination and non-reciprocity and morally unfair in the context of the diminishing value of GSP and falling commodity prices.

46. Protectionist practices were also being applied to shipping, which was a vital component of invisible trade and an important foreign exchange earner for many countries. The restriction of information about maritime activities to major maritime countries and the use of cargo-sharing by those countries to reserve trade for their national shipping lines had led to a total lack of free competition in that area. Sixty-two countries provided for government-owned, purchased or sold cargoes to be carried solely on national shipping lines, and a leading proponent of free trade had reserved 70 per cent of all government-purchased cargoes to its own shipping lines.

47. Ghana was deeply concerned at the opposition of major industrialized countries to the UNCTAD Code of Conduct for Liner Conferences, and regretted that only two of those countries had so far ratified the Code. Opposition to the Code and attacks on countries which tried to implement it could only stem from the fear that it would benefit small maritime nations in the process of building up their fleets and that developed countries would lose the advantage that they had long enjoyed in that area. In the interest of free trade, Ghana appealed to all maritime countries to ratify the Code as early as possible.

48. The unacceptable practice whereby developed countries dictated the prices of primary commodities from developing countries while closing their own markets to the processed products and manufactured goods from those countries had led to a steady decline in commodity prices and forced many developing countries to resort to huge external borrowing to correct their balance of payments deficit. Commodity agreements with appropriate economic provisions provided the best instrument to ensure that developing countries received proper remuneration for their commodities. The collapse of almost all such agreements, particularly those relating to coffee and cocoa, Africa's two largest non-fuel exports, was therefore particularly regrettable. The resulting loss of export earnings had slowed down the development of the affected countries with severe social consequences. It was essential therefore that Governments should review their commodity policies and initiate discussions to restore order and stability to those markets. In that context Ghana welcomed the establishment of the Common Fund for Commodities, but regretted the persistent refusal by a major industrialized country to contribute to the second account of the Common Fund.

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(Mr. Denu, Ghana)

49. The large over-supply of such commodities on world markets had further depressed prices. Multilateral financial institutions should therefore reconsider their policy of granting loans to developing countries to increase production of those commodities, and instead should provide resources for diversification into the still highly undeveloped services sector in those countries.

50. Mr. EL GAOUTH (Mauritania) welcomed Trade and Development Board resolutions 375 (XXXVI) and 374 (XXXVI), on external debt which emphasized the interdependence between trade, finance, the monetary system, debt and development. UNCTAD played an important role in promoting dialogue and co-operation among countries on economic and development questions and enhancing world-wide awareness of the danger of international economic and social disparities. He noted the encouraging near-convergence of views at the first preparatory meeting for the Second United Nations Conference on the Least Developed Countries and urged the Preparatory Committee to focus on such crucial and unsolved problems as the provision of the financial, technical and material resources necessary for the development of the least developed countries (LDCs). He appealed to the international community to mobilize the necessary resources for a substantial programme of support for these countries, sufficient to sustain their social and economic development throughout the 1990s.

51. The economic plight of all LDCs remained a cause of grave concern. All their main social and economic indicators had shown a decline and their situation had been exacerbated by a series of natural disasters, particularly drought, with a consequent increase in malnutrition, sickness, mortality rates and population movements, reduction in agricultural production and water resources and serious damage to the environment. The tragic situation in many of those countries demonstrated that the development crisis had grown more profound and more insidious and must be attacked at the root with the implementation of bold structural measures, applied through the joint efforts of developing and developed countries.

52. The African States had underscored their concern at the problem by taking steps to ensure the success of the forthcoming Conference on the Least Developed Countries. Mauritania also praised the commitment shown by various other countries and by UNDP to the success of the Conference.

53. Mr. DEVINE (United States of America), speaking in exercise of the right of reply, said that the United States deplored the use of the Second Committee, an essentially technical body, for blatantly political purposes and hoped that other countries would show their dissatisfaction with the introduction of one-sided political issues by removing the Nicaraguan issue from the Second Committee entirely.

54. The United States rejected the implication that its trade measures against Nicaragua were improper or illegal, as Nicaragua's support for terrorist groups in Central America was a legitimate and direct security concern to the United States. Despite repeated pledges to end such support, including a promise by President Ortega to the other four Central American presidents at the recent

(Mr. Devine, United States)

Honduras summit, the Sandinists were continuing to supply arms to the Farabundo Martí Nacional Liberación Front (FMLN). Neither international law nor the United Nations Charter precluded action by States to safeguard their security in determining their bilateral trade relations. Nicaragua's poor economic performance was due more to its own economic mismanagement and domestic and foreign policies, than to the economic measures applied by the United States, which had offered to lift the trade embargo if the Government of Nicaragua complied with its commitments under the Esquipulas II, Tesoro Beach and Tela Agreements, to end its subversion on the isthmus and to bring about democratic conditions, including free and fair elections, in Nicaragua.

55. Mr. VILCHEZ (Nicaragua), speaking in exercise of the right of reply, recalled that over the past four years the United Nations had adopted four resolutions calling for the immediate lifting of the United States trade embargo against Nicaragua. In 1986 the International Court of Justice had declared the embargo illegal, yet the United States had continued to flaunt that decision, thereby making a mockery of the United Nations Charter.

56. Nicaragua's offer to enter into dialogue with the United States had been answered with tactics of terrorism, psychological torture, sabotage of the electoral process, mining of harbours and other acts of destruction.

57. The United States had never submitted any proof in support of its allegations that Nicaragua was supplying arms to rebel groups in El Salvador, for the simple reason that those allegations were untrue. Why had not the United States imposed a trade blockade against Pretoria rather than against Nicaragua? Instead of impeding Nicaragua's development, the United States should be fostering economic development throughout Central America.

58. Mr. CHIRU (Panama), speaking in exercise of the right of reply, noted that the United States delegation had not wished to reply to his delegation's accusations and statements, but had spoken instead of the use of the Second Committee - an essentially technical body - for political purposes. Yet the economic aggression of which Panama was a victim, was not just a technical problem, for it had human, social and economic ramifications. His country wished only to be permitted to solve its problems and controversies by civilized, peaceful means, without external interference, especially when such interference occasioned only unemployment, hunger and abject poverty.

The meeting rose at 5.35 p.m.