Proceedings of the United Nations Conference on Trade and Development

EIGHTH SESSION
Cartagena de Indias, Colombia
8-25 February 1992

Report and Annexes

UNITED NATIONS
New York, 1993
NOTE

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* * *

For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:


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## Report of the United Nations Conference on Trade and Development on its eighth session

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ABBREVIATIONS

ACP  African, Caribbean and Pacific (Group of States)
ASEAN Association of South-East Asian Nations
CCFF Compensatory and Contingency Financing Facility
DAC Development Assistance Committee (OECD)
ECDC economic cooperation among developing countries
ECU European currency unit
EDI electronic data interchange
FAO Food and Agriculture Organization of the United Nations
GATT General Agreement on Tariffs and Trade
GDP gross domestic product
GNP gross national product
GSP generalized system of preferences
GSTP Global System of Trade Preferences among Developing Countries
IDA International Development Association
IFAD International Fund for Agricultural Development
ILO International Labour Organisation
IMF International Monetary Fund
ITC International Trade Centre UNCTAD/GATT
LDC least developed country
MFN most favoured nation
ODA official development assistance
OECD Organisation for Economic Cooperation and Development
R and D research and development
SDR special drawing right
TCDC technical cooperation among developing countries
TNC transnational corporation
UNCDF United Nations Capital Development Fund
UNCED United Nations Conference on Environment and Development
UNDP United Nations Development Programme
UNEP United Nations Environment Programme
WHO World Health Organization

EXPLANATORY NOTES


References to dollars ($) are to United States dollars, unless otherwise specified.

A hyphen between years, e.g. 1981-1985, signifies the entire period, including the first and last years.
Agreements, programmes, documents, etc. mentioned frequently in the present publication

Agreement Establishing the Common Fund for Commodities (United Nations publication, Sales No. E.81.II.D.8 and corrigendum)

Draft final act embodying the results of the Uruguay Round of multilateral trade negotiations (MTN.TNC/W/FA)


The Least Developed Countries—1991 Report (United Nations publication, Sales No. E.92.II.D.1)

Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (see Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s (United Nations publication, Sales No. E.91.II.D.20))

Punta del Este

Special Session of the Contracting Parties to the General Agreement on Tariffs and Trade, Punta del Este, Uruguay, 15-20 September 1986


Stabex

System of stabilization of export earnings established by the First Lomé Convention, concluded between the EEC and 46 ACP States (28 February 1975), and reinforced by the Second Lomé Convention, concluded between the EEC and 58 ACP States (31 October 1979) and the Third Lomé Convention concluded between the EEC and 66 ACP States (8 December 1984) (see Official Journal of the European Communities, vol. 29, No. L 86 of 31 March 1986)


Tehran Final Documents (see annex V to the present publication)

Tehran Declaration: Towards a New Partnership for Development

The Substantive Platform of the Group of 77 for International Cooperation Statement of Ministers on Economic Cooperation among Developing Countries

Toronto terms

Trinidad terms

The Group of Seven, at its economic summit held at Toronto, Canada, in 1988, endorsed a debt-relief plan for certain low-income countries, known as the "Toronto terms"; in 1991, the terms were modified and came to be known as the "Trinidad terms"
REPORT

OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT ON ITS EIGHTH SESSION
Preface

(i) In conformity with General Assembly resolutions 1995 (XIX) of 30 December 1964 and 45/261 of 3 May 1991, the eighth session of the United Nations Conference on Trade and Development was held at the Convention Centre, Cartagena de Indias, Colombia, from 8 to 25 February 1992.

(ii) The Trade and Development Board, in the exercise of its functions under General Assembly resolution 1995 (XIX), and in particular paragraph 21 thereof, served as the preparatory committee for the eighth session of the Conference. The Board began these preparations at the second part of its thirty-sixth session when, in decision 381 (XXXVI) of 23 March 1990, it inter alia requested the Secretary-General of UNCTAD to continue his consultations with regard to the provisional agenda of the eighth session of the Conference, with a view to finalizing it as soon as possible, and to present it for formal adoption by the Board at the first part of its thirty-seventh session.

(iii) At the first part of its thirty-seventh session, the Board approved the substantive item of the provisional agenda for the eighth session of the Conference (item 8) and authorized the Secretary-General of UNCTAD to complete the provisional agenda through the addition of the customary administrative and procedural items.

(iv) At the same session, the Board noted the related understanding reached in informal consultations that, in addition to the plenary of the Conference, there would be only one sessional committee and not more than three simultaneous official meetings.

(v) At the second part of its thirty-seventh session, the Board adopted resolution 391 (XXXVII) of 22 March 1991 on the date and venue of UNCTAD VIII.

(vi) The General Assembly, in its resolution 45/261, welcomed with deep appreciation the offer made by the Government of Colombia to host the eighth session of the Conference and accordingly decided to convene the session at Cartagena de Indias. Colombia, from 8 to 25 February 1992, to be preceded by a two-day meeting of senior officials at Cartagena de Indias on 6 and 7 February 1992.

(vii) At the first part of its thirty-eighth session, the Board agreed on the desirability of the Secretary-General of UNCTAD’s initiating, in the period following the session of the Board, and until the Ministerial Meeting of the Group of 77, to be held at Tehran, from 16 to 23 November 1991, an informal, non-binding series of consultations which would exchange views on expectations with regard to the eighth session of the Conference, and also on institutional issues.

(viii) At the first part of its seventeenth special session, the Board began work on the preparation of a draft pre-negotiating text on item 8 of the provisional agenda of the Conference. In the light of its deliberations on the position papers of groups and delegations and on the pre-negotiating text prepared by the Secretary-General of UNCTAD, the Board decided to request the Secretary-General of UNCTAD to submit a revised version of his pre-negotiating texts to the Board at the second part of its seventeenth special session.

(ix) At the same session, as is customary for the organization of the Conference, the Board had to select the country that would be seated first in alphabetical order in Cartagena de Indias. The name of the country drawn by lot was Iraq.

(x) At the second part of its seventeenth special session the Board had before it for its consideration the revised version of the pre-negotiating text submitted by the Secretary-General of UNCTAD.

(xi) Having noted the status of the revised pre-negotiating text as at the close of the second part of its seventeenth special session, the Board decided that the texts emanating from its two Working Groups would constitute the basic negotiating text to be transmitted to the Conference.

(xii) As part of the preparations for the Conference, the following informal encounters and seminars were held as from February 1991 on topics that were relevant to the consideration of the substantive item (item 8) on the agenda of the Conference:

- Informal encounter on national governance: the respective roles of the public and private sectors in promoting sustainable development, Caracas, 13-15 February 1991 (for the report, see UNCTAD VIII/1);
- Informal encounter on international trade and the environment, Oslo, 28 February-1 March 1991 (for the report, see UNCTAD VIII/2);
- Report on the proceedings of the round table on international commodity policies, Moscow, 20-24 May 1991 (for the report, see UNCTAD VIII/3);
- Seminar on the promotion of cooperation between commodity-producing countries, Abidjan, 6-7 June 1991 (for the report, see UNCTAD VIII/4);

1 The provisional agenda, appropriately completed, was subsequently issued as TD/E/INF.181. The agenda appears in annex 1.
Informal encounter on international governance: trade in a globalizing world economy, Jakarta, 19-20 June 1991 (for the report, see UNCTAD VIII/5);

UNCTAD consultation with trade union organizations, Geneva, 8 June 1991 (informal note by the UNCTAD secretariat);

Workshop on UNCTAD in a changing political and economic environment, Santa Fé de Bogotá, 24-26 August 1991 (for the report, see UNCTAD VIII/6);

Informal encounter on conditions of financing enterprise activities in developing countries and fostering their participation in world trade, Berlin, 31 October and 1 November 1991 (for the report, see UNCTAD VIII/7).

The Board discussed the outcome of these meetings in some detail at the first part of its seventeenth special session.5

(xiii) As part of the intergovernmental preparations for the eighth session of the Conference, three regional meetings were held at the ministerial level. The final documents and the dates and venues of these meetings were as follows:

Ministerial Declaration, entitled “Latin America and the Caribbean and UNCTAD VIII”, adopted at the Ministerial Meeting of the Latin American Group of the Group of 77 (Caracas, 26-30 August and 4 September 1991);

“Pyongyang Final Documents” adopted at the Seventh Ministerial Meeting of the Asian Group of the Group of 77 (Pyongyang, 10-12 September 1991);5


(xiv) The results of these three regional meetings were considered at the Seventh Ministerial Meeting of the Group of 77 held at Tehran from 16 to 23 November 1991. The Meeting adopted the Tehran Final Documents, containing the Tehran Declaration and the Substantive Platform of the Group of 77 for International Cooperation (TD/356).8

(xv) In connection with the substantive work of the eighth session, the following contributions from countries or regional groups were issued at the Conference.9

“Trade, development and the new international challenges: towards a programme of action for strengthened multilateral cooperation and sustainable development—Elements of a contribution to

UNCTAD VIII”—Communication received from the Permanent Mission of Italy on behalf of the States members of Group B (TD/355);

“Basic considerations on issues on the agenda of UNCTAD VIII”—Position paper submitted by China (TD/357);

Nordic contribution to the discussion on the revitalization of UNCTAD”—text circulated to the Trade and Development Board at the first part of its seventeenth special session at the request of Denmark, Finland, Norway and Sweden (TD/B(S-XVII)/CRP.1);

“Australia’s approach to institutional issues and the role of UNCTAD”—text circulated to the Trade and Development Board at the first part of its seventeenth special session at the request of the Permanent Representative of Australia (TD/B(S-XVII)/CRP.3).

(xvi) In the course of the eighth session of the Conference, a special meeting on the least developed countries was held on 11 February 1992. This meeting was devoted to the consideration of LDC issues, including (i) review of the progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s (Trade and Development Board resolution 390 (XXXVII) of 22 March 1991; and (ii) implications for the Programme of additions to the list of LDCs (General Assembly resolution 46/206 of 20 December 1991).

(xvii) Pursuant to General Assembly resolution 46/206, in which the Secretary-General of UNCTAD was requested to report to the Conference at its eighth session on the resources and other implications of the application of the new criteria for identifying the LDCs on the implementation of the Programme of Action, a report by the Secretary-General of UNCTAD entitled “The Programme of Action for the Least Developed Countries for the 1990s” (TD/359) was issued at the Conference.

(xviii) Furthermore, a communiqué adopted by the Ministers of least developed countries at their meeting on 10 February 1992 was issued at the Conference in TD/362.

(xix) The representatives of 126 States members of UNCTAD participated in the eighth session of the Conference which was held at the Convention Centre, Cartagena de Indias, from 8 to 25 February 1992.

(xx) In the course of a special inaugural ceremony arranged by the Government of the host country on 8 February 1992, the Conference was addressed by Mr. Boutros Boutros-Ghali, Secretary-General of the United Nations, and by Mr. Cesar Gaviria Trujillo, President of the Republic of Colombia.10

(xxi) In the course of the session, messages and good wishes were received from the Heads of State or Government of China, Cuba, Holy See and Indonesia.11

(xxii) At its 239th (closing) plenary meeting, on 25 February 1992, the Conference adopted a declaration en-

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5 Subsequently, a document entitled “Summary of the informal exchanges of the Trade and Development Board on the outcome of the ‘Encounters’ organized in preparation for UNCTAD VIII” (TD/B(S-XVII)/Misc.3) was prepared by the UNCTAD secretariat.
6 AS/MM/77(VII)/3 and Add.1.
7 AF/MM/77(VII)/1.
8 Reproduced in annex V.
9 For the texts, see annex VI.
10 For the texts of these addresses, see annex III.
11 For the texts of the messages, see annex IV.

(xxiii) Also at the 239th meeting, the Conference adopted a draft text submitted by the President of the Conference entitled "World commodity conference" (TD/L.342).13

(xxiv) At the same meeting, the Conference adopted the document entitled "Message from the eighth session of UNCTAD to the United Nations Conference on Environment and Development" (TD/L.341/Rev.1).14

(xxv) At the same meeting, the Conference adopted by acclamation resolution 171 (VIII) entitled "Expression of gratitude to the Government and people of the Republic of Colombia".15

12 For the texts, see part one, sect. A.
13 For the text, see part one, sect. B.
14 Ibid.
15 For the resolution, see part one, sect. C.
The eighth session of the United Nations Conference on Trade and Development met at Cartagena de Indias, Colombia, in the midst of profound transformation in the world order. Against the background of political and economic changes, the member States and participants agreed on the existence of an unprecedented opportunity to lay the foundations for policies of cooperation aimed at promoting economic and social progress in all countries of the world.

Conscious also of the increasing interdependence of the community of nations, and bearing in mind that without lasting economic progress there can be neither peace nor security, the States members of UNCTAD agreed that development should become the priority item on the agenda of the international community. In order to confront this challenge, they decided to establish a new partnership for development based on the decisions they have taken by consensus at this Conference.

This partnership commits all member States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy. It is recognized that, for the success of this new partnership, it is important to overcome confrontation and to foster a climate of genuine cooperation and solidarity. It is equally important to strengthen national and international policies and multilateral cooperation to adapt to the new realities.

UNCTAD must play a highly significant role in the new partnership for economic development. To that end,
it was agreed to revitalize UNCTAD by reforming its machinery and working methods and by strengthening its capabilities in addressing the economic and development problems of all countries, particularly developing countries. The intergovernmental machinery has been restructured with a view to enabling UNCTAD to address the new realities and better prepare the organization to take up the new challenges that have arisen in the search for equitable and sustainable global development, which will narrow the gap between rich and poor while at the same time protecting the environment. This strengthened UNCTAD stands ready to contribute to the implementation of the action programme, as appropriate, that may be adopted by the United Nations Conference on Environment and Development in Rio de Janeiro.

Furthermore, the need is reaffirmed to give priority to the problems facing the least developed countries due to the fragility of their economies and their particular vulnerability to external shocks and natural calamities. The fight against poverty is also given a predominant place in the new mandate of UNCTAD.

A new spirit has emerged from this Conference—the Spirit of Cartagena—which should inspire the new economic relations between countries. This new partnership for development is a historic event which makes it possible to face the future with greater hope.

The States participating in this Conference declare their political will and responsibility to ensure that the agreed commitments are translated into reality.

**A new partnership for development:**
the Cartagena Commitment

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**Part I**

**CHALLENGES AND POTENTIALS FOR INTERNATIONAL TRADE AND DEVELOPMENT IN THE 1990s**

A. The evolving international political and economic context

1. The international community faces an unprecedented conjunction of challenges and opportunities, responses to which will shape the outcome of efforts to build a healthy, secure and equitable world economy. Prospects have improved for maintaining peace and security, strengthening multilateral cooperation, and progressively improving the human condition. With the ending of the cold war, a marked easing has occurred in international political relations and the scope has widened for the reduction of nuclear and other armaments and of military expenditure throughout the world. The broad tide of economic reform, the democratization processes, and respect for human rights have gathered pace. At the same time, the international political and economic situation remains fluid in many respects. Risks remain for stability, security and development, including those arising from economic, social, humanitarian and ecological problems. These risks and challenges should be addressed urgently by the international community.
2. Several positive conditions have come into being for revitalizing the development process and building a new international partnership to that end. Structural and other changes in the global economy have brought within reach the means of overcoming many of the obstacles to this process. Economic performance in a number of developing countries has shown considerable dynamism. These countries have enjoyed vigorous growth and some of them have made considerable progress in diversifying their economies and strengthening their position as major exporters of manufactures. Yet stagnation and poverty persist in many developing countries owing to difficulties in the selection and implementation of domestic policies, as well as adverse developments in international trade and finance. In many developing countries, particularly the least developed, many of which are in Africa, these problems, accentuated by structural weaknesses, have reached crisis proportions.

3. Persistent poverty, which is particularly acute in many developing countries, is unacceptable. Arresting and reversing economic decline therefore deserve highest priority. This calls for national and international measures to alleviate poverty, with special attention to the most affected countries, in particular developing countries, and to promote social development. Success in reducing and eventually eliminating poverty and providing an adequate distribution of social benefits in developing countries should contribute to the expansion of world trade and to sustainable development.

4. Vigorous efforts have been under way in many of the developing world to adapt and improve the responsiveness of their economies to changing circumstances, to pursue market-oriented reforms, to enhance efficiency in the use of resources, as well as to promote the processes of social development and democratization. Initially, these efforts concentrated on stabilizing the macroeconomic situation through measures to reduce fiscal deficits and to reduce high and accelerating rates of inflation with a view to achieving a rapid improvement in external accounts and laying a basis for sustained economic growth in the medium term. Subsequently, many countries moved on to implement structural or sectoral reforms of varying degrees of ambition, notably in areas of trade policy, investment policy, privatization and, where applicable, deregulation, all with a view to improving efficiency, competitiveness and the climate for productive investment and enterprise. These reforms were often accompanied by steps to improve the transparency of political processes and to encourage wider participation in them, with a view to bolstering confidence in and popular acceptance of economic reforms.

5. These reforms have not been easy: many have involved difficult choices among public-sector spending priorities, as demands for social expenditures have competed with needs for new and rejuvenated physical infrastructures, as well as the need to finance debt service. Often economic assumptions underlying reforms were undermined by interest rate increases or deteriorating terms of trade. But, at the start of the 1990s, it is becoming increasingly evident that a number of countries implementing those reforms are beginning to see the benefits. This is most evident in a number of Latin American countries, but the trend is not limited exclusively to them, and their success should serve as encouragement for others to pursue their own reforms further.

6. In countries of Central and Eastern Europe, dramatic developments, involving the introduction of democratic forms of government in place of existing regimes, were accompanied by far-reaching institutional changes and rapid moves to market-based economic systems, as well as towards closer integration into the world economy. Countries in the region are addressing the challenges of complex economic and institutional reforms in a situation where traditional trade patterns have collapsed. It is also to be recognized that these countries are facing unprecedented challenges in transforming their economies, in some cases in the midst of considerable social and political tensions. Appreciating the magnitude of the problem and the significant efforts being made by these countries, the international community has responded with considerable support.

7. At the same time, the realignments that have occurred in East-West relations have wide-ranging consequences for overall relations between developed and developing countries and raise questions in developing countries about the place of their vital interests, especially of development, in the emerging configuration of political and economic power. The assurances given by OECD countries as to the priority they would continue to attach to development cooperation with developing countries are to be welcomed. Despite these assurances, concern nevertheless persists among some developing countries about the implications for trade, aid, investment and technology flows to the developing countries of the strong support being provided by the OECD countries for the reform processes in Central and Eastern Europe.

8. The success of national and international efforts to strengthen the positive aspect of economic and social change will contribute significantly to international trade and development, as well as to peace and security, and should in the medium and long term contribute to greater dynamism in world trade and open up new trading opportunities for all countries.

9. At the root of many of the recent structural changes in the world economy are technological innovations including advances in micro-electronics, new materials, biotechnology and, prospectively, renewable energy. Knowledge-intensive processes have become increasingly important, as has the service sector in many economies. These technological advances are modifying the distribution of economic activities in the world and generating important consequences for the competitive position of countries in international trade. In particular, they are eroding the traditional comparative advantage of developing countries in several areas, and are adversely affecting the demand for a number of products of export interest to those countries. Nevertheless, these technological innovations provide new opportunities and could, if adapted, where necessary, to local conditions and accompanied by improved access to and adequate diffusion of technology, help to solve many of the present pressing problems of developing countries, including the brain drain, and accelerate diversification and development of
developing economies, leading to a revitalization of the
global economy.

10. Technological change has also helped to speed up the internationalization of several markets and fostered the globalization of investment, production and marketing. For several years, prompted by increasing financial deregulation, the development of electronic trading has facilitated the emergence of a huge global market for funds and financial instruments. This evolution has significant implications for the deployment of international investment and for the behaviour of exchange and interest rates, and hence for the relative competitiveness of economies. More recently, advances in information technologies, as well as in communications and transportation, have intensified the globalization process: corporate decisions on sourcing, production and marketing are increasingly taken within a global frame of reference, and strategic alliances have developed among transnational corporations, relying heavily on worldwide information networks. One result is that a growing share of international trade now takes place within such corporations and related firms. The trend to larger and interlinked firms also poses new challenges for competition policy authorities. In addition to their extensive distribution channels and information networks, these entities have also come to play an important role in affecting the global location of economic activities and access to new technologies.

11. At the same time, much economic dynamism and job creation in both developed and developing countries derive from the activities of small and medium-sized enterprises. Those enterprises are contributing an increasing share of technological innovations and are participating more actively in international trade. Developing countries in particular have everything to gain from small and medium-sized enterprises.

12. In recent years the interactions between trade, investment, technology and services, and their financial underpinning, have grown denser. Key sectors covering trade flows in goods and services and developments in the areas of trade, money, finance, debt and commodities are now more closely integrated. Linkages among economies, as well as between major issues of economic policy, have tightened, and the interactions between the domestic economic policies of Governments, internationally accepted rules and disciplines and the operation of market processes have become stronger and more diversified.

13. Interdependence could realize its full potential as a vehicle for the transmission of positive impulses, cumulating benefits for all in a positive-sum game, if policies were formulated in a mutually reinforcing fashion to favour positive adjustment, growth and development in the world economy. The significance of this potential has recently acquired a new edge from the recognition that worldwide sustainable development requires both national and international action to conserve the earth's resources in a manner conducive to development and to eradicate poverty as one of the major sources of degradation in the developing world. However, interdependence also means constraints on the scope of autonomous policy-making within national economies. Economies, especially those of developing countries, which are making efforts to integrate themselves into the world economy and are open enough to come under considerable influence from policies pursued abroad, but do not have sufficient weight for their own policies to have a significant impact on others, are particularly vulnerable to external shocks. On the other hand, well diversified economies, having greater flexibility to adjust, are in a better position to absorb external shocks.

14. The past few years have also seen a resurgence of interest in integration arrangements centring on common markets, customs unions or free trade areas. Groupings aimed at enhancing economic cooperation among developing countries are being strengthened. These efforts should be generally respected by the international community. Large economic spaces involving major trading partners have emerged, which could foster competitiveness, contribute to trade liberalization and help impart new dynamism to international trade. Through their growth effects, these economic spaces could lead to an expansion of market opportunities for other countries, including developing countries. Thus these arrangements are to be welcomed, keeping in mind that they must respect accepted international rules with regard to their impact on non-participating countries and strengthen the multilateral trading system.

15. Demographic changes, in particular those in the age structure of populations, and poverty-related population pressures have become increasingly critical issues for the sustainability of development. They are creating serious problems of savings mobilization and resource allocation and have increased the pressures on employment creation, education and training, and social services in many developing countries. In addition, international migration has also become a matter of growing concern in the countries involved, inter alia because of the so-called "brain drain". In the long run, the solution must lie in sustainable worldwide development which will reduce the motivation for large-scale international migration.

16. Faced with the present international political and economic environment, States members of UNCTAD, recognizing that economic prosperity and success of reform policies in the developing countries and in the countries undergoing the process of transition to a market economy system are as essential for a peaceful and secure world as the sound and sustained expansion of developed economies, re dedicate themselves to continuing and expanding global assistance and cooperation efforts, according to each one’s economic and financial capacity, over and above the geopolitical divisions of the past.

B. The growing convergence on development issues and priorities, and a new partnership for development

17. As noted in the statement of the Security Council of 31 January 1992 (S/23500), the world now has the best chance of achieving international peace and security since the foundation of the United Nations. States mem-
bers of UNCTAD recognize "that peace and prosperity are indivisible and that lasting peace and stability require
effective international cooperation for the eradication of poverty and the promotion of a better life for all in larger
certainty. UNCTAD members recommit themselves to
addressing urgently the problems of economic and social
development, requiring the collective response of the in-
ternational community.

18. The most important development challenges for
the 1990s are the elimination of poverty and the accel-
eration of economic growth and social development in
the developing countries on a sustainable long-term ba-
sis. Addressing these challenges effectively will provide
a solid foundation for lasting international peace and se-
curity. It calls for effective national policies to achieve
sustained and accelerated non-inflationary growth and
development, firmly supported by international
cooperation aimed at improving the external economic
environment, with each country contributing to this ob-
jective taking into account its capacities and weight in
the world economy. It also calls for a firm and tangible
commitment to multilateralism, involving a strengthened
development dialogue and cooperation for development
among countries, rich and poor, based upon the principle
of sovereign equality and the recognition of mutual
benefits, common interests and shared responsibilities.

19. Over the past few years the imperative of multi-
lateralism has been intensified by, among other develop-
ments, the rise in the level of ecological concern, the ascen-
dancy of new technologies, changing perceptions of
domestic economic management and of international
economic policy, and political and economic transforma-
tions in many countries. Transboundary problems such
as environmental degradation, fast-spreading epidemics,
the consumption and trafficking of illicit drugs, terror-
ism, migratory movements, and the disposal of hazard-
ous waste reinforce this imperative. In addition to the ur-
gent development needs of developing countries, the
need to facilitate the success of the transition of coun-
tries in Central and Eastern Europe to a market-based
system, to integrate them into the world economy, and
thus to generate positive impulses to world trade and de-
development, has also added a new dimension to the re-
quirement of strengthened multilateral cooperation.

20. Member States of the United Nations have reaf-
firmed their commitment to pursuing international
cooperation in response to the challenge of growth and
development. This reaffirmation was reflected in various
texts recently adopted by the General Assembly and the
Trade and Development Board, including the declara-
tions adopted respectively on the occasion of the twenty-
fifth anniversary of UNCTAD and at the eighteenth spe-
cial session of the General Assembly, as well as the In-
ternational Development Strategy for the Fourth United
Nations Development Decade. The Programme of Ac-
cion for the Least Developed Countries for the 1990s
adopted by the Second United Nations Conference on
the Least Developed Countries, and also the United
Nations New Agenda for the Development of Africa in
the 1990s, which was approved by the General Assem-
bly in its resolution 46/151 of 18 December 1991 fol-
lowing its final review of the United Nations Programme
of Action for African Economic Recovery and Develop-
ment 1986-1990, as well as the United Nations system-
wide plan of action for African economic recovery and
development under programme 45 of the medium-term
plan for the period 1992-1997, based on the concept of
strengthened partnership between those countries and the
developed countries, are illustrations of this commit-
ment.

21. In addition, the global policy dialogue has
moved progressively towards more generally shared per-
ceptions of development problems and economic man-
gagement issues which are important ingredients for the
evolution of a broader consensus to underpin interna-
tional economic cooperation for development in the
1990s. Development, for which individual countries re-
tain the primary responsibility, is increasingly seen as a
people-centred and equitable process, the ultimate goal
of which must be the improvement of the human condi-
tions. Views have also converged on the importance, for
development, of democratic systems based on popular
consent and accountability, and on the stimulus that the
observance of human rights can give to creativity, inno-
vation and initiative, making all human rights—civil, po-
itical, economic, social and cultural—not only a moral
imperative but also an important factor for development.

22. Countries also accept that the development
process requires effective supportive frameworks of
broad economic policy, both national and international.
It is increasingly recognized that the use of market sig-
als and the fostering of entrepreneurial initiatives im-
prove efficiency, competitiveness and the contribution of
public and private sectors, while governmental actions
may be necessary to complement the operation of mar-
kets or to correct market deficiencies. Furthermore, it is
generally recognized that, while no single model of do-
mestic economic management can be applied to all
countries, there is no substitute for sustained national
policies directed at liberating and mobilizing latent en-
ergies for development and promoting efficiency in the
allocation and use of resources; it is accepted at the same
time that a facilitating international economic environ-
ment is vital to the success of developmental efforts.

23. Furthermore, a consensus has developed on a
number of priority aspects of development, including the
eradication of poverty and hunger, human resources and
institutional development, improved access to technol-
ology and the strengthening of technological capacities,
the halting and reversing of protectionism, the adoption
of liberal investment regimes and other economic poli-
cies aimed at the mobilization of domestic and external
resources, improved population policies, and the promo-
tion of ecologically sound, sustainable and economically
viable development. In particular, the recent sharp rise in
the level of public concern for the security of the planet's
ecological base has sharpened international awareness
that, in the interest of present and future gener-
ations, natural resources must be wisely managed and
that production and consumption patterns must evolve in
ways consistent with the protection of the environment.
Countries accordingly agree that major efforts by all
countries are necessary to evolve approaches to growth
which would at the same time substantially alleviate
poverty and promote ecologically sound and sustainable
development.
24. The relaxation of international tensions, including the easing of global strains, provides an incentive as well as opportunities for all countries to reduce military expenditure, as much as is compatible with legitimate security needs, and to divert resources from expenditure on armaments towards socially productive uses and generation of additional development finance. National initiatives in this regard could produce cumulative effects by encouraging other countries to follow suit. The conversion of military capacities and technologies to civilian uses would also provide opportunities to adjust production structures to development priority needs and facilitate new trade, technological and financial flows.

25. Growing global challenges require countries at all stages of development to promote a new partnership for development based on the recognition of sovereign equality, mutual interests and shared responsibilities. While developing countries reaffirm their primary responsibility for their own economic and social development in accordance with their national plans and priorities, as well as political and cultural diversities, developed countries and others in a position to do so will give adequate support to their efforts. Developing countries equally recognize the importance of domestic policies as a foundation for economic success and in that context reaffirm their determination to persevere with efforts they have been making to carry out structural adjustments and economic reforms, often at considerable social and political cost. Early completion of the transformation of the economies of the countries of Central and Eastern Europe into market-based ones would strengthen the emerging new partnership for development.

26. The ultimate goal of UNCTAD members is to achieve steady rates of sustained growth in all countries and accelerate the development of developing countries, so that all peoples can enjoy economic and social wellbeing. The way to bring this about is through concerted efforts for development. By working together through the new international partnership, the global community should aim to erase the scourge of poverty and deprivation, provide international support for national reform programmes, encourage efficient use of precious global resources, and address economic and social problems through coherent and mutually reinforcing policies. Members pledge themselves to strengthen UNCTAD as a forum where all nations participate fully and equally, and with mutual respect, and join actively in cooperative work to build a peaceful, equitable and prosperous world.

Part II

BROAD POLICY ORIENTATIONS

A. Good management at the national and international levels

27. There is a growing recognition of the importance of the market and the private sector for the efficient functioning of economies at all stages of development. The need to combine the two elements is widely acknowledged: realizing the great potential of the private sector for improvements in economic performance requires concomitant policies to increase market competition. At the same time, the effective functioning of markets must go hand-in-hand with conducive government policies together with the provision of personal freedom and security as the basis for widespread participation of the population in economic and political processes. Good management, which fosters the association of effective, efficient, honest, equitable and accountable public administration with individual rights and opportunities, is an essential element for sustainable, broad-based development and sound economic performance at all development levels. In this context, private as well as public enterprises should also be subject to similar standards of accountability. All countries should increase their efforts to eradicate mismanagement of public and private affairs, including corruption, taking into account the factors responsible for, and agents involved in, this phenomenon. Impartial operation of the courts of law, supported by an independent judiciary, is essential in this regard, as it is also for resolving disputes and settling conflicts.

28. Good management has several dimensions. It encompasses governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity. It entails the provision of the necessary physical and social infrastructure, the pursuit of sound macroeconomic policies, the creation of a conducive policy environment, and the development of human resources required to support economic activity and policies that respect efficiency in the use and allocation of resources. It requires clear legal and regulatory frameworks, as well as transparent processes for rule-setting and decision-making, and efficient institutions for the sound management of resources. Government policies should furthermore stimulate the development of entrepreneurship and growth in productivity, help to expand employment opportunities, and promote or undertake, as
necessary, functions which cannot be adequately initiated or performed by the private sector.

29. The decentralization of economic activity calls for strengthened systems of dispute settlement and conflict resolution. Governmental action may also be essential to complement the operation of markets or to correct market deficiencies. Economic and regulatory instruments are necessary in the interest of sustainable development when markets left to themselves are unable to deal with the phenomenon of externalities and public goods or better to integrate environmental costs into economic activities. In the interest of social and political cohesion, government policies would need to address questions of income distribution, to provide for economic and social safety nets and to assist disadvantaged groups in gaining access to market opportunities. Public intervention, on a selective basis, could also be required to foster competition, including where concentrations of market power create excessive rents, to ensure some initial protection for infant industry or to promote employment.

30. The desirable extent and nature of direct government involvement in economic activity, as well as the balance between the public and private enterprise sectors, depend on the specificities of country situations. Beyond far-reaching reform of the public enterprise sector, privatization and the liberalization of entry into activities previously restricted to public enterprises are important options being pursued in many countries. Key considerations must include relative efficiency, working with and through the market, and increased competition.

31. Developing countries need to persist with or step up their efforts, in accordance with their national plans and priorities, to modernize their economies, make more effective use of their resources, keep control over inflationary tendencies, promote domestic savings, achieve favourable conditions for productive domestic and foreign investment and increase their international competitiveness in order to improve the standards of living of their peoples. They could also benefit from the sharing of experiences regarding their structural adjustment policies. The benefits of these reform efforts will be more immediate in a dynamic global economy with sound international economic relations. Likewise, development will be enhanced through continued efforts towards the reduction of heavy external debt burdens, adequate development finance, lowering of trade barriers and improved terms of trade.

32. Developed countries need to persist with or step up their efforts to undertake appropriate national macroeconomic and structural policies aimed at promoting non-inflationary growth and structural adjustment, and at avoiding undesired exchange rate fluctuations and financial market disturbances. Given their weight in the international economic system, they also have a special responsibility, among other crucial requirements, to narrow their major external imbalances in a sustainable manner, to reduce their public deficits, to increase the adjustment capacity of their economies, and to accord improved market access to developing country exports, especially in the context of the Uruguay Round. In general, they should intensify their efforts to invigorate world economic growth and to bring about a stable and predictable international economic environment for accelerated and sustainable development.

33. The international aspects of good management are also essential. World economic stability and growth depend on a higher and sustained level of international cooperation to address issues arising from the interdependence of economies and key areas of economic policy. This endeavour requires, among other things, that the national policies of countries having great weight in the world economy be effectively coordinated. Such coordination is needed to avoid inconsistencies among these policies and to ensure that they advance global as well as national objectives and result in positive outcomes for the international economic environment while fully taking into account the interests of other countries. Enhancing the effectiveness of multilateral surveillance aimed at correcting existing external and fiscal imbalances, promoting non-inflationary sustainable growth, lowering real rates of interest, and making exchange rates more stable and markets more accessible, now commands general support. International good management requires full respect by all countries for agreed multilateral rules.

34. Stronger international cooperation is also needed to improve the systems, structures and arrangements that have thus far underpinned international economic relations, particularly as regards trade, money and finance. The necessary processes of change in the international economic framework must aim at providing firmer support for the development process, a more conducive setting for the vigorous policy reforms being carried forward in most developing countries and in the countries undergoing the process of transition to a market economy system and an improved environment for developed countries to achieve better macroeconomic management and structural adjustment. Good management at the international level calls for greater transparency and effective participation in these processes by all countries.

35. Good management at the international level also requires that the international trading system become increasingly open, transparent, secure and non-discriminatory, halting and reversing protectionism and facilitating in a timely way the integration of all countries into the world economy. The Uruguay Round must contribute to the strengthening of the international trading system, which should take into account the specific interests of developing countries. In the area of commodities, the need is for a viable and more efficient commodity policy for the 1990s, notably through stronger international cooperation, including international consultation and arrangements taking into account market trends, and exchange of information between producers and consumers, which would promote a better and transparent functioning of commodity markets and a greater contribution by the commodity sector to the development process.

36. Ongoing efforts should be continued and urgently implemented in the appropriate forums by all actors concerned to arrive at an effective and durable solution to the remaining debt problems in developing
countries. Continued attention should be paid to the im-
portance of financial flows to the developing countries.

37. In addition, existing facilities for helping devel-
oping countries to cope with balance-of-payments diffi-
culties should be fully utilized and, when appropriate,
widened. The members of the International Monetary
Fund are encouraged to continue considering the ques-
tion of further allocations of special drawing rights
(SDRs). There is a need for stable and predictable ex-
change and interest rates, which would be consistent
with high rates of non-inflationary growth and invest-
ment in the world economy. Governments in a position
to do so and competent international organizations are
invited to study and make recommendations on ways
and means of encouraging foreign direct investment in
developing countries, taking into account the more fa-
vourable approach to such investment apparent in most
developing countries.

B. Sustainable development

38. Sustainable development aims at achieving both
efficient economic performance and ecological sustain-
ability, as well as social equity, at all levels of develop-
ment. It thus offers a comprehensive framework for ad-
dressing the root causes of environmental degradation. It
encompasses such key issues as patterns of economic ac-
tivity, modes of consumption, the persistence of poverty,
the quality of development and the necessary adaptation
of domestic and international economic management. In
endorsing this concept, the international community has
recognized that a major challenge for the decades ahead
is to meet the needs of the present generation, in particu-
lar those of the world’s poor, while at the same time
safeguarding the capacity of future generations to meet
their own needs.

39. Sustainable development places environmental
concerns firmly within the context of growth. Conflicts
between certain patterns of economic activity and envi-
ronmental goals can arise in relation to the global envi-
ronment, as in the case of ozone depletion and the emis-
sion of greenhouse gases, in relation to regional envi-
ronments, as in the case of desertification and trans-
boundary and marine pollution, or in relation to local en-
vironments, as with urban pollution and soil degradation.
Sustainable development therefore implies changes in
the economies of all countries, as well as enhanced inter-
national economic cooperation, so as to make economic
growth and environmental protection mutually support-
ine.

40. The Conference recognizes that all countries
have a common but differentiated responsibility for the
main environmental problems. Consequently they should
be committed to adopting national environmental strat-
egies in order to set priorities, to review policies and to
monitor progress towards sustainable development.
Industrialized countries currently emit the largest quan-
tity of pollutants into the global environment and are the
major users of natural resources. At the same time they
are best placed to contribute to solutions to environ-
mental problems by implementing relevant policy meas-
ures and mobilizing the necessary financial and techno-
logical means. Such efforts should promote an evolution
in their production and consumption patterns which
would help substantially to maintain the carrying capac-
ity of the global ecology. In their search for sustainable
development, developing countries are concerned with
local environmental problems, including soil erosion, de-
sertification and rapid urbanization. Urgent specific mea-
ures have to be taken in this respect, accompanied
by a mix of comprehensive policies addressing the com-
plex interrelationship among widespread poverty, popu-
lation pressures and the environmentally damaging use
of natural resources. These countries are, however, also
vulnerable to global environmental problems. Their con-
tribution to the solution of these problems is essential.
The additional burden involved should be underpinned
by appropriate additional international support.

41. International cooperation is thus essential, not
only for the adoption of a concerted global strategy on
the environment but also to assist developing countries
in implementing plans aimed at sustainable develop-
ment. Such cooperation should proceed along two main
lines: first, aiming at coherence between the various en-
vironmental measures and policies implemented by indi-
vidual countries and, whenever possible, placing them in
the framework of broad international or, where appropi-
ate, regional agreements; second, seeking to prevent det-
rimental effects of national, regional or international en-
vironmental measures on economic growth and de-
velopment and, through increasingly open trade, ap-
propriate additional financial resources and technologi-
cal cooperation to support the efforts of developing
countries to achieve internationally agreed objectives
and to resolve their specific environmental problems.

42. The Conference reaffirms the need for the
UNCTAD intergovernmental machinery and secretariat
to continue to integrate the concept of sustainable de-
velopment and its environmental dimension into their re-
pective programmes of work. The orientations outlined
in part IV below, relating to the environment and sus-
tainable development, should be guided by the following
objectives, taking into account the work in other forums:
(i) to contribute within its mandate to innovative think-
ning on the establishment of a framework for coexistence
between environmental measures and international trade
rules, and thus aiming at preventing the use of environ-
mental measures for protectionist purposes; (ii) to con-
tribute to the exploration of all possibilities of providing
developing countries with additional resources for envi-
ronmental protection and development, notably through
the improvement of existing financial mechanisms such
as the Global Environment Facility (GEF); (iii) to ex-
plore and promote policies aimed at generating, adapting
and disseminating environmentally sound technologies;
and (iv) to foster the sound management of natural re-
sources, taking into account the special conditions and
development requirements of developing countries,
through enhanced international cooperation, and to com-
plement and support their national policies and efforts.

43. The Conference agrees that UNCTAD technical
cooperation be provided to developing countries for the
design and implementation of national policies in the
fields presented above, including the preparation of national sustainable action plans, and in their preparations for ongoing or future international environmental deliberations, including those concerning flows of finance and technology, the management of natural resources related to exports, and issues having implications for international competition and trade. For that purpose, UNCTAD should assess and monitor the impact of the results of these deliberations on the growth and development prospects of developing countries.

44. The Conference stresses the importance of the forthcoming United Nations Conference on Environment and Development and affirms the readiness of UNCTAD to participate, within its mandate, in the follow-up process of that Conference.

Part III

UNCTAD IN A CHANGING POLITICAL AND ECONOMIC ENVIRONMENT: INSTITUTIONAL MATTERS

A. Introduction: the need for institutional adaptation

45. The profound changes that the world has witnessed in the last few years and the ensuing new international context have resulted in an increased interest in, and a renewal of the relevance of, the United Nations. There has emerged a new sense of partnership for development among Member States, to which UNCTAD has made a major contribution, based on recognition of sovereign equality, common interests and shared responsibilities and on the growing convergence of policy perspectives among Member States on both appropriate domestic policies for development and the need for international policies to provide a favourable international economic environment. This evolution offers a special opportunity for strengthened international cooperation for development, but it also poses a great challenge to the United Nations system: that of adapting structures and operations to the new realities and of enhancing responsiveness to the diversified interests of all Member States.

46. UNCTAD, as the principal organ of the General Assembly in the field of trade and development, has a crucial role to play in this regard. It provides the most appropriate focal point, within the United Nations proper, for the integrated treatment of development and interrelated issues in key areas, including trade, finance, investment, services and technology, in the interests of all countries, particularly those of developing countries.

47. Institutional adaptation and revitalization are urgently needed to enable UNCTAD to seize the new opportunities to foster international cooperation for development. UNCTAD should promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of Member States, particularly those of developing countries. It should also provide a forum for the exchange of experiences among Member States so as to enable them to draw appropriate lessons for the formulation and implementation of policies at the national and international levels and for international economic cooperation.

48. This process of institutional development should contribute to the exercise recently launched by the General Assembly for the restructuring of the economic and social sectors of the United Nations. Account must also be taken of developments concerning the institutional follow-up of the outcome of the Uruguay Round, and of the recent initiative taken by the General Assembly, (in resolution 46/207 of 20 December 1991) on the strengthening of institutional arrangements in the area of multilateral trade.

B. The functions of UNCTAD

49. The mandate of UNCTAD in the field of international trade and related problems of economic development, as laid down in General Assembly resolution 1995 (XIX) of 30 December 1964 and other relevant texts, is sufficiently broad and flexible to allow for the necessary adaptation of the work of UNCTAD as regards both substantive content and working methods.

50. In line with this mandate, the functions of UNCTAD comprise policy analysis; intergovernmental deliberation, consensus building and negotiation; monitoring, implementation and follow-up; and technical cooperation. These functions are interrelated and call for constant cross-fertilization between the relevant activities.

51. Substantive work within UNCTAD should consist of a dynamic and progressive sequence involving the initial identification of a relevant set of issues; the carrying out of high-quality analytical work, which should benefit from invited inputs from both governmental and non-governmental experts and actors; and the conduct of intergovernmental consultations, dialogue and interaction aimed at the identification of areas of convergence and, when appropriate, negotiations, as described in paragraph 57 below.

52. Careful, rigorous analysis should lie at the foundation of UNCTAD activities. The analytical work of the secretariat should form the basis for the consideration of issues by intergovernmental bodies within UNCTAD. The function of policy analysis should involve conceptual innovation as well as research. While careful selectivity should be exercised in the light of current resource and expertise constraints, particular attention should be paid to bringing fresh thinking to bear on long-standing problems, and to the identification and treatment of key...
emerging issues of trade and development, including an early warning perspective, in a rapidly changing world.

53. Analysis should also include a systematic study of national and international policies which affect development and should take account of policies pursued or agreed upon in other institutions, so as to assess their implications for developing countries. The analytical function should cover the examination of the determinants of success in economic development, facilitate the sharing of experiences in a constructive fashion and ultimately provide the basis for the formulation of strategies comprising the national and international policy measures required for promoting worldwide growth and development.

