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SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. GHEZAL (Tunisia)

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 82: DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (continued) (A/44/3, 84, 139, 187, 188, 235, 254, 260, 275, 355, 361, 376, 409 and Corr.1, 467, 499, 551, 598, 617, 631, 683, 689, 694, 705 and 706; A/C.2/44/L.4)

(b) TRADE AND DEVELOPMENT (continued) (A/44/3, 15 (vols. I and II), 202, 208, 295, 386, 437, 510, 554, 581, 588 and 726; A/C.2/44/L.5)

1. Mr. TAHSIN (Afghanistan) expressed his country's concern at the worsening economic situation in developing countries and at the growing gap between North and South in particular. The only way to correct that situation was to facilitate trade by removing all obstacles to it. Negotiations on such issues as financial and monetary problems, international trade and raw materials, the transfer of technology, must be resumed without delay. Moreover it was essential that a balance should be established between the principles of self-reliance and interdependence in international economic relations. International economic co-operation must take national priorities into consideration. One of the most pressing problems was the net transfer of financial resources away from developing countries, and that problem must be solved, although it was obvious that the future of economic assistance to developing countries would be determined by its effectiveness.

2. Top priority should be given to promoting the multilateral trading system by curtailing protectionism, particularly non-tariff barriers, and facilitating market access for developing country exports.

3. The growing marginalization of many regions of the world constituted an obstacle to the development of trade, which was why the Group of 77 had called for the holding of a special session of the General Assembly devoted to international economic co-operation with a view to finding ways of augmenting the developing countries' export earnings. The special session would no doubt make a useful contribution to the elaboration of the international development strategy for the Fourth United Nations Development Decade. The 1990s might then be the decade of hope.

4. The Afghan Government was endeavouring to strengthen the private sector in all areas and to attract foreign investment in most sectors of the national economy. In the industrial sector, attention was to be focused on the creation of small and medium-sized enterprises, although major mining and construction projects and modernization of the road system would not be abandoned.

5. Because of foreign intervention, the situation in Afghanistan remained critical. The average standard of living had fallen and the population's basic needs were not being met. Consequently, the Afghan Government appealed to the international community and to all international organizations, financial institutions and multilateral development agencies as well as UNCTAD to provide the financial and technical support the country needed to restore its economy and overcome the crisis.

(Mr. Tahsin, Afghanistan)

6. The operational activities for development of the United Nations system had played a positive role in the economic reconstruction and social development of developing countries in the past. However, much still needed to be done to equip those countries with a national endogenous capacity that would enable them to undertake their own long-term development projects and programmes.

7. Mr. GORITZA (Romania) said that a number of facts and realities continued to have a negative effect on the situation of the developing countries, despite the apparent improvement in the world economic situation over the past year. The Trade and Development Report, 1989 indicated that the recent expansion of world production and trade was uneven and quite fragile. In addition, protectionist measures had multiplied, bilateralism seemed to be growing stronger and non-tariff barriers continued to proliferate. As a result, the developing countries' terms of trade had deteriorated in 1988. The UNCTAD secretariat anticipated a slowing of growth in the world economy in 1990 as well as a worsening of the prospects for economic development in the great majority of countries during the coming decade.

8. More than ever, then, the world economic situation required a strengthening of multilateral co-operation. By virtue of its universal character, UNCTAD was well placed to play a major role in that regard. UNCTAD could make a substantial contribution to the preparation of the international development strategy for the fourth United Nations development decade and to the special session of the General Assembly devoted to international economic co-operation.

9. Another area in which UNCTAD could play an active role related to the external debt of developing countries, which continued to impede those countries' progress and had reached such a dimension that it warranted a global solution via a genuine dialogue between debtors and creditors, international monetary and financial institutions and commercial banks. In that connection, he drew particular attention to resolution 375 (XXXVI), on debt and development problems of developing countries, which the Trade and Development Board had adopted at its thirty-sixth session.

10. UNCTAD should also intensify its efforts to promote the establishment of an open, non-discriminatory multilateral trading system, which called for an improvement in the generalized system of preferences and the successful and timely conclusion of the Uruguay Round of multilateral trade negotiations.

11. All restrictions of a political nature which interfered with international trade should be eliminated, and the development of international trade and economic co-operation should be based on respect for the right of each people to pursue its social and economic development in terms of its own historical and social conditions in whatever way it chose.

12. Mr. BANDARA (Sri Lanka) said that the international economic situation had improved somewhat in 1988; unfortunately, that had not been the case for all countries, and the gap between rich and poor had widened further. That situation was due mainly to the fact that North-South trade had been severely restricted by

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(Mr. Bandara, Sri Lanka)

protectionism. The establishment of a free and fair international trading system was imperative. In an interdependent world, wealthy countries had a duty to help bring the heavily indebted countries back to economic health and to strengthen economic security in general.

