

UNITED NATIONS

# General Assembly

EIGHTEENTH SPECIAL SESSION

*Official Records*

AD HOC COMMITTEE

3rd meeting

held on

Wednesday, 26 April 1990

at 10 a.m.

New York

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SUMMARY RECORD OF THE 3rd MEETING

Chairman:

Mr. ZEPOS

(Greece)

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INTERNATIONAL ECONOMIC CO-OPERATION, IN PARTICULAR THE REVITALIZATION OF ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (continued)

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Distr. GENERAL  
A/S-18/AC.1/SR.3  
27 April 1990

ORIGINAL: ENGLISH  
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The meeting was called to order at 10.35 a.m.

INTERNATIONAL ECONOMIC CO-OPERATION, IN PARTICULAR THE REVITALIZATION OF ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (continued) (A/S-18/7 and Add.1 (Parts I and II))

1. Mr. WIESEBACH (Deputy Director-General of the United Nations Industrial Development Organization) said that over the previous decade, industrial growth and development had varied with the pace of economic growth in the third world. The developing countries' share of world industry had remained static, yet industrialization was still the quickest and, for many countries the sole, means of escaping poverty.
2. During the 1990s, the United Nations Industrial Development Organization (UNIDO) would focus on improving manufacturing efficiency at the plant level and on strengthening the national institutions and policies which supported industry.
3. A major objective would be to promote economic and industrial growth in order to alleviate the crippling debt problem. UNIDO would also help the Governments of developing countries to strike a more equitable balance between the public and private sectors. It would continue its efforts to preserve past investment through industrial rehabilitation and to ensure environmentally sustainable development.
4. In many developing countries, faltering industrial development could be reactivated through a renewal of investment. UNIDO would thus step up its efforts to help developing countries seek investment opportunities, particularly export-oriented industries.
5. The 1990s would be marked by intense competition in world markets and by constant change in the process of innovation, which would require the developing countries to adopt new strategies and policies. Endogenously driven technological development was essential. Managerial and entrepreneurial innovation would be necessary if the developing countries were to reap the benefits of the new technologies.
6. In recent years the globalization of production had become increasingly important. While it could offer considerable economies of scale and strengthened the potential for South-South co-operation, such globalization tended to lead the developing countries to master only part of the production process. The conflict between the potential for increased efficiency and the need for mastery of the entire production process called for carefully considered technical assistance responses.
7. Industrial rehabilitation featured prominently in structural adjustment programmes. Rehabilitation could be necessitated by problems at the enterprise level or by problems stemming from inappropriate macro-economic policies. Accordingly, priority must be given to opportunities for investment in industries which offered good prospects of success in the context of macro-economic reform.

(Mr. Wiesebach)

UNIDO programmes were designed to help national and development finance authorities assess industrial rehabilitation requirements at the sectoral, subsectoral and enterprise levels and to revitalize or reorient ailing industries. Small- and medium-scale enterprises could play a pivotal role in the industrial development process and UNIDO would therefore focus on that sector of industry.

8. Environmental degradation in the developing countries was primarily related to poverty and underdevelopment. Environmental factors must be taken fully into account in development planning. For its part, UNIDO promoted industrial growth by seeking a proper balance between short-term profitability and the need for durable resource and environmental conservation.

9. Support to the developing countries remained the primary mission of UNIDO. At a time when developing countries faced the prospect of diminishing financial resources and a reduction in collective export earnings, a clear commitment to the principles of the United Nations, including support for the less privileged peoples and countries, was more important than ever. The organizations of the United Nations system should be strengthened in order to ensure the effective use of the developing countries' human and physical resources.

10. Mr. LOOS (World Bank) said that the fundamental development issues concerned the need to provide a more favourable environment for growth in the developed and developing countries and to stem the surge of poverty. While some developing countries had made enormous strides in the previous decade, a greater number had suffered reverses, especially in Africa and Latin America. For many of the world's poor, the 1980s had been a lost decade.

11. Formidable obstacles remained to be overcome in decreasing poverty throughout the world. Direct action was essential to combat the problem of hunger. In sub-Saharan Africa, one person in four did not have enough to eat. It was crucial to increase agricultural production and adjust economic policies in order to raise incomes.

12. Rapid population increase was a threat to sustainable growth and a prime cause of poverty. The weight of poverty fell most heavily on women, hence the importance of improving the status of women. Development could not advance far if women were left behind.

13. A major element in improving the quality of life was ensuring the efficient use of labour. The productivity of an educated work-force was the most reliable engine of economic growth. Human resource development was not only necessary for the satisfaction of consumer demand, it was also a productive investment.

14. Structural adjustment lending was intended to support policies which reduced external imbalances and encouraged the resumption of sustained growth. In some cases, adjustment programmes might be accompanied by a temporary reduction in living standards for some segments of the population, and specific consideration was now given, in the design of adjustment programmes, to the effect of such programmes on the poor.

(Mr. Loos)

15. The fight against global poverty must include a commitment to environmental protection. Poverty was a major cause of environmental degradation, and programmes to reduce poverty were also effective ways of preserving the environment.

16. The problem of debt required urgent and effective action. The Bank would continue to work with Governments and the international financial community in developing a flexible approach to debt reduction in each country.

17. Current overall resource flows were inadequate to meet the needs of developing countries. Growth could not be sustained unless it was adequately funded. Both developing country Governments and the donor community must focus on the most effective and efficient use of domestic and international resources. At the same time, the developing countries must take charge of their own destinies.

18. The Bank was committed to carrying its share of the burden. In fiscal year 1989, new commitments had exceeded \$21 billion and, as a result of the recently-approved replenishment of the International Development Association, \$15 billion would be provided in the next three years for programmes in the poorest countries. In connection with the changes that had taken place in Eastern Europe, he assured delegations that the Bank's assistance to Eastern Europe would be additional to, not at the expense of, its assistance to other, poorer parts of the developing world.

The meeting rose at 11.10 a.m.