54. To facilitate concrete and innovative discussion, the Secretariat should draw attention to issues requiring closer consideration and provide concise, independent, even if controversial, analyses. Due account should be taken of the diversity of country situations and experiences. With this in mind, analyses should be more disaggregated, to the extent appropriate.

55. Consensus building is a most important function of UNCTAD, flowing from the identification of issues and the analytical work carried out by the Secretariat to clarify the main aspects of such issues and shared perceptions. Sharing experiences, concerns and views forms an integral part of this process of defining common interests and promoting convergence.

56. The results of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions.

57. Negotiations are an intergovernmental interaction leading to implementable commitments. They are the culmination, although not automatic, of a sequential process described in paragraph 51 above. They comprise intergovernmental deliberations and interactions leading to conclusions or outcomes in the form, as appropriate, of: agreed statements, conclusions and recommendations comprising broad policy guidelines on economic policy issues for the international community; agreed recommendations for member States; decisions; resolutions to be implemented by the organization and member States; or binding international agreements. Consideration should also be given to the negotiation of specific agreements with well-defined objectives which should be open to all interested parties and be transparent.

58. The process of negotiation should be initiated in a selective manner, paying due regard to the nature and maturity of the issues involved and keeping in mind the need for a broad convergence of views as a prelude to meaningful negotiations. Negotiations should be launched on the basis of a large degree of common understanding on the desirability of an outcome and its form.

59. On issues where other institutions are vested with the necessary powers of decision- or rule-making, UNCTAD should aim at providing constructive approaches, as well as viewpoints, and at generating political impulses on matters within its purview, to be considered by these institutions in accordance with their decision-making powers.

60. Effective implementation, monitoring and follow-up are essential for fulfilling the mandate of UNCTAD, and the necessary arrangements should be made by the Trade and Development Board in order to ensure that the outcomes of the processes described above are translated into concrete action.

61. Technical cooperation should be strengthened, expanded with the resources available and integrated into all relevant areas of UNCTAD work, taking into account the need for effective interaction among the main functions of UNCTAD and the need for continued effective coordination with other technical cooperation agencies of the United Nations system. It is a component of a comprehensive development approach to support domestic efforts in the UNCTAD fields of competence and to strengthen the capacity of countries to manage their own development process, as well as to be both full participants in, and beneficiaries of, international deliberations in these areas.

62. A strengthened and expanded technical cooperation programme will require political support and increased extrabudgetary financial contributions. The Conference welcomes the growth of financial contributions during the past few years. It further invites member States to contribute or, as the case may be, to increase their contributions to UNCTAD technical cooperation, particularly for the purposes outlined in this document. The policy review of the UNCTAD technical cooperation activities referred to in paragraph 68 below should assess the results and as necessary ensure continued support for these activities. Developing countries, in the context of their national priorities, should arrange for adequate provision to be made for technical cooperation as regards trade and development in the context of UNDP country and intercountry programmes and in programmes financed by bilateral and other multilateral donors. Interested countries are invited to make use of the services of UNCTAD and of ITC in this respect, including for the assessment of technical cooperation needs. UNCTAD and ITC should continue their efforts to achieve complementarity in their technical cooperation activities.

C. Adapting, reorienting and consolidating the substantive work of UNCTAD

63. UNCTAD should, in the light of its mandate, continue to address long-standing trade and development problems, as well as new and emerging issues in this field. The Conference agrees that the following areas should serve as orientations for developing both fresh approaches to long-standing issues and insights for pursuing relevant new lines of work.
A NEW INTERNATIONAL PARTNERSHIP FOR DEVELOPMENT

(1) The translation into operational terms of this concept requires mutually supportive efforts at the national and international levels. It is crucial to ensure the enhanced participation in the world economy of developing countries, as well as countries undergoing the process of transition to a market economy system, through: the betterment of their trade conditions, including trade efficiency, access to markets and structural adjustment; effective policies in the field of commodities; further evolution of the international debt strategy; rapid and balanced expansion of the service sectors in developing economies; exploiting the interrelationship between technology and investment; and strong policies for human resources development.

(2) Intensified international cooperation for development involves fresh approaches to traditional areas, including development finance, concerted efforts to fight poverty, special measures to promote developing country exports, the Programme of Action for the Least Developed Countries for the 1990s, the United Nations New Agenda for the Development of Africa in the 1990s, as well as the United Nations system-wide plan of action for African economic recovery and development under programme 45 of the medium-term plan for the period 1992-1997, and economic cooperation among developing countries.

GLOBAL INTERDEPENDENCE

(3) A dialogue and evaluation of trends and issues in the world economy in order to strengthen global interdependence and to reduce imbalances in the global economy for the benefit of all countries, especially developing countries. Work will focus on: international implications of macroeconomic policies and issues related to their coordination; evolution of the international trading, monetary and financial systems; good management at the international level; and evolution and consequences of the emerging enlarged economic spaces and regional integration processes.

PATHS TO DEVELOPMENT

(4) Sharing and discussion of national development experiences and policies, paying due regard to different national circumstances and to relevant aspects of the international economic environment. Work will focus on distilling lessons and policy advice from the experiences of all countries, including domestic reform and development policies, in promoting the sustained growth and development of their economies. Experiences should be exchanged on national policies in areas of economic management and the respective roles of the public and private sectors; fostering entrepreneurship; mobilizing financial and human resources; promoting flexible and competitive markets and developing export markets, and supplementing market outcomes to ensure respect for social values. Attention should be paid to the interrelationship between economic progress, market orientation, good management and increased popular participation. The economic aspects of conversion of military capacities to civilian uses should also be addressed.

(5) Work in areas requiring international cooperation to ensure that growth and development, poverty alleviation, rural development and protection of the environment are mutually reinforcing, such as: interaction between trade issues and environmental policies; measures to promote ecologically sound development; generation and dissemination of environmentally sound technologies; impact of patterns of production and consumption on sustainable development, and follow-up, as appropriate, of the conclusions and recommendations of the United Nations Conference on Environment and Development.16

D. Strengthening the intergovernmental machinery of UNCTAD and improving its methods of work

64. The intergovernmental machinery and methods of work of UNCTAD need to be revised to ensure that all facets of its work programme are fully integrated and reviewed periodically, with the objective of: (i) providing an enriched substantive and technical basis for policy discussion, negotiation and decisions; (ii) increasing the effectiveness of UNCTAD in addressing national and international development issues; (iii) stimulating greater participation of officials responsible for policy formulation at the national level in the work of the organization. The Conference accordingly agrees on the following.

65. The intergovernmental structure of UNCTAD shall consist of the Trade and Development Board, standing and special committees, and ad hoc working groups.

1. THE TRADE AND DEVELOPMENT BOARD AND ITS SUBSIDIARY BODIES

(a) The Trade and Development Board

66. The Board will address, at one part of its annual sessions, a topic relating to the international implications of macroeconomic policies and issues concerning interdependence, using the Trade and Development Report as background; at the other part, it will consider a topic relating to trade policies, structural adjustment and economic reform. These topics should be defined sufficiently in advance of their consideration by the Board. Additional topics drawn from other key areas indicated in paragraph 63 above should also be addressed at each of the two parts of the annual sessions so as to cover all the key areas during the period between Conferences and to respond fully to requests made by the General Assembly for the consideration of particular issues, including, notably, the UNCTAD contribution to the United Nations New Agenda for the Development of Africa in the 1990s. The Board will also undertake, during the spring segment of its annual sessions, the review of pro-

16 At its first meeting after the United Nations Conference on Environment and Development, the Trade and Development Board will discuss the impact of its results on the work of UNCTAD, and will take the necessary action to ensure the discussion and adoption of the required measures within the intergovernmental machinery of UNCTAD.
gress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, using the annual report, The Least Developed Countries, as background.

67. The policy function of the Board should be strengthened. The Board should be more active in adapting the organization's work to changing worldwide economic circumstances, reviewing work programmes and priorities, promoting greater efficiency and reacting to reports from its subsidiary bodies in order to give impetus to ongoing work. In order to facilitate this task, the Board will meet, in short executive one-day or half-day sessions at the level of permanent representatives, immediately before its regular sessions, and periodically in-between.

68. The Board will conduct, midway between Conferences, review and evaluation of the work programme of the intergovernmental machinery, including its own; of technical assistance programmes; and, bearing in mind the calendar established in this regard, of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference.

69. In order to facilitate the full participation of representatives of the least developed countries in its consideration of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, the Board should establish in advance the specific organizational arrangements and dates for such work.

(b) The Committees of the Board

70. With the exception of the Special Committee on Preferences and the Intergovernmental Group of Experts on Restrictive Business Practices, whose terms of reference remain unchanged, the Conference agrees that the existing Committees of the Board should be suspended and standing committees on the following topics be established:

Commodities;
Poverty alleviation;
Economic cooperation among developing countries;
Developing service sectors: fostering competitive service sectors in developing countries.

71. The standing committees should be geared to assist the Board in the effective discharge of its functions. The work and agendas of the standing committees should be organized in such a way as to attract the attendance of senior policy officials in the respective sectors.

72. The present terms of reference of the Committee on Shipping and of the Committee on Invisibles and Financing related to Trade (Insurance) should be included in that of the standing committee on fostering competitive service sectors in developing countries.

73. The terms of reference of the committees referred to in paragraph 70 above should be urgently established by the Board, which should complete this task by the end of the first part of its thirty-ninth session.

74. In addition to the redeployment of the work programmes of the subsidiary bodies referred to in paragraph 72 above, aspects of the work programmes of the following Committees relevant to the programme of work adopted by the Conference will be assumed, as appropriate, by the Board, the standing committees or the ad hoc working groups referred to above:

Committee on Invisibles and Financing related to Trade (Finance);
Committee on Manufactures;
Committee on Transfer of Technology.

75. The Committees will meet as often as determined by the Board, and their meetings will be of five days' duration or less.

76. Immediately prior to the ninth session of the Conference, the Board will review the functioning of its Committees with a view to making recommendations concerning them to the Conference.

(c) Ad hoc working groups

77. It is recognized that issues emerging on the international scene which have a bearing on trade and development and new or emerging aspects of long-standing problems in that field require, because of their complexity, detailed analysis, examination and reflection. Provided such subjects are precisely defined, the necessary in-depth exploration and the identification of possible areas of convergence may be entrusted to working groups established in an ad hoc manner by the Board. Ad hoc working groups will be established for a period of up to two years, which may be extended if the Board so decides. In order to enable national experiences as well as empirical evidence to be brought to bear on the issues, the core membership of these working groups will comprise all interested countries, which will nominate the relevant national experts. Other countries may participate in the capacity of observer. Provision will also be made for the participation of outside experts in an advisory capacity, as provided for in paragraph 84 below.

78. These ad hoc working groups should report directly, or through the relevant committee, to the Trade and Development Board. In the light of the report, the Board should decide what, if any, further action is needed.

79. The Conference requests the Board, as an initial step, to establish, for necessary action by the Secretary-General of UNCTAD, ad hoc working groups to deal respectively with:

I. Investment and financial flows; non-debt-creating finance for development; new mechanisms for increasing investment and financial flows;
II. Trade efficiency;
III. Comparative experiences with privatization;
IV. Expansion of trading opportunities for developing countries;

V. Interrelationship between investment and technology transfers.

80. The Conference welcomes the intention of the Secretary-General to make the necessary adjustments to meet the requirements of the new work programme and proposals on these matters for the consideration of Secretary-General of UNCTAD should be granted a meeting with the Board, as well as in setting the agenda of sessions of the Board and its subsidiary bodies. To this end, the Secretary-General of UNCTAD should be granted a greater measure of discretion in the preparation of proposals on these matters for the consideration of Governments, including through the informal consultative mechanism referred to in paragraph 83 below.

81. Greater flexibility is necessary in the sequencing and duration of meetings of the subsidiary bodies of the Board, as well as in setting the agenda of sessions of the Board and its subsidiary bodies. To this end, the Secretary-General of UNCTAD should be granted a greater measure of discretion in the preparation of proposals on these matters for the consideration of Governments, including through the informal consultative mechanism referred to in paragraph 83 below.

82. Greater flexibility should also be sought in the manner in which intergovernmental consultations and negotiations take place. While Governments remain free to join with others to pursue common objectives or to formulate joint positions, complementary mechanisms, such as ad hoc issue-oriented groupings, better arrangements to facilitate cross-group communications, and greater recourse to consultations arranged by the Secretary-General of UNCTAD involving interested Governments, should be fostered and utilized.

83. In order to enhance the effectiveness of the existing system of consultations with representatives of member States between sessions of the Trade and Development Board and to promote greater efficiency in the intergovernmental processes, the informal consultative mechanism established by the Board in 1976 (XXII) of 20 March 1981 (also known as the monthly consultations of the Secretary-General) should be strengthened for the purpose of preparing and following up the work of the Board. The preparatory process for the work of the informal consultative mechanism should take the form of exchanges of views by the Secretary-General with the representatives of States members of the Bureau of the Board. Such prior exchanges of views should be held as often as may be necessary, so as to enable the Secretary-General to submit recommendations for approval by the informal consultative mechanism.

84. Non-governmental actors, such as enterprises, trade unions, the academic community and non-governmental organizations, as well as other international bodies, could, depending on the issue, be invited to participate in an advisory capacity both at public meetings of the Board and its standing and special committees and in the ad hoc working groups described in paragraph 77 above. More generally, closer cooperation, through regular contacts of various kinds, should be developed with such external actors, especially non-governmental organizations and the enterprise sector.

85. With a view to enhancing its substantive work and technical cooperation, including the optimal design and execution of projects, consultation and cooperation between UNCTAD and development and financial institutions, as well as with non-governmental organizations, should be intensified. Similarly, the Secretary-General of UNCTAD should set up flexible and informal mechanisms involving the participation of non-governmental actors, particularly the enterprise sector, so as to avail himself of their advice on specific issues under current examination.

86. To enable the secretariat to meet the highest professional standards and to enhance its responsiveness to changing requirements, the Secretary-General of the United Nations is invited to give consideration to granting UNCTAD greater operational flexibility in budgetary, financial and administrative matters, within existing resources, consistent with his overall responsibility as chief administrative officer of the United Nations.

87. The Trade and Development Board, at its first session following the eighth session of the Conference, is called upon to take the necessary follow-up measures to ensure the speedy implementation of the above agreed institutional reforms.

Part IV

POLICIES AND MEASURES

88. Issues and policies in the areas of finance, trade, commodities, technology and services interlink in a variety of ways. Some of these interlinkages are longstanding; others, such as the interplay between trade, investment, technology and services, have only recently become prominent.

89. Policies and measures—at the national and international levels in the interrelated fields of resources for development, international trade, technology, services and commodities—to accelerate the development process are outlined below. The full significance of these policies should be assessed in an integrated and comprehensive manner, in the light of the new spirit of partnership in development, calling for reinvigoration of the development dialogue. The Conference agrees that Governments should provide for specific operational mechanisms to ensure the effective implementation of decisions taken.
A. Resources for development

1. Assessment

90. While some developing countries have managed to achieve rapid economic growth and a satisfactory external financial position in recent years, many others have continued to experience acute difficulties with regard to the mobilization of resources for development. The difficulties of the latter have in many cases contributed to serious backsliding in development efforts in areas such as food security, poverty reduction, human resources development, infrastructural investment and environmental conservation. The primary source of financing for development has been, and will remain, developing countries' own savings. A substantial increase in savings is probably not feasible in most developing countries in the absence of faster growth. But there is still considerable scope for improving the allocation and utilization of savings and for reversing capital flight. Increased amounts of external financing will also be needed to supplement developing countries' domestic savings on conditions which take proper account of the specificity of the economic needs and situations of developing countries. Private lending is unlikely to revive substantially for most countries in the near future, and total resource flows in real terms have in recent years remained well below the levels of the early 1980s. Special importance thus attaches to the mobilization of external finance in forms such as official flows and foreign direct investment and continuing to work towards solutions to the debt problems which still remain despite recent improvements in the international debt strategy. An important part of the additional financial effort required in the 1990s will be the mobilization of international finance for the protection of the environment. This mobilization will build on such initial steps as the agreements on the Interim Multilateral Fund to assist countries signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer and on the Global Environment Facility to provide grants or concessional loans to developing countries to support environmental measures in specific areas.

2. Measures and action

(a) National policies

91. The Conference agrees that all countries should deploy sustained efforts to mobilize domestic savings for investment, growth and development. It emphasizes that a major part of such efforts should be the achievement of macroeconomic stability and predictability, which in turn requires increased monetary control and greater financial discipline. It notes, however, that monetary policy should not be overburdened, and that use of a wider gamut of policy instruments is needed.

92. Financial liberalization should be accompanied by appropriate institutional reform and by those domestic supervisory and prudential arrangements required for a sound national banking system operating in the context of a liberal and secure international financial system. It should be introduced in a context of macroeconomic stability, and proceed in a manner compatible with the competitiveness and institutional development of capital markets. Liberalization in these circumstances can help to maximize the contribution of the financial sector to economic development.

93. The Conference agrees that an economically and institutionally efficient public sector would contribute to fostering growth and development. In many countries, public sector reform is essential for the improved mobilization and use of savings. Fiscal reform should be introduced with the aims of rationalizing and simplifying the taxation system, with due account being taken of the revenue, equity and incentive aspects of the taxation system, protecting government revenues from erosion by inflation and strengthening tax administration.

94. The Conference reiterates the importance of giving high priority to the development of human resources, especially with regard to women, particularly to improve the status of rural women, and the provision of basic public goods, including investment in infrastructure, as well as social services, such as health and education. Structural adjustment programmes and international cooperation programmes should take full account of these priorities.

95. The Conference notes the growing recognition that reform of State economic enterprises would contribute to an increase in savings and investment in developing countries. Privatization is an option and, accompanied by an effective regulatory framework to foster competition and efficiency and prevent the emergence of private monopolies, it could play an important role. The Conference notes that many member countries have adopted privatization programmes, and it encourages officials responsible for these programmes to share their experience and expertise.

96. The considerable efforts made by developing countries to improve their policy and regulatory environment so as to attract foreign direct investment, the return of flight capital, and other non-debt-creating financial flows should be further strengthened. A favourable environment for foreign direct investment also requires appropriate policies to sustain economic development and to encourage the expansion of internal market opportunities and export activities.

97. The Conference also reiterates the need for developed countries to implement necessary adjustment measures with a view to bringing about a more favourable international economic environment which would help stimulate economic growth in developing countries. Developed countries should take steps to reduce external and fiscal imbalances. They should also adopt appropriate mixes of fiscal and monetary policies conducive to a decline in interest rates consistent with price stability and an increased stability of exchange rates, effectively coordinating these policies as required.

98. All countries should consider the possibilities that exist in their specific and individual situation for the reduction of military expenditure and for channelling the savings towards socially productive uses. The Conference welcomes reductions already under way or planned by developed countries and urges them to continue these efforts, in view of the importance which a decrease in military expenditure can have for the reduction of exter-
nal and fiscal imbalances and for the increased availability of development finance. The Conference urges developing countries to reduce military spending to the extent that it is excessive in their specific and individual situation, recognizing the positive effects that such a reduction can have on budgetary policies aimed at the acceleration of their growth and development.

99. The intergovernmental machinery of UNCTAD, with the appropriate support from the secretariat, should explore the issue of structural adjustment for the transition to disarmament and the implications for world economic growth and development.

(b) International policies

(i) Debt

100. All countries reaffirm their commitment to the evolving international debt strategy aimed at restoring debtor countries' external financial viability and the resumption of their growth and development. The international community should continue to provide support, including, on a case-by-case basis, further debt relief, for countries implementing sound economic reform programmes.

101. The Conference recognizes, in regard to the external debt incurred with commercial banks, the progress being made under the strengthened debt strategy and encourages more rapid implementation of this strategy. Some countries have already benefited from the combination of sound adjustment policies and commercial bank debt reduction or equivalent measures. The Conference wishes to encourage:

(a) Other countries with heavy debts to banks to negotiate similar commercial bank debt reduction with their creditors;

(b) The parties to such a negotiation to take due account of both the medium-term debt reduction and new money requirements of the debtor country;

(c) Multilateral institutions actively engaged in the strengthened international debt strategy to continue to support debt-reduction packages related to commercial bank debt with a view to ensuring that the magnitude of such financing is consonant with the evolving debt strategy;

(d) Creditor banks to participate in debt and debt-service reduction;

(e) Strengthened policies to attract direct investment, avoid unsustainable levels of debt and foster the return of flight capital.

102. With regard to debt owed to official bilateral creditors, the Conference welcomes the recent measures taken by the Paris Club with regard to more generous terms of relief to the poorest most indebted countries. The Conference welcomes ongoing efforts to implement these Trinidad terms measures in a manner commensurate with their payments capacity and in a way that gives additional support to the economic reform efforts of those countries. The Conference also welcomes the substantial bilateral debt reduction undertaken by some creditor countries and encourages others which are in a position to do so to take similar action.

103. The Conference commends the actions of low-income countries with substantial debt burdens which continue, at great cost, to service their debt and safeguard their creditworthiness. Particular attention should be paid to their resource needs. Other debt-distressed developing countries which are making great efforts to continue to service their debt and meet their external financial obligations also deserve due attention.

104. In connection with multilateral debt, the Conference urges that serious attention should be given to continuing to work towards growth-oriented solutions to the problem of developing countries with serious debt servicing problems, including those whose debt is mainly to official creditors or to multilateral financial institutions. Particularly in the case of low-income countries in the process of economic reform, the support of the multilateral financial institutions in the form of new disbursements and the use of their concessional funds is welcomed. The use of support groups should be continued in providing resources to clear arrears of countries embarking upon vigorous economic reform programmes supported by IMF and the World Bank. Measures by the multilateral financial institutions such as the refinancing of interest on non-concessional loans with IDA refloWS—"fifth dimension"—are noted with appreciation.

105. The international community should explore ways and means to improve coordination between all creditors, official and private, and donors to help meet, in an integrated manner and based upon solid economic considerations, the financing requirements of debtor countries in relation to their medium-term development programmes. The experience gained with the special programme of assistance to Africa of the World Bank, consultative groups, etc., could serve as an example here. The Conference recognizes that in such a way the risk of underfunding of those programmes can be considerably reduced.

106. Technical cooperation among developing countries in the area of external debt and UNCTAD cooperation with developing countries in debt negotiation and its activities in providing advice to developing countries on debt issues should be continued, as should the analytical role of UNCTAD in this area.

(ii) External finance for development

107. The process of structural adjustment in developing countries needs to be adequately supported and funded. A substantial increase in the aggregate level of resources, particularly concessionnal resources, would provide a needed boost to this process. In addition, it is important to ensure that associated macroeconomic and structural policy conditions take due account of the specificity of the economic needs and conditions of developing countries.

108. The Conference underscores that substantial additional efforts are required to enhance both the quantity and quality of support for developing countries. In this regard, official finance in its various forms is par-
particularly important. Developed country donors should implement the undertakings they have made to attain the agreed international target of devoting 0.7 per cent of GNP to ODA and, to the extent that they have not yet achieved that target, agree to continue their efforts. Other developed donor countries, in line with their support for reform efforts in developing countries, agree to make their best efforts to increase their level of ODA so as to contribute to the common effort to make available the substantial additional resources that have to be mobilized. In addition, other countries in a position to assist will share in the global efforts, each according to its capacities. Donors reaffirm the commitment undertaken at the Second United Nations Conference on the Least Developed Countries to bring about a significant and substantial increase in the aggregate level of external support to these countries, taking into account that since that Conference six States have been added to the list of least developed countries.

109. The effectiveness of aid should be strongly enhanced by both donor and recipient countries. On the recipient side, a stable policy environment which would, among other things, encourage long-term investment and increase its efficiency will contribute to increasing the effective use of aid. On the donor side, aid effectiveness will be enhanced by improved aid coordination, by further untying of aid and by targeting aid on the genuine promotion of long-term development, in particular human resources development. Aid efforts should take into account the increasing differentiation among developing countries: while highly concessional assistance should be focused primarily on low-income countries, resources for cooperation with other developing countries in need of assistance could be of a less concessional character.

110. Efforts to provide financial assistance to the countries of Central and Eastern Europe will not diminish the determination of the international community to give high priority to developing countries.

111. The resources of the world bank's special programme of assistance for debt-distressed low-income countries, and those of the International Monetary Fund's Structural Adjustment Facility and the Enhanced Structural Adjustment Facility, must continue to play a key role in providing medium-term concessional loans to low-income countries. In this context, the Conference welcomes the fact that the list of countries eligible for support under the Enhanced Structural Adjustment Facility is being kept under consideration.

112. The members of IMF are encouraged to continue considering the question of further SDR allocations.

113. Both industrialized and developing countries should consider ways and means to encourage mutually beneficial flows of foreign direct investment to the developing world. For those interested, such measures could include membership in, and wide utilization of, programmes under the Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC) the conclusion of bilateral investment and double taxation treaties, and the provision of direct incentives. Consideration should also be given to innovative incentives and promotional measures that could be adopted by developed countries and the World Bank.

114. Intensified efforts should be made by all countries and multilateral financial institutions to implement fully and expeditiously the Programme of Action for the Least Developed Countries for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries.

115. The Conference recognizes that the problems of the poor countries in Africa are particularly difficult and need special treatment. It also recognizes that, in dealing with Africa's external indebtedness, the magnitude and severity of the debt problems of many African countries constitute a severe and continuing burden which restricts their economic recovery and long-term development: the international community, particularly the donor developed countries and the multilateral financing institutions, should fully implement the concrete measures agreed in the United Nations New Agenda for the Development of Africa in the 1990s following the final review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, as well as the United Nations system-wide plan of action for African economic recovery and development under programme 45 of the medium-term plan for the period 1992-1997.

116. The Conference takes note of the proposal of the Secretary-General of the United Nations to convene an international conference on the financing of development and urges its speedy and full consideration in preparation for the forty-seventh session of the General Assembly.

117. The Conference agrees that the UNCTAD secretariat should undertake analyses and make proposals, as well as provide technical assistance to developing countries, in the above-mentioned areas. UNCTAD could also be a forum to promote discussions and negotiate basic consensuses on the treatment of resources for development in the different competent organizations of the international economic system.

(c) Environment and development finance

118. For developing countries to achieve sustainable development and be in a position to address pressing problems of economic growth—needed to combat poverty and to improve environmental management domestically—they must have access to the financial resources necessary to meet these challenges. While domestic resources will have to play an important role, donors pledge their continuing efforts to ensure that external resources available from both the public and the private sectors and provided through existing bilateral and multilateral channels are increased and used effectively and efficiently. For developing countries to play their full part in coping with global environmental problems, the Conference considers that appropriate additional financial resources should be made available to them as part of a strengthened partnership. It also agrees on the need for more funding for implementing sustainable development policies at the national level.
119. The Conference emphasizes that government intervention for the protection of the environment and the achievement of sustainable development should pay attention to, *inter alia*, control mechanisms that make use of market signals and generate additional financial flows. The Conference notes that the UNCTAD secretariat is undertaking studies on a possible global system of tradable carbon emission entitlements.

120. Creditor countries, multilateral financial institutions, developing countries and non-governmental organizations should cooperate in efforts to implement debt conversion schemes devised by debtor countries for the protection of the environment.

(d) **Resource allocation and sustainable development**

121. The Conference agrees that there is a need to examine the terms and conditions on which developing countries can resort to economic and regulatory tools aimed at integrating environmental costs into economic activities, so as to correct market deficiencies, without thereby hampering their economic growth and development and jeopardizing their competitive position on international markets.

122. Likewise, a number of principles, such as the Polluter Pays Principle, the User Pays Principle and the use of a precautionary approach where uncertainties exist, are being examined as devices to foster economic behaviour more in line with the imperatives of sustainable development. As these principles might be considered in future international negotiations related to the environment, there is a need to study further their implications for developing countries, and to make conclusions available to the relevant negotiating bodies in time for them to be taken into account. UNCTAD should undertake studies and provide information and analyses within its competence in the relevant areas.

123. In addressing all the above issues related to the environment and sustainable development, full recognition and detailed attention should be given to the specificities and realities of the developing countries and their social, economic and environmental needs, as well as their national plans and priorities.

* * *

124. The Conference expresses its deep concern about the serious ecological damage that was caused by the recent Gulf crisis.

**B. International trade**

1. **ASSESSMENT**

125. The international trading environment has been affected by a number of developments which have created new challenges and opportunities and which have made multilateral economic cooperation of even greater importance. World trade has continued to grow faster than world output in recent years. However, the expansion of world trade has been unevenly spread, and only a limited number of developing countries have been capable of achieving appreciable growth in their exports. Protectionist pressures and unilateral policy actions continue to endanger the functioning of an open multilateral trading system, affecting particularly the export interests of developing countries. Economic integration processes have intensified in recent years and should impart dynamism to global trade and enhance the trade and development possibilities for developing countries. In recent years, a growing number of these countries have adopted courageous policy reforms involving ambitious autonomous trade liberalization, while far-reaching reforms and profound restructuring processes are taking place in Central and Eastern European countries, paving the way for their integration into the world economy and the international trading system. Increased attention is being devoted to enhancing the role of enterprises and promoting competitive markets through the adoption of competition policies. The GSP has proved to be a useful trade policy instrument, although its objectives still have to be fulfilled, and trade facilitation strategies relating to electronic data interchange (EDI) have been effective in improving the trading efficiency of the public and private sectors. The interactions between environment policies and trade issues are manifold and have not yet been fully assessed. An early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations would bring about further liberalization and expansion of world trade, enhance the trade and development possibilities of developing countries and provide greater security and predictability to the international trading system.

2. **OBJECTIVES**

126. Accordingly, the objectives of the international community should be:

(a) To halt and reverse protectionism in order to bring about further liberalization and expansion of world trade, to the benefit of all countries, in particular the developing countries;

(b) To provide for an equitable, secure, non-discriminatory and predictable international trading system;

(c) To facilitate, in a timely way, the integration of all countries into the world economy and the international trading system;

(d) To ensure that environment and trade policies are mutually supportive, with a view to achieving sustainable development;

(e) To strengthen the international trading system through an early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations.

3. **MEASURES AND ACTION**

(a) **Protectionism, structural adjustment and trade policy reforms**

127. All countries should implement previous commitments to halt and reverse protectionism and further
expand market access, particularly in areas of interest to developing countries. This improvement of market access will be facilitated by appropriate structural adjustment in developed countries.

128. Developing countries should continue the trade-policy reforms and structural adjustment they have undertaken and, in particular, should progressively reduce their import barriers, consistent with their trade, financial and development needs. These efforts should be supported by the international community through adequate improved market access and increased flows of financial resources.

129. Member countries are invited to support the transition of countries in Central and Eastern Europe to a market economy and to liberalize their trade regimes vis-à-vis all of them. Those countries which have already done so are invited to continue to do so. It is important that discriminatory measures aimed specifically at these countries be abolished and that non-tariff measures which affect their exports be relaxed on a most-favoured-nation basis. At the same time, the interests of the world economy would be best served if the trade regimes that are emerging in the Central and Eastern European countries are kept open to imports from all potential trading partners, without prejudice to preferential agreements under the relevant provisions of GATT. Special attention should be paid in this regard to trade with developing countries, in accordance with international commitments on differential and more favourable treatment for them. The Trade and Development Board should periodically assess the above process, and UNCTAD should identify the opportunities resulting from the above developments for the mutual benefit of developing countries and individual countries of Central and Eastern Europe, notably through technical assistance, with a view to helping developing countries derive the maximum benefit in terms of expansion of trade and reinforcement of economic cooperation with individual countries of Central and Eastern Europe. UNCTAD should collaborate in this respect with UNDP and multilateral institutions, where appropriate.

130. The international trading system should support the observance by all countries of their international commitments on the granting of differential and more favourable treatment to developing countries and provide for the increasing integration of developing countries into the international trading system in accordance with their level of development.

131. The international community should implement the measures adopted in the Programme of Action for the Least Developed Countries for the 1990s aimed at granting substantially improved market access for exports of LDCs and at providing special trade treatment for these countries.

132. Reaffirming paragraph 105 (4) of the Final Act of UNCTAD VII and Trade and Development Board decision 367 (XXXV) of 17 March 1989 to the effect that Governments should consider, as part of their fight against protectionism, as appropriate, the establishment of transparent mechanisms at the national level to evaluate measures sought by firms/sectors, and the implications of such measures for the domestic economy as a whole and their effects on the export interests of developing countries, and the need to take expeditious and concrete measures towards this end, the Conference agrees that UNCTAD should promote the establishment of these mechanisms, including discussion on their relevant features, and their participation in the work of the UNCTAD bodies concerned, as appropriate. The secretariat should provide technical assistance to interested countries in connection with the establishment of such mechanisms.

133. Attention should be given by all countries to increasing the transparency of their trade regimes and to the replacement of non-tariff measures by tariffs where possible.

134. The Conference notes that many developing country exports have benefited from GSP treatment, and encourages preference-giving countries to continue to improve and renew the schemes and to extend their operation periods in order to avoid the uncertainty of preferences, bearing in mind the autonomous nature of the schemes.

135. The Conference recommends that preference-giving countries comply with the multilaterally agreed principles of the GSP. Preference-giving countries should consider appropriate adjustment in country coverage. The Conference recognizes that a substantial expansion of product coverage to include hitherto excluded products of current and potential export interest to developing countries would constitute a major improvement in the effectiveness of the GSP, and calls upon preference-giving countries to consider, if possible, comprehensive product coverage, especially in the context of the review of the schemes under way in many preference-giving countries. Limitations and restrictions on preferential imports, as well as withdrawals of preferential benefits, should be minimized, and the rules of origin should be simplified and harmonized, where possible, so as to impart stability, transparency and greater predictability to the schemes and to reduce their complexity.

136. The Conference expresses concern over the incidence of non-tariff measures on the benefits deriving from GSP schemes, and preference-giving countries are urged to make efforts to reduce or eliminate such barriers linked to the schemes.

137. The Conference calls upon preference-giving countries to implement fully the relevant provisions of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s in respect of GSP measures in favour of LDCs and urges that special consideration be given to products of export interest to them, in particular to the provision of duty-free access.

138. The Conference urges UNDP, and potential donor countries in a position to do so, to increase their contributions to the UNCTAD technical assistance programme on GSP in order to allow developing countries to benefit fully from the system. Those preference-receiving countries and their exporters which have not yet fully taken advantage of the GSP should participate actively in these technical assistance activities.
The Conference requests the Special Committee on Preferences to examine the scope and possible modalities for extending preferential treatment to developing countries with respect to goods, in accordance with the principles and objectives underlying the GSP.

With MFN rates expected to be brought down pending a successful conclusion of the Uruguay Round, preference-giving countries should consider, where possible, increasing preferential margins and duty-free treatment offered under existing preferential schemes.

The Conference agrees that the Trade and Development Board should, annually at its spring session, continue to review global developments in the evolution of production of and trade in manufactures, commodities and services; the review should comprise analysis of the principal elements of, and effects of, structural adjustment policies and trade policies, and if appropriate, policy options, taking into account the special interests of the developing countries.

The Secretary-General may, as he deems necessary, convene high-level experts to present their views to the Board or its sessional committee on specific issues requiring the attention of the Board.

(b) Improving the international trading framework

Reiterating the principles and objectives of the Punta del Este Declaration, the Conference urges all participants, and in particular the major trading partners, to make determined efforts to arrive at an early, balanced, comprehensive and successful outcome of the Uruguay Round, taking into account the specific interests of developing countries. The Conference reaffirms the commitment to an open, viable and durable multilateral trading system to bring about further liberalization and expansion of world trade to the benefit of all countries, especially developing countries.

Pursuant to General Assembly resolution 45/203 of 21 December 1990, the Conference requests the Trade and Development Board to analyse and assess the outcome of the Uruguay Round, in particular in areas of interest or concern to developing countries, and its impact on the international trading system. In this context, the Board should examine, on the basis of analyses by the Secretary-General of UNCTAD, the problems and opportunities the developing countries as well as the economies in transition in Central and Eastern Europe face in increasing their participation in international trade in goods and services in the 1990s.

Environmental policies should deal with the root causes of environmental degradation, thus preventing environmental measures from resulting in unnecessary restrictions on trade. The Conference recognizes that trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transborder or global environmental problems should, as far as possible, be based on an international consensus. Domestic measures targeted to achieve certain environmental objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia: the principle of non-discrimination; the principle that the trade measure chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and

(c) Environment and trade

The Conference recognizes that improved market access for developing country exports, in conjunction with sound environmental policies, would have a positive environmental impact.

Environmental policies should deal with the root causes of environmental degradation, thus preventing environmental measures from resulting in unnecessary restrictions on trade. The Conference recognizes that trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transborder or global environmental problems should, as far as possible, be based on an international consensus. Domestic measures targeted to achieve certain environmental objectives may need trade measures to render them effective. Should trade policy measures be found necessary for the enforcement of environmental policies, certain principles and rules should apply. These could include, inter alia: the principle of non-discrimination; the principle that the trade measure chosen should be the least trade-restrictive necessary to achieve the objectives; an obligation to ensure transparency in the use of trade measures related to the environment and to provide adequate notification of national regulations; and the need to give consideration to the special conditions and
developmental requirements of developing countries as they move towards internationally agreed environmental objectives.

153. The Conference recalls principle 23 of the Declaration made at the United Nations Conference on the Human Environment, held at Stockholm in June 1972, which provides that: "Without prejudice to such criteria as may be agreed upon by the international community, or to standards which will have to be determined nationally, it will be essential in all cases to consider the systems of values prevailing in each country, and the extent of the applicability of standards which are valid for the most advanced countries, but which may be inappropriate and of unwarranted social cost for the developing countries."

154. UNCTAD, taking into account the work of other relevant forums, should undertake, at both the intergovernmental and the secretariat levels, in-depth work on the clarification of the linkages between trade and environment and the need for environmental protection to coexist with liberal trade policies and free market access and contribute to consensus building with regard to appropriate principles and rules.

155. The Conference requests the UNCTAD secretariat to undertake studies, analyse policy measures, and carry out technical cooperation in the vital area of trade and sustainable development. In particular, the secretariat should analyse the relationship between environmental policies and trade and the impact of developments in this field on developing countries, taking the work of GATT, OEC, the United Nations Conference on Environment and Development and other relevant forums into account. In accordance with paragraph 6 of Trade and Development Board decision 384 (XXXVII) of 12 October 1990, as reaffirmed for this purpose in General Assembly resolution 45/210 of 21 December 1990, UNCTAD should continue to collect, analyse and disseminate information on environmental regulations and measures which may have an impact on trade, especially that of developing countries. The Conference notes that debate on and analysis of environment and trade issues in UNCTAD have intensified. Donor countries are requested to continue contributing extrabudgetary resources to strengthen further UNCTAD work on interlinkages between environment, trade and sustainable development, including the adjustment of the Trade Control Measures Information System.

(d) Trade efficiency

156. New techniques in international trade transactions and procedures are capable of producing substantial time and money savings in such transactions and procedures. These result in new trade links involving all regions of the world. Benefiting from these techniques requires a truly universal use of EDI. UNCTAD programmes should give special attention to the integration of countries and regions less advanced in this process in order to give them access to new sources of trade competitiveness. Domestic models adapted to each level of development are likely to help actual and potential traders and the public sector to integrate into international trade efficiency and to build up the local infrastructures to foster foreign trade and investment.

157. The Conference requests the Secretary-General of UNCTAD to initiate consultations with member States so as to establish an expert group on trade efficiency, having in mind the decision of the Conference (para. 79 above) to establish an ad hoc working group on trade efficiency. This group will report regularly to the Trade and Development Board on the progress of its work. It should be so composed as to take advantage of the experience of the most advanced public and private participants in the area of trade efficiency. In its work, it will need to take due account of existing efforts made in the United Nations system and in other organizations, in order to support, accelerate and enhance them. The group will be responsible for producing guidelines needed to take concrete steps towards trade efficiency at the national and international levels, especially in developing countries. The group will also identify and formulate the elements necessary to the promotion and implementation of such guidelines, focusing on their legal, technical, procedural and institutional components while preserving full scope for private sector initiatives in this field.

158. The culmination of these efforts of the expert group should be an international symposium on trade efficiency, to be held in 1994. This event should reinforce international discussion on the promotion of harmonized national and regional infrastructures for trade and trade efficiency. It should focus especially on the requirements for involving all countries in efficient trade, giving priority to ways and means of promoting the participation of small- and medium-sized enterprises in international trade. The Trade and Development Board should regularly review the work done in preparation for the symposium. Sufficient budgetary and voluntary resources should be provided to ensure adequate participation in the symposium. The UNCTAD share of symposium costs should be found within existing resources.

159. Transparency in trade-related information should be fostered by increasing awareness of opportunities to access publicly available market information. Current efforts aiming at establishing EDI standards should be supported so that the business interests and concerns of all countries, in particular developing countries, are represented and complemented through international cooperation.

160. UNCTAD should continue to strengthen its analytical and technical cooperation work in the area of trade efficiency, including through experiments carried out jointly with the private and public sectors of pilot countries.

161. The Conference acknowledges the efforts made by many countries to increase trade efficiency through the use of information technology. Countries are urged to continue such efforts, especially in areas of trade facilitation and customs automation. All countries are encouraged to adopt laws, regulations and policies that would reduce barriers to trade facilitation through the use of information technology.

(e) Transit facilitation

162. Improvement of transit facilities is vital for the expansion and development of the foreign trade sector of
the land-locked developing countries. The Conference urges the international community to assist these countries and their transit neighbours through appropriate financial and technical assistance for the improvement of their transit infrastructure.

(f) Technical cooperation

163. Within existing regular budget resources, the UNCTAD secretariat should, with extrabudgetary contributions, strengthen its technical cooperation activities in the area of trade with the objective of strengthening national capacities for trade and development, enhancing the participation of developing countries in the international trading system, and promoting the trade of developing countries, taking into account the activities of other organizations. Such activities should encompass: trade policy reforms, including, on request, assistance to developing countries preparing for their participation in the GATT Trade Policy Review Mechanism; trade negotiations; market access, including effective use of the GSP; trade and sustainable development; trade facilitation and trade efficiency; dissemination of trade information and software packages; training and human resources development in regard to the foregoing; and assessment and implementation of the results of the Uruguay Round.

C. Strengthening the technological capacities of developing countries

1. ASSESSMENT

164. Technology has increasingly become a determinant of the ability to participate in world trade in manufactures and services. In the context of globalization in the world economy, the prospects for the technological progress of developing countries are determined inter alia by their access to technology—which is partly and increasingly a function of inter-firm technological linkages—by developments in intellectual property protection and by the development of their human resources. The revitalization of technology flows and of investment, which remains an important source of technology, and their positive contribution to development requires an increase in the capacity to absorb imported technology, especially in least developed countries, where domestic efforts to improve infrastructure, raise educational standards and train technicians call for sustained international support. The growing international concern for ecologically sustainable development has added a new dimension to this problematic.

2. MEASURES AND ACTION

165. The Conference recognizes that technological capability is one of the fundamental factors for social and economic development, and therefore recommends that emphasis be put on policies and measures that promote technological innovation in developing countries, including the provision of adequate financial resources. With a view to promoting domestic technological capabilities, high priority should be given to stimulating technology flows to developing countries through, inter alia, cooperative schemes, incentive measures and inter-enterprise collaboration arrangements. Policies and measures in this field should facilitate the access of developing countries to technology and enhance their capacity to modify and adapt it to suit local conditions and to generate and develop technology domestically.

166. The Conference recognizes that, in order to stimulate transfer of technology and the development of endogenous technological capabilities, developing countries, in their plans and policies, should emphasize policies and measures that enhance their scientific and technological capability and should devote adequate resources, according to their national development needs and within existing availabilities, to that end. Such policies must range from the expansion and adaptation of their educational systems, including vocational training, to the building up of their scientific and technological research and development capabilities. Such policies should include measures to encourage the diffusion of technology within developing countries, especially to small and medium-sized companies.

