



General Assembly

Distr.
GENERAL

A/44/861
3 January 1990
ENGLISH
ORIGINAL: SPANISH

Forty-fourth session
Agenda item 84

EXTERNAL DEBT CRISIS AND DEVELOPMENT

Report of the Second Committee

Rapporteur: Ms. Martha DUEÑAS de WHIST (Ecuador)

I. INTRODUCTION

1. At its 3rd plenary meeting, on 22 September 1989, the General Assembly, on the recommendation of the General Committee, decided to include in its agenda the item entitled "External debt crisis and development" and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 26th to 31st, 41st, 50th and 51st meetings, from 1 to 3, 6 and 21 November and 15 and 17 December 1989. An account of the Committee's general discussion of the item is contained in the relevant summary records (A/C.2/44/SR.26-31, 41, 50 and 51). Attention is also drawn to the general debate held by the Committee at its 2nd to 10th meetings, from 2 to 6 and 9 October (A/C.2/44/SR.2-10).

3. For its consideration of the item, the Committee had before it the following documents:

A/44/235 Letter dated 18 April 1989 from the Permanent Representative of
S/20600 Saudi Arabia to the United Nations addressed to the
Secretary-General transmitting the text of the Final Communiqué of
the Eighteenth Islamic Conference of Foreign Ministers, held in
Riyadh from 13 to 16 March 1989

- A/44/275
E/1989/79 Letter dated 11 May 1989 from the representatives of Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela to the United Nations addressed to the Secretary-General transmitting the Amazon Declaration, adopted at Manaus, Brazil on 6 May 1989 by the Presidents of the States Parties to the Treaty for Amazonian Co-operation
- A/44/355
S/20704 Letter dated 28 June 1989 from the Permanent Representative of Spain to the United Nations addressed to the Secretary-General transmitting the conclusions adopted by the Heads of State and Government of the Twelve States members of the European Community at the European Council, held on 26 and 27 June 1989 in Madrid
- A/44/361 Letter dated 28 June 1989 from the Permanent Representative of Malaysia to the United Nations addressed to the Secretary-General transmitting the Caracas Declaration of the Ministers for Foreign Affairs of the Group of 77 on the occasion of the twenty-fifth anniversary of the Group, held at Caracas from 21 to 23 June 1989
- A/44/376
E/1989/125 Letter dated 6 July 1989 from the Head of the Observer Delegation of the German Democratic Republic to the Economic and Social Council at its second regular session of 1989 addressed to the Secretary-General transmitting a communication entitled "Assistance rendered by the German Democratic Republic to developing countries and national liberation movements in 1988"
- A/44/401
E/1989/129 Letter dated 18 July 1989 from the Chargé d'affaires a.i. of the Permanent Mission of Czechoslovakia to the United Nations Office and other international organizations at Geneva addressed to the Secretary-General transmitting information on economic assistance given by the Czechoslovak Socialist Republic to the developing countries and national liberation movements in 1988
- A/44/408 Letter dated 10 July 1989 from the Chargé d'affaires a.i. of the Permanent Mission of the Dominican Republic to the United Nations addressed to the Secretary-General transmitting a communication sent by the President of the Hispano-Luso-American Institute of International Law, concerning a resolution adopted by the Institute at its Fifteenth Congress held in Santo Domingo, Dominican Republic from 23 to 28 April 1989
- A/44/409-
S/20743
and Corr.1
and 2 Letter dated 19 July 1989 from the Chargé d'affaires a.i. of the Permanent Mission of Zimbabwe to the United Nations addressed to the Secretary-General transmitting the final documents of the Ministerial Meeting of the Co-ordinating Bureau of the Movement of Non-Aligned Countries, held at Harare from 17 to 19 May 1989