13. Over 1 billion of the world's people continued to live in poverty. Poverty would continue to exist as long as the net transfer of resources from developing to developed countries persisted. Heavily indebted countries were unable to meet their obligations for lack of economic growth, so that any structural adjustment programme imposed on them must be backed by grants or concessional assistance. External factors which prevented those countries from achieving their goals were totally beyond their control, and the conditions normally imposed by assistance programmes made their task even more difficult. During the adjustment period, poverty increased, thus aggravating unemployment and all its concomitant social problems. That was why the alleviation and eradication of poverty was one of the foremost objectives of any third world country.

14. Yet development programmes were not enough; the poor must be given a chance to engage in income-generating activities and become involved in the development process, something that malnutrition and a lack of training currently prevented them from doing. It was of the utmost importance that professional competence should be developed to prepare future generations to make use of the technical advances which the developing countries urgently needed to increase their production and, above all, their productivity. UNCTAD was continuing its efforts to promote the transfer of technology, but the process was painfully slow because the developed countries had not demonstrated the necessary willingness. Nevertheless, everyone must be able to enjoy mankind's new achievements.

15. In Sri Lanka, there were 7 million poor people out of a total population of 17 million. The Government had launched a new programme for the alleviation of poverty designed to help disadvantaged citizens become self-sufficient and integrate themselves in the national economy. The programme would be accompanied by a strengthening of public health and education services.

16. His delegation wished to recommend that the eradication of poverty should be included as a separate item in the agenda of the General Assembly at its forty-fifth session.

17. Mr. OZAMIZ (Philippines) said that the 1980s had been marked by a proliferation of non-tariff barriers (NTBs) which, coupled with tariff barriers, had seriously impeded the access of products from the developing countries to the market. The result had been stagnation and even further deterioration in the growth of those countries. Apart from those effects - which were particularly immoral in the face of the prolonged growth of the industrialized countries - certain developing countries were also being harmed by dictatorships. That had been the experience of the Philippines. In the fight against the massive poverty prevailing in those countries, much remained to be done by the international

(Mr. Ozamiz, Philippines)

community. Above all, it had to demonstrate the political will which it had too often lacked and vigorously implement an appropriate plan of action.

18. The consensus recently achieved at the session of the Trade and Development Board of UNCTAD was very encouraging for the future. The declaration on the twenty-fifth anniversary of UNCTAD was a substantive document which challenged the international community to bring fresh thinking to the debate on long-standing problems with a view to ending underdevelopment. Failure to rise to that challenge would be extremely detrimental to everyone.

19. The impediments to the successful conclusion of negotiations under the Uruguay Round should be removed by taking into account the areas of primary concern to the developing countries and scrupulously implementing the principle of special and differential treatment. UNCTAD, by virtue of its broad mandate, could make a positive contribution to the success of those negotiations.

20. His delegation welcomed the decision by the Swedish Government to lift all quantitative restrictions on imports of textile and clothing products by the end of July 1991. It hoped that other developed countries would consider taking similar action in order to put an end to that derogation of the GATT rules.

21. Preparations for the new international development strategy should proceed in earnest so that the strategy could be adopted by the General Assembly at its forty-fifth session. Among the principal issues on which the strategy would focus were poverty - the report of the Secretary-General on the question could serve as a starting point - and human resource development. As the human being was both agent and beneficiary of development, his delegation welcomed the stress placed on human resources. The new strategy should be an operational tool - with objectives, guidelines and a specific time-frame - and should be based on the principle of the interdependence of countries and mutually beneficial North-South relationships. The special session of the General Assembly to be convened in April 1990 could greatly contribute to the cause of development by adopting a declaration embodying political positions which might form the basis for the programme of the new strategy.

22. Mr. BAKALOV (Bulgaria) noted that the considerable improvement in the general political situation in the world - which constituted an opportunity to strengthen multilateral co-operation in other spheres - had not had the expected favourable impact on international trade and economic relations. The non-fulfilment of the obligations assumed at Punta del Este and the exacerbation of the economic difficulties and indebtedness of developing countries were obstacles to the normal development of those relations.

23. In improving those relations, UNCTAD played a unique role whose effectiveness depended on the political will of all countries. As a result of the work of the Trade and Development Board, it had been possible to make some headway in the sphere of trade relations between countries having different economic and social systems. The Uruguay Round was contributing to the elimination of protectionism, which was becoming more and more unacceptable in the modern world.