167. National technology development policies should be introduced and/or enhanced in the context of an appropriate policy framework which would promote entrepreneurship and encourage technology transfer, including through foreign direct investment, accompanied by measures for the domestic absorption of such technologies, and provide incentives for investment in technology capacity-building, including research and development, innovation, adaptation and development of technologies which will support national objectives and priorities.

168. Given the importance of technologies to the development process, developed countries should consider ways of facilitating technology cooperation with the developing world. In their trade and technology policies, developed countries should facilitate access of developing countries to efficient, best-practice, and needed technologies. Means to encourage technology flows to developing countries could include, inter alia, public guarantee schemes to promote joint ventures, licensing agreements and research and development collaboration agreements. Bilateral investment and double taxation agreements can provide, to those interested in subscribing to such agreements, a supportive framework for investment flows inviting transfer of technology and collaborative research and development arrangements between firms of developed and developing countries. Bilateral and multilateral assistance programmes should give due priority to the transfer of appropriate technology, taking into account national development needs.

169. Developed countries should encourage improved cooperation between enterprises and scientific and technological institutions of developed and developing countries. In order to mitigate the negative consequences of the reverse transfer of technology, developing countries should consider, where appropriate, national policies which will encourage their nationals to study and/or work in their home countries, and developed countries should consider providing increased support to existing programmes in order to allow a larger number of developing countries to benefit from knowl-
edge and expertise accumulated by their skilled personnel residing abroad.

170. The Conference recognizes the need to explore ways and means for providing the developing countries with technical cooperation and necessary support to enable them to undertake research and development and skill formation, including training programmes, as well as to import foreign technological inputs as a complement to local technological efforts. In this context, the reverse transfer of technology merits consideration. Multilateral and international financial institutions should be encouraged to take due account of the technological needs of developing countries.

171. The Conference further recognizes that developing countries could help one another by the establishment of common institutions and centres for research and training, by the promotion of joint education programmes in science and technology, and by the exchange of information. Science and technology must be given a prominent place in schemes for cooperation among developing countries at the global, as well as at the regional and subregional level. To this end, special measures could be undertaken to enhance such cooperation, including joint ventures and research and development collaborative arrangements, in order to facilitate the access of developing countries to technologies and to promote foreign direct investment and transfer of technology with due regard to the national interest of developing countries. All countries and relevant international organizations should consider strengthening support for TCDC facilities in developing countries.

172. The Conference recognizes that the establishment and implementation of internationally agreed standards of protection for intellectual property rights which recognize underlying public policy objectives, including developmental and technological objectives, should facilitate international flows of technology and technology cooperation amongst all participating nations, particularly to developing countries, on terms and conditions agreed to by the parties concerned, and notes the important role of the World Intellectual Property Organization and the important efforts in the ongoing GATT Uruguay Round negotiations in this regard. The Conference further recognizes that national regime for the adequate and effective protection of intellectual property rights is important because it can create market incentives for indigenous innovation and the transfer, adaptation and diffusion of technologies.

173. The Conference, having reviewed the work carried out in the negotiations on an international code of conduct on the transfer of technology and the lack of agreement in the recent consultations on this subject, recognizes that the conditions do not currently exist to reach full agreement on all outstanding issues in the draft code of conduct. Should Governments indicate, either directly or through the Secretary-General of UNCTAD reporting according to General Assembly resolution 46/214 of 20 December 1991, that there is the convergence of views necessary to reach agreement on all outstanding issues, then the Board should re-engage and continue its work aimed at facilitating agreement on the code.

174. The Conference agrees that transfer and development of environmentally sound technologies is an essential component of a successful strategy for sustainable development, and requests that effective modalities for the creation, development, favourable access to and transfer of environmentally sound technologies, in particular to developing countries, including on concessional and preferential terms, should be examined. This could include the proper dissemination of information on existing environmentally sound technologies, as well as the improvement of existing, and consideration of the possibility of elaboration of additional, financial schemes and mechanisms to help developing countries to have better access to resources for supporting the cost of importing, using and developing environmentally sound technologies.

175. The Conference also recognizes that attention needs to be given to the technological requirements of countries undergoing transition to a market economy system in Central and Eastern Europe and other regions as they adapt their structures to the challenges that face them in the 1990s.

176. In the context of its existing mandate to analyse issues for trade and economic development, the Conference agrees that UNCTAD should focus its work programme in support of economic development of developing countries and of promoting transfer of technology to, and development of endogenous technological capabilities in, developing countries, with special attention to the needs of the least developed countries, on:

(a) Research and policy analysis addressing, in depth, technology issues in their interrelationship with trade in goods and services, investment, finance and the environment;

(b) Analysis addressing technology transfer and issues of transfer of environmentally sound technology to developing countries and least developed countries. This work should cover the role of entrepreneurship in the transfer, development and management of technology, including the policies affecting the development of entrepreneurial capabilities in developing countries, the role of effective intellectual property protection in the transfer of technology and the development of an indigenous technological capability; relevant human resources development; modalities for channelling technology flows to developing countries, such as investment guarantees and concessional credits; means for strengthening cooperation in the field of research and development activities among countries, particularly between developed and developing countries, and also among enterprises; needs of those developing countries which lack the basic technological infrastructure; and challenges and opportunities for transfer of technology to and from countries undergoing transition to a market economy system;

(c) Technical cooperation activities in support of developing countries in order to enhance their technological capacities. In this respect, priority consideration should be given to the preparation of assessments of developing country requirements for building up their capacity to evaluate, select, negotiate, acquire and develop technology; to programmes for the training of human resources, including on the formulation of sound technol-
ogy policies and the development of technical and managerial capabilities; and to the transfer, adaptation and generation of environmentally sound technologies. The Conference expresses its appreciation for the technical assistance provided by the Advisory Service on Transfer of Technology of UNCTAD and calls upon Governments and financial development institutions, in particular UNDP, to consider increasing their financial support to the Advisory Service.

D. Services

1. ASSESSMENT

177. The 1980s witnessed significant growth in the importance of the service sector in national economies and in international trade. Producer services, in particular, emerged as a highly dynamic segment of the world economy and as a major determinant of productivity and competitiveness. The strategic significance of services for the development process is increasingly recognized. Although the situation varies according to different service sectors, developed country firms dominate world trade in services, while most developing countries have not been able to build up a productive and competitive capacity, or to overcome barriers to entry to world markets. The increased participation of developing countries in trade in services would enable them to benefit from their comparative advantage in a number of service sectors and would contribute to their development process and to increased efficiency in the world economy. A growing number of developing countries are now in a position to develop exports of services in a range of areas. Some are dependent on the export of services for their foreign exchange earnings. For others, strengthening their service sectors, including shipping, is crucial to enhance their position in international trade in goods. Many recognize the need to create the appropriate conditions conducive to strengthening their service sectors and to increase their foreign exchange earnings therefrom.

2. OBJECTIVES

178. The multilateral agreement on trade in services emerging from the Uruguay Round should provide a framework for a progressive liberalization of world trade in services which would enlarge the participation of developing countries by expanding their access to markets for services. In order to enable developing countries to benefit from the liberalization of trade in services, the Conference encourages the international community to support the efforts of national Governments to strengthen the production and export capacity of their service sector by establishing an adequate infrastructure and investing in human resources development. In addition, the telecommunications sector plays a critical role in the development of a competitive services economy. National Governments are encouraged to create the conditions necessary to strengthen this sector and improve access to information networks.

179. The Conference, recalling paragraph 105 (19) of the Final Act of UNCTAD VII, agrees to the measures and action on national and international policies set forth in the following section. The Conference also recognizes the important contribution of the private sector in the development of competitive service industries. In particular, corporations often facilitate job creation, human resources development, technology transfer, infrastructure development and expansion of export capacity and capabilities.

3. MEASURES AND ACTION

(a) National policies

180. The Conference agrees that developing countries should pursue policies to create the appropriate conditions for the development of their national service sectors and, in particular, of producer services. Such policies could include, inter alia, the following elements:

(a) Modernization and expansion of necessary infrastructures, in particular of telecommunications and information services;

(b) Human resources development, including through on-the-job training arrangements; and development of knowledge-intensive services;

(c) Measures to encourage investment and cross-border trade by firms in the service sector in order to contribute to objectives such as the transfer of technology, training, the strengthening of infrastructures, domestic capital formation, and access to information networks and distribution channels, as well as to make use of services from competitive domestic suppliers in developing countries;

(d) The progressive liberalization of the service sector and the formulation of strategies to improve the domestic services capabilities and for internationally competitive services;

(e) Enhancing cooperation with other countries at the interregional, regional and subregional levels, including mutual trade liberalization, pooling capabilities to improve skills and infrastructures for the promotion of services exports from their countries;

(f) Improving the infrastructure to support effective participation in negotiations on services at the regional and multilateral levels.

(b) International policies

181. The Conference agrees that all national Governments should be encouraged to support progressive multilateral liberalization, through negotiated commitments, under the draft general agreement on trade in services, in order to promote economic growth and expand world trade in services, particularly with respect to increasing participation of developing countries, with a view to achieving:

(a) The strengthening of their domestic services capacity and its efficiency and competitiveness, inter alia, through access to technology on a commercial basis;

(b) The improvement of their access to distribution channels and information networks;
(c) The liberalization of market access in sectors and modes of supply of export interest to them, including through the temporary movement of labour for the supply of services.

182. The Conference also endorses the obligation that developed countries, and to the extent possible other national Governments, shall maintain contact points, as established under the draft general agreement on trade in services, to facilitate the access of developing country services providers to information, related to their respective markets, concerning:

(a) Commercial and technical aspects of the supply of services;

(b) Registration, recognition and obtaining of professional qualifications;

(c) The availability of services technology.

183. The Conference agrees that the international community, particularly developed countries and relevant international organizations, should be encouraged to continue support for concerted policy actions, including the provision of financial assistance on concessional terms, to promote training, as well as acquisition and transfer of technology on terms and conditions agreed by the parties concerned, to build up their technological and human capabilities, so as to enhance their ability to absorb relevant technologies, and to construct and/or improve basic services infrastructures, including subregional and regional transportation, particularly in low-income countries and LDCs.

184. UNCTAD, in cooperation with other United Nations organizations dealing with services, should continue its useful work in the promotion of mutually beneficial international cooperation in the field of services so as, inter alia, to help developing countries overcome their handicaps in this sector, enhance their international competitiveness so as to increase their participation in world trade in services, promote environmentally friendly services and enhance the contribution of services to their sustainable development. Due attention should also be given to improving the role of services in the countries undergoing transition to a market economy system and increasing their trade in services.

185. The Conference agrees that the following orientations should provide the focus for the evolution of the work programme of the UNCTAD secretariat:

(a) The role played by the service sector in the development process and, in that context, the design of policies to strengthen this sector in the developing countries, including issues relating to production and export capacity;

(b) Services trade issues, with particular emphasis on increasing the participation of developing countries in world trade in this sector and the need to overcome the difficulties they face in their export of services;

(c) Means to facilitate developing countries’ access to information networks and distribution channels for services;

(d) Analysis of restrictive business practices by the Intergovernmental Group of Experts on Restrictive Business Practices with a view to improving the functioning of the services markets;

(e) Measures aimed at strengthening the institutional, technological and telecommunications infrastructure of the developing countries, including the incorporation in the service sector of technologies that are of strategic importance for their development;

(f) Increasing knowledge on legislation concerning the service sector and improving statistics relating to this sector;

(g) Analysis of specific ways to ensure an increasing participation of developing countries in trade in services, including a general discussion of all feasible options for promoting effective market access for services exported by suppliers from developing countries;

(h) Assisting countries in the implementation of the results of the Uruguay Round negotiations on trade in services;

(i) Problems and opportunities faced by the countries undergoing transition to a market economy in improving the role of services in their economies, as part of their structural adjustment programmes, with a view to increasing their trade in services and identifying issues for possible international action;

(j) Developments and trends in the various service sectors, with the aim of identifying sector-specific policy options to increase the participation of developing countries in trade in these sectors;

(k) Technical cooperation, at the national, regional and multilateral levels, to support and assist developing countries in identification of their weaknesses and capabilities in the service sector and to make their service sector more competitive;

(l) Technical cooperation with those developing countries which lack the necessary infrastructures needed for the evolution and development of their national service sectors;

(m) Analysis of the interactions between trade in services and environmental protection, taking into account the work in GATT and other relevant forums.

(c) Maritime transport

186. The Conference welcomes the work of UNCTAD in the field of shipping as one of the sectors of services of interest to developing countries. Resolutions and conventions on maritime transport adopted under the auspices of UNCTAD with a view to creating the conditions for greater participation of developing countries in world shipping play an important role in assisting developing countries and remain from their point of view a significant element of their policy in this service sector.

187. However, structural and technological changes in the shipping sector have affected participation in shipping by a number of countries, developing and developed alike.
188. UNCTAD should continue to provide technical assistance to developing countries on a bilateral, subregional and/or regional basis in the field of maritime transport.

E. Commodities

1. ASSESSMENT

189. The dominant feature of the world commodity economy in the 1980s was the prevalence of very low and declining real prices for most commodities on international markets and a resulting substantial contraction in commodity export earnings for many producing countries. Demand for commodities grew moderately because of slow economic growth and the declining rate of raw material usage per unit of GDP, notably in industrialized countries. Potential growth in import demand for some commodities was not realized because of severe balance-of-payments difficulties in many countries. In addition, import demand declined at the end of the 1980s in the countries of Central and Eastern Europe. Growth in supply tended to exceed consistently growth in demand, largely as a result of specific policies of subsidization of production and of productivity improvements leading to production at lower cost, often with higher quality. There was an expansion in the range of commodities produced in a number of countries for both domestic consumption and export. In addition, the volume of traditional commodity exports of developing countries was often increased in response to structural adjustment programmes and to the need to generate foreign exchange earnings, including that to service debt obligations. Nevertheless, the share of developing countries in total world commodity exports declined because the volume and value of commodity exports of developed countries grew more rapidly during the 1980s. On the other hand, the share of developing countries in world commodity imports rose slightly. Developing countries in general remained heavily dependent on commodity exports for their foreign exchange earnings. While some of them experienced a decrease in the share of commodities in their total export earnings, the majority, particularly in Africa and Latin America, still depended on one or two commodities for more than 50 per cent of their export earnings.

2. INTERNATIONAL COMMODITY POLICY FOR THE 1990s

190. The Conference agrees that solutions to problems in the commodity field call for sound, compatible and consistent policies at national and international levels. The Conference, bearing in mind the broad aims of the Integrated Programme for Commodities, agrees that the following goals should be pursued by the international community: (a) improving the functioning of commodity markets by reducing the distortions affecting supply and demand; (b) optimizing the contribution of the commodity sector to development by, inter alia, working towards greater cost-effectiveness and productivity, thereby enhancing competitiveness; (c) achieving a gradual reduction in excessive dependence on the export of primary commodities through horizontal as well as vertical diversification of production and exports; (d) improving market access for commodity products through a progressive removal of barriers to international trade; (e) improving market transparency; and (f) ensuring proper management of natural resources with a view to achieving sustainable development. To this end, the Conference agrees upon the following policies and measures.

3. POLICIES AND MEASURES

(a) Producer and consumer cooperation

191. The Conference urges producers and consumers of individual commodities to make an examination of ways and means for reinforcing and improving their cooperation in order to contribute to the solution of problems in the commodity area. Recognizing that such cooperation could take various forms, it stresses that they should take into account the particular characteristics and situation of each individual commodity.

192. The Conference recommends that an optimal functioning of commodity markets should be sought, inter alia, through improved market transparency involving exchanges of views and information on investment plans, prospects and markets for individual commodities. Substantive negotiations between producers and consumers should be pursued with a view to achieving viable and more efficient international agreements, that take into account market trends, or arrangements, as well as study groups. In this regard, particular attention should be paid to the agreements on cocoa, coffee, sugar and tropical timber. The Conference underlines the importance of full and active participation by consumers and producers in international commodity agreements and arrangements. Occupational health and safety matters, technology transfer and services associated with the production, marketing and promotion of commodities, as well as environmental considerations, should be taken into account.

193. Cooperation among producers and consumers should be strengthened, especially in situations of large stock overhangs.

(b) National commodity policies

194. The Conference recognizes that enhancing the contribution of the commodity sector to development requires countries to have a domestic policy and an institutional environment that encourage diversification and enhance competitiveness, inter alia, through the modernization and rehabilitation of the corresponding structures, and that recognize the importance of market factors and competition.

195. Comprehensive commodity-sector strategies should be put in place within a macroeconomic policy framework that takes into consideration a country's economic structure, resource endowments and market opportunities. Such strategies undertaken, where appropriate as part of an overall restructuring programme, should include the setting up of an enabling national environment to encourage the mobilization of domestic and international finance; the provision of specific incentives to encourage private enterprise and private investment;
the development and maintenance of commodity-related power, transport and communications infrastructure; the provision of support services and training for human resources development; and support for commodity research arrangements.

196. Strategies should equally encompass measures to improve the competitiveness of traditional commodity exports, as well as programmes and actions to encourage horizontal and vertical diversification, particularly in countries which continue to depend excessively on the export of commodities for their export earnings. Particular attention also needs to be paid to the financial and physical support structures for trading commodities. New market possibilities should be assessed and exploited.

(c) International support for national commodity policies

197. The Conference recognizes that international cooperation should effectively complement and support national commodity policies. International cooperation could take different forms, including: (i) the creation of a more favourable international economic and trading environment; (ii) other support in the commodity area; and (iii) support for national strategies, notably those aimed at a gradual reduction of excessive commodity dependency.

198. The Conference agrees that a favourable external economic environment would greatly enhance international demand for commodities produced by developing countries and would complement and highlight the effect of sound domestic policies. In this regard, developed country policies conducive to global growth and stability make an important contribution.

199. The Conference calls for concerted efforts on the part of developed country Governments and relevant international organizations to support appropriate national commodity policies in developing countries, as well as in countries undergoing transition to a market economy system, including the provision of adequate and appropriate financial and technical cooperation for commodity development.

200. The Conference agrees that it is urgent to achieve an improvement in market access conditions for commodities, notably the progressive removal of barriers which restrict imports, particularly from developing countries, of commodity products in primary and processed forms, as well as the substantial and progressive reduction of types of support that induce uncompetitive production, such as production and export subsidies. It further agrees that improved market access through a successful conclusion to the Uruguay Round of multilateral trade negotiations will contribute to a favourable international trading environment.

201. The Conference agrees that improved flows of technology to developing countries are important for lowering commodity production costs and encouraging economic development. The free flow of information and science to allow innovation and transfer of technology, on terms and conditions agreed to by the parties concerned, should be promoted. This could be supported through policies that promote increased collaboration among firms in developing and developed countries.

202. The Conference affirms that adequate official bilateral and multilateral resources, as well as private resources, including private investment, are called for to finance appropriate diversification projects and programmes, as well as the promotion and development of resource-based industries, including commodity-related services activities, possibly through special facilities for these purposes. In this regard, the Conference welcomes the decision by the General Assembly in resolution 46/151 of 18 December 1991 concerning support for the diversification of the African economies.

203. The Conference agrees that support should be directed to efforts aimed at institution-building, promotion of entrepreneurship, horizontal diversification and crop substitution, and increased participation in processing, marketing and distribution, including transportation, as well as efforts aimed at achieving a gradual reduction of excessive commodity dependency. It recognizes that increased coordination among donor country Governments and international institutions is essential in this regard. Such coordination should avoid inconsistencies in advice and potential over-investment in particular sectors.

204. The Conference recognizes that commodity-related shortfalls in export earnings of developing countries are in varying degrees an important obstacle to their development efforts. In this regard, beneficiary countries welcome the compensatory financing mechanisms—namely the Compensatory and Contingency Financing Facility of IMF, the ACP-EEC STABEX and SYSMIN schemes of the Lomé Convention, the EEC scheme for non-ACP least developed countries and the Swiss Compensatory Financing Programme. The Conference invites other countries, which deem it appropriate, to consider introducing similar schemes and calls upon Governments and institutions to consider necessary improvements to existing mechanisms.

205. The Conference recognizes the importance of exploring new approaches to minimizing the risks arising from commodity market fluctuations. Where appropriate, developing countries should be provided with technical assistance and policy advice on mechanisms, such as the use of financial instruments, to manage price and other commodity-related risks.

206. The Conference recognizes that increased reliance on market forces to determine international commodity prices requires the efficient and transparent operation of price formation mechanisms. In particular, it is essential that both buyers and sellers have full confidence in the ability of commodity exchanges to form prices which reflect the basic supply/demand situation. In this regard, market manipulation, among other things, should be avoided.

(d) Common Fund for Commodities

207. The Conference welcomes the coming into force of the Common Fund for Commodities and its potential contribution to support international commodity cooperation. Maximum participation in the Common
Fund is urged. The resources of the Common Fund should be fully exploited. Arrears in the payment of subscriptions to the capital of the Common Fund could be an impediment to the achievement of its objectives and should be paid up as soon as possible. Resources of the Second Account of the Common Fund should be increased, particularly through the fulfilment of pledges of voluntary contributions, as soon as possible. Efforts for the elaboration and consideration of appropriate project proposals, including those for diversification, for financing through the Second Account should be speeded up. Every effort should be made to ensure that this Account becomes fully operational as soon as possible and benefits in particular the least developed countries and the commodities of interest to developing countries, particularly those of small producers-exporters.

(e) Sustainable development

208. The Conference recognizes that commodities, inasmuch as they are natural resources, are an important aspect of sustainable development. The following subjects could be pursued:

(a) The manner in which prices of natural commodities and their synthetic competitors could reflect environmental costs and resource values;

(b) The means by which the competitiveness of natural products with environmental advantages could be improved;

(c) The ways by which development of the commodity sector, including through diversification, and environmental concerns could be made mutually reinforcing;

(d) Additional international financial and technical support to developing countries for the development and dissemination of technologies to cope with environmental problems that are specific to commodity production and processing.

4. THE ROLE OF UNCTAD

209. UNCTAD should remain the principal forum and continue its efforts to play its mandated role of facilitating the coordination of the activities of all bodies involved in the commodity field. This includes periodic and global reviews on the situation of, and prospects for, commodities in order to be able to consider and recommend appropriate actions for consideration by Governments and institutions.

210. For the purpose of evolving an international commodity policy for the 1990s, the UNCTAD secretariat should, as soon as practicable after the Conference, undertake, on the basis of the guidelines provided in the preceding sections, a thorough review of the situation and prospects of the international commodity economy and policy, with a view to defining a possible course of action for submission to the Trade and Development Board.

211. The Conference reaffirms that UNCTAD should continue to assist in diversification as well as processing, marketing and distribution programmes, including the improvement of information flows to aid investment decisions, and technical cooperation projects and programmes, particularly for human resources development.

212. The Conference agrees that the problems of arrears in the commodity export earnings of developing countries arising from market fluctuations, as well as matters relating to compensatory financing of export earnings shortfalls, including actions taken or which might address problems identified in this area, should be kept under continuous review in UNCTAD. The UNCTAD secretariat should follow developments in various compensatory financing schemes and their implications for the development of developing countries.

213. The UNCTAD secretariat should explore various mechanisms, including market-linked price-hedging mechanisms, such as commodity futures, options, swaps, and bonds, obstacles to their potential use, including sovereign risk and problems of creditworthiness, and modalities for overcoming such obstacles, and should provide information and assistance in this regard. At the level of governmental and non-governmental experts, an examination should be undertaken in UNCTAD of: (a) the conditions, both technical and regulatory, for encouraging maximum participation in, and usage of, commodity exchanges by both buyers and sellers of commodities, and (b) proposals to address these conditions. Such analysis and proposals would facilitate decisions by Governments and industry concerning appropriate action at national and international levels.

214. UNCTAD should systematically explore the links between commodity policies, use and management of natural resources and sustainable development and should provide information and technical cooperation in this regard.

215. UNCTAD should review national policies, with the aim of enhancing the competitiveness of the commodity sector and ensuring consistency with long-term market trends.

F. Follow-up of the Programme of Action for the Least Developed Countries for the 1990s

216. Particular attention needs to be paid to the reactivation and acceleration of growth and to sustained development in the least developed countries. The Programme of Action for the Least Developed Countries for the 1990s should be implemented fully, effectively and on a timely basis by all parties. In the development partnership underlying the Programme of Action, the LDCs have the primary responsibility for elaborating and implementing effective strategies and policies for their growth and development, including policies for the eradication of poverty, and their development partners have accepted the responsibility for supporting these efforts.

217. Accordingly, all LDCs should continue to enhance the implementation of national policies and measures in line with the Programme of Action, including through macroeconomic policies conducive to long term, sustained growth and sustainable development, the pro-
motion of individual initiative and broad-based popular participation in the development process, the enhancement of human and institutional capacities and the expansion and modernization of the economic base. Their development partners should effectively and expeditiously implement the commitments undertaken or the measures proposed in the Programme of Action in all areas of international support, including ODA, debt relief and external trade. The Conference reaffirms that efforts to provide financial assistance to the countries of Central and Eastern Europe will not diminish the commitments of the international community to implement effectively the Programme of Action.

218. The Conference reiterates that external financial support to complement domestic efforts and appropriate policies should be both sufficient in terms of volume and quality, and efficient in terms of allocation according to the individual development needs and priorities of LDCs. It also reaffirms that a significant and substantial increase in the aggregate level of external support should be made available to the LDCs, taking into account those countries recently added to the list. In this context, the Conference takes note of the report by the Secretary-General of UNCTAD (TD/359). The donor countries reaffirm their determination to implement the commitments they have undertaken in the Programme of Action with regard to ODA to the 41 LDCs included in the list at the time of the 1990 Paris Conference. As far as concerns the consequences of the inclusion of six additional countries in the LDC list, at the second part of its thirty-eighth session in 1992 the Trade and Development Board should, when undertaking the review of progress in the implementation of the Programme of Action, consider the implications for appropriate adjustments for the commitments contained in the Programme in respect of targets and levels of ODA. The Governing Council of UNDP is also invited to consider adjusting the total allocation of indicative planning figures (IPFs) to LDCs in the light of additions to the list of the LDCs. The call in the Programme of Action for increasing the resources of the United Nations Capital Development Fund by 20 per cent a year should also be appropriately adjusted.

219. Since the Second United Nations Conference on the Least Developed Countries in Paris in September 1990, a number of developments have taken place with adverse consequences for the development efforts of many LDCs. The Gulf war led to losses in export revenue and in receipts of remittances, to costs for the absorption of returning workers and to temporary increases in import costs. The changes in Eastern and Central Europe have led, in some cases, to losses of export markets, as well as of financial and technical assistance. While taking into account the measures which have already been taken, and while recognizing that these and other developments have affected LDCs to varying degrees, the Conference agrees that their overall impact calls for special attention.

220. The Conference has thus identified the following areas for priority action:

(a) For many LDCs, external debt problems continue to constitute one of the most serious constraints to their economic growth and development. With regard to debt owed to official bilateral creditors, the Conference welcomes the recent measures taken by the Paris Club with regard to more generous terms of relief to the poorest most indebted countries. The Conference welcomes ongoing efforts to implement these Trinidad terms measures in a manner commensurate with the payments capacity of those countries and in a way that gives additional support to their economic reform efforts. The Conference also welcomes the substantial bilateral debt reduction undertaken by some creditor countries and encourages others which are in a position to do so to take similar action. The Conference notes that many countries have responded to Trade and Development Board resolution 165 (S-IX) of 11 March 1978 by cancelling or providing equivalent relief for ODA debt. All donors which have not yet implemented such measures are urged to do so as a matter of priority.

(b) The Conference also urges the international community to consider undertaking the actions set out in the relevant paragraphs of section A of part IV of this document to address problems of LDCs in the areas of multilateral debt, payment arrears and commercial debt.

(c) In the Uruguay Round of multilateral trade negotiations, special attention should be given to the situation and particular problems of LDCs, including, among other measures, enhanced access for their products through the elimination where possible of tariff and non-tariff barriers, the fullest possible liberalization of trade in textiles and clothing for LDCs, possible modalities for special treatment for tropical products of special interest to LDCs, and advanced implementation of MFN concessions of particular interest to LDCs made by the contracting parties to GATT.

(d) The Conference calls upon preference-giving countries to implement fully, as a matter of urgency, the relevant provisions of the Paris Declaration and Programme of Action in respect of GSP measures in favour of least developed countries and urges that special consideration be given to products of export interest to them, in particular the provision of duty-free access.

(e) In view of continued weaknesses in the markets for commodities which LDCs export, the international community should support LDC efforts towards diversification, increased processing and increased participation in the marketing of their products by providing adequate financial and technical assistance.

(f) The Conference recognizes that commodity-related shortfalls in export earnings of LDCs are in varying degrees an important obstacle to their development efforts. In this regard, beneficiary countries welcome the compensatory financing mechanisms—namely the Compensatory and Contingency Financing Facility of IMF, the ACP-EEC STABEX and SYSMIN schemes of the Lomé Convention, the EEC scheme for non-ACP least developed countries and the Swiss Compensatory Financing Programme. The Conference invites other countries, which deem it appropriate, to consider introducing similar schemes and calls upon Governments and institutions to consider necessary improvements to existing mechanisms.

(g) The Conference welcomes the proposal for holding a symposium between the LDCs and the constituent
States members of the Commonwealth of Independent States (CIS) to discuss ways and means of promoting their economic cooperation.

221. Adequate humanitarian assistance should continue to be given to those LDCs facing acute problems arising from refugee flows, migration and population displacements caused by natural and man-made disasters.

222. Donor countries and relevant multilateral financial and development institutions should consider providing island and land-locked LDCs with adequate financial and technical assistance in the form of grants and concessional loans for the development, maintenance and improvement of their transit infrastructure and facilities.

223. With respect to commercial debt, UNCTAD should convene, in collaboration with relevant institutions, LDCs, donor countries, creditors and non-governmental organizations, an expert group meeting to review issues of commercial debt held by LDCs.

224. Continued adequate support should be given for ongoing policy reforms adopted by many LDCs to improve the climate for private foreign investment.

225. As recognized by the Second United Nations Conference on the Least Developed Countries, domestic instability in some LDCs has had adverse effects on their development. The end of the cold war and the progress recently achieved in the settlement of regional conflicts could provide opportunities for reducing such instability.

226. The Conference stresses the importance of the monitoring, follow-up and review process as envisaged in the Programme of Action and reaffirms the role of UNCTAD and the Trade and Development Board in this process, as provided in the Programme of Action and subsequently by the General Assembly in resolution 45/206 of 21 December 1990. It calls upon all Governments, UNCTAD and other organs, organizations and agencies of the United Nations system to make early and adequate preparations for an effective and comprehensive mid-term review of the Programme of Action in 1995. In pursuance of the request to the Secretary-General of the United Nations in General Assembly resolution 46/156 of 19 December 1991 to obtain extrabudgetary resources to defray the cost of participation of one representative from each LDC at the annual review by the Board, the Conference strongly urges donor Governments and organizations to consider providing adequate resources for this purpose.

227. The problems of the LDCs should remain a priority topic in all relevant international forums. In this context, the forthcoming United Nations Conference on Environment and Development is invited to give special attention to the twin problems of poverty and degradation of the environment in the LDCs.

Part V

ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

228. Stronger economic cooperation among developing countries has long been accepted as an important component of efforts to promote economic growth, technological capabilities and accelerated development in the developing world. It could enable developing countries to exploit more effectively the latent complementarities in their economies, promote a fuller and more effective mobilization of their resources, gain access to additional resources and knowledge, and enhance the negotiating weight necessary to advance their common interests.

229. The recent changes in the global political and economic environment have made the role of ECDC in any global strategy of development even more important. In the new context of market-oriented reforms and export-oriented growth strategies that are being pursued by most developing countries, ECDC should also be seen as a means of securing the integration of developing countries into the world economy and of increasing their capacity to produce, achieve economies of scale and become internationally competitive.

230. The optimism of the 1970s about the potential of ECDC was not borne out by the record of the 1980s. Integration groupings in all regions were confronted with difficult circumstances. Their institutional frameworks and cooperation mechanisms proved inadequate to meet the crisis which member countries experienced in their external sectors. The intra-trade of developing countries suffered a setback, and payments, clearing and credit arrangements functioned at a low ebb. South-South trade and economic relations remain the weakest link in the network of international economic relations.

231. Even so, interest in political support for ECDC has remained undiminished in recent years, and integration processes at the regional and subregional level have received fresh impetus. Virtually every subregional and regional grouping has taken initiatives to improve its instruments of cooperation and to adapt them to the new realities. There is currently a stronger recognition of the link that should exist between national development policies and long-term integration objectives.

232. The expansion of trade, which is at the centre of cooperation efforts within groupings, depends vitally on the reduction of tariffs, the elimination of non-tariff barriers, the introduction of more transparent and simple customs procedures, macroeconomic policy coordination to ensure the needed convergence of national price
trends and exchange rate stability, and effective clearing and payments arrangements, as well as the improvement of physical infrastructure. Participants in regional and other cooperative arrangements among developing countries should intensify their efforts in all these areas.

233. At the interregional level, the Ministerial Meeting on the Global System of Trade Preferences among Developing Countries held at Tehran in the course of the Seventh Ministerial Meeting of the Group of 77, in November 1991, in preparation for the eighth session of the Conference, adopted the Declaration on the Launching of the Second Round of Negotiations within the Global System of Trade Preferences among Developing Countries. In this connection, the Meeting underlined the potential contribution of ECDC to the least developed countries’ trade and development, particularly in view of the provision for special treatment for the least developed countries in the Agreement on the Global System of Trade Preferences among Developing Countries, and urged continued translation of the provision for special treatment into concrete beneficial measures in their favour.

234. Developing country groupings have intensified their search for international financial support for economic cooperation programmes and projects. While the implementation and strengthening of ECDC are primarily the responsibility of developing countries, the international community should play a significant role in ECDC success through its financial assistance, technical cooperation and other support for specific economic cooperation programmes and projects of individual interregional, regional and subregional integration groupings, as well as for regional infrastructural projects covering such areas as environment, communications and transport infrastructure, to complement the efforts of developing countries to strengthen South-South trade and economic relations.

235. The demands of structural adjustment should not divert attention from long-term integration objectives. Adjustment programmes financed from bilateral and multilateral sources should, as far as possible, take into account their impact on regional cooperation and integration. Likewise, the allocation of aid resources should support regional trade liberalization processes among developing countries. The international community, including especially the developed countries, should support the efforts of the regional and subregional groupings of developing countries to promote and encourage enterprise and entrepreneurship.

236. Advisory and other technical assistance services of the organizations of the United Nations system for ECDC activities should also be intensified. In this context, UNCTAD should play an important role in furthering subregional, regional and interregional economic cooperation and integration among developing countries.

237. Work on the main impediments and disincentives that adversely affect the expansion of trade among developing countries should be pursued, and the UNCTAD secretariat and intergovernmental machinery should examine the benefits to be derived by developing countries from reduction of trade barriers and improved policy coordination among them.

238. Removal of structural impediments and disincentives to trade among developing countries would enable their intra-trade to grow and realize its potential. These impediments relate to barriers of all kinds, lack of trade information, marketing networks, transport facilities and monetary and financial impediments. In the context of monetary and financial impediments, existing national and regional trade financing schemes perform an important role. However, their resource base and ability to extend medium- and long-term finance should continue to be strengthened. The UNCTAD secretariat is urged to continue to assist developing countries in their efforts to strengthen and develop their national finance mechanisms through, as appropriate, studies, extension of expertise and technical assistance within its mandate. In this connection, UNDP and other funding institutions are invited to provide financial support to carry out such projects.

239. All countries and relevant institutions are invited to cooperate fully with the Secretary-General of UNCTAD in his consultations on the feasibility of establishing an interregional trade finance mechanism among developing countries, allowing enough time for all parties concerned to reach their conclusions and decisions on this matter.

B. OTHER ACTION BY THE CONFERENCE

1. World Commodity Conference

The Conference recognizes that the prevalence of declining real prices for most commodities, the continuing heavy dependence of developing countries in general on commodity exports for their foreign exchange earnings, and distortions in commodity markets require a comprehensive analysis and a new and forward-looking approach.

It takes note of the proposal by Colombia to consider convening a world conference on commodities, which
would bring together producers, consumers, marketing enterprises and other market actors and would be organized by UNCTAD, recognizing that such a conference could contribute to shaping a coherent international commodity strategy, which takes into account the specific problems of selected commodity sectors.

Accordingly, the Conference decides to invite the Secretary-General of UNCTAD to hold consultations on the question of a world conference on commodities. It requests, through the Trade and Development Board, the Standing Committee on Commodities to undertake a comprehensive analysis regarding commodity policy and explore new, market-oriented approaches to commodity policies. Such discussions should aim at finding ways and means for achieving a better functioning and enhanced transparency of commodity markets, greater diversification of the commodity sector in developing economies within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments, and market opportunities, and better management of natural resources which takes into account the necessities of sustainable development.

Subject to a positive outcome of the consultations of the Secretary-General of UNCTAD and of the deliberations in the Standing Committee on Commodities, and both showing a large degree of common understanding about the desired results of such a conference, the Trade and Development Board should decide on an invitation to the General Assembly of the United Nations to convene a world conference on commodities under UNCTAD auspices.

2. Message from the eighth session of UNCTAD to the United Nations Conference on Environment and Development

The eighth session of UNCTAD, held at Cartagena, attaches high priority to an acceleration of development that is environmentally sound and sustainable. We seek to enhance the well-being of today's generations, while preserving the capacity of future generations to meet their own needs.

We welcome the holding of the United Nations Conference on Environment and Development (UNCED) in June, in Rio de Janeiro; the Conference integrates the two important concepts of environment and development in a comprehensive and dynamic manner, and we invite all participants to contribute to its success.

UNCTAD is uniquely placed within the United Nations system to undertake analysis and build consensus on relevant policies on the interrelated areas of trade and development and protection of the environment. The Conference stresses the steps that have already been taken to integrate the concept of sustainable development into all aspects of UNCTAD activities. UNCTAD VIII has agreed that sustainable development will be one of the main orientations of the organization's activities. It has established objectives for the organization in the areas of environmental measures and trade rules; resources for environmental protection and development; environmentally sound technologies; and natural resource management. It has also accorded poverty alleviation a prominent role in its future activities. These are important steps towards good national as well as international management of the earth's resources for the benefit of humankind.

A revitalized UNCTAD could contribute to the implementation of the action programmes to be adopted by UNCED in Rio de Janeiro. We stand ready to make any further adaptation of our intergovernmental structures that this might require.
C. RESOLUTIONS ADOPTED BY THE CONFERENCE

170 (VIII). Credentials of Representatives to the eighth session of the Conference

The United Nations Conference on Trade and Development

Approves the report of the Credentials Committee.17

238th plenary meeting
24 February 1992

171 (VIII). Expression of gratitude to the Government and people of the Republic of Colombia

The United Nations Conference on Trade and Development,

Meeting at its eighth session at Cartagena de Indias at the invitation of the Government of the Republic of Colombia,

Deeply appreciative of the invitation to host the Conference and the immense and successful efforts made by the Government and people of Colombia in the preparation and organization of the Conference at Cartagena de Indias,

Noting with satisfaction the efficiency and thoroughness of the services placed at the disposal of the Conference at the Centro de Convenciones,

Noting also with gratitude the warm welcome and hospitality extended by the people and city of Cartagena de Indias to all participants in the Conference,

1. Notes with great satisfaction the valuable contribution made by the host Government to the forward-looking achievements of the Conference;

2. Expresses its sincere appreciation to the Government and people of Colombia for the generous hospitality and warm friendship accorded to the participants in the Conference;

3. Requests the President of the Conference to convey these sentiments to the President of the Republic of Colombia and, through him, to the people of Colombia.

239th plenary meeting
25 February 1992

17 The report of the Credentials Committee, issued at the Conference in TD/363, is reproduced in annex VII.
Part Two

SUMMARY OF PROCEEDINGS

I. General debate

(Agenda item 7)

1. The general debate was opened at the 222nd plenary meeting of the Conference, on 10 February 1992, and was concluded at the 238th plenary meeting, on 24 February 1992. In the course of the general debate, the Conference was addressed by heads of delegation of members of the Conference, executive heads or representatives of a number of regional commissions and specialized agencies of the United Nations and heads of department of the United Nations Secretariat, representatives of intergovernmental bodies and observers for non-governmental organizations, and by other representatives and observers.

2. The representative of Afghanistan said that the 1980s had been characterized by a slow-down in world economic activity. For developing countries in general and least developed countries in particular, the 1980s had been a decade of crises, lost opportunities and disruption.

3. The policy of protectionism followed by developed countries, coupled with other problems, had affected the trading interests and the development process of the developing countries. The LDCs in particular had been severely affected, and their volume of trade had declined steeply. As a result, their debt burden had increased to alarming proportions and more than half of them were in a state of debt distress. ODA had not been adequate to meet the challenges faced by developing countries in general and the LDCs in particular. Great hopes had been placed in the Substantial New Programme of Action for the 1980s for the Least Developed Countries, but, contrary to expectations, the main objectives of that Programme had not been achieved and the number of LDCs had increased from 31 in 1981 to 42 in 1990. In 1990, the Programme of Action for the Least Developed Countries for the 1990s had been approved, and included concrete measures for revitalizing development in LDCs. Afghanistan sincerely hoped that that Programme would be implemented.

4. UNCTAD had played and continued to play a significant role in mitigating the hardships faced by the developing countries; it was an important instrument of international cooperation for trade and development, particularly that of the developing countries. UNCTAD had acquired a clear comparative advantage as a major intergovernmental forum for initiating new ideas on development.

5. Additional resources should be provided to reduce the commercial debt of LDCs. The international trade system was far from healthy, secure and equitable, and in its deliberations the Conference should take up the problems faced by LDCs in the field of international trade.

6. Technology held the promise for improvement in the quality and standard of life. The availability and distribution of the fruits of technological development to all countries constituted a crucial element in ensuring a healthy, secure and equitable world economy. The slowdown of technology flows to the developing countries was a matter of great concern. Technology was increasingly becoming a critical determinant of trade and development.

7. The service sectors, such as transport, communications, banking, insurance, health and education, had traditionally been important for the functioning of economies. There was an acute need for assistance on concessional terms for the development of a basic services infrastructure in the LDCs in particular.

8. The changing scenario in the world commodity economy had adversely affected the commodity-exporting developing countries in general and the LDCs in particular. The problem of depressed commodity prices had not received adequate attention from the international community. Due attention needed to be given to the commodity problems of the LDCs and measures taken to check the unhealthy practice of depressing prices of exportable goods.

9. Afghanistan was faced with a difficult situation owing to the tragic and devastating effect of a prolonged conflict. Thirteen years of civil war had completely destroyed most of the country's physical, social and economic infrastructure, uprooted millions of families and produced unparalleled human suffering and great eco-

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18 For the list of speakers in the general debate, see annex II.
19 The statements appear in alphabetical order.
economic and material losses. Afghanistan had taken a number of measures to accelerate private sector activity, and it was to be hoped that countries would take advantage of the investment climate in Afghanistan by setting up industries, as independent entities or joint ventures.

10. The representative of Algeria said that the eighth session of the Conference was taking place at a time of profound change in international relations. The end of the cold war had opened the way to disarmament, but had not removed the preoccupations of the developing countries. The 1980s had ended with an increase in poverty and misery, especially in Africa. The scandal of the net negative transfer of resources from developed to developing countries had continued, and other negative factors—stagnation of ODA, reduction in private financial flows and investment, decline of commodity prices and growing protectionism—had greatly reduced the impact of the efforts of developing countries. The global savings shortage made it impossible to meet the needs of both the developing countries and the economies of Central and Eastern Europe in transition to a market economy.

11. The efforts of the developing countries to find by themselves the means to overcome the crisis they were experiencing, and the heavy sacrifices which they had made, often at very heavy social cost, had not given rise to the anticipated results. The situation in Africa, which currently accounted for more than two thirds of the LDCs, was dramatic and aggravated by natural disasters and an absence of action by the international community, particularly within the framework of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, to stop the decline.