- A/44/415
S/20749 Letter dated 25 July 1989 from the Permanent Representative of Indonesia to the United Nations addressed to the Secretary-General transmitting the text containing excerpts from the Joint Communiqué of the twenty-second ASEAN Ministerial Meeting, held at Bandar Seri Begawan on 3 and 4 July 1989
- A/44/477 Letter dated 22 August 1989 from the Permanent Representative of Grenada to the United Nations addressed to the Secretary-General transmitting the communiqué of the tenth Meeting of the Conference of Heads of Government of the Caribbean Community, held at Grand Anse, Grenada, from 3 to 7 July 1989
- A/44/551
S/20870 Letter dated 22 September 1989 from the Permanent Representative of Yugoslavia to the United Nations addressed to the Secretary-General transmitting the final documents of the Ninth Conference of Heads of State or Government of the Movement of Non-Aligned Countries, held at Belgrade from 4 to 7 September 1989
- A/44/617
S/20889 Letter dated 6 October 1989 from the Permanent Representative of Yugoslavia to the United Nations addressed to the Secretary-General transmitting the communiqué of the Meeting of Ministers for Foreign Affairs and Heads of Delegation of Non-Aligned Countries, held in New York on 3 October 1989
- A/44/628 Report of the Secretary-General on the external debt crisis and development
- A/44/683 Letter dated 25 October 1989 from the Permanent Representative of Brazil to the United Nations addressed to the Secretary-General transmitting the Declaration of Brasilia, issued by the participants of the Sixth Ministerial Meeting on the Environment in Latin America and the Caribbean, held at Brasilia on 30 and 31 March 1989
- A/44/689
S/20921 Letter dated 26 October 1989 from the Permanent Representative of Malaysia to the United Nations addressed to the Secretary-General transmitting the communiqué adopted on 24 October 1989 at the meeting of the Commonwealth Heads of Government, held at Kuala Lumpur from 18 to 24 October 1989
- A/44/694 Letter dated 23 October 1989 from the Permanent Representatives of Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela to the United Nations addressed to the Secretary-General transmitting the text of the Ica Declaration and Communiqué, issued on 12 October 1989 at the Third Meeting of the Permanent Mechanism for Consultation and Concerted Political Action
- A/C.2/44/11 Note verbale dated 4 December 1989 from the Permanent Mission of France to the United Nations addressed to the Secretary-General transmitting the Economic Declaration of the Summit of the Arch of 16 July 1989

/...

A/C.2/44/L.8 Note by the Secretariat transmitting a draft decision entitled
"Establishment of an advisory commission on debt and development"

4. At the 26th meeting, on 1 November, the Secretary-General made a statement (see A/C.2/44/SR.26).
5. At the same meeting, the Secretary-General of the United Nations Conference on Trade and Development made a statement (see A/C.2/44/SR.26).

II. CONSIDERATION OF PROPOSALS

A. Draft resolutions A/C.2/44/L.47 and Rev.1

6. At the 41st meeting, on 21 November, the representative of Malaysia, on behalf of the States Members of the United Nations that are members of the Group of 77, introduced a draft resolution (A/C.2/44/L.47) entitled "Towards enhanced debt reduction to revive growth and promote development in developing countries", which read as follows:

"The General Assembly,

"Recalling its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987 and 43/198 of 20 December 1988,

"Recalling also Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 1/ 222 (XXI) of 27 September 1980, 2/ 358 (XXXV) of 5 October 1988 3/ and 375 (XXXVI) of 13 October 1989, 4/

"Reaffirming that the external debt crisis of developing countries has political dimensions requiring a global and comprehensive solution,

"Deeply concerned that the external debt crisis continues to be a major cause of the deterioration in the economic situation of the developing countries, thereby causing social upheaval and posing a serious threat to their political stability,

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

2/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

3/ Ibid., Forty-third Session, Supplement No. 15 (A/43/15), vol. II, sect. II.A.

4/ A/44/15 (vol. II), sect. II.A.

"Convinced that, in this context, an early solution to the long-standing external indebtedness of developing countries would require, inter alia, a significant reduction in the stock of debt and debt service sufficiently large to permit the resumption of vigorous growth and sustained development in the indebted developing countries,

"Concerned that a number of recent initiatives to write off and/or to reduce the debt stock and debt service of developing countries have had a very limited impact on the resolution of the debt crisis of developing countries and do not extend to all those countries,

"Noting the close interrelationship among money, finance, resource flows, trade, commodities, development and external debt, and recognizing in this regard the important policy implications of this interrelationship for a durable solution to the debt problem,

"Profoundly concerned at the huge negative transfer of resources from the developing countries as a result of, inter alia, the continuing debt crisis, thereby depriving them of much needed resources for their growth and development,

"Recognizing that an equitable and durable solution to the debt crisis will require adjustment in the economies of the industrialized countries having a major impact on the world economy, including appropriate fiscal, monetary and trade policies, in order to eliminate the major imbalances in the world economy,