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(Mr. Bakalov, Bulgaria)

24. The economic reform being undertaken in Bulgaria was aimed at democratizing economic life and according initiative and efficiency the place they deserved. The reforms did not constitute tactical changes intended to address temporary financial needs, but rather a strategic market-based restructuring. The company was at the core of economic activity, and all forms of property had become authorized. Companies no longer depended on the State and were free to engage in foreign trade. The only requirement was to register their transactions with the Ministry of Foreign Economic Relations. The Bulgarian State guaranteed identical economic and legal conditions for all foreign individuals investing in Bulgaria.

25. In that context of greater autonomy, non-discriminatory treatment and market access acquired great significance. However, Bulgaria was still subject to discriminatory quantitative restrictions and other non-tariff measures, and even, in one case, a denial of most-favoured-nation treatment. It hoped that the forthcoming negotiations for the conclusion of a co-operation agreement with the European Economic Community would lead to a settlement of outstanding problems. It had high hopes that the negotiations it was conducting with GATT would be crowned by success. Bulgaria would continue to strengthen all forms of co-operation with the developing countries. Its participation in world trade and the very success of its economic reforms would, to a certain extent, depend ultimately on the international economic and trade environment.

26. Mrs. MATHURIN-APPLEWHAITE (Jamaica) said that her statement would focus on the question of human resource development. For many countries, the 1980s had been a period of economic and, more disturbing still, social stagnation and decline. Those countries must adapt their productive structure to a changing world economy. Before embarking on reform, many countries had had to re-examine their objectives and often reaffirm some of the fundamental principles underlying successful development strategies. Thus, the Caribbean Community had undertaken an analysis, at the highest political level, of the long-term development prospects of its member countries and had adopted a number of measures designed to strengthen the process of regional integration. In that context, the primary importance of human resource development and of strengthening scientific and technological capability had been recognized. Emphasis was to be placed on comprehensive education and training programmes.

27. Although, as Jamaica had recognized, the major inputs in pursuing those goals must be national and regional, international support was equally important. In that connection, experience had shown that internationally supported structural adjustment programmes had often concentrated, as had been the case in Jamaica, on certain economic targets to the detriment of social sectors essential to growth and development, such as health and education.

28. As it currently attached the utmost importance to education and training in its development efforts, her delegation believed that many of the principles on which internationally supported structural adjustment programmes were based must be reconsidered. Her delegation welcomed the fact that the new international development strategy would stress human resource development in particular.

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(Mrs. Mathurin-Applewhaite, Jamaica)

29. The consensus arrived at during the most recent session of the UNCTAD Trade and Development Board augured well for both the work of the Second Committee and future activities of the Board and UNCTAD.

30. Mr. ROKOTUIVUNA (Fiji) said it was regrettable that the Uruguay Round of multilateral trade negotiations would end shortly without having attained the objectives set. In view of the interdependence of countries, the lack of progress, at a time when the situation of many developing countries was steadily deteriorating, should be of deep concern to the whole international community. It was still difficult, and sometimes impossible, for those countries to find markets in the industrialized countries for many of their products. The cause of equitable international economic relations was not advanced by the imposing of non-tariff barriers, which remained a major impediment to efforts to liberalize trade.

31. While there was apparently great enthusiasm for multilateralism in international economic relations, a number of developments suggested that that goal might be more difficult than ever to achieve: in the course of the 1990s the European Community would become fully integrated; North America would increasingly operate as one economic entity; and the events taking place in Eastern Europe would also have a profound influence. Such developments would not necessarily be in the interest of developing countries unless those blocs were more willing than they had been in the past to take measures which were more supportive of trade in products from developing countries.

32. In that context, the island developing countries were among the most vulnerable. The recent decision of UNCTAD to focus on the specific characteristics and needs of those countries had been a welcome initiative. Fiji hoped that those needs would be adequately covered in the fourth international development strategy.

33. In order to end their isolation from international economic life, in the early 1970s the Pacific island countries had taken steps towards greater regional co-operation, such as the creation of the South Pacific Forum and its associated agencies. They had also benefited from the special arrangements under the Lomé Convention between the European Economic Community and the African, Caribbean and Pacific countries.

34. Mr. MENON (India) said that world economic growth had been highly asymmetrical. While the developed market economy countries had registered vigorous growth, stagnation or recession had continued in most developing countries. Disproving the so-called "trickle-down" theory, sustained growth in the developed countries had not had the expected desirable effect in the vast majority of the developing countries. It was paradoxical that the longest period of economic growth since the Second World War virtually coincided with what had been called a "decade lost for development".