12. External debt, and its service, was an untenable burden for the developing countries, preventing the rebirth of their economies. Although solutions had been proposed, especially for the LDCs, they remained only partial solutions. The financial institutions should encourage and assist those countries which were making significant sacrifices to meet their commitments, often to the detriment of their internal stability. Solutions which were realistic and equitable for all parties had to be sought in common: Algeria therefore supported the proposal of the Secretary-General of the United Nations for an international conference on development finance.

13. Democracy and development were linked, but if democracy was a factor in development, development itself was a sine qua non for real democracy.

14. Algeria considered that UNCTAD, given its mandate and universal membership, was a privileged forum for treating questions of trade and development and for seeking agreed solutions to the problems of the world economy. UNCTAD should not be marginalized or weakened; rather, its capacities should be strengthened to promote genuine international cooperation, more equitable participation of the developing countries in international trade and greater growth possibilities for them. UNCTAD should also incorporate the South-South dimension of international cooperation, for which it should become the privileged forum.

15. The representative of Argentina said that, at a time when problems were becoming global and the economy internationalized, the central question was to establish the rules of the game for a world order which would avoid discrimination or exclusion and stimulate the full participation of all countries in the rapidly unifying world economy which had emerged since the end of the cold war.

16. The challenges currently facing UNCTAD—by which was meant the member countries and not the secretariat—were completely different from those of the past. There was a new international economic reality with four major elements. First, the end of the ideological and political confrontation had not been accompanied by a similar change on the economic front; instead, the multilateral rules of the game had fallen into disarray, with a loss of interest in international economic cooperation, and there was a real threat of North-South tension in the future. Second, the accelerating process of economic globalization had entailed major difficulties for the consolidation of a truly just and equitable multilateral system based on universally accepted rules, for it was paradoxically accompanied by compartmentalization of trade relations. Third, many developing countries were undergoing structural adjustment based on market-oriented principles, and for the first time in history the impetus for trade liberalization was coming not from the industrialized countries but rather from those countries which had formerly rejected liberalization.

17. Fourth, the debate on international economic relations concerned ending the unfavourable treatment of developing countries, rather than giving them specially favourable treatment. There had been growing protectionism in developed country markets via non-tariff barriers, subsidies and measures in the "grey area". Two critical sectors, agriculture and textiles, whose liberalization would bring greatly increased exports to developing countries, had been excluded from multilateral trade discipline; Argentina therefore took satisfaction from the statement made at the current session by the German Minister for Economic Cooperation, who had recognized that the agricultural production and export subsidies of industrial countries contravened their international responsibilities (see para. 194 below).

18. In recent years, there had been a growing convergence of views on what constituted appropriate political and economic policies. Argentina provided a clear example of those changes in perception. The Government had adopted a radical change of policy directed towards achieving a fully competitive economy with a minimum of State intervention. Trade had been unilaterally liberalized, barriers to investment dismantled, intellectual property protected, State enterprises privatized, economic activities deregulated, and the public sector redimensioned. Regional economic integration (MECOSUR) formed an integral part of that new policy.

20 Common market of the southern cone (see Treaty establishing a common market between the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay, in A/46/155, annex, article 1).
19. Argentina believed that a new international economic order should be founded on the principle of partnership in which all parties had both rights and obligations and all could participate in the management of basic agreements to harmonize national policies with the objective of achieving sustainable development in all countries. That required all countries agreeing to end unilateralism and discrimination.

20. UNCTAD needed to be revitalized. The focus of its work had to be balanced and realistic. It was also necessary to move away from the concept that some countries asked and others gave. The work of UNCTAD should be based on analysis, discussion, and real, rather than merely semantic, negotiation on the complex agenda of development. The countries of Latin America and the Caribbean could enrich that debate with their own experience. The Conference needed to identify, within each of the major themes under consideration, concrete issues which would serve as a focus for immediate action by UNCTAD. As a universal forum for the consideration of development problems, UNCTAD in no way duplicated or interfered with the clear and specific competence of other, more specialized, executive organizations.

21. The representative of Australia stated that the promotion of liberalized trade and investment flows provided the best basis on which to achieve economic development and to strengthen mutually beneficial integration into the global economy. The experience of the former centrally planned economies had demonstrated the benefits of open economies and the need to ensure individual participation in economic activities at the broadest possible levels, with Governments adopting policy measures to foster and promote those conditions.

22. The central issue for Australia at the current session was the revitalization of UNCTAD itself, which required institutional reform of its structure and working methods. UNCTAD should facilitate the role of the United Nations in promoting enhanced cooperation in global economic growth and development. UNCTAD was not being singled out: the United Nations system as a whole needed to be made more effective, efficient and accountable. It was necessary to take and implement decisions on the necessary reforms at the earliest possible time.

23. Australia wished to emphasize the importance of trade liberalization and market access for economic growth and development in all countries. For that reason, it wholeheartedly supported an early and successful conclusion to the Uruguay Round on the basis of the draft final act. The GATT framework was the only real avenue of recourse. The Conference should therefore look at mechanisms through which UNCTAD could complement the work of GATT.

24. To that end, UNCTAD should enhance its analytical functions and thus reinforce its capacities as a forum for informed discussion on trade and related issues. That would maximize the opportunities for a consensus to emerge within UNCTAD on the need to pursue programmes of action and for the involvement of UNCTAD in specific issues. Work by UNCTAD as a complement to other institutions could offer members a more extensive range of approaches to deal with specific trade, economic and development policy objectives.

25. Commodities, an area in which UNCTAD could be more productively engaged, played a significant role in the development of Australia's economy and the country therefore shared a common perspective with many developing countries. Australia emphasized the importance, for all commodity exporters, of the liberalization of world agricultural trade through improved market access, reduced domestic support and substantially reduced export subsidies. Many developing countries were also commodity importers; thus, such liberalized trading arrangements would provide them with economic benefits in the same way as for developed economies. Australia viewed very positively the fact that international commodity agreements were currently almost all concerned primarily with market transparency and information exchange: efforts to “buck the market” had inevitably proved futile and counter-productive.

26. Australia was heartened by the attention given by developing countries to market-opening measures, the promotion of private sector activity and entrepreneurship. When the global economy had emerged from the current recession, there could well be a useful role for UNCTAD in reinforcing efforts by developing countries to implement policy and practical measures through the provision of technical assistance.

27. Australia had been an active participant in a number of cross-group coalitions and had been a beneficiary of such active cooperation among countries at different levels of development; it was thus encouraged by the growing consensus to move away from the rigid group structures of UNCTAD. The Cairns Group—10 of whose members were developing countries—provided a very good example of cooperation which proved much more productive than the traditional North-South debate. Asia-Pacific Economic Cooperation was another such example. Australia believed that cooperative associations of that kind were a model for the cooperation between nations which was required to build the new partnership for development sought at the current session, a partnership laying the foundation for the revitalization of UNCTAD that Australia so earnestly desired.

28. The representative of Austria said that if institutional change in UNCTAD was already under way, much remained to be accomplished, and the current session of the Conference was the right occasion for action. UNCTAD should again become a pioneer in development thinking. Good institutions were created in recognition of economic and development policy objectives.
sponse to deeply felt needs; they remained alive only if they succeeded in adapting constantly to the changing environment. Strong analytical qualities were needed in order to obtain a better understanding of the forces at work in the process of development.

29. Experience had shown that development was possible within a variety of conditions and parameters. While it had taken the United Kingdom of Great Britain and Northern Ireland 58 years and the United States of America 47 years to double their output per capita, Japan had needed only 34, Brazil 18, Indonesia 17, the Republic of Korea 11 and China 10 years to do the same. The acceleration of development and technological progress was determined by the absorption capacity of the society concerned, which, in turn, depended on a large extent on conditions and parameters. Inflows of foreign direct investment, the creation of an adequate infrastructure and a good education system, the promotion of private initiative and an efficient financial system, all played an important role. The creation of an environment propitious to economic growth and human development should thus be the prime concern of Governments, although the importance of external conditions should not be underestimated. Trade was one of the major driving forces of development, hence bringing the Uruguay Round to a successful conclusion was essential. Likewise, developing countries should have better access to the markets of industrialized countries. More debt relief and an increased flow of ODA and commercial investment were also necessary.

30. North-South relations were changing, in both form and content. Because of a new pragmatic approach to economic policy, sterile ideological confrontation could now be replaced by constructive common efforts. Pluralism was another feature of the new North-South context. With the disappearance of the East-West conflict, the notion of a “third world” also needed to be revised. The focus must shift from abstractions such as “the third world” to specific countries and regions with their specific, and frequently divergent, needs and interests.

31. Issues such as migration, environment, disarmament, democratization or protection of human rights had become an integral part of North-South relations. Economic growth, security, population policies, forms of government, legal systems, environmental problems and many other aspects were inseparably linked in the development process.

32. Global interdependence therefore meant not only interdependence of issues but also shared responsibility among the countries of the world. It needed to be accompanied by the gradual strengthening of institutional links at the global level. The ultimate goal was a consensual transfer to international institutions of responsibilities in well-defined areas of competence. Governments would be willing to follow such a course only if they had full confidence in those institutions and that, in turn, presupposed a basic agreement on the imperatives of interdependence. Thus, at the current stage, nothing was more important than to reach agreement on the optimal policies for development and to arrive at firm commitments based on the conviction that North-South relations were not a zero-sum game: all countries would gain from working together and would lose if their policies were guided by what were wrongly conceived as national interests.

33. The representative of Bahrain emphasized that his country, like most developing countries, depended on one single commodity, in its case petroleum, as a source of its income. However, the Government of Bahrain had made, and continued to make, serious efforts to diversify its sources of income, in particular on the basis of monetary, financial and insurance services. As a result, Bahrain had become an important world financial centre.

34. The liberal economic policy pursued by Bahrain encouraged foreign private investment, inter alia, through simplified and accelerated administrative procedures and the possibility for foreign capital to be invested in industry without the need for association with a local partner. The Government had endeavoured to complete most of the necessary economic and commercial regulations, including those relating to the protection of foreign investment and intellectual and industrial property rights.

35. Bahrain was making every effort to complete its basic infrastructure. It had a modern network of transport and communications linked to the countries of the Gulf Co-operation Council (GCC) and to the rest of the world and had started to build a huge modern port which would soon be completed. Recently, its country had opened a large new conference and exhibition centre. It had also ratified the 1958 New York agreement relating to the acceptance and implementation of international arbitration decisions taken in foreign countries.

36. Despite all the above positive economic factors, Bahrain continued to be a developing country still depending on its modest production of oil for a major share of its export earnings and for the largest part of its financial receipts of the State. Its industries were still at the infant stage and could not compete with the giant industries in developed countries and economic groupings, nor could they overcome the trade barriers they faced in developed countries.

37. Protectionist measures in major market-economy countries concerned particularly those sectors in which developing countries clearly enjoyed a comparative advantage and a competitive position, for example the petrochemical sectors of the countries of GCC. Some developed countries were seriously thinking of imposing heavy duties on their imports of raw petroleum at a time when Bahrain and the rest of the GCC countries were making every effort to liberalize trade between them and the European Community, and were holding exploratory discussions with a view to starting formal negotiations aimed at liberalizing trade with the United States and Japan.

38. Bahrain hoped that the current session of the Conference would lead to strengthened national and international measures and multilateral cooperation aiming

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at building a healthy, secure and equitable world economy, as well as a common assessment of the impact of long-term structural change on sustainable development and the expansion of international trade within an interdependent world economy. It also hoped that the Conference would reach a common understanding and establish guidelines relating to national and international policies and measures and good management.

39. While welcoming the ongoing fundamental change in countries of the Eastern bloc towards a market economy, Bahrain hoped that developed countries would maintain a balance between their development assistance to developing countries and countries of the former Eastern bloc, and would not increase their development assistance to one group at the expense of the other. It also hoped that financial resources that would become available with the end of the cold war could be devoted to the development of developing countries.

40. Bahrain considered it imperative to reach fundamental solutions to the debt problem and to adopt measures to ensure fair prices for commodities, improve access to technology, and implement the Programme of Action for the Least Developed Countries for the 1990s.

41. As an island developing country, Bahrain felt that the international community and the United Nations agencies, in particular UNCTAD, should undertake the necessary steps to help those countries achieve self-sufficiency.

42. The environment should receive the attention it deserved. Excessive exploitation of natural resources and the deterioration of the environment, at the expense of future generations, should be arrested. That required external financial support on a large scale from developed countries to allow developing countries to adopt environmentally-friendly technologies. Bahrain hoped that no international effort would be spared in solving the enormous problems created by the environmental catastrophe which affected the Gulf region as a result of the massive oil spill and the burning of the Kuwaiti oil wells.

43. The representative of Bangladesh said that the world was passing through a period of global economic and political change, and a consensus was emerging on various development issues, including acceptance of market-based approaches to sustainable development. At the same time, however, protectionist practices were increasing, for example in the form of restrictive measures against imports of textiles and clothing from developing countries.

44. Although developing countries had the primary responsibility for their development, they could not control the external environment, which had deteriorated sharply. In the light of the negative transfer of resources and the deteriorating terms of trade, the eighth session of the Conference provided a timely opportunity to devise strategies for revitalizing development. Increased ODA in line with internationally agreed targets, an alleviation of the debt burden and support for the building of technological infrastructure were essential in that respect. Moreover, negative impacts resulting from the brain drain needed to be alleviated.

45. Greater support was required for the full implementation of the Programme of Action for the Least Developed Countries for the 1990s, since the commitments undertaken at the Second Conference on the Least Developed Countries had not been fully met. The statements made by the development partners of the LDCs at the current session of the Conference reconfirming those commitments were encouraging.

46. Economic cooperation among developing countries had gained even greater relevance. Despite various setbacks in the promotion of South-South cooperation, the zeal for ECDC had not been undermined, and new efforts were required, for example with regard to clearing and payments arrangements. The international community should support the relevant programmes and projects.

47. Although there was a perception that the effectiveness of UNCTAD as a forum for multilateral negotiations had been on the wane, its mandate was still valid. A strengthened UNCTAD should provide an improved forum for international consensus-building. Effective surveillance and follow-up mechanisms needed to be established to achieve concrete action, while maintaining the role of UNCTAD as a voice of conscience.

48. The challenge of the 1990s in the area of commodities was to improve market access, increase value-added activities in processing, marketing and distribution, and support the Common Fund for Commodities. With respect to the Uruguay Round, preliminary evaluations indicated that there was a need to take better account of the concerns of LDCs.

49. Environment and human survival were closely interlinked, and ecological threats must be dealt with urgently. However, it must be acknowledged that policies in developing countries were dictated primarily by the need to combat poverty and there was real concern that environmental criteria set by donors would introduce a new form of conditionality. The forthcoming Earth Summit (United Nations Conference on Environment and Development) should address those problems, and particular attention must be paid to the environmental and developmental problems of LDCs.

50. The representative of Belarus emphasized the urgency of reinforcing the principle of multilateralism in trade and development and of strengthening relevant mechanisms of the United Nations system. The proposals enunciated by the Secretary-General of UNCTAD for a new approach to trade and development problems at a time of unprecedented global change held great interest. International monetary and financial institutions, economic organizations and other multilateral forums were concerned with the radical reform process in Central and Eastern Europe, including that among members of the Commonwealth of Independent States (CIS). Since their integration into the European and world economy was important, international institutions should assist them in their reforms.

51. With regard to reform in Belarus, there had been a gradual shift to a market economy, based in particular on the preservation of existing economic relations with States members of CIS. The legal basis for international
trade and economic cooperation was being elaborated, and included legislative acts on foreign trade, foreign investment, customs and banking systems. That legislation had benefited from international expertise aimed at ensuring its compatibility with international practice. Belarus was interested in obtaining further international support and assistance, covering, among others, such areas as finance, investment, managerial experience, privatization, joint ventures, and environmentally sound technologies.

52. UNCTAD had an important role to play in the analysis of problems related to the interdependence of national economies, and of the trade, monetary and financial sectors. It still held potential, particularly in view of the new global economic consensus. In that context, UNCTAD should be more active in elaborating conceptual ideas related to trade and development, as well as in forecasting world economic and trade trends, particularly by identifying negative trends at an early stage and then designing efficient ways and means to counter them. The function of UNCTAD in supporting countries in Central and Eastern Europe and in studying issues related to the conversion of military production to development was vital.

53. Sustainable development was another area for UNCTAD activities; there was a particular need for multilateral cooperation on the environment. Environmental issues held special significance for Belarus, given the consequences of the Chernobyl catastrophe.

54. UNCTAD obviously had a further role to play in such areas as external debt problems, instability of monetary and financial relations, protectionism, structural adjustment and commodities, as well as the impact of regional integration movements on trade flows.

55. The representative of Belgium said that his country subscribed to the position set out by the representative of the European Community. There were, however, five points to which Belgium attached particular importance. The first was interdependence. The developed countries affected the rest of the world through their general economic situation, trade, investments, interest rates and exchange rates; but the developing countries did likewise, particularly with regard to the weight of their population, labour migration, primary commodities and environment. There had been a sharp diversification among developing countries in the last decade, and the countries of Central and Eastern Europe were undergoing a fundamental mutation; all that made the future more complex and uncertain. It was now clear, however, that economic problems could not be solved if their social and political aspects were neglected, just as it was clear that the management of natural resources and the safeguarding of the environment required a long-term, global perspective.

56. Second, the coherence of policies in both the North and the South was essential; there needed to be better coordination between public and private donors, the conditions attached to aid needed to take into account the primary importance of the social aspects of such aid, the participation of developing countries in international coordination needed to be strengthened, and efforts to achieve free trade needed to cover both the South and the North.

57. Third, it was necessary to take into account certain new themes in the implementation of development policies: the results of aid given were too often inadequate; there was need for greater citizen participation in the formulation of development policies; the promotion of the role of women would help development; small and medium-scale enterprises were a key to capturing the benefits of individual initiative; and meeting the real needs of the people had to be central objective of development policies.

58. Fourth, the international debt problem remained real obstacle to the recovery of growth in many countries. There had recently been a number of initiatives in that regard, but each case had to be analysed on its own merits, and any debt-relief measures had to be accompanied by adjustment measures in the beneficiary country. Adjustment programmes had to be bearable, however, particularly for the poorest sectors; export credit and bank credit had to be restored as rapidly as possible to debtor countries making real efforts; and the shares of budgets devoted to armaments and to economic and social development had to be kept under close scrutiny.

59. Finally, the future of UNCTAD had to be seen in the context of the strengthening of international cooperation towards more rational and equitable world management. The restructuring of the United Nations in the economic and social areas was an occasion for a re-evaluation of UNCTAD and improvement in its efficacy. UNCTAD activities needed to be oriented towards the heart of the development problem, and especially national development policies in all their aspects. Belgium hoped that UNCTAD would in future emphasize the creation of ad hoc working groups which would enable all social partners to discuss together appropriate solutions and take relevant decisions; Belgium had long experience in that area and could contribute actively to it. It also hoped that UNCTAD would learn from the methods of information, reflection, dialogue and cooperation which were practised in OECD.

60. The representative of Bhutan said that the existing opportunities for global peace and security could be threatened if urgent attention was not given to reducing the gap between rich and poor countries. The expected peace dividend should be used to invest in social sectors and for development assistance. While the primacy of the market mechanism and free trade had been fully established, there were increasing tendencies towards protectionism and regionalism in international trade. All countries should give preferential treatment to exports of LDCs, including fellow LDCs.

61. In the area of commodities, the constant monitoring of market trends would not bring the required benefits in the short run. A broader and more generous approach was needed, and mechanisms such as the Common Fund for Commodities and STABEX must be maintained and strengthened.

62. The question of debt still required a comprehensive solution. Bhutan was grateful to those countries which were implementing debt-relief programmes, and it
urged others to do so. With regard to meeting credit requirements, Bhutan proposed that much of the assistance should be on a grant basis. Only after that option was totally exhausted should credit on concessional terms be resorted to. The rigid categorization of the uses that could be made of grants and concessional credit, and the uses that could be made of commercial credit, should be removed. A project's development value should determine its eligibility for assistance.

63. The transfer of technology and know-how was the cornerstone of development. Intellectual property rights should be respected, but wisdom had to be shared and knowledge applied in the service of humanity.

64. Bhutan considered that the objective of the United Nations Conference on Environment and Development should be to arrive at substantive ways of sharing and assigning responsibilities. Bhutan had fully recognized the interaction and increasing trade-off between environment and development and had acceded the highest priority to maintaining the natural and social environment, forgoing many economic opportunities in the process. The success of such a commitment was also dependent on an active conservation programme, the requirements of which were beyond Bhutan's means. The Bhutan Environmental Trust Fund had been launched in partnership with UNDP and the World Wide Fund for Nature, but greater support was needed.

65. Bhutan welcomed the increasing focus on human development. The primary index of economic progress was the well-being of the individual within a stable family, social and natural environment. That new focus must not be translated into new modalities adding further complexity to aid disbursements. Bhutan, grateful that the Conference at its current session had held a special meeting dedicated to the LDCs, underlined the dire situation of the LDCs and the need for early attainment of the targets agreed in the Programme of Action. Bhutan had always taken full responsibility for its own development and would continue to do so, but the constant goodwill and generous support of its development partners was necessary. Bhutan was grateful for what its partners had done in the past.

66. The multilateral development agencies and financial institutions had a larger impact in smaller developing countries. In that context, Bhutan was concerned at the declining financial support that various multilateral organizations were receiving. Their expertise and specialized services were essential and, for the time being, irreplaceable. Together they made up a significant portion of the total assistance that Bhutan received.

67. It was also a time of change and reform in the United Nations, and the opportunity for increasing the relevance of UNCTAD had to be seized. The UNCTAD mandate for development should be given renewed impetus, and its important work with regard to LDCs must be continued.

68. Since Bhutan had first initiated development activities in the 1960s, major changes had taken place in both the economic and the social sectors. Several economic activities had been privatized. The primary focus of future plans was on human resources development, including education and health, as well as on energy and industries.

69. The representative of Bolivia said that, in the new era which was being made possible by recent events, UNCTAD had an important role to play in efforts aimed at allowing humans to live with dignity, in harmony with nature, and in a world of stability, peace and justice. It had to establish efficient and equitable mechanisms to help accelerate the economic development and international trade of developing countries. Those mechanisms should also set medium- and long-term targets and goals.

70. The new era would have to be one of shared responsibility. Developed countries were called upon to exercise a major role, providing technology and financial support to developing countries. Developing countries in turn also had a tremendous responsibility, it being recognized that part of their backwardness resulted from a combination of internal and external factors. He expressed confidence in the developing countries' capacity to reverse negative tendencies by applying more stable policies and more adequate resource management.

71. In an increasingly homogeneous world, in which the ideals of democracy, a spirit of free enterprise and respect for human rights predominated, interdependence was fundamental. Expressed through cooperation, such interdependence could assist in the following. First, it could lead to the successful conclusion of the multilateral negotiations of the Uruguay Round. The continuous growth of trade was crucial to developing country economies. If tariff barriers were reduced, the global economy could expand to benefit countries like Bolivia, which depended on resources in support of its structural adjustment programme, particularly to meet social needs. Second, through the provision of fresh financial resources under acceptable conditions, it could assist developing countries in creating the basic infrastructure and improve housing, health, sanitary and educational services. Third, it could assist in conserving and protecting the environment, through the use of appropriate technologies to guarantee sustained development and preserve the common heritage for future generations.

72. The situation of Bolivia called for comment. Its adjustment programme had been initiated in 1985. Coherent economic policies, strict control of fiscal deficit, and disciplined monetary policies had in 1991 produced an inflation rate of 14 per cent, the lowest in Latin America, and a growth rate of 4.5 per cent, which was much higher than the demographic growth rate, estimated at 2.7 per cent. Those results had, however, had social impacts.

73. Bolivia had also applied an appropriate legal framework aimed at generating a climate of confidence and attracting foreign investment. Of particular relevance were the new Law on Investment, which provided for equal treatment for national and foreign capital; the new Law on Hydrocarbons, which provided possibilities for joint ventures and exploring and exploiting new gas and oil fields; and the new Mining Law, aimed at developing the enormous potential of mineral resources, for which investments and technology for commercial exploitation were required. Legislation in
those areas aimed at providing a framework suitable to private investment and growth and development.

74. Bolivia intended to diminish the role of the State in 1992 through a vast programme of privatization, to include the main State enterprises. The role of the State should be limited to health, education and basic social services. The process of privatization in Bolivia had the support of the National Congress and of important economic sectors, various national entities and groupings. The main task remaining concerned the social field, which was fundamental if Bolivia was to be ready to enter the twenty-first century. For those purposes Bolivia hoped to receive capital on concessional terms.

75. In conclusion, he stressed the critical importance of an adequate international economic and social environment and of assistance by the international community in support of the socio-economic efforts being undertaken by developing countries.

76. The representative of Brazil said that the events of the past few years constituted one of the greatest peaceful transformations of the international system of all time. On the one hand, democracy implied greater scope for creativity, the possibility for everyone to be heard, and assurance against irresponsible adventures of rulers. On the other, it also made problems transparent. In the case of developing countries, demands for the most basic social benefits of development amounted to a legitimate but formidable daily pressure on Governments, as widespread poverty was incompatible with democracy. It was crucial to avoid the East-West division of the world being replaced by an insurmountable barrier separating the rich from the poor nations. Such a world order would be inherently unstable and unsafe. Having mitigated the scourge of war, it was time to combat the scourge of poverty.

77. Much progress had been made in 1991 in restoring the credibility of UNCTAD. The initially timid ideas on institutional reform had evolved into a set of new concepts on the functioning of UNCTAD. It was time for the Conference to consolidate that move towards change and to launch a new phase in the history of UNCTAD. Economic and social development through multilateral cooperation must be the essence of its work. It needed to be re-established as a generator of innovative ideas on international cooperation for development.

78. The new partnership for development should be based on the understanding that negotiations and the eventual adoption of decisions on specific issues were the natural end result of gradual consensus-building. The Brazilian Government fully endorsed the determination, shown by the Group of 77 in Tehran, to overcome blind confrontation and to engage in constructive dialogue. Human beings must be the aim and the parameter, the builders and the beneficiaries of any developmental process—not the power of the State, not the economy, domestic or international, and not GNP. Therefore, increasing attention should be focused on the social aspects of development. In order to avoid the process of growth in a heterogeneous economy leading to ever greater social asymmetry, with the marginalization of large segments of the population, special attention must be given in national efforts to spreading the social benefits of development. Health and education were not consequences of development, but necessary preconditions.

79. The burden of the adjustment process that followed the debt crisis had fallen mostly on the debtor countries’ populations, but it had also fallen heavily on States, sometimes in a chaotic manner, destroying much of their capacity to plan and act. As a consequence, developing country Governments not only were unable to sustain previous models of development but had also lost their ability to carry out stabilization policies, provide a basic framework of rules for the economy and act in the social sphere, actions which were essential State responsibilities to guarantee the blossoming of a market-based economy.

80. International cooperation had to play an important role in the area of social development. The pursuance of human-centred economic development should also be central in the treatment of environmental issues. It was essential that the concept of sustainable development take into account the realities and necessities of the populations directly involved.

81. While the imposition of environmental standards and recourse to allegedly environmentally guided unilateral trade restrictions might produce a few results in the short run, such measures would definitively undermine the prospects for genuine international cooperation to address environmental problems. The forthcoming United Nations Conference on Environment and Development was an appropriate forum to deal with those and related issues.

82. Finally, the eighth session of the Conference represented an opportunity to rebuild. Brazil was ready and willing to do its part, but it was not prepared to go along with final decisions that either rendered UNCTAD totally irrelevant to its development aspirations or, worse still, attempted to steer it away from its development vocation.

83. The representative of Bulgaria said that the end of the cold war, the overcoming of the ideological confrontation, the profound political transformations in Central and Eastern Europe and the necessity for the integration of those countries into the world economy were opening new avenues for UNCTAD to contribute to the establishment of international relations which served equitably the interests of all countries. That was in line with the general restructuring process of the socio-economic activities of the United Nations system. The changes in Central and Eastern Europe would lead to a strengthening of international cooperation and contribute to world economic development.

84. The developments in Bulgaria confirmed the irreversible nature of the changes that had taken place and the consolidation of the democratic process. The Bulgarian people had committed themselves to the universal values of democracy and pluralism. Radical economic reform was under way with a view to the elaboration of the legal foundations of a market economy. Legislative measures had already been adopted for the denormalization of industry, free and fair competition, trade regulation, reorganization of the banking system, foreign investment regimes, and so on. Considerable difficulties
were being encountered, but there was a broad national consensus that there was no alternative to the transition to a genuine market economy.

85. Accordingly, Bulgaria’s relations with developing countries would be increasingly built on market principles in line with the new spirit of partnership which had been gaining ground since the seventh session of the Conference. Despite its serious difficulties, Bulgaria would continue to grant preferential tariff treatment to imports from developing countries.

86. UNCTAD was one of the important universal bodies in the United Nations system, but it needed to be reformed and restructured into a modern, efficient organization able to respond to the requirements of the contemporary world and to the interests of all countries. The UNCTAD mandate on relations between countries having different economic and social systems had lost its relevance and needed to be brought into conformity with changing realities in Central and Eastern Europe. Bulgaria considered that the three basic functions of UNCTAD retained their validity, but that it was particularly important to strengthen its research, analysis and technical assistance activities. Studies on the social and economic problems encountered by economies in transition, on the conversion of military potential to civilian use, and on privatization, would be welcome.

87. The working process in UNCTAD needed to be changed substantially. Final decisions on issues should be taken only after a broad general consensus had been reached. UNCTAD needed to profit from the experience of other international organizations by establishing efficient follow-up mechanisms to control the execution of its decisions. It was also necessary to reform the institutional framework of UNCTAD in order to achieve greater efficiency and overcome the rigidity and irrelevance of the existing framework.

88. For the establishment of stable, predictable and equitable economic development and growth, good management at the national level was of paramount importance. At the international level, one of the most essential prerequisites for sound economic development was the establishment of an open, secure and non-discriminatory trading system. The conclusion of the Uruguay Round would be a substantial step in that direction. That was why Bulgaria attached primary importance to its negotiations for accession to the General Agreement on Tariffs and Trade and association with EC and the European Free Trade Association.

89. Bulgaria was concerned that foreign indebtedness seriously hampered the development of international economic relations, and favoured a solution to that problem which took into consideration the interests of both debtor and creditor countries while not jeopardizing the revitalization of economic growth and development. The inseparability of the link between the problems of indebtedness and development required UNCTAD to give much attention to that subject.

90. UNCTAD should also pay particular attention to the question of making economic growth and environmental protection mutually supportive. The primary responsibility lay with the Governments of the individual countries concerned, but the material, technological and financial support provided by developed countries would to a large extent determine the success or failure of efforts to preserve the environment for current and future generations.

91. The representative of Burkina Faso stated that the eighth session of the Conference was taking place at a critical juncture of the world economy. A recent international crisis had ended, involving tremendous human and financial losses. Countries which had a central economic system were undergoing profound economic and political transformation. Finally, large trading spaces were being created. Those events would have several effects on international relations in the short and long terms: some were predictable, but others were not, and that was a source of concern.

92. Being a Sahelian land-locked country, Burkina Faso was subjected to drought, climatic vagaries, limited water supplies, continuous deterioration of its productive resources and desertification. However, during the 1980s, despite political and social upheavals, its economic growth had been relatively satisfactory, owing to the performance of the rural and handicraft sectors. However, shortages of resources and an unfavourable external environment had undermined its macro-economic equilibrium and reversed the development process. In 1990, the Government had implemented a structural adjustment programme with the support of the World Bank.

93. Changes in the international economy mentioned earlier could threaten the success of Burkina Faso’s structural adjustment programme. For that reason, it was to be hoped that a real exchange of views would take place on items on the agenda of the Conference. The debt problem should be approached on the basis of exclusively economic criteria. Resource transfer for development purposes or in the context of structural adjustment programmes should be adequate in order to help achieve the objectives previously laid down.

94. International trade had always played a crucial role in the development process of Burkina Faso. However, trade had not provided the expected resources. The country strongly supported all initiatives to strengthen international trade, taking into account interlinkages between development, money and environment.

95. Commodities were the principal source of development finance for Burkina Faso. A number of concrete measures had been adopted in the framework of UNCTAD with a view to increasing the contribution of the commodity sector to the growth of developing countries. Those measures should be reinforced and readjusted in the light of the new requirements of developing countries. The country thus strongly supported negotiations on market access, horizontal diversification and increases in compensatory finance.

96. The implementation of structural adjustment programmes in Burkina Faso had revealed the inadequacy of standard measures. Countries such as Burkina Faso had a predominant informal and unorganized sector, which fell outside the scope of institutions and mechanisms defined in the programmes. The industrial
sector, which had been set up in the midst of economic difficulties, was meeting serious obstacles in international markets which were controlled by multinational companies. Moreover, economic reforms required vigorous and painful measures in terms of cuts in staff and in public expenditure, and suppression of enterprises, while at the same time fundamental democratic rights had to be guaranteed. Development partners should pay due account to the complexities of that situation.

97. The representative of Cameroon said that the former East-West political bipolarization had given way to a North-South economic one in which developing countries had been marginalized. Ideological antagonisms had led the Bretton Woods economic order to an impasse. The failure of international economic cooperation in the 1980s had resulted in the denial of the notion of interdependence and had widened the gap between industrialized and developing countries.

98. The new global economic framework, characterized by large economic groupings and the integration of Central and Eastern European countries into the world economy, was a legitimate cause for concern, in spite of assurances from traditional donor countries. The challenge facing the international community was to reactivate growth. In developing countries, that required a reversal of financial flows, while it also implied adjustment in both North and South. The industrialized countries held the key to the situation. The economic crisis of the 1980s had not only had negative effects; it had also taught many countries to take responsibility for their own development. In that regard, Cameroon was resolutely committed to the process of economic liberalization and democracy. The effective implementation of those measures would require social stability and a sound and durable economic situation. Democracy was a delicate mechanism which could easily be derailed and come to a sudden halt. Consequently, the international community should devise an appropriate mechanism for financing the resultant cost of that likely derailment.

99. One of the main tasks confronting Cameroon was the active search for a solution to the commodity problem. The commodity sector had assured the bulk of Cameroon’s export earnings and was the best guarantee for the honouring of its debt-service obligations. Concerning resources for development, he deplored the fact that the target of 0.7 per cent of GNP for ODA, established in 1970, had not been met by many industrialized countries. Private investment had dried up, and there was an urgent need to find a global solution to the financial needs of developing countries. Cameroon supported the proposal by the Secretary-General of the United Nations to organize a conference on development finance.

100. Concerning the forthcoming United Nations Conference on Environment and Development, Cameroon would support decisions which might be taken in favour of sustainable development, the fight against poverty and a more equitable sharing of wealth. With respect to the Uruguay Round, he expressed the hope that it would result in a satisfactory and equitable outcome, including better market access for exports from developing countries.

101. With regard to institutional matters, Cameroon supported UNCTAD as a veritable instrument for international development which should continue to examine matters concerning the interaction and interdependence of trade and development. UNCTAD should, however, be reformed and revitalized, in line with the ongoing reform of similar organs in the United Nations system.

102. The representative of Canada emphasized that a new international consensus existed on liberal democratic values, respect for human rights and importance of market-oriented economic policies. In addition, many Governments, including that of Canada, considered that the United Nations could and should play a more important and effective role in world affairs. With that aim in mind, the structures and working methods of the United Nations needed to be reformed; that was necessary for institutions dealing with policies related to economic development, in particular UNCTAD, which had been progressively eclipsed by other organizations.

103. Improvements were required in the work of the UNCTAD secretariat and of the intergovernmental bodies. The substantive orientation of secretariat research and analysis had to give much greater weight to the study and comparison of national economic development policies and determinants of development success and failure. Study of developments at the international level needed to continue, focusing mainly on implications for developing countries. The tendency of UNCTAD to advocate unilateral concessional or preferential measures by developed countries should be diminished, and UNCTAD should take account of the capacities, constraints and views of donors. Work should focus on the full integration of developing countries into the world trade and payments system. Meetings in UNCTAD should be based on dialogue and exchange of information, and substantially less on negotiating agreements, resolutions or other such results.

104. Regarding resources for development, external resources to support economic development could be expected to remain scarce in the foreseeable future. Those countries which created conditions for generating resources domestically would be more successful in attracting foreign investment and lending. The same policies which encouraged high domestic savings and investment would prove attractive to foreign businesses and bankers.

105. Canada attached particular importance to its assistance programme for the LDCs and would do everything possible to achieve a target of allocating 0.15 per cent of its GNP for assistance to them. Governments which systematically violated the human rights of their citizens should not be provided with ODA.

106. Canada believed that the Uruguay Round negotiations should be concluded as soon as possible, in order to continue the progressive liberalization of international trade. The final act of the eighth session of the Conference should call on the Uruguay Round negotiators to conclude their work speedily. Like other developed countries, Canada would also re-examine its preferential customs tariff, in the light of the results of the Uruguay Round. UNCTAD should study in depth the potential for more intensive trade among developing countries stem-
ming from liberalization of the barriers to imports from other developing countries. It should also consider more attentively national trade policies and practices and their impact on development performance.

107. The draft text of the general agreement on trade in services in the Uruguay Round 24 should be commended; it would surely promote future development of international trade in services. In that context, UNCTAD could contribute substantially by analysing national trade policies and their impact on the competitiveness of service industries.

108. Canada welcomed the increasing attention being paid in UNCTAD to market systems and private enterprise when considering problems related to commodities. Canada was of the opinion that a better dialogue between producers and consumers constituted the best means to solve commodity problems and improve market transparency.

109. The representative of Chile referred to the challenges and opportunities of the new international scenario. Interdependence among all countries and the global character of both problems and solutions characterized current reality. Chile was concerned about the current intensification of protectionist policies, including non-tariff barriers, in industrialized countries. Those were not only contrary to basic principles of free trade and led to a less efficient allocation of resources at the global level but also reduced the benefits of the export-oriented development strategies of developing countries. The successful conclusion of the Uruguay Round negotiations was therefore of fundamental importance. The new climate of peace and reduction of tension at the international level could also permit the reduction of expenditure in the defence sector, and allow the redirection of resources for development purposes.

110. There was also an increasingly homogeneous approach by developing countries to promoting economic development, based on trade liberalization and strengthening of their export orientation, including measures towards fiscal austerity, prudent management of monetary policies, and reduction of controls and regulations in the activities of the private sector, and of governmental subsidies.

111. The increasing integration of developing countries into the world economy required that they become more internationally competitive. That depended on their resources and on their knowledge of how to organize resources productively, which necessitated the systematic introduction of progressive technology into productive processes. That constituted perhaps the greatest challenge to developing countries.

112. The international community needed UNCTAD, whose main mission was to promote economic development and equity in international economic relations. There was no other forum of a universal character which could analyse, from a development perspective, the interlinkages between trade, finance and technology and undertake the consideration of matters such as globalization of the international economy and its impact on weaker economies. Recognition that the economic success of each country was more than ever intimately linked to the international environment implied that equitable and harmonious development was of the utmost importance.

113. UNCTAD needed to update its agenda; to adapt its work to address concrete aspects of interest to all members; to propose effective responses to current problems, in particular concerning the integration of all countries in the international trading system, increased requirements for international competitiveness and technological progress; and to include among its new concerns analysis and discussion of the links between development and good economic management, especially efficient, socially equitable and ecologically compatible public policies. Chile considered the subject of sustainable development to be of great importance in that context.

114. The work of the organization had to be defined in the light of the mandates and functions of other multilateral entities. UNCTAD could complement and contribute within its sphere of competence to those other forums; that would include providing inputs to their discussions. Structural reform of UNCTAD was indispensable: the organization needed greater flexibility to respond to the new realities. The participation of non-governmental sectors in the UNCTAD negotiation forum was increasingly needed, and could involve diverse groupings, different from the traditional regional groups, and in line with the subject under discussion.

115. Chile's interest in a dynamic and efficient UNCTAD reflected the internationalization of its economy and its increasing participation in the international market. To achieve international stability and peace in an increasingly interdependent world, it was important that economic relations favoured growth with equity.

116. The representative of China said that, as an old pattern of international relations was being replaced by a new one, the gap between North and South kept widening. After the 1980s, which had been a lost decade for development, development had become a common imperative for the international community. Faced with falling GNP and export earnings, as well as a crippling debt burden and a particularly unsupportive international environment, many developing countries had undertaken painful adjustment efforts. In spite of those, development efforts were still being constrained by the external environment, and 1.2 billion people were still struggling in hunger and poverty. The situation in the LDCs was even more disturbing.

117. The establishment of a new international economic order based on equality, reasonableness and mutual benefit and cooperation was the common desire of the international community and a precondition for ensuring stable development. That new order should ensure that each country had the right to adopt its own socio-economic system and approach to development in accordance with its national realities; to exercise effective control over its national resources and their exploitation;
and to participate equally in the decision-making process on international economic affairs. At the same time, the developed countries should respect and give preferential consideration to the interests and needs of the developing countries and refrain from attaching political conditions to the provision of assistance.

118. It went without saying that the developing countries bore the primary responsibility for their own development, and they had been making efforts at adjustment and reform in accordance with their own conditions. Cooperation among them was important in order to enhance their collective self-reliance, and in that connection the GSTP was important and should be strengthened and expanded.

119. A favourable external economic environment was essential for development, as the experience of the 1980s had proved. The process of global integration had been bringing countries ever closer together and required that the North and the South strengthen their cooperation in a spirit of shared destiny. In that regard, China fully supported the proposal in the Tehran Declaration that called for "a new partnership for development" and a "reinvigoration of the development dialogue". In that new cooperative effort, priority should be given to market access and to the transfer of financial resources and technology to developing countries. Particular attention should be devoted to the LDCs, which suffered from an acute shortage of development finance, an extremely low capacity in science and technology and deteriorating terms of trade. The effective policies and measures contained in the Programme of Action should be implemented in earnest.

120. The agenda of the eighth session of the Conference provided for ways to address some of the most urgent problems of developing countries, including solving the debt problem, increasing financial flows for development; resolving imbalances in world trade through the achievement of a balanced package agreement in the Uruguay Round; liberalizing transfers of technology towards the South (including through the resumption and conclusion of negotiations on the code of conduct on transfer of technology); and helping developing countries to build competitive service industries, taking their needs fully into account in the formulation of any relevant national and international policies and legal frameworks on the service sector.

121. Many developing countries had a vital interest in commodities, and there was need to find comprehensive and long-term solutions to commodity problems, including the improvement of compensatory facilities for the financing of export shortfalls and the encouragement of the processing and marketing of commodities produced in developing countries. Proper and effective use of natural resources and improvement of the environment were matters affecting the very survival of mankind, and developed countries should bear more responsibility in that area of concern. China hoped that the United Nations Conference on Environment and Development would make a useful contribution to solving problems of development and environment, while UNCTAD should promote the transfer of additional resources and environmentally sound technologies to developing countries.

122. In addition to its original mandate, which remained valid and useful, UNCTAD should foster its policy analysis, negotiation and technical assistance in new areas. Emphasis should be placed on finding practical solutions, working methods should be improved and the organization made more adaptable. However, the objectives and orientations of UNCTAD should not be altered.

123. With a population of over one billion, China was embarking on a socialist road with Chinese characteristics by combining planning with market regulations, and it had achieved remarkable results. Not all countries could follow the same development path or economic model, and China's not only suited its national conditions but was also effective in practice. China had also initiated a broad range of reforms, and was attempting to resume its status as a contracting party to GATT, with a view to the further development of its trade relations with other countries.

124. The representative of Colombia referred to the constructive tone and political will evident in the deliberations, despite the formidable obstacles facing UNCTAD, such as the previous atmosphere of confrontation, the evident paralysis of some of its activities, and the now discarded scepticism about its effectiveness and role as a forum for discussion of a number of the world's problems. Cooperation was needed instead of confrontation. The institutional renewal of UNCTAD required action on several fronts. First, there was a need to disband some of the old committees and to restructure and combine others, and resources and space should be freed to deal with new issues. Second, ad hoc working groups which would operate in the light of the changes already made in the old rigid framework of traditional regional groups should be established to consider new and vital questions of international import. Third, it was not a question of abandoning the group structure but of establishing issue-oriented groups with specific goals and interregional groups for specific tasks. Fourth, monitoring and follow-up of decisions were the only way to ensure their effective implementation. Fifth, the academic world, the private sector and organizations which represented civil society had to be linked with UNCTAD activities.