"Deeply concerned that developing countries continue to make great sacrifices in striving to service their external debt and that, in the absence of a significant improvement in the present adverse international economic environment, they may not be able to service their external debt,

"Recognizing the need for intensification of efforts by the international community to resolve the severe debt crisis, to forestall its proliferation and prevent its further aggravation,

"Noting with deep concern the changes that have continued to occur in the destination and pattern of financial and capital flows from developed countries and the consequent decline in those flows to developing countries, which have further hindered the efforts towards the economic recovery and sustained development of these countries,

"1. Takes note of the report of the Secretary-General on the external debt crisis and development; 5/

"2. Welcomes the contributions of the United Nations Conference on Trade and Development to the international search for a solution to the external debt crisis of developing countries and, in this regard, takes note of Trade and Development Board resolutions 165 (S-IX) and 375 (XXXVI), on debt and development problems of developing countries;

"3. Expresses its appreciation to the Secretary-General for his efforts to find a solution to the debt problem and, in this regard, stresses the need for the intensification of his efforts;

"4. Urges the international community to search for a durable, equitable and mutually agreed growth-oriented and development-oriented solution to the debt problem of developing countries;

"5. Stresses that the debt crisis of developing countries is global in impact and political in nature and consequences, with a bearing not only on relations between debtors and creditors, but also on prospects for the world community as a whole, thereby continuing to require concerted political action;

"6. Expresses deep concern that in spite of some efforts the debt crisis remains unabated, that indebted developing countries are still unable to grow and develop and that their economic and social prospects remain bleak;

"7. Also expresses deep concern that under the prevailing conditions, including the absence of a supportive international economic environment, internationally supported structural adjustment programmes, owing to their negative political, social and economic consequences, have resulted in increasing adjustment fatigue among the debtor developing countries, as well as inability to restore economic growth and creditworthiness;

"8. Welcomes the increasing acceptance by creditor countries of the need for writing off and/or reducing the debt stock and debt service of developing countries and in this regard, takes notes of the recent initiatives aimed at the reduction of the debt stock and debt service of developing countries;

"9. Stresses the urgent need for the broadest implementation of the recent initiatives and for the elaboration of effective and comprehensive measures for dealing with the debt crisis in its entirety, so that all indebted developing countries benefit from the process;

"10. Emphasizes that in order to ensure that the debt-relief measures, in particular debt reduction, have an effective and comprehensive impact on the reactivation of economic growth and sustained development in the developing countries, the following measures would be required:

"(a) The reduction of debt stock and debt service that is large enough to significantly contribute to the release of adequate resources required to generate higher levels of investment;

"(b) Broadening by the creditor Governments of their eligibility criteria and scope of country coverage of their relief measures, in particular

/...

reduction of debt outstanding to them and improvement in current procedures for debt-relief measures through strengthening dialogue and negotiations with the full participation of indebted developing countries, as well as an increase in the flow of development finance to developing countries;

"(c) Review by creditor Governments of budgetary, tax, regulatory and accounting practices in order to remove unnecessary impediments with respect to debt reduction for developing countries and to ensure that a supportive policy environment is achieved and maintained in regard to new lending;

"(d) The rescheduling of official debts encompassing all debtors, the totality of the debt and longer consolidation periods, as well as the extension of debt-relief measures to all debtors, write-offs of outstanding interest payments and reduction of interest rates agreed in previous rescheduling agreements, longer maturity and grace periods and a prompt return to full export credit cover;

"(e) A substantial increase in the resources of the multilateral financial institutions - in the case of the International Monetary Fund, a significant increase also in special drawing rights allocations - in order to enable them to contribute efficiently and speedily to the debt-reduction process while ensuring the preservation and increase in the flow of resources for development;

"(f) Review of the policies and practices of the multilateral financial institutions in order to reduce, reschedule and convert on more concessional terms the debt of developing countries owed to them;

"(g) Regulatory support for the participation of commercial banks in debt reduction so that indebted developing countries can benefit from secondary market discounting of their loan portfolios;

"(h) Establishment of new compensatory mechanisms and facilities within the framework of existing international financial institutions to cope with exchange-rate and interest-rate fluctuations, which adversely affect the external debt of developing countries;

"(i) Use of local currency by indebted developing countries to repay part of their external debt;

"11. Stresses that a durable solution to the debt crisis and the revival of growth and sustained development in the developing countries requires, inter alia, the following:

"(a) A more open international trading environment with better conditions of market access for products from developing countries;

"(b) Effective dismantling of protectionist barriers and other support measures maintained by the industrialized countries to the disadvantage of developing countries;

/...