35. The pattern of trade balances remained markedly skewed: while some countries had unsustainable surpluses, others had deficits. Moreover, the general deterioration of terms of trade for the developing countries had only exacerbated the situation.

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(Mr. Menon, India)

36. The interdependence of the developed and the developing countries was an incontrovertible reality, and one could not over-emphasize the importance of addressing, simultaneously and in an integrated manner, all the issues involved in global economic activity. Without such an approach, it would be difficult, if not impossible, to ensure lasting economic recovery. There were many issues, such as environment, drugs and energy, where such interdependence was recognized by all countries, but there were also many other areas in which global co-operation could be beneficial.

37. Trade represented the first concrete manifestation of global interdependence. As a market for manufacturers, services and technology of the developed countries, and as suppliers of raw materials, the developing countries would continue to provide major support for growth in the developed countries. When the developing countries asked in return for greater and preferential access to developed countries' markets, the latter should realize that that process would be mutually advantageous.

38. The developing countries had noted the impact which the trend towards increasing regional integration in the developed countries could have on world trade, and feared increased protectionism. It was therefore of paramount importance that such integration should not have an inhibiting effect on trade but, on the contrary, should offer opportunities for trade and provide preferential treatment to developing countries.

39. Another matter of great concern was the increasing recourse to unilateral and bilateral measures which threatened to upset the multilateral trading system. A disturbing development had been the enactment of legislation by a member country of GATT, which would have a most deleterious impact on that system. That legislation went beyond the areas covered by GATT, such as investment and insurance, placed emphasis on reciprocity and included provisions for retaliation in the name of trade liberalization. In that regard, the right of the developing countries to manage their economies in accordance with their own objectives, to regulate the activities of transnational corporations and to invest in the sectors of their choosing was fundamental to any just and equitable system.

40. Moreover, the trade policies of the developed and the developing countries lacked coherence. While an increasing number of developing countries were liberalizing their trade régimes in pursuit of their development objectives, the trend in the developed countries was towards greater protectionism. Trade barriers continued to proliferate and the standstill and roll-back commitments of Punta del Este remained a dead letter.

41. The multifibre arrangement regulating trade in textiles, an area of crucial importance to a very large number of developing countries, could be phased out shortly after its expiry and any new restrictions inconsistent with GATT rules should be forbidden.

42. While the Uruguay Round had not accorded the necessary priority to the areas of special interest to developing countries, there had been attempts to dilute GATT



(Mr. Menon, India)

provisions which provided flexibility and protected developing countries facing difficulties in their balance of payments. The achievement, during the current round of trade negotiations, of results beneficial to all participants was the best guarantee of the success of the negotiations.

43. The reluctance of the developed countries to implement structural adjustments was a major impediment to the growth of trade in developing countries and, consequently to their development. Unless the developed countries restructured the sectors in which they had clearly lost a comparative advantage and ensured their revitalization through the efforts of developing countries, the international division of labour, which provided the theoretical underpinning for the multilateral trading system, would remain a hollow principle. Moreover, if the developed countries failed to make such adjustments, the credibility of that system would be undermined.

(d) EFFECTIVE MOBILIZATION AND INTEGRATION OF WOMEN IN DEVELOPMENT (continued)  
(A/C.2/44/L.10)

(f) ENVIRONMENT (continued) (A/C.2/44/L.33)

(g) DESERTIFICATION AND DROUGHT (continued) (A/C.2/44/L.33)

(h) HUMAN SETTLEMENTS (continued) (A/C.2/44/L.24/Rev.2)

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)  
(A/C.2/44/L.22\*, L.25 and L.31)

AGENDA ITEM 85: PROTECTION OF GLOBAL CLIMATE FOR PRESENT AND FUTURE GENERATIONS OF MANKIND (continued) (A/C.2/44/L.38)

44. The CHAIRMAN announced that a number of delegations wished to join in sponsoring the following draft resolutions: A/C.2/44/L.10 (agenda item 82 (d)) - Yugoslavia; A/C.2/44/L.22\* (agenda item 12) - Trinidad and Tobago; A/C.2/44/L.24/Rev.2 (agenda item 82 (h)) - Madagascar; A/C.2/44/L.25 (agenda item 12) - Madagascar; A/C.2/44/L.31 (agenda item 12) - Albania, Austria, Byelorussian Soviet Socialist Republic, China, Czechoslovakia, France, German Democratic Republic, Ireland, Spain, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics; A/C.2/44/L.33 (agenda item 82 (g)) - Sudan; and A/C.2/44/L.38 (agenda item 85) - Trinidad and Tobago.

The meeting rose at 12 noon.