125. It was important that the Conference achieve positive results on substantive issues and consequently reflect them in the new work programme. Commodities constituted one such item. Innovation was needed to take advantage of the opportunities offered by financial instruments which would promote price stability. Indeed, it was possibly the right time to convene a world conference on commodities. The convening and backstopping of such conferences should be the responsibility of UNCTAD, whose role in the international system would thereby be strengthened. Given the catastrophic situation in the coffee market following the collapse of the International Coffee Agreement, Colombia had been making great efforts to re-establish an agreement and was ap-

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25 See annex V, Tehran Declaration, para. 6.
26 Ibid., para. 5.
126. There was also need for a lucid and original examination of environmental questions. The Earth Summit had to concentrate on determining the relationship between the environment and development. It offered a unique opportunity to enrich one's knowledge of the interrelationship between the issues of economic growth, poverty, and physical environment. The Conference in Rio de Janeiro should likewise be used to ensure that environmental policies did not become a means of adopting new discriminatory measures and imposing new barriers to trade. Moreover, at its eighth session, the Conference should study the relationship between its activities and mandate and the foreseeable outcome of the Rio de Janeiro Conference. It would be inappropriate for that Conference to conclude with the establishment of yet another agency in the United Nations system; rather there should be an agreement among the institutions of the multilateral system so that the functions and responsibilities arising out of the Conference were distributed appropriately and the decisions taken there monitored.

127. The importance of good management was being emphasized at the current session. The need for international cooperation to assist the poorest countries had to be taken into account in allowing market forces to direct the organization of economic activity. There would not be complete well-being in the North as long as enormous social inequalities, illness, ignorance, unemployment and poverty persisted in the South. There was a vast space between the market and the State, that of social action. There was now broad scope for objective analysis of those topics within the United Nations in an atmosphere devoid of ideological connotation. The analysis of good governance had to be extended to include private actors and the international environment. Corruption permeated all spheres of economic activity.

128. UNCTAD should study and denounce the inconsistencies by which the principles of free trade were applied selectively. Analyses of the world trade situation should be conducted so that Governments would be sure of moving in the right direction. UNCTAD technical cooperation activities had lent valuable support to that endeavour.

129. The globalization of economic activity had involved a growing transfer of influence and power from the nation State to the regional and supranational levels. However, there also existed an opposing tendency leading towards globalization of the problems of poverty. All problems in the South had an immediate impact on the North. Taking into account the reorganization recently started at United Nations Headquarters in New York, development themes to be integrated into the work of UNCTAD should include investment, technology, privatization, the democratization of private ownership, training and competition. The "Spirit of Cartagena" should not be reflected merely in a declaration, but rather in commitment. Instead of a long list of complaints, there should be a plan of action for the decade that had begun. Rather than confrontation based on selfishness, what was needed was consensus and concerted action based on solidarity aimed at world peace and human well-being.

130. The representative of Costa Rica said that the series of economic events which had radically transformed international relations constituted the point of departure for a discussion on real international commitment. UNCTAD had previously played a major role in the formulation and definition of the rules concerning trade matters in North-South economic relations, and had been a useful mechanism for developing countries in implementing logical and just economic strategies. The end of the East-West conflict had inspired renewed confidence in multilateralism. UNCTAD had to be present in the new scenario and become the ideal forum for dialogue between North and South. It was urgent to strengthen and create follow-up mechanisms as well as to draw up a concrete agenda of activities for efficient functioning. The renewal and strengthening of dialogue among industrialized and developing countries constituted the major theme of UNCTAD. That dialogue should become a continuous process of concertation on concrete matters.

131. The Conference should generate proposals and promote mechanisms for the effective mobilization of the resources necessary for economic and social development. The Programme of Action for the Least Developed Countries for the 1990s was significant. UNCTAD should have an important role with regard to funds for cooperation and assistance for the LDCs, and should prepare and present concrete proposals identifying needs concerning cooperation and assistance, as well as possible donors.

132. Commodities constituted another subject of great importance in view of the fact that it was a source of foreign exchange for a large majority of developing countries. UNCTAD should examine the current situation and perspectives in the field of commodities, with the aim of contributing towards coherent and effective international policies and the equitable development of commodity trade at the global level.

133. With regard to the current debate on trade liberalization and the need to abolish protectionist barriers, UNCTAD should inspire developed and developing countries to resist allowing current trade policies to become an additional obstacle for the majority of trading countries. UNCTAD should play a fundamental role in the analysis of, and discussion and negotiation on, new modalities for international trade. It was vital for UNCTAD to participate actively in the work towards the creation of an international trade organization, of which it should form part. In the field of services, UNCTAD should contribute to the strengthening of the capacities of developing countries, with a view to creating a multilateral framework for regulating and expanding trade in services.

134. Technology transfer and development were vital themes in the new economic environment. UNCTAD should therefore be actively involved in strengthening the technological capacity of developing countries. It should, in particular, promote initiatives for identifying the priorities of developing countries in that area.
135. In order to implement those activities, UNCTAD should strengthen its mechanisms and work structures and strive with renewed vigour to confront the challenges posed. Likewise, developing countries should renew and adapt their mechanisms of concertation: the distinctive signs of the new economic era would be concertation and dialogue.

136. The representative of Cote d'Ivoire said that, in contrast to the positive evolution of political problems in the early 1990s, the economic situation had developed quite differently, and had been marked by an increasing gap in levels of development between developing and industrialized countries.

137. The world was facing a political situation in which each country had to assume responsibility for its development. It was nevertheless important, in order to promote pluralistic democracy and peace for all peoples, that new modalities for international cooperation be formulated and agreed upon as soon as possible. Democracy and development were closely linked.

138. The commodity sector was of vital importance for Cote d'Ivoire and indeed all African countries. Pressed by the servicing of their debt and faced with a decline in export prices, African countries, and particularly Cote d'Ivoire, had been obliged to increase production, which had led to further declines in commodity prices. In order to break that vicious circle, the international community had to agree upon measures and strengthened international policies in the vital sector of commodities. In that context, the possibilities of existing traditional instruments of cooperation, such as commodity agreements, study groups and the Common Fund for Commodities, had not been fully explored. Hence UNCTAD should design new modalities for their implementation.

139. Regarding international trade, for some time two contradictory trends had been emerging: first, the internationalization of the trading system, and second, the appearance of trade blocs. The Uruguay Round negotiations should be concluded with a view to achieving balanced results, taking into account the particular needs of developing countries, *inter alia* the preservation of certain benefits which those countries enjoyed in their relations with economic integration organizations.

140. The developing countries themselves bore the primary responsibility for their economic development. They also needed to cooperate with international financial institutions, with the aim of finding a durable solution to the debt problem, which was a particular manifestation of market defects.

141. The representative of Cuba said that, in spite of the hopes raised by the creation of the United Nations and later of UNCTAD for accelerated development and a better distribution of wealth among all peoples, the 1980s had been a lost decade for development. Of the 4 billion inhabitants in the third world, 1.2 billion were living in extreme poverty, and their economies were growing at less than 1 per cent annually, thus widening the gap which separated them from their fellows in developed countries. In that context, debt (which represented a total of $300 per capita in developing countries) was the greatest economic scourge, especially in Latin America, which was paradoxically currently a net capital-exporting region.

142. At its first session, the Conference had recognized the need to compensate developing countries exporting agricultural products for the losses caused by the distorting mechanism of the so-called "price scissors". Today, however, no one appeared to be concerned by the fact that the level of commodity prices (excluding oil) had declined by 40 per cent in the past decade and that the losses thus suffered had far outstripped the financial resources received in the form of development assistance.

143. Although it had become fashionable not to talk of the pressing need for a new international economic order, and instead to put forward as miraculous solutions for contemporary ills the old practices which had themselves led the world to its current inequalities and suffering, changing the prevailing situation in developing countries required the solution of the problems of foreign debt and commodity prices, the transfer of technology on fair terms, the reversal of the net negative transfer of resources and the elimination of protectionism.

144. He recalled the priority which the Cuban authorities had given to human development since the revolution and the impressive results achieved in that area. Investment in human development had now been recognized by international organizations, and even world financial institutions, as a *sine qua non* for economic development. It was to be regretted that, in spite of the wish of many countries, it had not been possible to hold the eighth session of the Conference in Cuba, owing to the hostility of the United States, which had continued its economic, commercial and financial blockade to that day.

145. Because of the recent developments in the former Soviet Union and Eastern Europe, Cuba had to face a totally different, and much less supportive, international environment, the effect of which had been the reduction of Cuban exports to half the level achieved only two years earlier, imposing very serious hardships on the Cuban people. Under those circumstances, Cuba had had no choice but to adopt an austere adjustment programme. However, unlike the adjustment programmes and shock-treatment policies adopted by the East European and other countries, at a high social cost, Cuba was striving to implement its programme without giving up previous historical achievements, and would not abandon giving priority to employment, price stability and food self-sufficiency. Instead, imports of manufactured goods had been curtailed, sharp reductions effected in the consumption of energy, and resources concentrated on activities which could replace imports and increase foreign exchange income.

146. Cuba's export policy was based on increasing traditional exports and developing new exports, multiplying the number of sectors participating in foreign trade and introducing more rapid, flexible and stimulating systems for exporters. Significant investment efforts were being made in research for biotechnologies, pharmaceuticals, and medical equipment. Long-term arrangements were being made with foreign firms in the area of
marketing. New facilities had been granted for the absorption of foreign capital, and foreign investment encouraged through total guarantees. That was being done with a minimum of publicity because of the strong and persistent pressure exerted by the United States on those wishing to invest in Cuba; paradoxically, it was the United States which in the Uruguay Round had been demanding the free movement of capital. A new approach had been adopted regarding tourism, which was currently being developed. All those new elements showed Cuba’s willingness and capacity to adapt.

147. At its eighth session, the Conference was called upon to revitalize UNCTAD, which was the sole organ of the United Nations devoted to interrelated examination and negotiation of the main problems of development. A special session of the Trade and Development Board needed to be held on the link between the deterioration in the purchasing power of commodities and the enormous subsidies which the OECD countries gave annually to their agricultural production. The draft final act of the Uruguay Round was useful as a basis for negotiation: free and fair trade was essential to the well-being of developing countries. UNCTAD should contribute, through studies and assessments, to the possible creation of a multilateral trade organization as part of the outcome of the Round. With regard to environment and trade, the measures to be adopted needed to focus on the objective of abolishing poverty, avoiding the risk that the cost of environmental measures would fall on the developing countries. Equally, the pretext of protecting the environment could not be used to justify protectionist measures or the curtailment of national sovereignty.

148. The representative of Czechoslovakia said that in recent years, especially in Europe, major political and economic changes had occurred as many countries were promoting democratic processes and embarking on the road to a new market economic system. The necessary positive results and adjustments of the work of the United Nations to those changes had not yet been realized, however. In UNCTAD, very little success had been achieved in the adoption of proposals to give impetus to the new thrust of economic cooperation in the world community.

149. Although the work of UNCTAD needed to undergo major changes, changes in its mandate were not required. In seeking new approaches to the work of UNCTAD, the possibilities should be explored of making it more attractive to wider participation, not only of government officials but also of academic, research and scientific specialists as well as private businessmen.

150. Czechoslovakia had adopted a wide range of economic measures to achieve a market economy system rapidly. It had a very liberal system of foreign trade, comparable with that of other developed countries. The aim was to do away with one-sided dependence on a single trading partner. Czechoslovakia’s GSP scheme in favour of developing countries remained in force and covered (with the exclusion of a few items) all products imported from developing countries. Products originating in and imported from LDCs were totally exempt from customs duty.

151. Czechoslovakia believed that UNCTAD should deal with the problems of world trade and economic development of all its member States, giving special attention to the developing countries. The existing regional grouping system had become outdated, however, and, to a certain extent, created an obstacle to the work of UNCTAD. Member States should be free to form various groups according to their common, regional, economic and other interests, or to present their positions individually. UNCTAD should also deepen its collaboration with other international organs and organizations, such as GATT, the World Bank, IMF, regional commissions of the United Nations, and others.

152. The representative of the Democratic People’s Republic of Korea emphasized that the eighth session of the Conference was taking place at a time marked by rapid changes in international economic relations. The disappearance of the East-West confrontation had led to new multipolar international relations and had accelerated the process of regional and subregional economic integration.

153. The gap between developed and developing countries was becoming wider: capital flows into the developing countries were declining; the terms of trade continued to be unfavourable; and the debt burden was growing. The difficult economic problems encountered by the developing countries added to the instability of the world situation.

154. The international community was facing the important task of creating a favourable international environment for the growth and development of the developing countries. That task would involve measures to reduce their external debt, to increase the flows of financial resources for development and to eliminate inequities in international trade, in particular with respect to trade obstacles affecting the developing countries and the level of commodity prices. The Democratic People’s Republic of Korea thus called upon the developed countries to remove all forms of economic blockade, restrictions and political conditionalities. A new international economic order based on the principle of respect for the sovereignty, equality and mutual benefit of all nations was required.

155. The Democratic People’s Republic of Korea supported the Final Documents adopted at the Ministerial Meeting of the Group of 77 in Tehran and, stressing the characteristics of the Juche-oriented socialist economic construction, emphasized a policy of actively extending economic relations with all countries, while preserving the existing independent national economy.

156. The representative of Denmark said that the eighth session of the Conference was being held in a dramatically changed international environment. Discussions at the session should be complementary to those elsewhere, given the strength of UNCTAD in dealing with the interlinkages of issues in the world economy and their impact on developing countries.

157. Democratic, transparent and accountable political systems which upheld respect for human rights and fostered popular participation in the development process were prerequisites for development. Women and the
socially most vulnerable groups had to be given prime consideration, and effective measures taken to fight corruption.

158. The need for economic reforms and structural adjustment as a basis for lasting growth and development had become evident and accepted. Sound economic policies had to be based on the interplay of market forces and should stimulate private entrepreneurship, although the public sector was still important. It was a matter of particular concern that military expenditure in many developing countries had reached alarming levels.

159. Developing countries had to ensure that domestic resources were raised and utilized to their full potential and, for their part, developed countries should redouble their efforts to reach the international target of 0.7 per cent of GNP for ODA transfers and reconfirm their commitments with regard to LDCs as agreed at the Second United Nations Conference on the Least Developed Countries. A greater involvement in the development process by private industry in developed and developing countries was also called for.

160. Increased market access and an open and credible multilateral trading system resistant to protectionist pressures were essential for growth and development. Therefore Denmark was actively seeking a successful conclusion to the Uruguay Round, with substantial and balanced results contributing to a greater integration of developing countries into the multilateral trading system.

161. Diversification and better coordination should be the central elements in both international and national efforts in relation to commodities, backed by resources from existing institutions and arrangements such as the Common Fund for Commodities and ITC. Denmark supported UNCTAD efforts to establish better functioning producer-consumer cooperation which could contribute to greater transparency in the markets. The primary responsibility for an appropriate commodity policy, however, rested with the individual country; such a policy should include the strengthening of the private sector and support for the development of human resources and infrastructure.

162. In December 1991, the Nordic countries had put forward some suggestions on the revitalization of UNCTAD, to the effect that UNCTAD activities should rest on three main pillars: objective and penetrating analysis; normative activities in the form of a genuine and open dialogue; and technical assistance and policy advice. The Nordic view placed considerable weight on the analytical function. The areas of operation of GATT and UNCTAD should be kept separate but complementary, with UNCTAD as a forum for broad analysis and debate and GATT as a forum for negotiations of contractual rights and obligations. The working methods of UNCTAD needed to be reviewed, to avoid the practice of seeking to conclude most issues by the adoption of resolutions, laboriously negotiated by a rigorous group system. A summing up by the chairman could often be a better alternative. In general, much could be learned from the experience of OECD, which had proved to be a most useful forum for analysis and debate and which had an unquestionable impact on member countries’ policies.

163. The representative of Ecuador reaffirmed the validity of the mandate and objectives of UNCTAD, which was the only universal forum where all issues regarding trade and development could be examined in a complete and integrated manner. It offered an efficient mechanism for adopting multilateral actions and policies for resolving international economic problems obstructing the growth of developing countries. Ecuador had great confidence in the functioning of multilateralism as the right scheme for responding to the demands of those countries.

164. In its early years, UNCTAD had accomplished such significant achievements as the acceptance of preferential treatment for developing countries in the multilateral trading system, the establishment of the GSP, and the adoption of the Integrated Programme for Commodities. The results of that successful multilateral process had unfortunately been elusive. Therefore, the first objective of the current session of the Conference should be to convert UNCTAD into a more useful and efficient instrument. Its mandate and objectives must, however, remain unaltered. Otherwise, by the next session of the Conference the participants would be confronted by the same problems in an aggravated form.

165. Ecuador was an example which demonstrated the unfavourable influence of external factors on national economies and, consequently, the need to change the status quo of international economics. That was where UNCTAD could provide valuable assistance. In pursuit of a modern and competitive economic structure, Ecuador had undertaken important economic reforms, continued adjustment programmes, and made trade concessions in the process of Andean integration. Despite those efforts, Ecuador’s economic growth had been quite meagre. The success of those programmes depended to a large extent on the evolution of the external economy. Developed countries must support such efforts through a substantial reduction in protectionism, higher prices for commodities and provision of financial resources in a manner allowing rational and continuous financing of development.

166. Currently the external economy was not conducive to progress in developing countries nor was there a corresponding effort on the part of developed countries which would permit the efforts of developing countries to bear fruit. The international environment had to be changed. That was the fundamental challenge of the current session of the Conference. Revitalization of UNCTAD would also contribute to the revitalization of development possibilities of developing countries.

167. The representative of Egypt said that, in a world marked by the end of the cold war, security, stability and peace were no longer viewed as purely military concepts. Those notions were now linked to the economic and social environment, to the right to development and to solidarity in the endeavour to break the vicious circle of poverty, underdevelopment and extremism. Serious and constructive dialogue among countries was needed to find solutions to contemporary international economic problems. He referred to the 1989 initiative of the Presidents of Egypt, Senegal, Venezuela and Yugoslavia and the former Prime Minister of India.
tries bore prime responsibility for their own development. Developing countries bore the responsibility for relaunching the North-South dialogue. Developing countries' right of developing countries to select their priorities anderal economic liberalization and the implementation ofeconomic reform programmes. Developed countries should also adopt sound monetary and fiscal policies. A minimum level of social and economic development in developing countries was necessary to sustain a favourable environment for democracy. He emphasized the right of developing countries to select their priorities and to play an effective role in shaping a new international order. He expressed the hope that the current positive international environment would be reflected in the settling of regional conflicts, particularly in the Middle East with a view to liberating the Palestinian and Arab occupied territories and enabling the Palestinian people to exercise their right to self-determination.

168. The Uruguay Round should reach a positive, comprehensive and balanced outcome that would end protectionism against the exports of developing countries and translate the principle of their special and preferential treatment into concrete measures. In particular, for net food-importing developing countries, multilateral financial institutions should establish additional mechanisms with concessional resources to compensate those countries for the rise in the cost of their food imports. Food aid should also be increased. Those countries should be provided with financial and technical resources to help increase production and productivity in the agricultural sector. Furthermore, future institutional arrangements in international trade should be comprehensive in coverage, with universal membership and democratic decision-making, and should be linked to the United Nations system.

169. The debt crisis had continued to impede the development efforts of developing countries. Egypt attached priority to the role of UNCTAD in studying means of channeling to development efforts in developing countries a substantial proportion of the resources released from disarmament agreements among developed countries. He expressed appreciation for the reference made by the Managing Director of IMF to the effect that the reduction of military spending by developing countries should be compatible with a reasonable level of security, taking into proper account the geographic and strategic circumstances of each country. There was an urgent need to increase ODA flows on concessional terms. Developed countries should honour their commitment to allocate 0.7 per cent of their GNP to ODA. He urged developed countries to provide assistance to developing countries making serious efforts to make a transition towards democracy.

170. The decade of the 1980s had witnessed the instability of commodity markets. Redressing that situation would require improvements in existing compensatory financing facilities and the broadening of their product coverage. Adequate financial resources should be made available to the Common Fund for Commodities to enable it to implement its tasks. With regard to sustainable development, financial resources for environmental protection in developing countries should be new and additional. Furthermore, environmentally-sound technologies should be transferred to developing countries on preferential and non-commercial terms. Developing countries should receive technical assistance to combat desertification and drought and to protect freshwater resources. In particular, he urged the international community to honour its commitments under the United Nations New Agenda for the Development of Africa in the 1990s. He expressed the hope that the Summit on the Economic Advancement of Rural Women, to be held in Geneva in February 1992, would strengthen the participation of women in development efforts.

171. Egypt considered that the eighth session of the Conference provided a unique opportunity to revitalize and enhance the role of UNCTAD as a forum for constructive dialogue, negotiations and international cooperation for development. The Conference should not confine itself to agreeing on institutional changes; it should also aim at achieving positive and meaningful results on substantive issues.

172. The representative of El Salvador said that international trade was fundamental to international relations and, for that reason, in recent years the forces attempting to reactivate, coordinate and strengthen trade cooperation were pressing in new directions. Experience showed that the applications of just and effective trade liberalization programmes and a dynamic economic environment were prerequisites to that effort. As a result, El Salvador had started to implement a rigorous programme of adjustment and trade liberalization, which should allow its rapid integration into the international economy. The peaceful solution to the politico-military conflict which had raged in the country for 11 years had contributed to the climate of confidence in which that programme could be carried out.

173. El Salvador was participating actively in GATT and had taken a special interest in certain international codes, including those relating to import licensing and anti-dumping. The country was also more and more actively involved in the Uruguay Round, especially in those groups dealing with tropical products, agriculture, natural resources and services.

174. For El Salvador, reinforcing UNCTAD was a key objective, since it provided technical assistance which helped the country strengthen its capacity to participate more fully and competitively in international trade, a result which itself helped strengthen the process of democratization and reconstruction of the country. UNCTAD could also assist developing countries in designing and implementing appropriate strategies to promote development. Such assistance would be of critical importance at that particular point in El Salvador's history, as the policies and measures adopted to develop products and markets had not yet borne fruit. Assistance of a financial nature would also be required; the costs of the adjustment and reconstruction programme were very high since they included specific action in the social as well as the economic field. El Salvador hoped that such assistance would be forthcoming from the international community.
175. The representative of Ethiopia declared that the 1980s had been characterized by economic instability and set-backs for developing countries. The root causes of that adverse development lay mainly in the policies pursued by major developed countries, as they implemented policies whose immediate impact was to bring about economic recession, the effects of which were quickly transmitted to developing countries. The ability of the developing countries to contribute to the expansion of world trade had been drastically impaired as a result of import contraction policies adopted by many indebted countries.

176. Sustained economic growth in all developing countries was dependent on an international trading and financial system which guaranteed access to export markets and fair prices for their exports. Unfortunately, recent developments had been in precisely the opposite direction. Their impact on the world economy had been felt most acutely in Africa. Fluctuations in commodity prices, compounded by drought, had militated against economic growth. Hence that Continent faced the start of the 1990s with major unresolved economic problems.

177. With regard to debt, it was estimated that Africa's annual debt-servicing obligations would amount to around SUS 25 billion by the end of the century. Urgent action needed to be taken to renegotiate agreements on coffee and other commodities of critical export interest to low-income countries. In addition, measures needed to be implemented to increase resource flows to Africa, in particular flows of concessional aid. Despite the Substantial New Programme of Action for the 1980s for the Least Developed Countries, African LDCs had continued to experience persistent deterioration of their economic growth. The Programme of Action for the Least Developed Countries for the 1990s should therefore provide a framework for an effective new partnership enabling those countries to achieve acceptable standards of nutrition, health and income. Intensified efforts needed to be made by all countries and multilateral financial institutions aimed at implementing fully and effectively the commitments contained in the Programme.

178. The negotiations at the eighth session of the Conference should focus on policies and measures aimed at implementing the Integrated Programme for Commodities. Particular attention needed to be paid to achieving horizontal and vertical diversification in the predominantly monocultural structure of the economies of LDCs. Full support should also be given to the operation of the Common Fund for Commodities through particular emphasis on product development and technology transfer under its Second Account. Additional measures should be taken by the international community so as to halt and reverse protectionism, and improve the GSP through comprehensive country and product coverage.

179. The representative outlined the current political and economic reform measures adopted by his Government, including provisions in the charter proclaiming respect for democratic rights, the attempt being made to establish regional administration and the adoption of a new economic policy.

180. The representative of Finland emphasized that it was a time of change and hope. The costly arms race was coming to an end and there were fewer obstacles to the strengthening of worldwide, all-encompassing cooperation. During the 1980s, a more widely shared perception of the development process had emerged in the world; there was growing recognition of the importance of the market economy, the private sector, and effective government, combined with the necessary democratic institutions and practices.

181. For the whole post-war period, trade had been the driving force for the world's economic growth. Therefore, the success of the multilateral trade negotiations within the Uruguay Round was of the utmost importance to both the developing and the developed world. Market access was vital and in that regard GSP had proved useful; Finland had decided to allow duty-free entry to almost all imports from the LDCs.

182. In the light of the new political situation in the world, reduced defence spending seemed to open up major opportunities. However, competition for resources and capital was intensifying and therefore worldwide savings needed to be increased. The further mobilization of efforts towards domestic savings in the developing countries would inevitably play an important role in development financing. With regard to external debt, there was currently general agreement that debt relief was required, particularly for the poorest countries. For the most indebted countries among them, which were themselves making serious efforts to solve their economic difficulties, debt reductions of up to 80 per cent should be granted on a case-by-case basis.

183. Finland was pleased that the concept of sustainable development had been integrated into the work of UNCTAD, and commended the secretariat on its valuable analyses in the field of sustainable development as well as on its role in the preparations for the United Nations Conference on Environment and Development. UNCTAD had found its own niche in the vast interrelated areas of environment and development.

184. The international community had also to deal with the developmental challenges of Central and Eastern Europe as well as those of the former Soviet Union. There was currently a need for emergency-type operations, but it was also important to provide those countries with organizational know-how and to bring all of them into membership in the international financial institutions.

185. The reform process in the economic and social field, which had gathered speed during the past two years, should have an impact on all relevant activities of the various United Nations bodies. UNCTAD should deal primarily with the interlinkages of trade and economic development and its consensus-building role should be based on policy analyses and discussion. The technical assistance provided by UNCTAD had proved to be valuable to the developing world.

186. It was time for UNCTAD to revise its work priorities and working methods. At its current session, the Conference should give guidance on the priority themes on which UNCTAD should focus during the following quadrennium.
187. The representative of France said that his country subscribed to the views expressed by the representative of the European Community (see paras. 757–767 below). Interdependence and its corollary partnership, had to guide the work of the eighth session. There was a close linkage between democracy and development and democracy and respect for human rights had become fundamental elements of cooperation policies and agreements. However, while there could be no development without democracy, democracy itself could not survive long in a situation of penury, much less poverty; hence the support of the international community was all the more necessary at a time when democratization was spreading throughout the world. Development had also to be human-centred: education, training, health and welfare therefore had to be provided for in cooperation policies and structural adjustment programmes.

188. The growing differentiation among developing countries needed to be taken into account so that analysis could better benefit from the diversity of experiences and interests encountered. Development was the primary responsibility of the developing countries themselves, which needed to generate at least part of the financial resources necessary for development by increasing savings rates, repatriating flight capital and eliminating unnecessary spending. Nevertheless, the support of the international community remained essential.

189. The developed countries, for their part, needed to adopt policies conducive to increased savings rates, macroeconomic equilibrium and open markets. The multilateral approach needed to be preserved in trade, debt and commodity matters, as well as in the United Nations system, which should not be subjected to financial strangulation. Commitments undertaken in various forums, for example at the Second United Nations Conference on the Least Developed Countries, had to be respected. ODA must be improved both qualitatively and quantitatively, and the burden must be shared more equitably, particularly through the involvement of certain countries, hitherto benefactors of ODA, which should now accept their new responsibilities in the world economy. France supported the idea of a conference on development finance.

190. There was a need for a forum such as UNCTAD in which development issues could be examined in all their dimensions and resolved by consensus whenever possible. However, a pragmatic and progressive approach needed to be taken, recognizing that certain ideas took time to reach maturity. UNCTAD needed to be more directly available to Governments for activities in the field, and the secretariat required the human and financial resources necessary to perform its tasks effectively.

191. The representative of Germany noted that the eighth session of the Conference was taking place at a time of historic significance. Widely shared agreement offered a historic opportunity for a “new development partnership” to overcome hunger and poverty in developing countries, to develop the personal potential of all peoples in the economic and social spheres and to meet jointly the global challenges facing humanity. Partnership also meant that countries shared responsibility for the well-being of peoples and the protection of the natural environment.

192. “Good governance” required greater mobilization of both developed and developing countries’ own resources for solving key development problems, as well as the creation of economic and political conditions, including the promotion of individual initiative, for the efficient use of resources at the national and international levels. Combating absolute poverty, promoting investment in human capital, in particular education and health, preservation of the environment, and respect for human rights and legal stability, were all indispensable elements of a strategy which focused on people. It would not be possible to provide the funds necessary to implement such a strategy without reducing excessive military spending. German and international development cooperation in the 1990s would centre round support for the determined efforts of partner Governments that took their responsibilities towards their people seriously. The granting of funds under development cooperation by Germany, and also by other bilateral and multilateral donors, would be guided increasingly by the degree to which partner countries put those basic elements of good governance into practice. In the context of international development partnerships, good governance meant that the industrial countries should ensure that the global economic framework allowed greater participation of developing countries in world trade.

193. The industrialized countries should secure stable economic growth in the world economy through sound financial policies, and without harming the environment. Such policies should encourage the formation of savings through appropriate levels of interest rates. That was essential for an increase in private transfers of capital to developing countries. Sound financial policies of the industrialized countries should also contribute to solving the debt problem. However, debt relief should not favour the continuation of dirigiste economic policies, unsound financial policies and capital flight. Debt relief would continue to be linked to the implementation of economic reforms. Furthermore, the creation of open markets for exports from developing countries was a fundamental prerequisite for development.

194. Subsidizing agricultural production and exports in the industrialized countries not only destabilized world markets for those products but also deprived developing countries of the incentives to build efficient agricultural sectors. The successful conclusion of the Uruguay Round was of decisive importance for a fair and market-oriented trade system, a substantial dismantling of agricultural protection and improved market access for the exports of developing countries, as well as of countries of Central and Eastern Europe.

195. The world economy was undergoing a period of far-reaching structural changes, the consequences of which could not yet be fully assessed. However, it was clear that in order to succeed on the world market, developing countries should seek to diversify their exports more vigorously and to expand economic cooperation among themselves, as was done for example in South-South trading systems such as the Association of Southeast Asian Nations (ASEAN). As far as the single Euro-
European market was concerned, Europe would not be a trade fortress but a cornerstone of free trade and international competition. A dynamic and economically strong Europe would have a positive effect on world trade.

196. Overcoming hunger and poverty was one of the great challenges for political decision makers in the 1990s. UNCTAD could and should make an important contribution as a universal forum for dialogue and for deepening consensus on central issues of the "new development partnership". The necessary conditions should be achieved through the process of reform, including the need to improve UNCTAD working methods and to streamline its organizational structure by making greater use of outside experts.

197. The representative of Ghana stated that the eighth session of the Conference was taking place against a background of intense political and economic changes. The Conference had special significance in that regard, as it offered an opportunity to agree on new development strategies. UNCTAD had continued to display the necessary dynamism and ingenuity expected of it.

198. Despite successful initiatives under UNCTAD auspices aimed at the development of all developing countries, Africa’s trade and development problems had worsened. Africa, as a major commodity producer and exporter, had experienced declining real prices; attempts at domestic processing had been frustrated by protectionism on the side of the developed countries.

199. Debt obligations had reached intolerable levels. That being so, the need for the establishment of a bank of finance to purchase debts and to initiate financial flows should be emphasized. Enhanced external resources and unimpeded access to technology were also necessary requirements in achieving development.

200. Domestic policies could yield positive results only in a favourable external environment. The anti-competitive activities of transnational corporations in international trade was a serious impediment to equitable trade opportunities; the issue of restrictive business practices therefore needed close attention.

201. Developing, and especially African, countries needed to be supported by measures such as financial assistance and diversification to benefit fully from the emerging opportunities in the Uruguay Round of multilateral trade negotiations. Regarding the LDCs, developed countries were urged to live up to the commitments they had undertaken in the Programme of Action.

202. Ghana considered that the role of UNCTAD as a forum to address North-South issues of trade and development remained as valid as when it was founded. Yet with the rapid changes occurring in the international environment, UNCTAD would have to adapt to the changes if it was to remain relevant.

203. The representative of Greece said that, since the seventh session of the Conference, many changes had occurred on the international scene. Greece was following those events with concern, as many of them were taking place very near that country. Political and economic reforms in Central and Eastern Europe were viewed as positive factors. Greece was convinced that strengthened development cooperation between developed and developing countries remained of paramount importance.

204. The Uruguay Round would have an important bearing on the international economic climate. If successfully completed, it would improve the international trade environment by reducing uncertainties and creating new opportunities. The United Nations Conference on Environment and Development would also be decisive on the issue of development. Combining and balancing development and environment would be a major exercise for the next decade, and UNCTAD would have to shoulder a major share of that effort. In addition, it would be required to analyse opportunities for converting resources from military budgets towards more productive development targets. UNCTAD had served the dialogue between developed and developing countries well. Developing countries might benefit further if technical assistance could be redirected to new priorities and needs.

205. Commodities was a sector where UNCTAD played, and should continue to play, a central role. UNCTAD was more qualified than any other international forum to promote an equitable solution to commodity issues. It should resume its activities on commodities, for example with respect to improvement of dialogue and transparency between producers and consumers. Greece had hoped that activation of the Second Window of the Common Fund for Commodities would be beneficial to developing countries, especially with regard to support for the necessary structural adjustment of their economies. The social consequences of structural adjustment and the necessity for adjustment to be part of a long-term development process should not be underestimated.

206. The problems of many heavily indebted countries were a cause of economic and political concern and could become a threat to political stability for democratic regimes. The debt problem was complex, and an equitable, durable and mutually agreed solution should be based on a country-by-country, growth-oriented strategy. That should include voluntary debt reduction by commercial banks, serious adjustment efforts by debtor countries, the catalytic role of the multilateral financial institutions, and greater cooperation among Governments, international institutions and banks.

207. Greece continued to perceive development as one of the major pillars of UNCTAD. New ideas and challenges meant that some shift in the focus of UNCTAD was necessary. Emphasis on sustainable development was at the centre of world activities. That required other ways of thinking and action, and a new approach to economic development. Furthermore, as the number of developing countries moving towards participatory and pluralistic political systems increased rapidly, respect for human rights and good management were important components of development. UNCTAD must consider new patterns and procedures, and a departure from the rigid group system should be envisaged. Institutional reforms were necessary which would allow for the modernization of UNCTAD, and particular attention
should be given to further liberalization of markets, the enhancement of multilateralism, regional cooperation, and the problems of the LDCs, leading to a strengthened partnership.

208. The representative of Guatemala said that the international community would have to adopt new methods in the face of the challenges inherent in the new socio-economic configuration which had emerged since the recent transformation in Central and Eastern Europe, the profound changes in the system of international relations, and the problems such as drug trafficking, environmental degradation and technological change. UNCTAD, as a platform for consultation and coordination on development issues, would have to reorient its objectives, reinforce its mechanisms for dialogue and diversify its work methods.

209. It was necessary that the Conference achieve concrete results in the area of more efficient trade. In that respect, UNCTAD could be decisive in helping developing countries to obtain new technologies, thus increasing their competitiveness through their incorporation into a multi-sectoral international information system. Also necessary were increased technical assistance programmes provided through UNCTAD, as well as urgent mobilization, under preferential conditions, of financial resources for development projects. In that way, developing countries could aspire to grow in social justice, thus enhancing the role of UNCTAD.

210. Economic policy measures which would be applied by Guatemala during 1992 included the introduction of political, economic and social democracy, made possible with the help of programmes of fiscal modernization, more rational public expenditure, enhanced facilities for foreign investment, improved prices and increased productivity in the agricultural sector, as well as Central American integration.

211. Guatemala called on the developed countries to rise above their economic and political interests and cast aside their indifference to the efforts of developing countries whose democratic Governments were applying more open and liberal policies aimed at opening their economies to the world. There was a need not only for good will but also for investments by the developed countries, along with the transfer of technology which would take into account market interdependence and globalization. Those were the measures which would enable developing countries to achieve greater efficiency in trade, thus fostering sustained growth coupled with social improvement.

212. The representative of the Holy See read out a message from His Holiness Pope John Paul II (TD/L.332), the main points of which were as follows:

(i) The need to promote an equitable, reliable and healthy economy with a completely new approach that took account of the profound transformations which had been occurring throughout the world for the past five years.

(ii) A planned economy which stifled private initiative undermined the fundamental right of peoples to take prime responsibility for, and to be the main architects of, their own social and economic progress.

(iii) Many of the current tensions were due to the failure of our time to amalgamate economic objectives and social objectives. What was needed was a humanist conception of development which, together with material well-being, would promote spiritual development.

(iv) A meeting such as the one now being held in Cartagena should endeavour to persuade politicians as well as public opinion, to which it was responsible for its action, that the interests of individuals and peoples were not coterminous with economic interests. To that end, it was necessary to effect a profound change in people's outlook.

(v) Social justice demanded that international trade, if it were to be humane and moral, should re-establish among the partners at least a degree of equality of opportunity. (...) It was immoral to disregard the barrier of suffering that separated the rich from the poor, since all men were equal in dignity; all men should have access to the means of living in truth, freedom and justice; and they were entitled to place their trust in the solidarity of others.

(vi) Finally, he declared his interest in the endeavours of the representatives of the many nations gathered in Cartagena to promote a harmonious development of all the peoples who made up the family of man.

213. The representative of Honduras referred to the background of broad transformations against which the eighth session of the Conference was taking place. A world divided by ideology and driven by the fear of nuclear holocaust had been left behind. Thus, the need was even greater for a forum where such fundamental issues as sustainable economic growth, trade liberalization, the relationship between environment and development and the necessity to increase financial and technological flows to the developing countries could be discussed in a comprehensive fashion.

214. Honduras, having recently been an actor in, and a witness to, the end of military tensions in Central America, could now consider its development perspective with greater optimism. The country had embarked on adjustment programmes which, together with a movement towards closer economic integration within Central America, should facilitate the region's integration into the trade flows of the modern world. Honduras was also part of larger integration efforts, in particular those with Colombia, Mexico and Venezuela, as well as within the Caribbean Community (CARICOM).

215. To contribute effectively to a better and healthier world economy, in which the parameters of interdependence were reoriented towards real growth, UNCTAD should reinforce its role as a forum for reflection and objective analysis on the issues of trade, finance, transfer of technology, the relationship between environment and development and the complementarities between government programmes and the activity of the private sector. To achieve that, UNCTAD should henceforth adjust its methods of work and mechanisms
enabling it to adapt better to the new international realities. The current system of committees appeared slow and repetitive. Being locked into a rigid format was incompatible with the new orientations in North-South relations. To improve its chances of dealing in depth with the truly important issues on the development agenda, UNCTAD should now associate experts and experienced organizations more closely in its debates.

216. Three types of action were likely to reinforce UNCTAD as an institution. First, the convening of an intergovernmental group of senior officials to review, formulate and coordinate the initiatives and proposals which the Conference would adopt at the current session. Second, the convening of an inter-institutional group of experts from competent organizations of the United Nations system to consider a plan of action for implementing the Cartagena Declaration to be adopted at the session. Third, the planning, in the course of the next two years, of a meeting of the Trade and Development Board at the ministerial level, where commitments for action could be agreed upon. The work produced by the intergovernmental group of senior officials would serve as the basis for such a meeting of the Board.

217. The representative of Hungary stressed that since the seventh session of the Conference, far-reaching economic and political changes had taken place in the world, in particular in Europe, and new trends had emerged in the integration processes of different regions of the world. Those events emphasized the need for international cooperation aimed at managing interdependence.

218. Experience had proved that the market economy offered the only path to development: the centrally planned economy model had failed. Hungary was able to render the greatest assistance to the developing countries by sharing with them its own experience with that "model" and making them aware of its most serious economic defects which eliminated all driving forces of development, namely competition, private initiative and innovative spirit. The defunct dirigiste system only led to obsolete production structures and product patterns and, as a final outcome, high indebtedness.

219. With regard to Hungary's experience in building a market economy based on democratic values and principles, emphasis was to be laid on the successful setting up of the legal framework for a market-based economy, the advanced stage of the process of privatization, the actions taken to contain inflation as well as those to absorb the effects of switching the trade with the member countries of the former Council for Mutual Economic Assistance to a hard currency basis.

220. Hungary had scored a remarkable success. However, the positive results had been accompanied by serious problems, in particular the high rate of unemployment. Those difficulties implied that Hungary could not undertake concrete actions and assume new commitments vis-à-vis developing countries. Nevertheless, despite those economic difficulties, there was no intention to resort to measures of protectionism or to keep the country's inefficient economic units alive by artificial means. Hungary was interested in a successful conclusion of the negotiations of the Uruguay Round as soon as possible, on the basis of the package already worked out.

221. The conclusion of an association agreement with the European Community was the first significant step on the way towards Hungary's complete integration into Europe. Hungary also attached great importance to the free trade agreement with the European Free Trade Association, which was still under discussion. Furthermore, the political leaders of Czechoslovakia, Hungary and Poland had agreed to establish a special partnership, including the conclusion of a free trade agreement. While Hungary was expecting the support of the international community, it had no intention of competing for assistance funds set aside for less developed countries.

222. UNCTAD had an important role to play in the future, but needed to be renewed in virtually all respects, taking into account the new realities. In that respect, over-politicized ideological approaches had to be excluded. UNCTAD had rather to concentrate on pragmatic issues important for all. Further, overlaps should be eliminated. A rational distribution of tasks was to be established among UNCTAD, GATT and the international financial organizations. Analyses of global issues and open debates reflecting the interests of the individual members, rather than rigid positions of groups, had to constitute the basis of the policy coordination needed for international cooperation. The intergovernmental constituency of UNCTAD had to be transformed accordingly. Much greater attention had to be paid to good governance and sustainable development.

223. The representative of India said that the country was in the midst of a big and bold structural adjustment and transformation process. Changes in the world economy and structural adjustment efforts by developing countries had altered the terms and context of the North-South dialogue. There was an emerging development consensus based on an intelligent mix of market orientation, efficiency and equity at the national and international levels. However, absolute poverty in developing countries persisted and the gulf dividing most developing countries from their developed country partners, in terms of production, consumption, share of resources, social infrastructure and technology, had become wider.

224. India, as a low-income country, needed stable and substantially increased flows of development finance on concessional terms and improved market access for its exports. It had made tremendous sacrifices to remain current in debt repayments.

225. Developed country partners were called upon to help sustain the developing world economically, because democracy could not survive if poverty persisted. In that respect, rationalization of consumption and distribution patterns in developed countries would contribute to channelling the surpluses so generated towards the developing countries.

226. The institutional strengthening and revival of UNCTAD was certainly one of the key objectives of the Conference. However, institutional adjustments should not alter the fundamental mandate or diminish the role of UNCTAD. Its objective overview of all issues and policy areas and of all nations—developed, economies in
transition and developing—constituted the comparative advantage of UNCTAD. The institutional adoption of UNCTAD should not, however, be the sole aim of the Conference: intergovernmental commitments by developing and developed countries should also be achieved.

227. Pending the conclusion of the Uruguay Round, keen interest should be taken in the establishment of a multilateral trading system based on rules and disciplines which were fair and equitable to developing countries and respected the principle of differential and more favourable treatment to developing countries.

228. The multilateral framework on services should provide effective market access to labour-intensive services with the facility for temporary relocation of labour over a broad spectrum of skills. UNCTAD should take action that was supplementary to that of GATT and launch, through its intergovernmental machinery and its secretariat, an integrated programme of international cooperation in the service sector.