"(c) Increased export earnings of the developing countries, and improvement of existing mechanisms and establishment of new ones for compensating shortfalls in export earnings from commodities in developing countries;

"(d) A substantial increase of resource flows from developed countries to developing countries;

"(e) Adoption by the industrialized countries of an appropriate mix of fiscal and monetary policies that would bring about a prompt reduction of imbalances in and among those countries and would allow for exchange-rate stability and a substantial decline in interest rates;

"(f) Strengthening of multilateral surveillance mechanisms aimed at correcting existing external economic imbalances;

"12. Decides, in the context of seeking a durable solution to the debt crisis, to establish, under the aegis of the Secretary-General, an advisory commission on debt and development with a three-year term, composed of eminent persons from the academic, political and financial sectors with knowledge and experience in international finance, trade and development, to develop innovative approaches and evolve specific proposals related to all types of debt in order to solve the debt problem of the developing countries in a manner consistent with their sustained growth and development; and requests the Secretary-General to appoint the members of the Commission, and organize its support staff from within the United Nations and, through secondment or other appropriate means, from relevant intergovernmental organizations and bodies of the United Nations system;

"13. Requests the Secretary-General to prepare a comprehensive and analytical report on the impact of the external debt crisis of developing countries on the availability of resources for their growth and socio-economic development;

"14. Requests the Secretary-General to report on the implementation of the present resolution to the General Assembly at its forty-fifth session;

"15. Requests the Secretary-General to include in his report a study on the feasibility of establishing an institution that would be devoted to the resolution of the debt crisis of the developing countries."

7. A statement by the Secretary-General on the programme budget implications of the draft resolution, submitted in accordance with rule 153 of the rules of procedure of the General Assembly, was subsequently circulated in document A/C.2/44/L.71.

8. At its 50th meeting, on 15 December, the Committee had before it a revised draft resolution (A/C.2/44/L.47/Rev.1) entitled "Towards a durable solution to the external debt problems", submitted by the sponsors of draft resolution A/C.2/44/L.47, on the basis of informal consultations.

/...

9. The Committee was informed that the programme budget implications contained in document A/C.2/44/L.71 did not apply to the revised draft resolution.

10. At the same meeting, the Vice-Chairman of the Committee, Mr. Badam Ochiryn Doljintseren (Mongolia), informed the Committee that the following additional revisions were to be incorporated into the revised draft resolution:

(a) Operative paragraph 11 (g), which read:

"Strengthening and improvement in existing compensatory finances of multilateral financial institutions"

was deleted;

(b) In operative paragraph 12 (b), the words "appropriate compensatory" was replaced by the words "Strengthened existing compensatory".

11. At the same meeting, the Committee adopted draft resolution A/C.2/44/L.47/Rev.1, as orally revised, by a recorded vote of 120 to 1 (see para. 16). The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Bolivia, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Chile, China, Colombia, Côte d'Ivoire, Cuba, Cyprus, Czechoslovakia, Democratic Yemen, Denmark, Ecuador, Egypt, Ethiopia, Fiji, Finland, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guatemala, Guinea, Guinea-Bissau, Guyana, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lao People's Democratic Republic, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe.

Against: United States of America.

12. After the draft resolution was adopted, statements were made by the representatives of Malaysia (on behalf of the States Members of the United Nations that are members of the Group of 77) and Canada.

/...

B. Draft decision contained in document A/C.2/44/L.8

13. By its decision 43/444 of 20 December 1988, the General Assembly, on the recommendation of the Second Committee, decided to defer until its forty-fourth session consideration of the draft decision entitled "Establishment of an advisory commission on debt and development" (see A/C.2/44/L.8).

14. At its 51st meeting, on 17 December, following a statement by the Vice-Chairman of the Committee, Mr. Badam Ochiryn Doljintseren (Mongolia), in which he reported on the results of informal consultations held on the draft decision contained in document A/C.2/44/L.8, the Committee decided to recommend to the General Assembly that it should defer consideration of the draft resolution until its forty-fifth session (see para. 17).