229. A commitment was needed from developed countries to ensure access by developing countries to critical, new and emerging high technology, on preferential and concessional terms, especially in areas of global concern. UNCTAD should monitor those conditions of access and ensure that they were stable and non-discriminatory. It would be useful to continue and advance past work in the context of the draft code of conduct on the transfer of technology.

230. UNCTAD should focus on the needs for development finance of developing countries, the role of domestic mobilization and allocation of resources. It should make proposals for a comprehensive debt reduction strategy for developing countries. A commitment to substantial increases in ODA, improvement in its quality and avoidance of non-economic conditionalities by donors were all required. Attention should also be given to a new SDR allocation and establishment of a link between SDR and development finance, which would help to remove the liquidity constraints affecting developing countries.

231. The legitimacy of intellectual property rights should not deprive humanity of the benefit of an invention. Any international agreement on norms and standards of intellectual property rights should take into account the concerns of all countries as well as their stage of development.

232. UNCTAD should have a prominent role in the follow-up to the United Nations Conference on Environment and Development, especially in areas of its mandate and specialization. Environment should not become a pretext for arbitrary and discriminatory protectionism. He emphasized the necessity of additional and substantial resources being made available to developing countries, if they were to undertake obligations in pursuit of environment-related agreements.

233. The representative of Indonesia declared that the eighth session of the Conference coincided with a time when the international community faced an unprecedented conjunction of challenges and opportunities. Political and economic reforms were gathering momentum in many parts of the world, while the easing of tension among the major powers and the structural changes in the global economy had created opportunities for revitalizing the global development process.

234. At the same time, risks and uncertainties remained, calling for constant vigilance against the possible negative impact of global developments on the position of developing countries. Rapid technological progress, increasing integration among nations, and the inexorable globalization process could impart new dynamism to the multilateral trading system. He cautioned against any excessive focus on the part of developed countries on the dramatic, political and economic reforms in Central and Eastern Europe which might shift the emphasis of multilateral action away from poverty eradication and development for the majority of humanity. The emerging large economic groupings among major trading partners could also have a negative impact on developing countries if they became more inward-looking and protectionist.

235. The revitalization of the economies of the developing countries was the most important current global issue. A number of developing countries, including Indonesia, had carried out far-reaching economic reforms and structural adjustment programmes; nevertheless the outlook for sustained economic growth remained in question. The international community was therefore charged with urgent responsibility for creating a more favourable international economic environment and forging strengthened international cooperation.

236. To stimulate economic activity against the backdrop of an increasingly interdependent world, good management was needed in both the public and private sectors, and not only in the developing world but also in developed countries.

237. The international aspects of good management were no less crucial because the national economic development efforts of the developing countries were bound to fail without a supportive international financial and trading environment. While many developing countries were liberalizing their trading regimes, protectionism and various non-tariff barriers were common in the developed countries. All countries needed to contribute to strengthening the international trading system and to support the Uruguay Round.

238. Any new debt strategy should encompass all seriously indebted low- and middle-income countries, including those countries which had not restructured their debt. Moreover, the international community needed comprehensive and lasting solutions to the commodity crisis, including the improvement of compensatory financing facilities for the shortfalls in export earnings of developing countries, as well as diversification. A framework for healthy and equitable arrangements in the field of services was also required. Developed countries needed to assist developing countries in expanding their technological capabilities to enable them to share the benefits derived from the advances in science and technology.

239. Good management should apply to all actors in the global economy. At the national level it had to be de-
fined and evaluated along a spectrum of historical, cultural, social and political factors of each individual country and its range of national development objectives and priorities. It should also ensure social acceptability, as well as economic and political stability. The international aspects of good management were no less crucial.

240. The revitalization of UNCTAD needed to be based on a new spirit of partnership for development which was pragmatic, realistic and non-confrontational. The principal functions of UNCTAD therefore needed to be strengthened, including the establishment of an effective monitoring and follow-up mechanism. Indonesia emphasized that institutional reforms should not be prejudicial to the interests of the developing countries.

241. Indonesia also supported the second round of negotiations on the GSTP as it considered that ECDC provided an instrument for developing countries to secure effective and equitable integration into the world economy.

242. The representative of Iraq said that United States imperialism and Zionism had continued to dominate the global economy. It was therefore important that all States should consolidate their efforts to rectify structural distortion. The political will of developed countries in that regard was a prerequisite for establishing a new international order on a secure, equitable and healthy basis. The existing North-South economic relations were characterized by asymmetry in the distribution of responsibilities and burdens. While developing countries were undergoing structural adjustment at considerable social cost, the industrial countries were maintaining protectionist barriers and subsidizing inefficient industries.

243. He affirmed that the economic embargo imposed on Iraq was a crime. The damage it had wrought in his country was comparable to the effect of atomic weapons. It was depriving 18 million people of food and medicine. The embargo had in fact been used as a weapon to achieve political aims under the umbrella of the United Nations. Security Council resolutions, including resolution 706 (1991) of 15 August 1991, had intensified the embargo and hence the suffering of the Iraqi people. Such resolutions were a clear violation of international conventions, including the Charter of the United Nations. Humiliating and inhuman constraints, together with complicated and contrived commercial and banking procedures, had been injected into resolution 706 (1991) by the United States Administration; those constituted a flagrant breach of the sacred right to sustenance and manifested clearly the animosity and aggression of that Administration.

244. The embargo had caused stupendous human and economic suffering and he recalled that today, 12 February 1992, was the anniversary of the bombing of the shelter of Al Amirya, a malicious crime which had taken the lives of 247 women and children. Buildings, institutions and the economic and technological infrastructure of his country had been destroyed. Those assaults showed that some Western colonial powers, under the leadership of the United States, did not wish to see Iraq become a new source of inspiration in the march towards development and progress.

245. The media of the vindictive imperialistic powers had participated in a vicious campaign of misinformation, which had nothing to do with the events of 2 August 1990, and they had since been discredited. That misinformation included campaigns for food distribution.

246. The people of Palestine were another Arab people whose land had been unlawfully occupied. That occupation had been enforced with the help of the same major powers that had mobilized the aggression against Iraq.

247. In that deeply distorted political environment, international organizations were confronted with a situation fraught with complications and ambiguities that rendered the fulfillment of their task very difficult. Against that background, UNCTAD was being called upon to reactivate vigorously its role in promoting constructive international negotiations and cooperation for the sake of development. The challenges facing the world were enormous. They covered a wide range of problems, particularly in the fields of trade, technology, services, commodities and financial resources.

248. Iraq, as a member of the developing country family, had nothing to add at that stage to the views embodied in the Tehran Final Documents, which reflected his country’s own stand on the topics on the agenda of the Conference.

249. The representative of Ireland observed that the international community faced an exceptional conjunction of challenges and opportunities. The appropriateness of the response, both nationally and internationally, would determine the success of efforts to shape an economically healthy, secure and equitable world.

250. It was not easy to summarize rapidly the position at the beginning of 1992, given the very disparate range of countries which made up the world community. Despite the slowness of the recovery in the industrialized countries, economic performance in some developing countries had been encouraging. Nevertheless, long-standing problems of stagnation and poverty had persisted in many developing countries, particularly the least developed. A difficult international trading environment, reduced prices for commodities, along with inadequate resource flows, had compounded the structural weaknesses of many of the poorest countries.

251. While it was clear that each individual country had to take responsibility for its own development, that was not to deny the influence on development of the international economic climate or the role of partners. Precisely because countries should bear primary responsibility for their own development, the effectiveness and accountability of both political and administrative structures were crucial to the implementation of their objectives.

252. Irish assistance efforts continued to be concentrated on four priority countries in sub-Saharan Africa. Three of those countries figured among the least developed group. The Irish bilateral aid programme was directed at assisting the poorest, in both urban and rural
settings. Essentially pragmatic, the Irish aid programme was designed to help people help themselves.

253. Continued commitment to Ireland’s development partners was reflected in a planned programme of increases in Ireland’s ODA so as to achieve a higher percentage share by the end of the period 1992-1994.

254. As for the future role of UNCTAD, in a changing world where old strategies were being abandoned in favour of greater emphasis on market forces, good government and democratic processes, UNCTAD should reflect the new development consensus. Failure to do so would render it increasingly irrelevant.

255. Ireland remained convinced of the need for a body whose focus on development was reflected in analysis and policy review, in discussion which advanced the process of consensus-building, and in technical cooperation. The rigorous analysis of development issues should serve both to advance policy discussion and consensus-building and to define the objectives of UNCTAD technical assistance.

256. The representative of the Islamic Republic of Iran said that the eighth session of the Conference was being held at a time when all the expectations of developing countries for more active and equitable partnership and pragmatic cooperation remained unfulfilled. The current problems faced by developing countries included in particular their declining terms of trade, reverse flow of financial resources, a fall in mid-term and long-term export credits, lack of desirable access to modern technology, debt overhang and protectionism, which had compounded the unfavourable external environment, thus impeding their integration into the world economy and increasing their marginalization in the global environment. The end of the cold war, the emergence of new economic poles, the prospects for the reduction of military expenditure and the changes in the political, economic and technological fields would have a tremendous impact on the form and content of the international trade and economic system and on sustainable development. It was against that background that the Conference at the current session needed to evolve an appropriate international strategy so as to promote a favourable environment for global development.

257. One of the most important challenges ahead would be to promote development in developing countries and to reverse their impoverishment. To attain development it was important, first and foremost, to be cognizant of the fact that it would be a global issue demanding the participation of all developing and developed countries. A world divided between a few rich and large masses of the poor was unstable and intolerable.

258. The global environment was ever more favourable for the enhancement of the instruments of cooperation, since the resources set free as a result of détente could now be devoted to the elimination of underdevelopment. With reference to the Tehran Declaration, the elements for a new partnership for development, such as stabilization of the prices of commodities, access of developing countries to developed markets, removal of tariff and non-tariff barriers, technology transfer, debt relief, and division of markets on the basis of comparative advantage, should become the basis of a new global consensus, which also required the implementation of effective structural adjustment in the economies of developed countries.

259. At the current session, the Conference should give special attention to the enhancement of regional economic cooperation among developing countries, to pave the way for the improvement of trade and development in those countries. Developing countries with certain potential could, through concerted efforts, stimulate their economic and trade activities. The strengthening of GSP—accession to which the Islamic Republic of Iran had ratified the previous month—was an important endeavour in that context.

260. The eradication of poverty required new mechanisms and approaches to fundamental principles for an internationally agreed and equitable trade and economic system. UNCTAD should play an important role in that process. He therefore expressed the hope that at its eighth session, the Conference could take the necessary decisions so as to revitalize UNCTAD in its task of rendering services to the world, and specifically to developing countries.

261. The attainment of sustainable development in a politically tense, hostile and inequitable international environment was almost impossible. Sustainable development called for a world order that took into account the independence of all nations, the preservation of their territorial integrity, the cessation of the plundering of resources, respect for genuine human rights and man’s spiritual values. Regrettably, arrogant views vis-à-vis the nature of a world order had been a matter of great concern. Arrogant support extended to the occupying regime in Palestine had seriously disturbed the realization of a world order, leaving behind a destructive impact on sustainable development in the region. An order that sought to bolster oppressors and tyrannize the oppressed or resort to military threats could not mitigate international tensions. Such an order was incompatible with development.

262. Environmental protection, particularly in the Persian Gulf, was a matter of great concern to the Islamic Republic of Iran, in view of the environmental devastation of the sea and coastal areas resulting from the war in the Persian Gulf. Environmental protection was a global concern requiring the active participation of industrial countries which had played a major role in environmental degradation; the formulation of environmental regulations should not be permitted to further impede the flow of exports from developing countries.

263. Referring to years of international pressures, economic embargo and an imposed war for which the other party had finally been recognized as the aggressor by the former Secretary-General of the United Nations, he stated that major economic reforms, in particular the formulation of rules and regulations for investment, free trade and the liberalization of economic activities, had been implemented in the Islamic Republic of Iran. Those had all paved the way for regional and international cooperation.
264. The representative of Israel said that issues such as trade, development and the international monetary system required a new global understanding. In the field of development, where UNCTAD had an essential development mission, a holistic approach was necessary, encompassing protection of the environment, social and demographic problems, and the eradication of poverty. The mandate of UNCTAD, as defined in General Assembly resolution 1995 (XIX) of 30 December 1964, was essentially “trade development” oriented, but not “development” oriented. A critical questioning of the original mandate of the organization should pave the way to new approaches.

265. More could be done to learn from the experiences of the newly industrialized countries of Asia and Latin America or of his own country, which had bridged the gap between the developed and the developing countries and whose particular experiences, especially in overseas markets, development and privatization, could be of relevance to others. Likewise, concepts of integrated regional development, particularly at the rural level, were of great relevance; they required greater regional specialization and a greater emphasis on regional and local activities. Further, greater emphasis on enterprise promotion and the development and analysis of market signals was needed.

266. Israel had presented practical proposals in that respect. The strategy of sustainable take-off through a transitional economy approach presented to the General Assembly at its special session on the critical situation in Africa, held in 1986, attempted to combine the vision of a comprehensive intersectoral development process with pragmatic decentralized planning, programming and implementation. Israel focused on expanding technical cooperation with other developing countries in a wide variety of areas, with the accent on human resources development.

267. Technology was a key element in sustainable development and needed to be carefully selected and adapted to the specific needs of each country. Key elements in attracting technologies were the establishment of a sound infrastructure, a good legislative framework and fiscal incentives. Israel was in a position to share home-grown technologies and know-how with others.

268. The debt burden of developing countries had remained largely unchanged at the end of 1991. Exceptional measures needed to be taken in favour of the LDCs and the sub-Saharan African countries. Further, a reform of the international monetary and financial system was imperative, with the emphasis being placed on the enlargement of official transfers without corresponding increases in the debt burden. In the long term, the problem of external debt could be contained only through a shift to such mechanisms as foreign direct investment, enhanced access to capital markets and the creation of stock and share markets.

269. Another source of finance to increase the financial capacities of the developing countries could be the resources released as a result of disarmament. Moreover, considerable savings could be obtained from the adaptation of military industries to the needs of civilian development; that might be the subject of analysis by UNCTAD.

270. An impressive, even historic, demonstration of the possibilities provided by regional cooperation and development had taken place recently in Moscow during the multilateral talks within the framework of the Middle East peace process. Israel had presented the participating countries with concrete projects for regional cooperation and development in the various fields, designed to generate confidence-building and progress towards peace.

271. Politicization of UNCTAD would only hamper the role that the organization could play in addressing the problems which demanded attention. Most delegations had dealt exclusively with matters of specific concern to UNCTAD; a few others, however, had chosen to introduce some extraneous political matters, but out of respect for the Conference Israel would not indulge in a refutation of those allegations. Israel had already placed its position on record in the forums concerned.

272. Israel supported the efforts for the reform of UNCTAD and hoped that the proposed restructuring would eradicate the anomaly which had prevented Israel from joining any regional grouping and would allow his country to play a constructive and positive role in the work of the organization. Israel supported the proposals made by Group B and Latin American countries aimed at increasing the efficiency and flexibility of UNCTAD.

273. The representative of Italy said that his country fully shared the views and the commitments contained in the statement made by Portugal, on behalf of the European Community and its member States (see paras. 757-767 below). Italy was committed, together with the other member States of the European Community, to the construction of the European Union. Within that historical undertaking, cooperation for development was to be given the position it rightly deserved. In cooperation with the other member States of the European Community, Italy would endeavour to pursue a new partnership for development. The common goal would be to lay the foundations of a process of sustainable development and balanced economic growth, with special regard to the eradication of poverty.

274. The process of European integration would have positive implications for the rest of the world. Europe had no intention of becoming a fortress, closed to the demands and expectations of the outside world. On the contrary, it wanted to be at the centre of concrete initiatives aimed at attaining a higher degree of international solidarity, in a context of ever-increasing global interdependence. Solidarity was not only the result of a clear moral obligation, but also the most forward-looking way of protecting national interests.

275. While the risks of global conflict had been drastically reduced, a new and more far-reaching concept of security was dawning, involving other dimensions in the economic, social and environmental fields. Problems such as widespread poverty, mass migrations, natural calamities, epidemics, drug trafficking and unemployment might jeopardize the prospects for a new and more equitable world order. The solution of those problems called for a new partnership.
276. Italy noted with satisfaction that the debate at the eighth session of the Conference was more concrete and guided by a renewed spirit of cooperation. The decision to abandon the rigid negotiating mechanism through the group spokesmen had been taken during the term of Italian coordination of Group B. The new system had made it possible to express a wider range of views and better achieve mutual understanding.

277. The debates so far had stressed the primary responsibility of the developing countries for their economic growth. Although progress had been accomplished by several countries on the path of reforms, a central place must be given to the pursuit of democratic principles and institutions in the necessary structural adjustments that each country needed to carry out. Democracy was a prerequisite for stimulating free initiative and entrepreneurship. Each country had to ensure respect for human rights and to eradicate corruption. Special attention had to be paid to programmes of regional integration and to South-South cooperation, as well as to environmentally sound growth patterns.

278. Italy had followed with interest the special meeting devoted to the problems of LDCs and had concluded that full and timely implementation of the Programme of Action for the Least Developed Countries for the 1990s was imperative. Italy had pledged to increase its contribution in favour of LDCs to 0.20 per cent of its GNP.

279. All efforts had to be made to bring the Uruguay Round to a balanced and successful conclusion. The international debt strategy had to continue to be implemented with determination. The report presented to the Secretary-General of the United Nations by an eminent Italian statesman, Mr. Bettino Craxi, had contained a number of constructive suggestions and proposals that could serve as inspiration for significant concrete initiatives. While ODA was not the only solution to development problems, its amount had to be increased, in view of its catalytic role.

280. There was a need to adjust the structure and working methods of UNCTAD to the new international reality. An UNCTAD that fostered political dialogue, technical assistance and the negotiation of realistic commitments was the goal.

281. The representative of Jamaica said that participants had come to Cartagena to agree on action to stimulate, promote and sustain a world economy that was healthy, secure and equitable for all, and to revitalize the moral and practical authority of UNCTAD. The world had changed, and all Governments and institutions had to adapt to new perceptions and needs.

282. In recent years, UNCTAD had suffered from a crisis of identity. However, its mandate remained valid and it was even more relevant today. There were welcome signs of renewal of the commitment to the goal of development. While changes in the structure of its methods of work were necessary, it was governmental policies and decisions which would ensure that UNCTAD once again played a role in helping to manage the global economy through analysis, discussions, the promotion of cooperation and, when necessary, negotiation.

283. Developing countries had the primary responsibility for their own development. Currently, however, the essential parameters were often defined by others. It was important that in a new partnership for development that asymmetry be clearly understood. A revitalized UNCTAD could link the needs of both developed and developing countries and in that context enable the developing countries to participate meaningfully in decision-making which had an impact on them.

284. Developing countries had diverse needs and experiences. For instance, size was an important factor. However, to move forward, it was necessary to look to well-defined strategies such as the role of human resources development, which made notions like that of size irrelevant.

285. UNCTAD could provide appropriate interdisciplinary analysis to developing countries which were confronted with many new options as they tried to consolidate or strengthen their own regional arrangements. Given the need of developing countries to explore new markets and to diversify and extend their range of exports, while conforming to specifications and the preferences of the consumer, UNCTAD could help in establishing and improving information systems, promoting greater and more cost-effective use of endogenous and new technologies, and promoting natural resource development for facilitating diversification.

286. Although the full results of the Uruguay Round were not yet known, it was hoped that the understanding which underpinned the system of multilateral trade would be fully respected. It was also essential for UNCTAD to be able to develop an international consensus on how debt was managed. Although countries such as Jamaica had adhered to a series of IMF stabilization regimes and World Bank structural adjustment programmes to reduce the balance-of-payments deficit, they had still become heavily indebted. Owing to the need to service external debt, almost 40 cents of every dollar earned by Jamaica had to be paid to creditors. Moreover, its debt was owed largely to official creditors in multilateral agencies and had not been rescheduled. UNCTAD was well placed to develop an international consensus such that countries in the midst of prolonged processes of stabilization were not net transferors but rather receivers of resources.

287. Within the context of a revitalized UNCTAD, new and imaginative consideration needed to be given to the long-standing concerns about resources for development, trade, science and technology and commodities, together with the new issues arising on the global agenda. Solutions to those problems were not beyond the world’s capacities.

288. The representative of Japan said that although the cold war was coming to an end, a stable and enduring world order was yet to be created. In that context, the single most important issue could be the North-South problem. Owing to humanitarian considerations, as well as the consequences of interdependence, the North would not enjoy prosperity without the development of the South. The emergence of new problems of global dimensions, such as those relating to the environment, refugees, drugs, population and terrorism, called for all
countries to join together. The peace dividend resulting from changes in the international arena should be used for the good of all humanity, especially the people of the countries of the South.

289. Japan had been careful in watching that assistance to Central and Eastern European countries and the Republics of the former Soviet Union did not lead to a reduction in assistance to developing countries. It was hoped that developing countries whose military expenditure was excessive would reduce it and reallocate the funds to their own development. In order to achieve sustainable and stable economic growth, reform in internal economic policies, varying according to the specific circumstances in each country, was required. It was essential that the international community devise ways of supporting and encouraging such reforms. In that context, the mechanism of the market needed to function fully, access to markets to be improved, and investment promoted.

290. Recognizing the urgent need for extending cooperation to developing countries in the form of ODA as well as external debt relief, Japan had been steadily expanding its ODA and had provided assistance in the form of grant aid to developing countries in severe difficulties, including those in sub-Saharan Africa. The expansion of external direct investment was another effective means of offering debt relief. Japan was the only developed country to support the strengthened debt strategy actively with new official money. Japan was providing substantial debt relief but, with the current financial situation of developing countries, the provision of new money was in no way inferior to debt reduction.

291. For many developing countries which depended on a few commodities for export earnings, persistently low commodity prices were an important obstacle to development. It was important to improve the functioning of the commodity price mechanisms by expanding the exchange of information and by securing transparency through international commodity organizations. Japan had signed virtually all the international commodity agreements and, as the largest contributor to the International Tropical Timber Organization, it was making every effort to ensure that tropical rain forests were developed in a responsible manner. It was necessary to promote diversification and improve the processing of commodities; the Second Account of the Common Fund for Commodities could be used effectively towards that end.

292. Access to the markets of industrialized countries needed to be promoted; it was noteworthy that the tariff rates of Japan were the lowest of the major industrialized countries. Japan would continue to do its utmost to realize the early and successful conclusion of the Uruguay Round. It was also imperative that the social and economic structures devised for sustainable development were compatible with environmental and resource constraints.

293. UNCTAD had achieved concrete results by ambitiously promoting worldwide cooperation on trade and development. To regain its credibility as the major international organization responsible for guiding the world economy towards sustainable development, institutional reforms were needed to enable it to promote realistic and effective solutions. The new challenge facing UNCTAD was to draw up basic guidelines on the development problems of the 1990s. North-South relations should be addressed from the newly conceived standpoint of sustainable development and in the context of structural adjustment of the world economy. The Government of Japan was considering hosting a wise men's conference in Tokyo.

294. The representative of Jordan said that UNCTAD, as a universal forum, had an important role to play in promoting international cooperation, global economic stability and reactivating world growth. The end of the cold war had eased international political tensions and reduced the military budgets of many countries. That peace dividend should provide additional resources for human development and improve living standards in all countries. The United Nations system could now place more emphasis on economic and developmental issues, increase the efforts to end regional conflicts and play a larger role on the international political scene.

295. The important role of the United Nations system in the North-South dialogue should not be minimized and the economies of the LDCs as a group should be taken into consideration in UNCTAD and other United Nations forums.

296. World economic stability and growth depended on higher levels of international economic cooperation. That new partnership could become a consistent vehicle of growth and development, to the benefit of all countries. Regional cooperation between developing countries was an effective strategy leading towards self-reliance and economic development. Regional cooperation could also play an important role in infrastructural development.

297. The overriding political and economic goal of the future was sustainable development, which embodied social and economic progress. High rates of population growth had negatively affected the process of sustainable development. To alleviate the critical problems of overpopulation and poverty, improvement in population programmes and their integration into international development strategies was crucial.

298. To accelerate the development process, national and international policies had to be assessed in terms of a partnership. Resources for development represented a critical component of that partnership. The international community had to deal with the problems of heavily indebted countries and should seriously consider substantial debt reduction for low- and middle-income countries. Some of those countries were meeting their financial obligations at high human cost and while they had made progress in reforming their economies, if current resource constraints continued some would collapse under the weight of interest payments.

299. One of the main reasons for the decline in the developing country share of international trade was increased protectionist trade measures. Often non-tariff barriers were directed at the industries and sectors in which developing countries had comparative advantages. Since 1980, commodity prices had fallen sharply and
foreign exchange earnings for most developing countries had declined significantly. The international community should adopt policies and measures to improve the existing international trading system and strengthen multilateral cooperation.

300. The technological gap between developed and developing countries had widened in the 1980s. The terms of technological transfer to developing countries needed improvement. Developed countries should reduce restrictions and barriers to technology exports and facilitate access to new and emerging technologies.

301. Reform and adaptations of UNCTAD must be a continuous process, taking into account changes in the international political and economic climate. UNCTAD was a forum for policies, where discussions should lead to the clarification and fine-tuning of recommendations and policies that concerned all. UNCTAD should undertake studies and research and continue to strengthen its mandate in dealing with major issues of the world economy. In view of the important responsibilities facing UNCTAD in the future, and its impact on world trade and development, there was a need for a collective international effort to strengthen the organization and enhance its efficiency and effectiveness.

302. The representative of Kenya said that the Conference was taking place at a time of global change bringing about a more peaceful and secure world and improved international relations. The process of globalization was exerting considerable influence on the international trade environment. Those changes presented both challenges and opportunities to the international community, and required decisive efforts towards strengthening national as well as international action in the promotion of meaningful multilateral cooperation.

303. The developing countries were still faced with difficult economic, social and political problems. Kenya, which depended on agricultural exports for over 50 per cent of its receipts, had embarked on the development of the manufacturing sector in its diversification efforts. Over the past 10 years, Kenya had pursued pragmatic economic policies that had yielded satisfactory results. Those policies had resulted in a fairly liberal trade regime. In addition, government divestiture from commercial and industrial activities had led to a more revitalized private sector. Those economic reforms, which were aimed at freeing resources for private enterprise, were inescapable if Kenya was to continue its path of growth and development.

304. The international community had an opportunity to forge a new development partnership based on the convergence of perceptions of economic and social problems, the primary responsibility of individual States for their own development, and the need to maintain an enabling global economic environment.

305. Kenya had also embarked on political reforms in keeping with the need for transparency, accountability and good governance. Those commitments needed to be matched by the international community through injection of increased resources if they were to have the desired results.

306. Kenya was concerned at the stalled Uruguay Round of multilateral trade negotiations at a time when compartmentalization of the global trading system threatened the spirit of multilateralism. Kenya therefore associated itself with the rest of the international community in urging the immediate and successful conclusion of the Uruguay Round.

307. There had been attempts to marginalize the useful role which UNCTAD had played since its establishment. UNCTAD was not only in the forefront in making the international community understand the problems of development but had actually played an unmatched role in enabling developing countries to participate in the mainstream of the world economy. That had been achieved through excellent analytical work and the technical support and assistance given to developing countries.

308. Kenya was a beneficiary of all aspects of UNCTAD activities and had had very useful working relations with the UNCTAD secretariat in developing and implementing numerous projects that had contributed to the country’s economic development. Kenya would therefore continue to support the organization in its endeavour to fulfil its noble task in the field of economic development. It was nevertheless time for the working methods in UNCTAD to be adapted to the new realities, without any alteration of the mandate of the organization, which continued to be valid; the onus lay with the membership of the organization.

309. The representative of Kuwait said that the end of the cold war and of many regional conflicts would mean that a large share of the resources so far devoted to weapons of mass destruction could be devoted to development.

310. Kuwait had gone through the most painful events a country could suffer, since it had been invaded by surprise and for purely expansionist reasons by Iraq in August 1990. The occupation had lasted seven months and had seen the destruction of the economic foundations of the country through the burning of 700 oilfields which provided the main source of domestic income of the Kuwaiti people. However, thanks to the assistance and will of the international community, it had been possible to liberate the country.

311. Kuwait believed in liberty and international cooperation as a safe route to achieving a new international economic order based on justice and equal opportunities for all peoples. An interdependent and complementary world economy and global economic development could be achieved only under such an order. Economic growth could not be sustained if it were achieved only in the North.

312. The mobilization and better use of resources for the implementation of development programmes were the responsibility of the Governments and institutions of developing countries themselves. However, the developed countries had to open their markets to exports from developing countries to allow those countries to acquire the necessary foreign exchange and technology. The transfer of technology, as well as of new production, management and communication techniques, from de-
veloped to developing countries at reasonable prices was of fundamental importance.

313. Kuwait recognized the importance of South-South cooperation and welcomed regional economic groupings as a step towards more global international economic cooperation. That could not, however, be a substitute for North-South cooperation.

314. UNCTAD, which was part of the economic arm of the United Nations, had to play a more positive role, in particular to protect the interests of developing countries in ongoing multilateral negotiations, especially the Uruguay Round. In those negotiations, developing countries lacked the necessary negotiating power vis-à-vis existing large economic factors, as evidenced by the fact that developing countries were being requested to open their markets for trade in services at a time when their own merchandise exports to developed countries were still facing numerous barriers. That would have a negative effect on their already weak economies, and for that reason Kuwait believed that the liberalization of trade in services should be limited for the time being to developed countries and to interested developing countries, according to the degree of their economic development.

315. Kuwait had always devoted a large share of its oil receipts to support for developing countries. Total grants and financial assistance provided between 1962 and 1991 had amounted on average to 7.5 per cent of its GDP annually, and that was in addition to its subscriptions to various international or regional development institutions and to various loans on concessional terms.

316. The Iraqi authorities were still detaining a large number of Kuwaitis for no other reason than their nationality. Kuwait appealed to the Conference to devote its attention to the cause of the liberation of those people as a matter of urgency.

317. The representative of Liberia welcomed the special attention given by the Conference at the current session to the problems of the LDCs with a view to bringing into focus the need for concerted efforts by the international community to alleviate the pressing problems with which LDCs would be confronted during the 1990s. The 1980s had been a period of difficulty for Liberia. The growth rate of the GDP had lagged far behind population growth, and the level of economic activity in most of the productive sectors had also declined persistently, with serious consequences for the social and economic welfare of the Liberian people.

318. The civil conflict which had engulfed Liberia in 1990 had plunged the economy into a state of near total collapse in all sectors. To reverse the trend of economic deterioration, Liberia had adopted an Economic Recovery Programme designed to: stabilize the economy; maintain a viable balance-of-payments position in the medium term; reduce the level of inflation; stimulate increased domestic output, savings and investment; reduce the direct role of government in economic activities; and provide an environment conducive to private sector development.

319. Liberia remained firmly committed to the more equitable participation of developing countries in world shipping, inter alia, by means of bilateral and multilateral agreements between developing and developed countries. The coordinating role of UNCTAD and other international organizations in mobilizing technical and financial assistance for developing countries for the achievement of their goals and programmes in the field of maritime transport had the fullest support of Liberia and should remain the cornerstone of an international shipping policy which deserved the endorsement of the Conference at the current session.

320. In 1990, the Government of Liberia had requested the United Nations to add Liberia to the list of LDCs, owing to adverse socio-economic conditions. The more critical conditions included a declining rate of capital formation, underdeveloped infrastructure, an inadequate health delivery system, and a high illiteracy rate. Another critical problem confronting Liberia was the heavy and increasing debt burden, particularly external debt, which weighed heavily on the country’s limited budgetary resources.

321. The conditions facing Liberia at that critical time were in many ways similar to those in most of the LDCs. However, the socio-economic effects of the civil conflict had added a new dimension to the crisis conditions, making the need for international assistance for rehabilitation, reconstruction and recovery even more urgent. Global trade and development trends were also expected to have an impact on the reconstruction efforts, owing to the adverse effects of low world prices for primary exports, the debt payment and debt-servicing burden, and other factors which had reduced the flow of resources to LDCs.

322. Owing to resource constraints, Liberia had to seek support from the international community for its economic recovery, reconstruction and reform programmes. In those endeavours, women and children must be given a special place. The development of an environmental management programme, which would take into account the need to conserve the natural habitat and improve the management of waste disposal, was also a priority area for the Government. Liberia therefore attached great importance to the implementation of the Programme of Action for the Least Developed Countries for the 1990s. Liberia’s immediate needs for assistance were in the areas of international debt and debt servicing; attracting concessional resource flows to meet reconstruction and rehabilitation needs in all sectors; and obtaining the technical and financial assistance needed to implement policy reforms and strengthen key management institutions.

323. The representative of the Libyan Arab Jamahiriya referred to the changed economic and political circumstances in which the Conference was taking place and the unfavourable international climate that was characterized by inequality between developing and developed countries, as manifested by the wide gap in levels of development and the consequential economic and social problems of developing countries. The Conference had to face those challenges through honest and constructive dialogue. It was necessary to create common
perceptions for effective decisions which would establish justice and mutual respect for the interests and rights of others as a basis for international economic relations. The Tehran Declaration, which the Libyan Arab Jamahiriya fully supported, offered a solid foundation for constructive and fruitful dialogue.

324. The 1990s would reveal a catalogue of problems: indebtedness, a decline in net financial flows, reverse resource flows, the continued collapse of commodity prices, a decline in trade, increased protectionism and a wider technological gap. In addition, the relative scarcity of savings was entraining a generalized increase in interest rates and rationing of credit, to the detriment of the developing countries. Against a background of the requirement for reconstruction in the Gulf and the emerging needs of the former socialist countries, developing countries currently faced more competition for funds. That meant that developed countries had to limit demands for funds by correcting their budgetary and balance-of-payments disequilibrium.

325. In the area of trade, developing countries faced an increasing number of protectionist barriers. The Conference should endeavour to contribute new elements for building a new international trading system free of discrimination against countries and giving preference to developing country products. In that respect, a series of measures should be considered: first, a halt to protectionism, followed by a coordinated reduction in barriers; second, the setting up of transparent mechanisms for evaluating the impact of protectionist measures by developed countries; third, the study by the UNCTAD secretariat of the impact of regional groupings on both developing countries outside those groupings and the international trading system; fourth, an enlargement of the preferential margins of the GSP and the scope of its application; together with simplification of the rules of origin; fifth, abstention from environment-related trade restrictions; sixth, provision of a framework to enhance competition and eliminate restrictive practices; and seventh, creation of an international trade information network.

326. The Conference was seized with the important question of technology transfer and development. Developing countries, especially the least developed, were falling behind in that race. Despite all their efforts to acquire and develop technology, those countries faced restrictions on technology transfer imposed for political motives; they lacked sufficient funds to meet the cost of barriers imposed by protective property rights. Only through resumption of negotiations on the United Nations code of conduct on the transfer of technology could such problems be resolved.

327. With regard to services, developing countries still faced grave problems related to technological restrictions, a weak financial underpinning, lack of trained human resources and defective infrastructure. The instability of commodity prices and their catastrophic decline were a major cause of the unsatisfactory economic performance of many developing countries.

328. UNCTAD had a vital role to play in analysing and elucidating development problems, and in studying the problems of trade, investment, services and technology. While UNCTAD should be adapted to the new realities and problems, in that context, its negotiating mission and its role in monitoring and following up on decisions should be emphasized.

329. The Libyan Arab Jamahiriya faced many obstacles to development. The freezing of its assets in United States banks and their branches abroad and the subsequent economic boycott and measures to prevent the Libyan Government and its financial institutions from using their dollar reserves violated international legal obligations of IMF member countries and affected international trade and finance.

330. The representative of Luxembourg said that the Conference should help Governments move towards the goals aspired to in the Charter of the United Nations. The promotion of economic and social development and the provision of better living standards with greater freedom for all could be achieved only if countries undertook an objective assessment of the current world situation and if the projects ensuing from the Conference were realistic. Interdependence and complementarity were central concepts of development, and trade was the key element. The struggle against poverty and the achievement of a fair distribution of income must also be prime concerns.

331. Developing countries had to be the main instigators of their own development. Regional integration and cooperation were important instruments of development and should be encouraged wherever they could be reconciled with the multilateral trading system. One result of such integration and cooperation would be to reduce regional tensions and military spending.

332. At the current session of the Conference, a central task was to determine how trade could promote development. Under existing conditions, financial markets were integrated and there was considerable integration among national economies. Recently, however, protectionist measures had been emerging.

333. Several developing countries, in particular those of Africa, had had to undergo painful adjustment processes. Some countries had been badly hurt by low commodity prices, declining ODA and the increased burden of debt servicing. Sustained development could be realized only through growth but the unfavourable environment had wiped out the fruits of development efforts in many cases. The vulnerable groups were bearing most of the burden. That also jeopardized prospects for long-term growth. In those circumstances, the need for cooperation had to be better understood. Commitments had to be respected and strategies applied energetically.

334. The eighth session of the Conference provided an opportunity to change the course of events. The international situation was not desperate if all countries fully understood the need for cooperation.

335. The representative of Malawi noted that the past decade had been a difficult one for many developing countries. Economic performance had been hampered by rising debts, falling commodity prices, adverse terms of trade and natural calamities. Malawi's problems had been exacerbated by a number of additional factors. A land-locked country, Malawi had been adversely af-
mented structural adjustment programmes with varying
degrees of success. While those reform measures had
created a favourable climate for private investment, there
had been difficulties, particularly in the social sectors.
Reduced budgets, which impinged on the provision of
basic social facilities, had had a traumatic impact on the
population. In some instances, policy changes had been
detrimental to the existing economic base. Efforts to
open the domestic markets, with a view to bringing
about increased competition, had posed a threat to the
survival of the few existing domestic firms.

336. A number of developing countries had imple-
tmented structural adjustment programmes with varying
levels of success. While those reform measures had
created a more open and competitive economic envi-
ronment, there had been difficulties, particularly in the
social sectors. Reduced budgets, which impinged on the
provision of basic social facilities, had had a traumatic impact on the
population. In some instances, policy changes had been
detrimental to the existing economic base. Efforts to
open the domestic markets, with a view to bringing
about increased competition, had posed a threat to the
survival of the few existing domestic firms.

337. As environmental degradation hindered pros-
pects for development, there was a need to integrate en-
vironment and development imperatives into national poli-
cies. However, the difficulty of balancing basic sur-
vival needs against the associated dangers to the envi-
ronment, inherent in meeting those needs, meant that the
international community would have to undertake col-
lective efforts to address that problem.

338. The donor community had made efforts to re-
duce the debt burden of developing countries. Some ar-
rangements had resulted in the cancellation of bilateral
debts and Malawi was one of the countries which had
benefited from those initiatives. However, it was vital
that such initiatives be intensified.

339. The commodity sector remained very important
for a number of developing countries. In that context,
several measures were necessary: the Integrated Pro-
grame for Commodities should be revitalized; interna-
tional commodity agreements should be concluded; the
United Nations Common Fund for Commodities should
be fully supported and in the multilateral trade negotia-
tions within GATT special attention should be paid to
commodities.

340. Developing countries required adequate finan-
cial and technical support as well as market access for
expanding exports of manufactured products. Infrastruc-
tural development in the economies of the developing
countries was crucial, especially in the transport and
telecommunication sectors. The land-locked LDCs, par-
ticularly, had a geographical handicap that exacerbated
structural deficiencies.

341. With regard to its future role, UNCTAD had so
far done a good job in accordance with the terms of ref-
erence laid down at its inception in 1964, but times were
changing. There was now an overwhelming feeling that the
organization should be responsive to the changes.
Malawi hoped that the Conference would set clear direc-
tions for a restructured UNCTAD.

342. The representative of Malaysia noted that the
eighth session of the Conference was taking place at a
time when the world was facing the challenges of an un-
precedented phase of economic and political upheaval.
The envisaged new world order should be based on the
rule of law, the sovereignty of nations and a collective
commitment to social and economic justice. There was
need for a freer, more viable and equitable multilateral
trading system; Malaysia was committed to a balanced
and equitable outcome of the Uruguay Round and urged
all contracting parties formally to conclude the Round.

343. Collective action was also required to give
more meaning to global interdependence. There was a
need to revitalize international economic cooperation to
alleviate problems in the interrelated fields of resources
for development, international trade, technology,
services and commodities. Effective management of
those interrelated issues could be achieved only through a
shared responsibility in the development process by the
international community. A balance had to be struck be-
tween what was expected of the developed countries and
what needed to be undertaken by the developing coun-
tries.

344. The problems faced by many developing coun-
tries in the past decade highlighted the need for greater
South-South cooperation, but the potential for such
cooperation had remained largely untapped. Malaysia,
together with other countries of the Group of 15, had
given priority to South-South cooperation.

345. UNCTAD had assumed a central and crucial
role in trade and development cooperation. However, the
global situation had undergone a dramatic evolution, and
if UNCTAD was to continue its role as a universal and
democratic forum its effectiveness had to be enhanced
and its functions strengthened. The revitalization of
UNCTAD required that its capacity and expertise be
strengthened and that it put forward bold, innovative ap-
proaches to economic cooperation and integration. How-
ever, UNCTAD should not lose sight of its responsibility
for safeguarding the common interest of developing
countries in a multilateral trading framework.

346. Commodity policy needed to be strengthened,
and Malaysia called upon the international community to
cooperate in efforts to achieve the objectives envisaged
under the Integrated Programme for Commodities and to
review international commodity policy which, to be
effective, needed to focus on balancing supply and demand
for commodities. The Common Fund for Commodities
also played an effective role in supporting international
commodity bodies; all countries, including the United
States, should extend their full support to the Common
Fund, particularly the Second Account.

347. The debt crisis of the 1980s had resulted in
greater awareness on the part of developing countries of
the need for structural adjustment and fiscal discipline,
but at times there had been a lack of supportive and com-
plementary action on the part of developed nations,
hence the steep decline in resource flows to the develop-
ing countries in the 1980s and the negative transfers of
funds. Developed countries should adopt the Trinidad
terms of debt relief expeditiously to allow countries to
return to viable patterns of economic sustainability.

348. Services had the potential of stimulating effi-
ciency in key economic areas. Negotiations on services
in the Uruguay Round had put tremendous pressure upon
developing countries to liberalize the service sector, but
there was a need for flexibility and a better understanding of the problems of developing countries.

349. Efforts to save the global environment should be viewed in a comprehensive and balanced perspective, according due emphasis to promoting economic growth and sustainable development. Environmentally sustainable development required the application of sound technologies, and developing countries needed access to such technology, which also required domestic technological capacity-building. To reduce environmental degradation and achieve sustainability, solutions were needed to such economic problems as overcoming the debt crises, reducing the tariff barriers and dismantling the non-tariff barriers of developed countries, and assisting developing countries in coping with current changes which required fiscal and non-fiscal adjustment.

350. The representative of Mali said that UNCTAD had been established with the objective of assuring an equitable international economic order and allowing developing countries to derive benefit from world economic prosperity. Since its inception, UNCTAD had registered a number of achievements, including the Integrated Programme for Commodities, the GSP, the Common Fund for Commodities, and the enlargement of IMF compensatory finance. UNCTAD had helped Mali, notably in the area of trade policy, the Special Programme on Trade Facilitation (FALPRO) and the Automated System for Customs Data (ASYCUDA).

351. Developing countries, and particularly the LDCs, had had to make enormous sacrifices resulting from the implementation of economic reforms. In spite of those sacrifices, the situation of the developing countries remained precarious and the number of LDCs had increased from 28 in 1970 to 47 in 1991. Moreover, the deterioration of the external economic environment had jeopardized their macroeconomic equilibrium and their social and environmental programmes.

352. That situation required new initiatives to ensure adequate financing of development in developing countries. In that context, Mali welcomed the proposal made by the Secretary-General of the United Nations for the convening of an international conference on development financing.

353. As an LDC, Mali was also affected by the economic crisis. Since 1982, a programme of economic adjustment had been implemented, but the sharp fall in the international price of cotton, its main export product, had created difficulties in the achievement of economic targets.

354. In March 1991, changes in Mali’s political regime had allowed the establishment of a pluralistic democracy based on the rule of law. Efforts had also been made to find a peaceful solution to the problem of rebellion in the north of the country.

355. Since the seventh session of the Conference, the world had gone through a number of transformations. Populations in the North and the South were asking for more freedom, democracy and social welfare. With the ending of the cold war, efforts were being made to reduce armament expenditure, especially in the most powerful countries. It was hoped that that would help all countries, particularly the poorest, to accelerate their development.

356. However, an adjustment effort was required at all levels, in developing and developed countries and international institutions, with a view to installing a new world economic order which was more equitable and conducive to durable growth.

357. UNCTAD itself should become more dynamic and should remain a forum for discussions and negotiations, with the participation of developing countries. It should be more involved in the Uruguay Round to ensure effective monitoring of the fundamental principles and objectives which were the basis of an equitable multilateral trading system. In the area of commodities, the intergovernmental machinery of UNCTAD should focus on problems of production and export diversification.

358. Regional and subregional cooperation was of the utmost importance for small countries, and in that respect UNCTAD should be more active in providing advice.

359. UNCTAD should also contribute towards finding solutions for an adequate financing of development, particularly in the private sector, in providing advice for effective debt management, and in building up management capacity, particularly among women.

360. For the efficient performance of its tasks, a restructuring of the UNCTAD secretariat was needed and should be accompanied by an increase in its resources, as well as an improvement in the management of those resources.

361. The representative of Mauritania said that enhancement of national and international measures, as well as of multilateral cooperation, was a challenge to all, whether in the rich countries which extended assistance and counsel, or in the developing countries making use of that badly needed support. The international situation emerging at the end of the cold war and the corresponding hopes of establishing international peace and security meant that there was a possibility to channel resources towards the global prosperity of humanity.

362. The great hopes of the poor and the deprived based on a new international order had been beset by fears in the face of the greed and selfishness of those who wished to perpetuate an international economic order founded on the law of the jungle, which not only endorsed inequality of opportunities but could also mean extinction of the weak. It was essential to promote a just and equitable international economy with cooperation based on the interdependence of the human element. Interdependence would succeed only through a new system of partnership generating benefits for all. Development was the common responsibility of the international community, but first and foremost it was the responsibility of the developing countries themselves. In that perspective, Mauritania had laid down a development strategy in 1985 designed to liberalize the economy, improve public finances and consolidate basic macroeconomic equilibria. The strategy also included ambitious investment programmes allocating more than one third of in-
vestments to rural sectors as well as improving health and education.

363. Development required the participation of the population; that could be achieved by ensuring democracy, human rights and transparency in the administration of public affairs. The development of countries was achieved through the development of people. In that connection, Mauritania was pleased to be regarded today as one of Africa's most democratic countries and one where respect for human rights was among the greatest. The reform policies and commitments undertaken by developing countries in cooperation with the World Bank, IMF and other bodies must be matched by reform policies in the developed countries aimed at raising savings, safeguarding the macroeconomic balance, expanding markets and eliminating trade barriers. Otherwise, the developed countries would continue to squander the economic resources of humanity.

364. There was a need for donor countries to respect the aid commitments they had made at the Second United Nations Conference on the Least Developed Countries, especially on ODA and on the issue of debt cancellation and alleviation. Mauritania would be pleased to see concrete results from the current session that went beyond the usual compromise formulas, making it possible to put in place a multilateral management of international trade rather than unilateral measures. Mauritania hoped that the developed countries would accept willingly the need for the smooth transfer of technology, information, investment and research to developing countries on concessional terms. Efficient arrangements were also needed so as to avoid imbalances between supply and demand on commodity markets and to guarantee the stability of export earnings of developing countries.

365. Mauritania hoped that UNCTAD would pursue its work on the trade efficiency initiative, which represented a concrete gain for all. At its current session, the Conference should emphasize the unique role of UNCTAD in the field of analysing and studying international trade-support systems and the management of commodity markets as well as in extending technical assistance and information to the developing countries.

366. The representative of Mexico said that the new political and economic realities offered new opportunities for international cooperation but that, in a number of countries at different levels of development, the risks of ethnic and regional conflict and social tensions persisted.

367. While the globalization of production and progress in communications technology had intensified worldwide interdependence among markets, the world economy was faced with the problems of slow growth, macroeconomic disequilibria and protectionist pressures. The current session presented a unique opportunity to renew international consensus on cooperation and economic solidarity. In order to increase economic well-being, it was indispensable that countries pursue domestic policies conducive to growth and social justice, open up their markets, and strengthen the international organizations, facilitating constructive dialogue among countries.

368. Mexico had switched from a focus on endogenous growth to a paradigm under which greater macroeconomic stability, increased efficiency of production and external liberalization were the keys to increased competitiveness and higher standards of living. The macroeconomic stabilization measures had included: improvement in the public sector's financial position through both fiscal austerity and more efficient taxation; opening the domestic markets to international competition; and achieving social consensus for a substantial reduction in the rate of inflation. Increased microeconomic efficiency had been achieved through: the liberalization of trade and foreign direct investment; stimulation of technological development; and deregulation of sectors of vital importance.

369. Mexico was also trying to strengthen its economic links with, and to reinforce economic integration among, the countries of Latin America and the Caribbean through bilateral and multilateral agreements. It was also negotiating a free trade agreement with the United States and Canada, which, while taking into account the asymmetries between those countries, would assure market access, eliminate trade barriers and introduce a mechanism to solve trade controversies, thus avoiding unilateral measures. That trade agreement would be fully compatible with GATT rules and would not imply any barriers to trade with third countries. Mexico had already signed a new cooperation agreement with the European Community. It included a mechanism for consultation over trade issues and a pragmatic scheme to intensify cooperation in areas such as trade, foreign direct investment and transfer of technology. Moreover, Mexico had strengthened, through membership in regional organizations, its economic links with the Asian and Pacific region, and was trying to intensify economic relations with Africa and the Middle East.

370. However, all those efforts of internal and external reform could only bear fruit in an environment conducive to international economic balance. All countries having initiated a process of structural reform in order to integrate themselves fully into the dynamics of the world economy were now depending on an effective multilateral trading system, the structure of which reflected the complexity and heterogeneity of the existing world economic situation and established clear and generally applicable rules.

371. UNCTAD, as one of the principal economic bodies of the United Nations, could not escape the need to review its structures and modes of operation continuously in response to the changing exigencies of economic development. Mexico therefore supported an institutional reform that would strengthen the analytical role of UNCTAD, its methods of discussion and its relations with other organizations. To that end, at the current session the Conference should aim at reaching general agreement on specific questions, allowing a greater number of countries to share basic consensus. The Conference should also try to achieve greater flexibility in internal procedural matters, including forms of discussion, selection of topics and introduction of working groups, and it should harmonize the work programme of UNCTAD with that of other international organizations in order to better coordinate the phases of diagnosis and
Part two. Summary of proceedings

372. The representative of Mongolia said that the more national economies were integrated into the world economy, the more they became vulnerable to changes which occurred abroad. The capacity of national economies to benefit from opportunities and to absorb external shocks differed considerably from country to country. Most developing countries still suffered from heavy debt burdens and a shortage of financial resources and technologies. Sound macroeconomic and structural adjustment policies in the developed countries were of major importance for the creation of the more favourable external environment which developing countries required; a favourable internal environment within the developing countries was also necessary, based on a sound overall development strategy.

373. Mongolia was undergoing dramatic political, economic and social changes. The old political system had collapsed early in 1990 and the first truly democratic elections had subsequently been held. The new Government had embarked on a comprehensive programme of economic transformation aimed at creating a market economy, expanding the role of the private sector, establishing a new banking system, liberalizing domestic prices, privatizing enterprises and promoting trade with the outside world. Mongolia faced major challenges as a result of dramatic changes in Eastern Europe and the economic difficulties of its main trading partners; exports and imports had decreased by over half and GDP by more than 15 per cent in 1991; the process of switching from a centrally planned to a market economy was clearly a painful one. Mongolia was convinced, however, that with its rich natural resources and the favourable changes which had occurred in the international community, it was on the right track and the reform would be a success. Mongolia had joined the Asian Development Bank (ADB), IMF and the World Bank and had recently become an observer at GATT; it had also negotiated various bilateral trade agreements and investment promotion and protection agreements, as well as a trade and economic agreement with the European Community.

374. The development and transfer of high and environmentally sound technology was instrumental in improving the competitiveness of developing countries. Human resources development was also a top priority but had not been adequately funded. Socio-economic advance required harnessing and fostering the inexhaustible potential of human capabilities, and UNCTAD should therefore pay great attention to human resources development.

375. A successful and balanced outcome to the Uruguay Round would strengthen the multilateral trading system; that required, however, a substantial package of concessions on market access for developing countries. The international community needed to support ECDC so as to enable the developing countries to make better use of each other’s trade, technical capacities and training facilities and thus increase their contribution to the world economy.

376. UNCTAD should promote international economic and technical cooperation with an active search for new dimensions. It should continue to make efforts towards the effective mobilization of financial resources, particularly by establishing close working relationships with international financial institutions. UNCTAD should also pay attention to Mongolia in its activities on land-locked countries, as increasing transport costs were becoming a serious barrier to Mongolia’s external trade.

377. The representative of Morocco observed that the eighth session of the Conference was being held at a time of rising hopes for real disarmament that would enable resources traditionally allocated to defence to be re-deployed to the eradication of poverty in the world. There were also hopeful signs that macroeconomic policies and regional integration projects were moving towards the principles of the market economy, of privatization of economic activity and liberalization of trade and financial policies, and that structural adjustment policies were beginning to take into account not only the economic dimension but also human rights issues, democracy and the environment.

378. At the same time, however, poverty and underdevelopment had worsened in many countries, in particular in the LDCs. Underdevelopment, coupled with an inequitable international trading system and an unfair distribution of savings among countries, constituted a real threat to peace and stability in the world. In the current context of interdependence, it was necessary to create a predictable and appropriate monetary, financial and trade environment, to ensure the training of national expertise, to promote the emergence of a new class of private entrepreneurs, to put in place the infrastructures necessary for sustained and autonomous growth, and to facilitate relations with the world economic system.

379. He wondered whether aid and development mechanisms and multilateral development institutions were fulfilling their missions adequately and whether they were ensuring an optimal allocation of their resources. It was necessary to redefine a global strategy for development which answered to the needs of the time and took account of the specific political, social and cultural systems of all countries. However, certain issues such as the environment, population movements, major endemic diseases and the macroeconomic management of the world economy went beyond the narrow confines of individual nations and called for appropriate multilateral treatment and institutions.

380. While the work done by UNCTAD had been positive on balance, it was now necessary to take account of the changes taking place in the world, in particular the movement towards greater private initiative, in order to ensure a multilateral management of market conditions. The developing countries needed a forum in which it would be possible to lay the foundations of a predictable and equitable world socio-economic system, to strengthen individual and collective capacity for evaluating the ideas and proposals put forward by the developing countries, to meet the information needs of those countries, to provide the necessary assistance to those countries which requested it, and to give the neces-
sary support for regional economic unions such as the Arab Maghreb Union.

381. The success of Morocco’s structural adjustment programme, launched in 1983, had demonstrated that underdevelopment was in no way inevitable and that adjustment could be compatible with minimum growth. Structural adjustment programmes constituted a national responsibility and required great sacrifices, since the economic and financial partners of the adjusting economies did not favour exempting the countries concerned from the rules and disciplines they themselves applied.

382. One of the priorities for a revitalized UNCTAD should be to analyse the various components of development assistance, as well as the link between trade preferences and the global improvement of the competitiveness of the developing countries. Other important questions, such as commodities, resources for development, debt management and the budgetary and monetary policies of developed countries, should be discussed not only in the framework of the debate on institutional issues but also in relation to the harmonious management of the world economy.

383. The representative of Mozambique said that UNCTAD had performed remarkable work for the promotion of international development cooperation. The Conference was taking place at a time when international economic relations were undergoing dramatic changes affecting all regions and countries. The disintegration of the socialist economic bloc had created opportunities for enhancing cooperation between OECD countries and countries in Eastern and Central Europe. The international community had a special responsibility in the global efforts to overcome the challenges faced by developing countries so as to alleviate the debt burden and promote sustainable socio-economic development. More effective broad-based policies and concrete measures should be adopted so as to find lasting solutions to the debt crisis in developing countries. Existing measures in the area of debt provided limited relief but did not address the causes of the crisis and lacked a long-term perspective. It was equally important to agree to a substantial increase in financial resources for development and to a change in traditional patterns of international trade.

384. Success in the ongoing reform processes, in particular structural adjustment programmes being implemented in developing countries, required fair and remunerative prices for commodities and the end of protectionist practices, which affected world trade flows negatively. Because of the lack of implementation of the Integrated Programme for Commodities, the deterioration in the terms of trade of developing countries continued. That problem could no longer remain unresolved. An action-oriented review of commodity agreements should be undertaken with a view to revitalizing and broadening the scope of such agreements to cover new products, as well as setting up a more effective mechanism for the enforcement of the provisions of such agreements. Diversification programmes in the commodity sector deserved particular attention.

385. The GSP should continue to be progressively liberalized so as to allow an increased volume of manufactured and semi-manufactured exports by developing countries. Preservation of the environment and the protection of natural resources also deserved special attention in view of their implications for trade and development. To enable developing countries to cope with the emergence of regional trading blocs in developed countries, the international community should lend its support to regional integration among developing countries.

386. Mozambique concurred in the efforts and initiatives for the revitalization of UNCTAD so as to enable it to keep pace with changes in the international arena. The UNCTAD integrated approach to growth and development in developing countries was a valuable asset which needed to be preserved and expanded in the years to come, and its special responsibilities as a focal point for the implementation of the Programme of Action for the Least Developed Countries for the 1990s deserved greater support by the international community.

387. The representative of Namibia said that in spite of far-reaching global political and economic changes, the situation in the world would not be altered significantly without concerted efforts to achieve an equitable redistribution of wealth. It was necessary to create a "level playing field" to enhance developing countries’ chances to achieve self-reliance. There was a real danger that without sufficient assistance from the developed countries, emerging democracies in Africa and elsewhere would not take root. The total eradication of poverty in Namibia was a priority. While Namibia had the long-term potential to finance its own development, external assistance in the short term was vital.

388. Namibia urged the developed countries to improve the conditions of market access for products from developing countries and to help strengthen world commodity markets. The increasing tendency of developed countries to change the character of the GSP from one of non-reciprocity and non-discrimination to one increasingly linked to non-trade factors was alarming.

389. The debt problem, in particular that of the LDCs, continued to be a cause for concern. There should be more generous terms of relief for the poorest indebted countries. Creditor countries should seriously consider cancelling the debts of all LDCs and other severely indebted low-income countries. Developed countries should reaffirm their commitment to the international debt strategy and to the internationally agreed aid target of 0.7 per cent of GNP. Developing countries were conscious of the fact that they could not rely on development assistance alone: it was important to take measures to enhance their investment climate and to encourage inflows of investments through the pursuit of sound macroeconomic policies, including increased monetary control and financial discipline. Namibia was pursuing stable macroeconomic policies and maintaining an open and inviting attitude towards foreign investors. Cognizant of the investment drive by Central and Eastern European countries, and of the fact that multilateral cooperation for development was required, Namibia offered the potential for joint ventures and other forms of development cooperation.

390. Attention was rightly focused on the problems of environmental degradation. Those problems called for
co-responsibility on the part of industrialized and developing countries. Continued technical assistance and increased financial flows to developing countries could enhance production methods and lessen the pressure on the ecological system.

391. Development must moreover recognize the role and plight of women in developing countries. Failure to invest in the development of that human resource was self-defeating.

392. The representative of Nepal said that the economic situation in many developing countries remained highly unsatisfactory after a decade in which many of them had experienced not just stagnation but even negative growth. The situation was much worse in the LDCs, despite the implementation of the Substantial New Programme of Action. The land-locked countries faced additional obstacles because of inherent geographical problems and structural bottlenecks. That was why sympathetic and generous assistance was solicited from the international community, which had now recognized that the goal of eliminating poverty in the LDCs would be achieved only through a concerted and global effort.

393. All LDCs accepted primary responsibility for their development, and many had undertaken corrective policy reforms and adjustment programmes. But the experience of the 1980s had shown that the efforts of those countries alone were not enough; ODA should be increased substantially commensurate with the increases called for to implement the Programme of Action, and the volume of concessional assistance from multilateral financial institutions, development banks and other development funds should be expanded.

394. Although some positive efforts had been made to reduce the debt and debt service of developing countries, the debt problem continued to hamper the development prospects of low-income and highly indebted countries, especially the LDCs. The problem of the debt-servicing burden called for a durable and lasting solution covering bilateral, multilateral and commercial debt. It should include the cancellation of debts due to development countries and the provision of additional financial assistance to clear arrears to multilateral institutions.

395. Protectionist measures and restrictive trade and business practices had proliferated, harming the developing countries; in the Uruguay Round, therefore, negotiating countries should make every effort to arrive at a balanced and equitable outcome. Urgent attention was needed to provide improved market access for the products of the LDCs, to increase their production base and to create adequate markets for their expanded production. Bilateral donors and international organizations could assist the LDCs in establishing industries and other joint-venture undertakings.

396. Reduction of transit costs was crucial for improving the trading prospects of land-locked countries. Concerted efforts with the fuller participation of international organizations such as UNCTAD were essential to promote regional and subregional transit agreements and to help land-locked countries create an efficient transit framework.

397. Developing countries, and the LDCs in particular, were dependent on commodity exports for their export earnings, and better market access for commodities was urgently needed, as well as adequate pledges to help the Common Fund for Commodities achieve its objectives. Compensatory financing mechanisms should be improved and strengthened.

398. In bilateral cooperation among developing countries, greater emphasis should be laid on the preferential access of products to regional markets, on financial and technical cooperation for mutual benefit, on exchange of information and knowledge and on collaborative ventures.

399. Following the general election based on adult franchise, a democratic Government had recently been reinstalled in Nepal whose main focus was to help improve the lot of the poorest of the poor. As Nepal was both a least developed and a land-locked country, the Government faced insurmountable challenges in all sectors. Its efforts needed to be supplemented by an enhanced level of external assistance.

400. The reduction, and ultimately the elimination, of poverty was the biggest challenge confronting the international community. The only long-term solution was to maximize growth and reduce income inequality. The developing countries were making vigorous reform efforts, at considerable social and economic cost, but a favourable external environment was equally important.

401. The representative of the Netherlands said that in recent years the loci of negotiations and discussions on issues such as trade and environment had shifted. UNCTAD would have to adjust to those new circumstances in order to become a building block in the new partnership for development.

402. In the area of trade, a successful conclusion of the Uruguay Round was of paramount importance. Results remained feasible if real concessions, even sacrifices, were made by all countries to roll back protectionism and trade-distorting support systems, and if contracting parties did not set over-ambitious targets. In particular, the developed countries carried a great responsibility. Failure of the Uruguay Round would be unforgivable. At its eighth session, the Conference could contribute to that effort by making a very strong and urgent appeal to all parties involved to live up to their responsibilities. For developing countries, a successful Uruguay Round would result in increased access to the markets of developed countries and to better trading possibilities among themselves.

403. Environmental degradation was a global problem which involved co-responsibility of industrialized and developing countries, and called for global partnership. The developed countries bore the main responsibility for the damage done to the earth's environment. Therefore they should give the example in adopting environmentally protective, but not protectionist, standards. Developed countries should increase the quantity and quality of their technical assistance and make additional financing available. Developing countries should recognize that addressing their local environmental degradation was primarily in their own interests. UNCTAD
should develop the appropriate instruments to enable developing countries to do so, and should also support the LDCs in international negotiations. In that regard, the forthcoming report by the UNCTAD secretariat on tradeable emission rights was a good example of the contributions UNCTAD could make.

404. The role of the State was crucial in the development process. The State should ensure political stability based on consensus, due process of law and respect for human rights. It should secure a predictable economic environment and legal framework for the proper functioning of the market and the expansion of the private sector. A stable macroeconomic climate was an absolute prerequisite for attracting foreign direct investment and stemming the flight of domestic capital. The State should fight corruption at all levels. It should combat the drug problem and money-laundering. Moreover, improved allocation of resources should also include the reduction of excessive military expenditure. Good governance was equally a responsibility of the developed countries, which had a particular responsibility for ensuring sustained recovery of the global economy. In the field of trade, they should take measures to grant increased market access to the exports of developing countries. Developed countries should also ensure that their environmental problems were not simply transferred to developing countries.

405. UNCTAD could play a role as a forum for the exchange of experiences and should assist developing countries along the road to good governance practices. The UNCTAD secretariat had a particular task to fulfil in assisting the LDCs in their efforts to achieve good governance.

406. For many developing countries, particularly the poorest, external financial resources were an indispensable supplement to their own efforts and to the advantages offered by a more liberalized international trade system. The Netherlands was actively involved in efforts to find lasting solutions to the debt problem. Recent developments in the Paris Club aimed at debt alleviation for severely indebted low-income countries were welcome. However, the Netherlands remained committed to more far-reaching approaches. ODA was still of vital importance for many developing countries. The Netherlands had adhered to the target of 0.7 per cent of GNP and had even consistently surpassed it, and called on other donors also to meet that target.

407. The role of UNCTAD had gradually been reduced, locked up as it was in its own group system. UNCTAD was at a crossroads: either it continued along the traditional road, and the results of its work would have no impact on the capitals of its member States, or it was prepared to adapt to new realities. The Netherlands remained fully committed to working actively to introduce the necessary changes.

408. The representative of New Zealand said that, after three decades of existence, UNCTAD could show only meagre achievements, and should not continue its tendency to duplicate the work of other organizations which had greater expertise. UNCTAD should rather work in areas which it knew best, and where it had a comparative advantage. Analytical work on commodities was such a case and it should be strengthened. UNCTAD filled a gap in the coordination of international action aimed at accelerating economic and social progress in developing countries.

409. New Zealand considered that the secretariat document introduced at the seventeenth special session of the Trade and Development Board had been a step in the right direction. The document had sought to take account of the differing views of all participants and attempted to strike a balance in much of the drafting. However, development required more than texts. In particular, UNCTAD needed to acknowledge the differences existing between various categories of countries, including those within existing “groups”. For New Zealand, the concept of differentiation was of key importance.

410. UNCTAD should guard against the assumption that resolutions of international organizations could of themselves ensure that Governments take effective action to help their poorer neighbours. Governments were not the principal actors: the private sector was. While Governments could, and should, offer ODA, other transfers would be a function of market forces. All Governments had to work to create the conditions in which such transfers would take place in a quantity and quality sufficient to narrow the gap between rich and poor.

411. The potential role of international trade in accelerating the development process could hardly be exaggerated. In that context, bringing the Uruguay Round to a successful conclusion was of vital importance for all countries. Those negotiations offered the best guarantee of long-term sustainable growth, free of the inhibitions and constraints inevitable in an excessive reliance on direct aid.

412. New Zealand considered that UNCTAD had a role to play in the new partnership which was so promising in the changed world environment. At the current session, the Conference must meet the challenge of adapting UNCTAD methods to the new spirit of cooperation which had emerged.

413. The representative of Nicaragua said that the eighth session of the Conference was meeting at a time of challenges and risks without precedent, which the international community would have to face. A new world order based on peace, cooperation and the gradual improvement of living conditions was possible, given the positive environment generated by the end of the cold war and the possibility of reducing military spending.

414. Nicaragua was undergoing a difficult transition to democracy and a market economy. During the 1980s, Nicaragua had accumulated numerous negative economic records; inflation had been extraordinarily high, and both industrial production and the purchasing power of salaries had collapsed. The new economic policy put in place in 1991 had enabled inflation to be vanquished and the budget deficit closed. Fiscal reform had broad-
ened the tax base and improved tax administration. Trade and services had prospered.

415. There were few historical examples of a country in which so tough a structural adjustment programme had been implemented with such positive results in the majority of sectors, including the industrial sector, usually the loser under such programmes. The reason was that the liberalization introduced had been extended to virtually all levels: exchange rates, licensing, State monopolies, import barriers and private banking. The high level of foreign aid had also played a major role in permitting the maintenance and even increase of aggregate demand. But that adjustment programme had not been without its negative effects, particularly a reduction in formal sector jobs. In that context, it was important to note that some 20,000 public sector employees had left the government voluntarily following the introduction of a generous “golden handshake”.

416. It was well known that most of the centrally planned economies had disappeared and that there was a growing consensus on the necessity to base economic systems on market-oriented policies. Only with greater cooperation among countries of North and South could the developing countries pursue their structural adjustment programmes in the face of their social costs. Such cooperation required the dismantling of all forms of protectionism, better observance of multilateral norms, reduction of both debt and debt service, declines in real international interest rates, increased non-debt-creating capital flows and ODA, greater technology transfer towards the developing countries and the assignment of a part of the savings from demilitarization to development assistance.

417. Primary commodity markets needed to work better and that required strengthened producer-consumer cooperation. Equally important was a balanced and positive outcome to the Uruguay Round, particularly with regard to market access and ways of making operational the principle of differential and special treatment for the developing countries. Those countries should also be given a certain degree of freedom to use policy instruments to ensure access to technology and guarantee its utilization for the common good.

418. The recent extension of large economic spaces had been remarkable. The probable effects of these large spaces were as yet uncertain, but in principle they should, if accompanied by an opening to the rest of the world, help to increase global economic growth. The “Greater Caribbean”; an area of 166 million inhabitants, comprising Central America, Colombia, Mexico, Venezuela and the Caribbean countries, was destined to become a major source of dynamism in the world economy in the 1990s.

419. The over-exploitation of natural resources and the degradation of the environment were closely linked in developing countries to the persistent poverty and the slender economic prospects of the poorest sectors of the population. Solving that problem required a strategy both to eliminate poverty and acquire ecologically sound technologies. The developed countries should support such strategies, for they would be beneficiaries of an improved global ecological system. They also needed to change their consumption patterns so as to both protect the environment and provide additional finance to the developing countries.

420. UNCTAD was the multilateral forum par excellence for the consideration of the problems and policies of development. It was therefore incumbent on the Conference to evaluate its structures and working methods so as to effect its revitalization. Certain principles should apply to the work of UNCTAD. Analysis and evaluation of problems should be accompanied by a renewed dialogue so as to reach a real consensus among a greater number of countries, eventually leading in certain cases to negotiation and cooperation. The group system must be made more flexible by renovating the mechanisms of participation, the modalities of dialogue and the criteria for the selection of agenda items. A better linkage was also needed between the work of UNCTAD and that of other international organizations, with UNCTAD influencing the negotiations in those forums through the provision of assistance to the developing countries for the formulation of their positions.

421. The representative of Niger said that his country was currently undertaking a structural adjustment programme with the assistance of the World Bank and IMF and it had benefited from support by the World Bank as well as France and Switzerland in buying back commercial debt. After a period of satisfactory growth, Niger was currently suffering its most difficult economic crisis ever, owing to falling prices for commodity exports, drought and an unfavourable international economic climate. However, it was now embarking on the path to democracy and a liberal economy.

422. The LDCs were making great efforts to apply policies which conformed with the Programme of Action. The structural adjustment had considerable social costs, while its chances of success were slender. It was indispensable to have support for those policies by the international community and compliance by the developed countries with their commitments made at the Paris Conference in 1990. Much more needed to be done in the areas of aid, debt-relief, market access and commodities. World political developments since the Paris Conference had not been favourable for the LDCs. Since their financing needs had become more urgent, it was imperative that donor countries attain the objectives of the Programme of Action. Donor countries and multilateral development institutions also had to take into account the increased number of LDCs.

423. Despite the measures that had been taken so far, the debt burden of the LDCs remained intolerable. An imaginative approach to solving the debt problem was required. That included concrete measures to reduce debt to multilateral institutions and deal with arrears.

424. Special attention had to be given to market access for the LDCs and to special treatment for those countries in multilateral trade negotiations.

425. The representative of Nigeria declared that the eighth session of the Conference was taking place against a background of fundamental transformation in international political and economic relations which had created renewed hope as well as challenges for the international community and had great consequences for a
new world order. For many African countries, including Nigeria, those developments had led to a rapid process of democratization. It was the duty of all countries to confront those challenges collectively with a view to improving the standard of living of all peoples.

426. The 1980s had been a lost decade for development in most parts of the developing world, and in Africa in particular. Starvation, disease, drought, desertification, depressed commodity prices, debt obligations, trade-distorting discriminatory regional policies and a generally unfavourable external environment were among the problems. That had resulted in a drop of net resource flows to Africa as well as of export earnings; heavy indebtedness and costly debt servicing had impaired the development efforts of African countries.

427. Those countries were aware that their fate lay primarily in their own hands; most of them, like Nigeria, had adopted structural adjustment programmes, often at great social and political cost. Although some isolated achievements had been registered, the full benefit of those programmes could not be realized owing to a lack of sufficient external support. The prosperous world should help by relieving the various burdens, such as high interest rates and fluctuating exchange rates affecting debt, because the collapse of Africa would have negative consequences for the rest of the world.

428. The various initiatives taken to solve the debt problem had proved inadequate, unsuitable or even unadaptable. Therefore, there was a need for more adequate measures such as outright debt forgiveness for all developing countries, or, in the absence of substantial debt reduction, a complete suspension of debt service for a very long period of time, as was the case for indebted countries during the inter-war years. The hopes for international support raised in the period covered by the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 had not been fulfilled and there was therefore a need to support the recent initiatives in the United Nations New Agenda for the Development of Africa in the 1990s.

429. The African Economic Community had been launched in July 1991, with the aim of strengthening strategies for revitalization, recovery and growth of African trade and fostering economic cooperation in the region. For the success of the programme there was a real need for the support of the international community, and UNCTAD in particular.

430. The successful conclusion of the Uruguay Round should offer clear opportunities for strengthening the multilateral trade system. It must not result in new policies and practices that would hamper the efforts of developing countries to sustain and protect their infant industries and service sectors. UNCTAD should continue its technical assistance to developing countries participating in the Uruguay Round as well as its eventual implementation. The mandate and technical assistance of UNCTAD should be broadened and strengthened. A follow-up mechanism to its resolutions and decisions should be established in the areas of: commodity trade; initiatives for resolving the debt crisis; a strategy for recovery and development; the strengthening of regional and subregional integration groupings; and the mobilization of local and foreign resources for regional development. Differences in the levels of development of member countries should be taken into account. The success of institutional reforms would depend on the political will and commitment of UNCTAD members.

431. The representative of Norway stressed the significant changes that had taken place in the world in recent years and the emergence of a global consensus on key development priorities and policies. That meant that there was a greater opportunity for the United Nations, including UNCTAD, to prove its role as a central tool to promote sustainable economic and social development.

432. Good governance was a prominent theme of the Conference, and without good national governance in developing countries no economic and social progress was possible. However, good governance applied not only to the developing countries but also to the industrialized countries, which had a special responsibility to create a global economic environment conducive to growth and social advancement in the South. Nevertheless, good governance in the industrialized countries could never be a substitute for sound policies in the developing countries themselves. National policies were of crucial importance in the development process.

433. Developing countries needed outside support and assistance for their national efforts, but ODA from the OECD countries continued to be highly inadequate; there was a need for significantly increased efforts towards reaching the agreed 0.7 per cent target. Strong support for the World Bank's special programme of assistance for African countries was crucial, as was real growth in the forthcoming Tenth Replenishment of IDA. Donor countries also needed to fill the gap between words and deeds with regard to assistance to the LDCs.

434. Global environmental problems added to the need for increased assistance. The industrialized countries had the main responsibility for the creation of transboundary environmental problems, and they also had the main responsibility for solving them. Developing countries needed new, genuinely additional resources to be able to participate in the global effort called for.

435. The development efforts of many developing countries were being seriously hampered by debt problems. The circle of repetitive, costly and time-consuming reschedulings needed to be broken and the implementation of the Brady initiative (on a strengthened debt strategy) speeded up; that required increased efforts on the part of both debtor countries and commercial banks. The growing arrears problems had to be solved, remaining ODA debts should be cancelled, in line with Trade and Development Board resolution 165 (S-IX) of 11 March 1978, and all members of the Paris Club should implement the modified Trinidad terms. In that connection, even a 50 per cent cut in payments due would prove to be grossly inadequate for many of the poorest countries; Norway was ready to extend effective debt reductions of up to 80 per cent on a case-by-case basis, in the context of the Paris Club.

436. The development and consolidation of a more open, fair and rule-based international trade system constituted one of the single most important issues on the
North-South agenda. Norway hoped that the Uruguay Round could be finalized taking adequate account of the interests and legitimate needs of developing countries.

437. Average world market prices for commodities had long fluctuated around historical lows. The problems could not be overcome without increased diversification, local processing and market access. Environmental aspects of commodity production needed increased attention, and international commodity cooperation had to be strengthened. In particular, the Second Account of the Common Fund should be used to its maximum potential, and the establishment of new producer/consumer forums should be considered. Existing mechanisms for compensatory financing should be reviewed and, where possible, improved.

438. The substantive issues to be addressed by UNCTAD needed no major change in its focus. The strength of UNCTAD came from its unique ability to address issues in an integrated manner. It should strengthen its work as the central United Nations forum for economic analysis and debate on interdependence and interlinkages, for which it had comparative advantages vis-à-vis other multilateral bodies. In addition to the traditional items on the UNCTAD agenda on interdependence, some topical issues could be selected for more in-depth work: competition policies in countries in transition, in both the South and the East, was one example. UNCTAD must also be equipped and prepared to contribute substantially to the follow-up of the United Nations Conference on Environment and Development in areas within its mandate, and it should continue its special focus on LDCs.

439. Norway considered attractive the idea of transforming UNCTAD into a “North-South secretariat” or a strategic global think-tank along the lines of OECD. A reformed UNCTAD should be primarily a forum for analysis, exchange of views and search for an ever-broadening consensus between North and South. The normative functions of UNCTAD should be performed in a spirit of realism, and resolutions could very often be replaced by end-products such as “chairman’s summaries”. However, in cases where issues had been thoroughly analysed and practical results might be within reach, formal negotiations on resolutions, strategies or concrete guidelines for action might be appropriate, possibly involving more limited groups of interested countries.

440. The group system should primarily be used for the purposes for which it was intended: election and representation. Informal contacts and consultations across traditional group borders should be further encouraged.

441. There was a need to review the standing committees and other subsidiary bodies. Some of the standing committees could be replaced with ad hoc groups of true experts, while during Board sessions repetitive general debates should be avoided and increased participation by other international organizations, the business community, non-governmental organizations and academic institutions should be attracted.

442. UNCTAD technical assistance activities should rest on a solid analytical basis and be coordinated with and complementary to other multilateral institutions in the field. A close interrelationship between analysis and debate, normative activities and technical assistance and policy advice should be ensured. Country policy reviews should be undertaken on selective issues, while taking care not to duplicate similar exercises in other forums.

443. None of those changes required alterations in the mandate of UNCTAD; the reform process could therefore begin immediately, regardless of whether or not GATT was transformed into a multilateral trade organization. Likewise, reform efforts within UNCTAD should not be delayed by the overall process of the reform of the United Nations.

444. Finally, the main objective of the reform of UNCTAD was to make better progress on substantive issues, and it was thus meaningless to talk about a trade-off between institutional reform and substance.

445. The representative of Oman observed that the eighth session of the Conference was being held during a period of far-reaching developments in international relations, which provided an opportunity for a worldwide reduction in military expenditure that could be directed to economic development and lead to a better environment for commercial and technological cooperation. His country stressed the importance of pragmatic and non-confrontational dialogue, which should safeguard mutual interests and aim at reaching tangible agreements capable of practical implementation. The rapprochement and diminishing conflicts in many parts of the world would enable the United Nations to concentrate more on its developmental role.

446. Increasing growth rates and improving standards of living were the primary responsibilities of developing countries, many of which had undertaken internal reforms to improve the management, and ensure the liberalization, of their economies. Those endeavours, however, required a favourable international environment, such as market access and fair prices for their commodities, if they were to yield good results.

447. Economic cooperation and integration among developing countries was an important means for furthering economic growth, achieving sustained development and increasing efficiency, as well as for better mobilization of resources and wider trade opportunities. It was also a complementary and vital element for wider cooperation with the developed countries.

448. Besides the issues of commodities and external markets, other interrelated issues which had been discussed for many years, such as debt, resource flows and technology transfer, should be addressed in the new spirit of constructive partnership in development. Oman saw a need for new strategies in the area of debt and for increasing the resources of the international finance bodies in support of the reform programmes of developing countries, as well as for narrowing the technological gap between the developed and the developing countries.

449. He pointed to the progress achieved in the socio-economic development of Oman, pursued in a pragmatic manner and based on the principle of self-reliance. He also referred to the efforts of his country for
the conservation of nature, the prevention of pollution and the preservation of the environment.

450. His country emphasized the importance of peace and stability in the Middle East region, and called for a just, lasting and comprehensive settlement that would achieve peace for all countries of the region, so that the Palestinian people could regain their legitimate rights and live in their homeland in order to concentrate their efforts on its rehabilitation, reconstruction and development.

451. The representative of Pakistan noted that the world was undergoing momentous changes in both the political and economic spheres and that the international economic climate, particularly for the developing countries, was extremely unfavourable. Rates of interest were high. Commodity prices were depressed. The problem of debt had assumed serious proportions and needed to be tackled on an urgent basis. The process of debt relief should not be confined to some countries only. Prudent countries which had been consistently servicing their debt charges at the inevitable cost of potential social and economic progress should also be recompensed by a more equitable revision of debt liabilities. There was also a need for increased development assistance on easy terms.

452. Major obstacles in the way of development were the tariff and non-tariff barriers erected against imports from the developing world. With their removal, developing countries could move more rapidly towards economic self-reliance and the elimination of dependence on foreign assistance, both through increasing their exports and by the attraction of private investment flows.

453. Pakistan had undertaken far-reaching economic reforms, including bold measures of privatization, deregulation, disinvestment, currency exchange reforms and the removal of all possible obstacles in the way of foreign private investment. Foreign companies could invest in practically any industry and could now hold 100 per cent equity. However, the desired results could be achieved only if Pakistan were given better market access. Increased market access in such sectors as textiles could provide the motor force for Pakistan’s economic self-reliance. Pakistan therefore favoured an early, balanced and successful conclusion of the Uruguay Round which offered a unique opportunity to halt protectionism, reduce trade-distorting agricultural subsidies, clarify international rules governing trade in services and intellectual property rights, and provide an early phasing out of the arrangement regarding International Trade in Textiles.

454. The global environment and the need to halt environmental degradation was a priority which called for a new compact between the developing and the developed countries. However, it had to be recognized that poverty itself constituted one of the greatest threats to the environment. It was thus indispensable to recognize the link between development and environmental protection. It was also important to recognize the need for incremental assistance and technological flows to the developing countries to support environmental efforts.

455. During implementation of growth-adjusted structural adjustment programmes, the developing countries required unhindered assistance flows in the short term in order to minimize adverse human effects. Pakistan remained committed to UNCTAD and to the strengthening of its role. It was a matter of satisfaction that the Conference would be adapting UNCTAD to the changing world order so as to increase its effectiveness, and expanding its role to cover new areas.

456. The representative of Palestine\(^{29}\) said that despite many positive results achieved by UNCTAD, the goals for which the organization had been created had not all been attained. That included the elimination of poverty. It was tragic that millions of people in developing countries suffered from poverty and famine while some developed countries were destroying part of their food produce in order to maintain market prices.

457. Developing countries were victims of the international economic system which remained in a state of structural disequilibrium punctuated by, inter alia, slow growth rates, inflation, unemployment, monetary instability and protectionism. Management of the world economy should respond more positively to the needs and problems of developing countries, so that current disparities between developed and developing countries could be substantially reduced.

458. The debt problem had been at the origin of the net transfer of resources from developing to developed countries. It was likewise responsible for economic stagnation, falling per capita income, lower investment and reduced expenditure on public services, including health and education, as well as serious threats to democracy and political stability. Debt reductions had to be stepped up significantly and all bilateral official debt of the LDCs and other very poor nations should be cancelled.

459. It was unfortunate that some countries resorted to a considerable number of protectionist measures which they did not hesitate to denounce whenever applied by their competitors. The bold trade liberalization measures taken by developing countries contrasted sharply with the protectionist measures of developed countries. Attempts to introduce a new environmental conditionality might, inter alia, bar exports of developing countries from access to developed countries on the pretext of environmental protection considerations.

460. The people of Iraq were exposed to hunger and starvation; the international community should enable them to restructure and develop their economy without external interference. The question of Palestine was a political problem, but the devastating impact of the Israeli occupation on the Palestinian economy must not be ignored. The living conditions of the Palestinian people had become intolerable and the end of the Israeli occupation was a prerequisite for their economic and social development.

\(^{29}\) With regard to the participation of Palestine, see part three, sect. K, para. 27 below.
461. For Israel, peace negotiations were no more than a ploy to gain time during which it continued its colonial settlement activities in occupied Palestine and the Syrian Golan with a view to realizing the so-called "Greater Israel". Without external pressure on Israel, particularly from the United States of America, peace in the Middle East would remain elusive.

462. The representative of Panama recalled the economic and political problems which Panama had experienced. The period of military dictatorship had been accompanied by corruption and drug trafficking. During the 1980s, unemployment had reached 20 per cent and the health of the people had deteriorated. Following the election of a democratic government, Panama had embarked on far-reaching reconstruction of the whole economy as well as efforts to reunite the Panamanian people. It had also been necessary to adapt the productive sector and the institutional infrastructure to the far-reaching global changes and make it more responsive. The Government had initiated numerous changes, including the introduction of market rules where the economy could operate without restrictions and government intervention.

463. The reform measures of recent years had been aimed at improving international competitiveness; a recent law contained incentives to promote non-traditional exports so as to take advantage of the Caribbean Basin Initiative.

464. Since the Canal Treaty of 1977 between the United States of America and Panama, little had been done to develop the area. The Canal offered an opportunity to create prosperity for all the peoples of Panama but corrective measures were required to bring that about. The environment was another concern of the Government, and programmes to conserve it were being given priority.

465. There had been increasing globalization and internationalization of the world economy, accompanied by the transformation of the countries of Eastern and Central Europe and the emergence of economic blocs. For those reasons, Panama, like other countries of the region, had reaffirmed the mandate of UNCTAD and the need for its revitalization. The revitalization of UNCTAD should lead to strengthened global analysis and policy coordination. UNCTAD should also establish adequate mechanisms to permit international coordination of development activities, in closer contact with regional and subregional organizations. Technical assistance should also be strengthened.

466. The service sector was of particular relevance to Panama. In that context, the Automated System for Customs Data (ASYCUDA) and trade efficiency were of interest. The service sector offered employment opportunities and possibilities to earn export revenue. For those reasons, at its current session the Conference had to ensure that UNCTAD continued to analyse the service sector and its relevance for development.

467. UNCTAD also had to pay attention to commodity problems and the GSP. Many developing countries continued to depend on commodities, and the corresponding export revenues were crucial. It was important that tropical product exports from developing countries not be discriminated against. The agricultural policies of developed countries continued to have a negative impact on the commodity market. There was a need to liberalize markets, improve market access and reduce export subsidies, as provided for in the Ministerial Declaration of GATT in 1982. Moreover, the emergence of trade blocs had added a new dimension to the problem related to commodities in international economic relations.

468. Finally, environmental considerations also constituted a new aspect which was influencing the international commodity economy, since Governments and public opinion in both developed and developing countries were increasingly emphasizing environmental factors in order to guarantee sustainability of development. Developing countries were above all interested in the eradication of poverty, increased production of foodstuffs, rising employment and exports, while at the same time ensuring the protection of the environment and the preservation of ecological balance.

469. The representative of Papua New Guinea drew attention to the plight of land-locked and island countries as well as to resolution III (V) of 3 June 1979 on specific action related to the particular needs and problems of island developing countries, adopted at the fifth session of the Conference, held at Manila. Although a few developed countries were making special efforts to assist those countries as called for in the resolution, others had not done so. If urgent action was not taken to offset major handicaps, the countries at risk would soon become LDCs. A number of them had already met the criteria the previous year. Some preventive action at that stage might stop others from joining the group, which was growing at an alarming rate.

470. Papua New Guinea believed that developing countries might not benefit much from the changes in Eastern Europe; in the short term, in fact, much of the aid and investment flows which were expected to reach the developing countries might now be directed to those countries.