15. The representative of Malaysia (on behalf of the States Members of the United Nations that are members of the Group of 77) made a statement.

III. RECOMMENDATIONS OF THE SECOND COMMITTEE

16. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Towards a durable solution of external debt problems

The General Assembly,

Recalling its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987 and 43/198 of 20 December 1988,

Recalling also Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 6/ 222 (XXI) of 27 September 1980, 7/ 358 (XXXV) of 5 October 1988 8/ and 375 (XXXVI) of 13 October 1989, 9/

6/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

7/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

8/ Ibid., Forty-third Session, Supplement No. 15 (A/43/15), vol. II, sect. II.A.

9/ Ibid., Forty-fourth Session, Supplement No. 15 (A/44/15), vol. II, sect. II.A.

/...

Concerned that a large number of developing countries experiencing debt difficulties, with serious social consequences, have recorded unsatisfactory rates of growth of output and development for many years, and that overall prospects for these countries are for a continuing unsatisfactory performance in 1989,

Recognizing that such a weak growth aggravated by the external debt crisis can pose a threat to their social and political stability,

Convinced that, in this context, overcoming the longstanding external indebtedness of developing countries would require, inter alia and as appropriate, a significant reduction in the stock and service of debt sufficiently large to contribute to the attainment of the objective of the resumption of vigorous growth and sustained development in debtor developing countries,

Recognizing that a number of recent initiatives aimed at a reduction of the stock and service of debt of developing countries, as well as debt relief measures, represent a conceptual advance and an important contribution to the efforts aimed at dealing with the debt crisis and that, in this regard, those initiatives need to be rapidly implemented to enhance their impact on the resolution of the debt crisis of developing countries,

Noting the close interrelationship among money, finance, resource flows, trade, commodities, development and external debt, and recognizing in this regard the important policy implications of this interrelationship for a durable solution to the debt problems,

Concerned at the decline of external resources available to developing countries for development, which is, inter alia, due to severe external indebtedness,

Recognizing that overcoming the debt problems and ensuring that financial flows are fully and effectively utilized require continuing adjustment efforts on the part of all countries, collectively and individually, each country contributing to the common objective in accordance with its capacities and weight in the world economy,

Emphasizing that the efforts being undertaken by developing countries to foster sustained economic growth, although important, cannot succeed in reactivating growth and development without a favourable international economic environment,

Recognizing that such a favourable international economic environment requires, inter alia, adjustment in the economies of the industrialized countries having a major impact on the world economy, including appropriate fiscal, monetary and trade policies, in order to eliminate the major imbalances in the world economy,

Welcoming the recognition of the need to continue efforts by all parties concerned to resolve the severe debt crisis and to forestall its proliferation and prevent its further aggravation,

/...

Noting with deep concern the changes that have continued to occur in the destination and pattern of flow of external resources and the decline of those resources to developing countries, which have made the economic recovery and sustained development of developing countries more difficult,

1. Takes note of the report of the Secretary-General on the external debt crisis and development; 10/

2. Welcomes the contributions of the United Nations Conference on Trade and Development to the international search aimed at resolving the external debt crisis of developing countries and, in this regard, takes note of Trade and Development Board resolutions 165 (S-IX) and 375 (XXXVI) on debt and development problems of developing countries;

3. Expresses its appreciation to the Secretary-General for his efforts to find a solution to the debt problems of developing countries and, in this regard, encourages him to continue further his efforts;

4. Recognizes the role of the international financial institutions in dealing with the debt problems of developing countries;

5. Urges all parties concerned to continue their efforts in pursuit of a durable, equitable and mutually agreed growth-oriented and development-oriented solution to the debt problems of developing countries, which requires concerted international action;

6. Stresses that the deterioration in the economic situation of the debtor developing countries constitutes a major obstacle to their economic growth and sustained development, which can be a threat to their economic, social and political stability;

7. Welcomes the increasing acceptance by creditor countries of the need for writing off and/or reducing the stock and service of debt of developing countries and also welcomes, in this regard, the contributions that the recent initiatives aimed at the reduction of the stock and service of debt of the developing countries can make;

8. Stresses that a supportive international economic environment, together with a growth-oriented development approach, is needed for supporting the efforts of debtor developing countries in dealing with their external indebtedness and alleviating the political and social costs of structural adjustment programmes and adjustment fatigue, thus contributing to the restoration of their economic growth, development and credit-worthiness;

9. Expresses deep concern that the overall indebtedness of the debtor developing countries has persisted and often increased, that their growth and development are severely limited, and that their economic and social prospects continue to be a cause of serious concern;

10. Stresses the urgent need for the broadest implementation of the recent initiatives;

11. Emphasizes that in order to ensure that the recent initiatives, in particular those for debt reduction, in conjunction with appropriate economic policies and a favourable international environment, have effective and comprehensive impacts on the reactivation of economic growth and sustained development in the developing countries, the following measures would be required:

(a) Financial packages should be negotiated that are adequate to support growth-oriented adjustment programmes, including, as appropriate, debt reduction, debt-service reduction, new lending and other measures, so that the financial obligations and payment capacity of individual debtor countries are made more compatible; the combination of these elements should lead to the release of sufficient resources to generate higher levels of investment, the resumption of vigorous growth and development and the satisfaction of the needs of the populations;

(b) Creditor Governments should review tax, regulatory and accounting practices in order to remove unnecessary obstacles with respect to new lending to developing countries and to debt reduction and debt-service reduction in order to ensure that a supportive policy environment is achieved and maintained;

(c) The medium-term and long-term perspective of the rescheduling process should be enhanced by ensuring that it takes fully into account the policies and programmes oriented towards development and adjustment with growth that are formulated by each country concerned; in this context, consideration should be given, where appropriate, to rescheduling agreements in a multi-year basis;

(d) The Governments of member countries of the International Monetary Fund, the World Bank and other multilateral financial institutions should ensure that these institutions have adequate resources, sufficient for the full discharge of their mandate, including, where appropriate, their role in the implementation of recent initiatives;

(e) Serious consideration should continue to be given to mutually agreed ways and means of assisting debtor developing countries faced with large and bunched debts to the multilateral financial institutions;

(f) The parties concerned should continue to exercise increased flexibility in the development of innovative approaches, including those devised by banks and debtors, to take advantage of discounts prevailing in secondary markets;

(g) All those involved should take into account the above, as appropriate, in working towards a growth-oriented solution of the problems of external indebtedness

/...

of developing countries that are facing serious debt-servicing problems, including, inter alia, those whose debt is mainly to official creditors or multilateral institutions;

12. Stresses that a durable solution to the debt problems and the revival of growth and sustained development in the developing countries require, inter alia, the following:

(a) All Governments should work towards a more open international trading system that improves access especially for the export products of developing countries, particularly in the context of the Uruguay Round;

(b) Increased efforts should be directed to the diversification of exports of developing countries in order to enable them to achieve more stable earnings; strengthened existing compensatory financing arrangements for shortfalls in export earnings from commodities can facilitate this process;

(c) External resources should be increased to complement domestic measures conducive to capital formation in developing countries with insufficient savings and inadequate flow of resources from abroad;

(d) Industrialized countries should intensify efforts to continue structural adjustment, maintain the vigour of their expansion while reducing and/or containing inflation, and work towards a mix of fiscal and monetary policies that would allow interest rates to come down, and hence induce a more favourable international economic climate;

(e) It is essential for debtor developing countries to pursue and intensify their efforts to raise savings and investment, reduce inflation and improve efficiency, taking into account their own individual characteristics and vulnerability of the poorer strata;

(f) Coherent and co-ordinated policies should be developed on the part of the industrialized countries, including multilateral surveillance, aimed at addressing the imbalances in the world economy;

13. Recognizes that the external indebtedness of some other countries with serious debt-servicing problems also gives rise to considerable concern and invites all those involved to take into account, as appropriate, the above provisions in addressing those problems and in working towards a growth-oriented solution to the external debt problems;

14. Requests the Secretary-General to report to the General Assembly at its forty-fifth session, on the implementation of the present resolution including an assessment of the impact of the external debt crisis on the availability of resources for the growth and socio-economic development of developing countries.

* * *

/...

17. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Establishment of an advisory commission on debt
and development

The General Assembly decides to defer until its forty-fifth session consideration of the draft resolution entitled "Establishment of an advisory commission on debt and development". 11/

11/ See A/C.2/44/L.8. For the printed text of the draft decision, see Official Records of the General Assembly, Forty-third Session, Annexes, agenda item 83, document A/43/916, para. 16.