471. Papua New Guinea welcomed the announcement by the spokesman of the European Community that the assistance offered to the Eastern European countries was only additional action and would not affect the assistance currently offered to the developing countries. Nevertheless, some doubt remained as to whether investment funds would continue to flow to the developing countries.

472. Papua New Guinea exported more than 90 per cent of its produce in raw, unprocessed form. Although most of those products were not subject to duty in the importing countries, the picture was very different for

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the financing of development could have a crucial impact on North-South relations.

479. The persistence of underdevelopment and extreme poverty in vast regions of the planet still constituted the principal cause of instability and conflict. That had to be tackled with urgency in a coordinated manner. Drastic and immediate reduction of unproductive, especially military, spending was essential. A Peruvian initiative had led to an agreement among Governments making the Andean region the first zone in the world free of weapons of mass destruction. Recently, Peru had also made a proposal to other countries in the region to reduce military expenditure by 50 per cent.

480. Good international administration required increasing participation by developing countries in the decision-making process concerning the international monetary system. A transparent and genuinely competitive international trading system was also vital.

481. Promotion of sustainable development was a universal objective; Governments, international institutions, non-governmental organizations and transnational corporations had to cooperate in order to make environmental preservation an objective in the daily life of everyone. However, many countries could not adjust the process of development to the requirements of environmental conservation. Additional financial and technological flows to those countries were therefore necessary, and UNCTAD had to strengthen its work in that respect.

482. The priorities in the future work of UNCTAD should deal with debt, trade, commodities, adjustment and institutional reform. UNCTAD should assess the debt-relief requirements of all countries needing such relief. The result of that assessment should be accepted by creditors as a basis for negotiating the terms of debt reduction. The international debt strategy had to be extended to allow for a general reduction in official debt. An MFN clause should be introduced in negotiations of official debt relief.

483. Subsequent to the adoption of the final act of the Uruguay Round, which was of crucial importance, UNCTAD could serve as a negotiating forum for establishing a set of international standards to prevent restrictive business practices. UNCTAD should promote producer-consumer cooperation agreements on commodities and help to improve the marketing of primary commodities exported by developing countries, as well as foster diversification in the uses of commodities. The adjustment process had to be accompanied by a parallel programme for social development preventing a rise in poverty and creating productive employment.

484. As to institutional reform, a more flexible negotiating process was needed whereby different national interests could interact in a dynamic manner. Pragmatic approaches for cooperation were needed, calling for a new style of negotiation. The aim should be for concrete realistic compromises, however modest, rather than long debates over resolutions which had no real impact. A complete renewal of the secretariat was also necessary. A process of rationalization had to be initiated aiming at
structural reform, improvement of professional quality and reduction of unnecessary bureaucracy.

485. The representative of the Philippines said that few of the hopes raised by the creation of UNCTAD 28 years ago had been fulfilled. Many countries remained heavily dependent on commodity exports. Real commodity prices had declined over the past 20 years, and the terms of trade of developing countries had considerably weakened. Protectionism had mounted, particularly against developing country manufactures exports. More developing countries had been burdened with heavier external debt and debt service. They had had to divert funds away from spending for economic and social development. The economic disparity between industrialized countries and developing countries had been widening and poverty had been increasing.

486. UNCTAD could claim credit for a number of initiatives which had effectively addressed certain aspects of international trade and development: the GSP, the targets for ODA, the Integrated Programme for Commodities and the establishment of the Common Fund for Commodities, as well as several international conventions, including one on the transit trade of land-locked States. However, the performance of UNCTAD, particularly recently, had fallen short of its true potential. It needed revitalization because it was the only forum where developing countries as a group could make known their common concerns to countries of the North, and because it had gained more relevance in the light of global economic developments. International trade, finance and socio-economic development, as integrated issues, had to be jointly addressed by all countries in a new spirit of partnership and interdependence. UNCTAD had to be seen by all its members not as an arena for confrontation but rather as a forum for consultation and cooperation. Past experience had amply demonstrated that, in carrying out the work of UNCTAD, confrontation had proved sterile and unproductive, resulting in decisions being ignored and resolutions not being enforced or implemented.

487. UNCTAD could not be a neutral forum for considering problems of development since the developing countries were the weaker partners in an interdependent world. That was especially true in terms of influencing the international economic environment.

488. Decisions and resolutions reached by consensus in UNCTAD had to be binding on all its members, and duly implemented. UNCTAD should address all issues within its current mandate, including those that had been taken over by other bodies in those cases where no action had been taken or the action taken had proved inadequate. As part of its reform, UNCTAD had to concentrate on issues vitally affecting the development process, such as external debt, which had reached such staggering proportions that it threatened growth and development.

489. UNCTAD could provide a forum for countries to discuss new and better means of reducing their debt-service burdens, particularly for heavily indebted countries implementing strong reform programmes. Another important issue which UNCTAD should take up was how to convert the peace dividend into practical measures that would accelerate economic development. As global disarmament and the break-up of military/industrial complexes were fast becoming a reality, UNCTAD must establish its primacy in examining the implications of those phenomena. It must agree on practical measures to apply the tremendous resources, both human and financial, that would be released and become available to improve the human condition.

490. UNCTAD had an important function in planning and coordinating the efforts to accelerate development of the LDCs. Moreover, there was a need to enhance the technological capabilities of developing countries so as to enable them to achieve sustained economic growth. UNCTAD should examine how to promote technology agreements between developed and developing countries. The transfer of technology was vital to the modernization of developing country economics. UNCTAD could certainly play an important role in promoting collaborative efforts in the field of science and technology among countries at the official level. Finally, UNCTAD must continue with its work on South-South trade. It must also examine the merits of a proposal to convene an international conference on commodities.

491. The representative of Poland said that as a result of the collapse of the world communist system and the shift to market-based policies, the international community was witnessing a remarkable process of the emergence of a consensus on development and growth emphasizing the principles of democracy, market orientation, private property, initiative and openness to the world.

492. The transformation from a totalitarian, centrally commanded system to democracy and reliance on foreign market forces was a formidable task. Three lessons from the Polish experience could be applicable to any country undertaking fundamental reforms. First, the extent of change required was enormous. Apart from comprehensive systemic reforms, it also involved a massive transformation of ownership and production structures, decentralization, demonopolization, establishment of democratic and market institutions, and so on. Perhaps the most demanding task was to change people's attitudes. Independence and entrepreneurship had to be emphasized, rather than subordination and reliance upon the State. That was a great challenge for individuals who lacked experience in market-related skills and modern management techniques and procedures. Second, maintaining popular support for the transformation process was very difficult, but critical for its success. However strong the initial acceptance of the need for change, short-term hardships resulting from the actual transformation—deep economic recession, high unemployment and declining real wages—were weakening acceptance dramatically. Like all inexperienced democracies, a country in transition was particularly attentive to fluctuations in the mood of public opinion; hence a temporary loss of heart for reforms could seriously delay the process. Third, external assistance was both necessary and effective. A number of reforms, such as, for example, liberalization of foreign exchange restrictions, were much more difficult, if not impossible, to achieve without the benefit of substantial direct financial assis-
tance. Maintaining political support for reforms was also greatly facilitated by foreign assistance.

493. A precondition for successful transformation, and at the same time a major component of the process, was the opening up of the national economy. That in turn required a supportive international response, particularly in terms of improved access to external markets. That was why Poland attached great importance to the association treaty with the European Community and the free trade agreements with European Free trade Association, Czechoslovakia and Hungary. That was also why Poland was a strong supporter of the Uruguay Round negotiations.

494. On the issue of the relevance of UNCTAD and its practical contribution to the well-being of its members, time and effort were spent on negotiating resolutions of little value, to which hardly anyone paid attention subsequently. The interest of Warsaw, as of other capitals, in that work was slight and declining. UNCTAD suffered from a rigid group system that prevented it from tackling issues at hand in a timely and effective manner. It was slow not only in starting its meetings but also in recognizing changing realities, in particular those in Central and Eastern Europe.

495. It was a paradox that, at a time of an immensely improved international political climate and the disappearance of ideological divisions, UNCTAD should be on the verge of marginalization and irrelevance. UNCTAD was needed to analyse, discuss and reach consensus on the challenges facing the world and to provide technical assistance in areas where it had gathered unique and extensive experience. Above all, UNCTAD was needed to design and negotiate international policies and actions in support of rational domestic reforms and development policies, since no other multilateral institution provided a forum for global debate in terms of countries and areas or gave the global support to developing and reforming economies which was so vital for their success. Without that function, UNCTAD would remain a discussion forum with no practical application.

496. To be effective, UNCTAD had to be much more flexible than it was at present. The rigid group system had to be abandoned; contacts and consultations across the traditional group boundaries had to be encouraged and practised. The flexible creation of subject-specific groups should be permitted so as to enable countries with similar views and objectives to formulate joint positions and proposals. The Conference should not conclude without agreeing on an adjustment programme for UNCTAD.

497. The representative of the Republic of Korea said that, as a result of the end of the cold war, the process of democratization and market-oriented economic reform currently unfolding in many parts of the world meant that people could look forward to genuine peace and greater prosperity for all mankind. Nevertheless, the unstable and unpredictable international economic climate posed a major challenge to that brighter outlook for the future.

498. UNCTAD had played a vital role in enhancing the development efforts of developing countries, but the new challenges of the post-cold war era were pressing UNCTAD to adopt a new approach and to avoid being a divisive forum between North and South. UNCTAD had to be restructured in order to enhance its effectiveness and should initiate more action-oriented work programmes.

499. Given the chronic shortages of development resources and the burden of accumulated foreign debt faced by developing countries, developed countries should meet the ODA target, encourage more foreign investment to developing countries, relieve the debt burden and increase liquidity in financial markets through macroeconomic policy coordination. Developing countries, for their part, should mobilize domestic financial resources, build a sound economic management system and create a favourable climate for foreign direct investment.

500. The Republic of Korea emphasized the need to establish an international trade environment favourable to developing countries and called on the international community to mobilize the political will to achieve a balanced and equitable outcome of the Uruguay Round, as that was the only way to overcome the negative effects of growing protectionism and regionalism while accommodating the specific interests of developing countries.

501. Over the past decade, the technology gap had widened as developed countries became more and more reluctant to transfer their technologies to developing countries. The developed countries should eliminate obstacles to developing country access to new and high technologies and promote technology transfer, at the very least on a commercial basis. Developing countries should in turn ensure that substantial portions of their budgets were allocated to research and development and that their educational systems were rapidly aligned with scientific and technological needs.

502. The Republic of Korea considered that the threat of global environmental degradation necessitated a full and practical, not rhetorical, partnership between developed and developing countries. The United Nations Conference on Environment and Development would be a test of that partnership: it should become a forum for reaching consensus on innovative funding and technology transfer mechanisms. It was necessary for developing countries to receive environmentally sound technologies on concessional terms. Regulatory measures designed for environmental protection should not become another form of non-tariff barrier impeding exports from developing countries.

503. The responsibilities for balanced development should be shared by all members of the international community. The Republic of Korea had implemented a number of cooperation schemes aimed at sharing with other developing countries the experience it had accumulated in the process of economic development. Those included the Economic Development Cooperation Fund of $360 million for concessional loans to developing countries, and the Korea International Cooperation Agency. His country also attached great importance to technical cooperation programmes provided through the United Nations system and was involved in an UNCTAD/
UNDP project to establish regional investment information and promotion services for Asia and the Pacific.

504. The representative of Romania said that the eighth session of the Conference was taking place at a time of historic changes. A large part of mankind, having followed a wrong path, was now trying to find a rational way to make economic and social progress. After the December 1989 Revolution, Romania had set out to achieve democracy, a state of law and a market economy. The centralized system had been abolished; liberalization of the economy was under way and a radical process of privatization had started. State monopolies and central planning had been abolished. Imports were subject only to customs duties and exports were no longer subsidized. Foreign investments currently enjoyed favourable conditions, such as the possibility of 100 per cent foreign ownership, exemptions from taxes and customs duties, and the free transfer of invested capital and profits.

505. The new Romania was aiming at integration into the world economy. Negotiations would start soon for association with the European Community and for developing a relationship with the European Free Trade Association. Romania was also participating in the Black Sea economic cooperation zone.

506. Nevertheless, Romania, like other countries in transition, faced a severe economic crisis. The country’s own efforts, including implementation of a structural adjustment programme, would be decisive in overcoming the current economic difficulties, but at the same time Romania needed external assistance.

507. UNCTAD was at a crossroads in its history. The main task of the eighth session was to adapt the organization to the profound changes taking place in the world. It was important to engage in a pragmatic dialogue, in a new spirit of partnership for development. The draft of the final document was a good basis on which to reach positive results. UNCTAD should be renewed and modernized so that it could respond to the current requirements in a more flexible and efficient manner. That reform had to be carried out in the context of the reshaping of the economic and social sectors of the United Nations. It must also take into account the possible creation of a multinational trade organization. The reform of UNCTAD should provide for better operation of its three main functions: research and analysis; negotiation; and technical assistance in the fields where it had a comparative advantage.

508. Along with adopting measures to diminish the gap between developed and developing countries, it was necessary for UNCTAD to support the reforms under way in Central and Eastern European countries.

509. Concomitantly with supporting the efforts of the developing countries and the countries in transition to mobilize their own resources, UNCTAD should take action to promote a substantial increase in the transfer of financial resources, granted under favourable terms to those countries, including resources resulting from the disarmament process.

510. In the field of international trade, UNCTAD, along with GATT, should contribute to resisting protectionism and to liberalizing international economic exchanges, as well as to giving differentiated, more favourable treatment to developing countries. It was to be hoped that the Uruguay Round would end with substantial gains in that respect.

511. As a country in transition to a market economy system and at the same time a developing country, Romania attached high value to cooperation with UNCTAD, especially in the field of technical assistance. That fruitful cooperation should be further developed.

512. The representative of the Russian Federation assured the Conference that his country was continuing the membership of the former USSR in the Security Council and other bodies and institutions of the United Nations system, and confirmed the intention to pursue comprehensive cooperation with UNCTAD and its member countries. Russia had entered into a period of profound political, economic and social change since its transition to a democratic State based on unconditional respect for human rights and a market economy. That included granting equality to all forms of property, widespread privatization, free pricing, demonopolization of the economy and promotion of competition and entrepreneurship, further liberalization of the foreign trade regime, and creation of conditions favourable to foreign direct investment. Russia had already contributed considerably to the transition from the old world system to the new one and recognized its responsibility and its role in seeking a real solution to development problems, in close cooperation with all countries. Only a few months before, Russia had not existed as an independent State and, naturally, it would take some time to elaborate the specific interests and capabilities of Russia in the area of multilateral cooperation in the context of the problems faced by the international community in the 1990s.

513. Structural change always implied certain costs. Regardless of the level of development, such costs, difficulties and even tensions seemed to reach their peak at a time of overall change of the entire political and economic system. That was the case in Russia and some other countries. Russia was grateful for the support and assistance which some countries had rendered during the difficult and painful transitional period. When the domestic economic and political situation had stabilized in Russia, its assistance to developing countries would be resumed and expanded on a new non-ideological basis. Notwithstanding the importance of external assistance, the key to success in the final analysis was, of course, to be found in the rational use of domestic resources and sound national economic policies.

514. The credibility of UNCTAD and its success in obtaining the active cooperation of all member countries would depend on its ability and readiness to adjust its activities commensurate with the radical changes under way. Its traditional approach, based on the division of the world into developed and developing countries, still seemed relevant. However, that approach no longer reflected adequately the variety of challenges which the organization currently faced. In that context, broad new opportunities were opening up for international multilat-
eral cooperation. The expanding space dominated by market principles made the world less heterogeneous from the point of view of basic approaches to economic policies. Hence, there were increasingly better chances for greater coherence of national and international policies, including those in the area of development.

515. The institutional restructuring of UNCTAD was both important and timely. Adapting UNCTAD to the new realities was a driving force in that process rather than a consequence of the reform of the United Nations. Complete implementation was required of the mandate of UNCTAD as the universal economic organization whose activities would adequately meet the interests of all countries or groups of countries, without exception. A test of the ability of UNCTAD to take up new challenges would be its responsiveness to new emerging development issues. Fresh approaches were needed, involving frank discussion and generous exchange of experience with national economic policies and reforms, as well as international supportive measures, sustainable development, conversion of military production, where mankind had only recently started to accumulate experience with international cooperation, and involvement of non-governmental actors, including those from the private sector, in the work of UNCTAD.

516. The representative of Sao Tome and Principe reaffirmed his country's commitment to international cooperation and solidarity for development. Small island countries like his faced the challenge of development in a changing international environment. Sao Tome and Principe had introduced various democratic changes through free elections and recognition of fundamental human rights, and was currently engaged in efforts to tackle economic problems. It therefore needed additional resources and the basic techniques necessary for development in the framework of a more equitable new world economic order. In that connection, the outcome of the Second United Nations Conference on the Least Developed Countries had been satisfactory and countries were called upon to concretize their commitments through urgent priority actions.

517. The current disarmament process could enable resources to be released for the development needs of developing countries, in particular the least developed ones. Sao Tome and Principe was aware that the primary responsibility for tackling the problems of underdevelopment lay in its own hands; however, it still needed the support of the international community, in particular UNCTAD, the organizations of the United Nations system and the non-governmental organizations, so as to complement its efforts to achieve food self-sufficiency, secure employment, health and tourism development. Some successful results had been recorded thanks to the assistance of certain countries. Other countries should also provide assistance.

518. External payments outweighed credits and grants, as a result of unfavourable terms of trade, decreasing commodity prices and increasing import prices, in particular energy. That unfavourable international economic environment, which had a negative impact on the economies of other developing countries as well, called for intensified efforts by developing countries themselves as well as by all the international community, so as to ensure the mobilization of the resources necessary to undertake actions aimed at enabling peoples of developing countries to enjoy their economic, social and cultural rights.

519. The threat of debt and debt-servicing for the economies of developing countries, and in particular the least developed, was a matter for concern, as was the lack or the insufficiency of capital flows to developing countries. All creditors should extend and generalize, as a token of solidarity, the debt cancellation initiatives already taken by some countries. Debt recycling to development projects should also be considered. Developed countries needed to facilitate access to their markets for products from the LDCs, assist them in improving their means of transport and distribution, and, for island countries such as Sao Tome and Principe, provide help in developing tourism and attracting potential investors.

520. The representative of Senegal noted that the winds of freedom which had swept across Eastern Europe at the end of the 1980s had fundamentally changed international relations by destroying the old global bipolarization. With the end of the cold war, new possibilities had arisen, based on partnership instead of confrontation. The peace dividend ought to be a promising resource for development. However, it seemed that a new polarization had taken the place of the old, with the interest and the resources of the developed countries focusing on new areas, to the detriment of the South, particularly Africa. In spite of its adjustment efforts—which had seriously affected social justice and political stability—Africa had been even more marginalized by that set of new events: debt was still hindering growth, despite the commendable efforts of some donors; continued instability and downward trends in commodity prices had stifled stabilization policies. The specific difficulties of the African continent were compounded by distorted market-access rules, and African countries were making serious efforts in the Uruguay Round negotiations to obtain better market access. Equally, scientific and technical potential which created competitiveness in production and trade was concentrated mainly in developed countries.

521. In such a context, UNCTAD had a vital and irreplaceable role to play for development by contributing to the fostering of a more dynamic and development-supportive international environment. The analytical capacities of UNCTAD—particularly with regard to the identification and analysis of the critical problems of development—needed to be strengthened, as did its structural relationships with other specialized international institutions, so that a true co-participation could develop at the level of conception, realization and follow-up of the results of the studies undertaken. A strong political will was required to address forcefully the interrelated issues of poverty, starvation, injustice, environmental destruction and human rights.

522. Within a few days, with the support of the International Fund for Agricultural Development, a group of First Ladies, including the wife of President Diouf and Queen Fabiola of Belgium, would organize a meeting in Geneva, to sensitize the international community
to the difficult situation of the rural female population in many parts of the world.

523. The representative of Singapore said that it was necessary to seize the unique opportunity presented by the eighth session of the Conference to take stock of past achievements, evaluate the present and strengthen international economic cooperation for the future. The economic climate was favourable to the development of a dialogue leading towards a new improved phase of international partnership. The countries of Eastern Europe and the former Soviet Union had realized that the market economy was far superior to their previous economic system.

524. Many developing countries in Asia, Africa and Latin America had also pursued economic reforms and undertaken autonomous measures to liberalize their trade policies, often at great sacrifice. Underlying the economic liberalization process was the recognition that a market-based system would improve international competitiveness and generate more opportunities for trade, growth and development.

525. The world was growing more interdependent and multinational corporations were becoming more important as engines of global growth and technology transfer. Global manufacturing, the free flow of capital worldwide, increased export dependency and the global network of financial, insurance and trading services had brought countries closer together than ever before.

526. Growth and development strategies in some countries members of the Association of South-East Asian Nations (ASEAN) had been conducive to a consistently higher rate of economic growth than the world average. Important factors were relative political stability, heavy investment in human resources development, market-oriented policies, the presence of internationally competitive industries, a liberal foreign investment policy, an emphasis on economies of scale, the exploitation of comparative advantage, and, recently, the formation of a free trade area.

527. Other developing countries had not fared well in recent years and the number of LDCs had increased. That contrasting picture underscored the important role of a favourable international environment for the growth efforts of developing countries. There was clearly a need for concerted national and multilateral action to build a healthy, secure and equitable world economy. The major developed countries had a particular responsibility in that respect.

528. Countries, especially those in the developing world, that had adopted market-based systems and export-led growth strategies were highly dependent on an open and strengthened multilateral trading system. The success of the Uruguay Round of multilateral trade negotiations was therefore crucial. There was, moreover, a dangerous trend towards the formation of regional economic blocs. Economic regionalism per se could be growth-oriented, lead to trade liberalization and provide greater economies of scale and scope. However, a breakdown in the multilateral trading system could lead regionalism to fuel protectionist tendencies; inward-oriented trading blocs could emerge. Hence, it was also vital that economic regionalism be complementary to the multilateral trading system and in conformity with the General Agreement on Tariffs and Trade.

529. The geopolitical and economic environment of today’s world was radically different from that of the past. Nevertheless, UNCTAD remained relevant as an important instrument of international cooperation in trade and development, particularly for the developing countries. It should continue to provide the intersectoral perspective to trade and development in the areas of, inter alia, trade, commodities, resources for development, transfer of technology and services.

530. However, UNCTAD had to adjust to the changed international economic and political situation. It must be rendered more effective in carrying out its functions of global policy analysis and research, dialogue and negotiations, and technical support for the developing countries. The Conference should prioritize its action plan and concentrate on efforts to accelerate development, strengthen national resilience and raise the ability of countries to contribute to greater international cooperation.

531. The representative of Spain said that the past three years had seen a general slow-down of economic growth. External debt, the deterioration of commodity prices and the difficulties of gaining access to international markets had diminished the import capacity of the developing countries, and with it the possibilities of their incorporating the new technologies necessary to economic development. The economies of certain developing countries, including some in Latin America, had, however, shown signs of economic recovery. The results of structural adjustment programmes had been more positive when the international economic environment had been more favourable. The interdependence of all economies had increased in recent years. It was thus necessary to adapt the cooperation schemes to the new international economic reality, including regional integration processes. UNCTAD could play a significant role in such adaptation.

532. The beneficial effects of an efficient market system and of a strong private sector had been proved. In any case, public sector reform appeared to be a priority task in many cases. Environmental degradation was a problem that entailed the joint responsibility of both developed and developing countries in order to achieve the objectives of sustainable development.

533. Policies for mobilizing more adequate national and international resources had to be encouraged, and the world rate of savings increased. The developed countries, as well as the newly industrializing countries, the Central and Eastern European countries and the high-income, oil-producing countries should continue increasing the resources allotted to development cooperation. The needs of the Central and Eastern European countries would have to be met without diverting resources provided by the international community to the developing countries. Spain fully supported the current international strategy based on implementation of growth-oriented adjustment policies, the case-by-case approach, the obtaining of new financial flows and the rescheduling and re-
duction of debt, and it had participated actively as a creditor in the Paris Club.

534. The positive conclusion of the Uruguay Round was a priority. The current proposal included concessions in favour of the developing countries. The negotiations must also result in a commitment for opening up developed country markets. The successful outcome of the Uruguay Round would have to result in the progressive growth of international trade, beneficial to all parties.

535. Technological cooperation within UNCTAD required realistic solutions. That was delicate, since a considerable part of technological innovation occurred in the private sector, and its transfer required incentives compatible with the market system. Spain fostered such transfer and had made special efforts in the training of technicians and researchers, and in facilitating the access of developing countries to new technologies, including environmentally sound technologies. The valuable technical assistance of UNCTAD should improve the access of developing countries to new and environmentally sound technologies. Developing countries needed, in turn, to ensure efficient protection of foreign investment and of intellectual property. The valuable technical assistance services of UNCTAD in the field of technology could be reinforced through the creation of technology data banks or advice on access to technology.

536. A new impulse was needed concerning commodities. The Common Fund’s Second Window could be useful in reducing commodity dependence through export diversification. It was necessary to improve market access conditions, reform compensatory financing mechanisms and provide technical assistance to developing countries for improving their financial instruments and their production, marketing and distribution infrastructure. UNCTAD should periodically examine all perspectives and areas of action concerning commodities, carefully follow the relevant GATT negotiations and include the environmental dimension in its analysis.

537. UNCTAD had to adapt to the new international economic environment, concentrate on development issues and serve as a forum for promoting dialogue. Its analytical functions should be exercised selectively. Negotiations should be carried out when there were possibilities for results. Spain would also welcome seeing the UNCTAD technical assistance functions reinforced. An in-depth institutional reform of UNCTAD was fundamental for rendering operational any agreement at the eighth session of the Conference. Sustainable and participatory development, attention to human development and the social dimension of structural adjustment processes in the developing countries were important themes of Spain’s development cooperation.

538. The representative of Sri Lanka spoke of the new climate that had emerged, involving significant political changes, increased globalization and interdependence of the world economy. One of the great challenges of the new era would be to realize the possibilities for genuine international cooperation. Accelerated development in developing countries required a substantial increase in net transfer of resources to them, a lasting and comprehensive solution to the debt problem, and an open and equitable trading system. Developing countries had increasingly demonstrated their willingness to pursue external trade and financial liberalization and sound domestic policies, but protectionism had been gaining ground in developed countries. Intensified movements towards bilateralism, unilateralism and regionalism in the developed countries had given rise to concern about fragmentation of the international trading system. Existing trade tensions had been exacerbated and the marginalization of the majority of developing countries had intensified. There was also concern about the possible diversion of new investment and international financial and technical assistance away from the developing countries to the countries of Central and Eastern Europe currently undergoing reconstruction.

539. Sri Lanka’s recent economic reforms had opened its economy to external competition. The unwillingness on the part of developed countries to provide market access in areas of particular relevance to developing countries was disappointing. Developing countries were in critical need of financial resources. External financing continued to set the parameters for policy in many developing countries. Negative transfers of resources had seriously undermined their efforts aimed at adjustment and economic reform. Achieving a sizeable reduction in poverty should be the highest priority of the international community. There was a need for additional resource flows in keeping with the accepted targets and perceived needs of developing countries.

540. In the field of commodities, traditional problems of price instability and export earnings had persisted. For many developing countries, the resources needed for development had to be generated by the commodity sector. Developed countries could help by improving market access conditions for developing country exports, offering technical assistance for the implementation of diversification programmes, particularly through human resources development, extending cooperation to improve information flows as an aid in making investment decisions, and providing medium- and long-term finance for national diversification efforts.

541. In the evolving world trading situation, the real winners would be those countries which were able to keep pace with technological development, creating and maintaining efficient production structures which would allow them to respond adequately to changing trends in demand in the world market. Transfer of technology to developing countries on terms that were fair and affordable, as well as access to technologies, were of paramount importance.

542. To encourage developing countries to continue to apply market-based policies and adopt sound national policies and measures in pursuit of the objective of economic growth and accelerated development, the genuine and positive efforts of developing countries had to be matched by equally strong responses from developed countries. The implementation of outward-looking development strategies in developing countries would undoubtedly contribute to the mutually beneficial expansion of world trade. It would therefore be in the interests of the whole international community to adopt appropri-
ate policies and measures which could strengthen growth and development in all countries.

543. The representative of Sweden said that what really mattered was the fate of the member countries rather than the fate of UNCTAD, since an international organization was only a means to an end, which was the economic progress of, in particular, developing countries. While in recent years some countries had experienced increased growth rates, a considerable number were still below the absolute poverty line. Widespread political and economic changes, such as growing support for democracy, human rights and market economy, leading to a convergence of views on development priorities, had given multilateral cooperation within the United Nations system a new and more vigorous role.

544. The Nordic countries had presented proposals to make the United Nations system more efficient and relevant for all member countries. One of those proposals was to identify “centres of excellence” in the various bodies concerned. UNCTAD needed to be revitalized if it was not to run the risk of falling into oblivion. Rather than devote time to repetitive resolutions with no practical relevance, the focus should be on policies influencing the growth of national economies.

545. UNCTAD could provide a forum for discussions in the area of trade. In that connection, it was essential to develop new multilateral disciplines and to open up markets. In that vein, Sweden had abolished import restrictions on textiles and shoes.

546. The outcome of the GATT negotiations would have a decisive impact on the trade policy environment over the next few years. It was important that UNCTAD be given a mandate to evaluate the results of the Uruguay Round, once those had been achieved.

547. Another area in which UNCTAD could play a role was resources for development. The fact that not all industrialized countries had met the United Nations target of 0.7 per cent of GNP was quite unsatisfactory. With respect to the debt crisis, the poorest countries needed substantial debt relief. While a market economy was an effective stimulus to production, purchasing and sales, it lacked a built-in ethical code. If the market economy was not to be abused, there was a need for a clear set of roles. Competent public sector authorities and good governance were prerequisites to sustainable social and economic development. UNCTAD should pay special attention to those points.

548. The growing interdependence among countries was particularly obvious in the environmental area. Precautionary measures were much less costly than the mitigation of environmental damage after it had occurred. If all countries agreed on the basic principles, the likelihood that environmental regulations would be viewed as obstacles to trade would be reduced, even if countries maintained different environmental standards. Industrialized countries, as the biggest contributors to environmental problems, had the main responsibility for the necessary adjustments. Developing countries needed additional resources to cope with environmental problems. Further work by UNCTAD on the environment would be welcomed.

549. The task of the Conference was to revitalize UNCTAD. It must adopt a more pragmatic approach than hitherto. Sterile debate between the various groups must give way to a new fruitful dialogue—a process which was already under way. If UNCTAD could be instrumental in promoting a constructive dialogue, it would fare well.

550. The representative of Switzerland expressed concern regarding the meagreness of results achieved since the seventh session of the Conference. The world was totally different from before: the cold war had ended, and there was almost universal consensus on accepting the rules of the market. In such a new context, it was to be hoped that UNCTAD—and that was the responsibility of the States members of UNCTAD—would not look back and, like Lot’s wife, be transformed into a pillar of salt. On the contrary, it should undergo transformations and take initiatives, relying on its comparative advantage over other institutions. UNCTAD was in a unique position to analyse problems in an integrated manner, to examine the interaction of different policies in the areas of trade, finance, development and environment, and to survey the coherence of national and international policies.

551. UNCTAD should be converted into a centre for economic analysis comparable to OECD. It should become a “market-place for ideas on development”. UNCTAD did not have its own financial means which would allow it to exert pressure to bring countries to the negotiating table; its ability to persuade rested on differentiated and relevant reasoning. UNCTAD should define principles of good governance and sustainable development, and contribute to building the broad consensus necessary for proper negotiations. To achieve that, a performing and impartial secretariat was required with the courage to draw countries’ attention to their incoherent policies and to the risks of bad management; obsolete working methods should be abandoned. The current group system could not address the problems of an increasingly complex reality.

552. Developed countries should bring their active support to areas such as financial assistance, balance-of-payments assistance, debt concession, and market access. In that context, the success of the Uruguay Round was vital for all, and UNCTAD would have an important role to play in its implementation. Switzerland would be ready to contribute to the financing of UNCTAD seminars, missions of experts from the secretariat to developing countries, as well as tutorial material.

553. After the successful conclusion of the Uruguay Round, much effort would be needed to allow all countries to trade more efficiently, in particular by reducing transaction costs and simplifying and harmonizing information transfers. The “trade efficiency” initiative was timely and Switzerland would be prepared to support that idea financially; it provided a perfect example of how UNCTAD could best assist developing countries, notably by fostering the integration of small and medium-sized enterprises into international trade.

554. Debt reduction was a sine qua non condition for the reintegration of heavily indebted countries into the international financial system. On the occasion of its
seven hundredth anniversary, Switzerland had decided to forgive 1.5 billion dollars worth of debt owed by poor and heavily indebted countries, and hoped that that could induce other countries to undertake similar operations.

555. UNCTAD should carry out its catalytic role in the search for adequate solutions to the problems of commodities, for example via mechanisms to increase market transparency and diversification. Income received from compensatory schemes (such as the Swiss Compensatory Financing Programme) should be earmarked for diversification. Switzerland believed that the World Bank’s idea of an insurance system against price fluctuations deserved careful examination, as did proposals aiming at the better functioning of commodity stock exchanges.

556. Switzerland was increasingly concerned about environmental matters and their commercial implications, and believed that UNCTAD, because of its intersectoral approach, was an ideal forum in which to analyse the links between trade, development and the environment. That should be kept in mind by Governments when they decided on the follow-up to the United Nations Conference on Environment and Development.

557. The representative of Thailand said that UNCTAD had played a major role in the great success achieved by some of its members over the 28 years of UNCTAD existence. The cold war did not seem to have restrained the achievements of UNCTAD. Now that relative peace had come, it was only natural to expect UNCTAD to contribute much more to development. Its mandate could be adapted and revitalized to contribute constructively to the development process.

558. Narrowing the gap between North and South required the strengthening of international cooperation under UNCTAD auspices. UNCTAD should supplement GATT activities on trade and continue its role as a major institution providing research-and-development support programmes. It should provide assistance to developing countries on ways and means to maximize the positive results of the Uruguay Round. Thailand was a small open economy whose future was tied up with the health of the multilateral trading system. A firm commitment to abide by the multilateral system, including the positive results of the Uruguay Round, coupled with sincere determination to avoid the use of unilateral pressure, would promote the world economic development process. But that depended upon avoiding being “hijacked” by environmental issues.

559. Thailand fully supported UNCTAD and pledged its full commitment to improve its organizational effectiveness and methods of work in response to the changing political and economic environment.

560. The representative of Togo, after expressing support for the statement made by the spokesman of the Group of 77 (see annex III below), appealed to the developed countries to take due account of the views expressed in their development cooperation policies, because several long-standing problems had not yet been solved.

561. A viable world economy had to take into account the fundamental economic changes that had occurred recently. Minimum conditions for sustainable development included upholding democracy and respect for human rights because they generated creative energy. However, the nascent democracies, which had emerged after heavy sacrifices endured by their peoples, especially in LDCs like Togo, could not be stable unless they enjoyed a balanced development which ensured minimum living standards and social well-being.

562. Each country’s development had to be propelled by appropriate policies and by the mobilization of domestic financial resources. The latter, however, were affected negatively by an unfavourable external environment. Debt service absorbed a high proportion of the foreign earnings of developing countries, earnings which were vital for domestic investment. Paradoxically, many poor countries had become net exporters of capital to developed countries as a result of their heavy debt-service burden. Togo was grateful to creditor countries which had contributed to reducing the country’s external debt, but further efforts in that direction were necessary so as to tackle the problem more constructively and to integrate the human dimension into debt management.

563. Until such time as diversification and transformation efforts produced results, primary commodities, together with trade, would remain the only sources of foreign exchange for developing countries, especially the LDCs. A stronger political will was therefore needed on the part of the rich countries to ensure that commodities enjoyed fairer market access conditions. For their part, developing countries needed to utilize efficiently the revenues generated by commodities so as to permit a resolute attack on poverty and to promote sustainable development.

564. While ensuring the operation of market forces, producers and consumers had to take concrete measures to achieve the core objectives of the Integrated Programme for Commodities. In view of the difficulties faced in the mobilization of domestic resources, ODA from the developed countries in the context of the Programme of Action had to continue, for the time being, and even to increase. Developed countries must also, together with developing countries, devise a strategy that would accelerate the transfer of technology.

565. The rules governing international trade should ensure an open trading system. They should be clear, evolved in a transparent manner within GATT and aimed at the development of all countries.

566. A healthy ecological environment was essential if human well-being was to be the focus of activities designed to promote general, rational and lasting development.

567. The eighth session of the Conference should lead to the concrete action necessary to ensure a stable world, aimed at eliminating extreme poverty. That action should be the objective of the mechanisms and legal instruments which UNCTAD, during its institutional transformation, needed to put into place so as to play its part fully as a source of innovation and creative thinking.

568. The representative of Tunisia said that the profound political, economic and social changes of recent
years held out hope for an improvement of the living conditions of the poorest people. The international community should ensure that those hopes were realized by facing up to the double challenge of democracy and development. The young democracies had fragile economies and faced serious handicaps which could cause them to retreat from the advances they had made.

569. It was urgent to promote the emergence of a new model of financial cooperation and co-development between developed and developing countries. The Secretary-General’s proposal for an international conference on the financing of development was a step in the right direction.

570. In 1986, Tunisia had strengthened its market economy system and launched a programme of structural reforms designed to overcome its social and economic difficulties and to integrate its economy into the international trading system. Although some difficulties remained, the results achieved so far were encouraging. That had been made possible because the programme was based on broad participation and national consensus: Tunisia had laid the basis for a democratic system by guaranteeing fundamental freedoms, human rights and a multi-party system.

571. External debt and the negative net transfers to which it gave rise were two major obstacles to the financing of development in developing countries, threatening to undermine the revival of investment and growth. That situation had to be reversed, especially for middle-income countries like Tunisia, which had not benefited from the international debt strategy. The President of Tunisia had proposed that debt-service payments should be recycled to finance employment-creating and ecologically sound projects, as well as projects in the areas of health and education.

572. The problems created for commodity-dependent developing countries by fluctuations in commodity prices also called for action designed to stabilize export earnings. In that context, the Second Window of the Common Fund needed to be strengthened.

573. A positive and balanced outcome of the Uruguay Round would give rise to an international trading system which was more transparent and predictable and which would facilitate the integration of developing countries into the world economy. All countries were called upon to contribute to such an outcome.

574. The international community should also create the necessary conditions for sustainable and balanced development. Tunisia hoped that the United Nations Conference on Environment and Development would live up to expectations.

575. If the process of co-development was to be durable, it would be necessary to promote the creation of a multisectoral information system to which developing countries would have access. That would enable them to keep track of international economic developments and better manage their international economic activities. In that regard, Tunisia was particularly interested in, and supportive of, the UNCTAD trade efficiency initiative as an ideal way of integrating developing countries into the international trading system.

576. Developed countries should extend financial and technical support to promote a real transfer of technology without which all development efforts would be in vain.

577. UNCTAD remained the appropriate forum for examining the interdependence of trade and development and for pursuing a new development consensus. It was also well placed to strengthen the analytical and trading capacities of developing countries through its technical cooperation programme, which should be reinforced. A revitalized UNCTAD would be the ideal mechanism for injecting a new dynamism into the development dialogue in a world characterized by interdependence of interests. Tunisia hoped that a revitalized UNCTAD would emerge from the Conference and that a new partnership for development would take shape.

578. The representative of Turkey said that the world had witnessed accelerating change in the second half of the 1980s, with the result that the world, member countries and UNCTAD were all now fundamentally different; that required the adaptation of UNCTAD.

579. The majority view was that the North-South dialogue had failed because of attempts to negotiate general and ambiguous resolutions aimed at ideological changes in the international environment coupled with neglect of domestic policies. It was impossible to achieve major change in the international economic system through intergovernmental negotiations. Attempts at change had also failed because the South had essentially asked for a set of derogations to the rules of the system on the thesis that government-led efforts were the driving force for development; that had led to import-substituting industrialization and highly protected trade.

580. Most developing countries were now prepared to follow the path taken by those pioneer developing countries which had survived the failure of the North-South dialogue and thrived within the existing system: the policy change in the ex-communist countries had strengthened that trend. Given asymmetrical interdependence, the clear disadvantage at which the developing countries found themselves was the reason why they asked more than they were prepared to give; their only trump card was the potential impact of their failure to develop in international peace and security, as well as on global ecology. Developing countries could not influence the external environment and therefore could never fully master the forces which influenced their fate. They knew that the free market was a good thing, but no one was altruistic enough to be wholly liberal. The only way out was what the Secretary-General of the United Nations called “ecumenical international action”.

581. Good governance, which ranged from choice of macroeconomic policies to ethical behaviour of the authorities, was now in vogue. Turkey knew the difficulties of establishing democracy in a developing country. The rapidly rising expectations of the masses, fuelled by party politics, could lead to populist policies, with increasing consumption at the expense of savings, growth and price stability. It was not possible to provide a recipe
for development by simply referring to high ideals such as democracy and respect for human rights.

582. To preserve its original vocation, UNCTAD needed to remain development-biased; thus, whatever change was made to its work methods and programme, its main orientation should not be altered. Since IBRD, IDA, IMF and GATT all took up development issues according to their mandates, it was impossible completely to avoid duplication and overlapping without reducing the scope of UNCTAD activities to an almost meaningless level.

583. UNCTAD had made the mistake of underestimating the importance of discussion and overestimating that of negotiation. Stating different points of view was necessary to move towards a meaningful consensus, but it required flexibility in groupings. High-quality analyses were also necessary, and UNCTAD therefore needed to reduce its large staff and recruit qualified personnel. UNCTAD needed to be creative and imaginative, while recognizing that positive-sum games forever and everywhere were impossible. It was necessary that dialogue not be polarized: developing countries should discuss their domestic policies, but industrialized countries in turn had to accept discussion on their own policies, which created the international economic environment.

584. The representative of Uganda said that, among its various functions, UNCTAD was first and foremost a forum for considering comprehensive economic and development policy issues, including review and assessment as well as scientific forecasts of the world economic situation, the problems faced by the developing countries, the opportunities and challenges to the world economy and the economic growth of developing countries in a changing world situation. UNCTAD was also a forum for negotiations on trade and development issues.

585. Global peace and security did not mean only an end to the cold war. It also meant realizing the right to development and freeing peoples and nations from poverty, hunger, disease, illiteracy and unemployment.

586. Uganda reaffirmed its primary responsibility for the achievement of its own development. To carry out that responsibility, since its coming into office the National Resistance Movement Government had ensured peace in the country, ushered in the rule of law, a free press and an independent judiciary. Uganda, like many developing countries, had already taken measures to liberalize foreign trade and investment-related legislation. It had also adopted structural adjustment programmes despite their negative social and political repercussions, particularly on the rural sector, which was the most vulnerable sector of society.

587. The debt problem of developing countries had been hampering the growth of the economy of those countries and the world economy at large; it was in the interests of every member of the international community to take a broad-based and bolder approach to addressing that imbalance. In order to address effectively the worsening debt problem, the role of the developing countries could not be underestimated. They should formulate policies and measures to mobilize domestic resources through increasing domestic savings; to balance their budget by eliminating unnecessary expenditure; to recover flight capital; and to encourage foreign direct investment.

588. In a context of general commodity price weakness, the price index for tropical beverages, particularly coffee and cocoa, had declined to exceptionally low levels. Uganda expressed concern at the lack of agreement on a new international coffee agreement. It called upon all parties concerned, and Brazil in particular, to see to it that a new agreement was concluded. UNCTAD should look into ways and means of: ensuring greater stability of commodity prices; improving market access for commodity products of developing countries; maximizing the export earnings of developing countries through increased participation in processing, marketing and distribution; and trying to reduce the excessive dependence of the economies of developing countries on the export of a few commodities.

589. Inadequate levels of accumulated technological capabilities had limited the ability of the developing countries to adjust to changes in patterns of supply and demand on world markets. Rapid technological changes were widening the technological gap and diminishing the comparative advantage of developing countries with regard to traditional export products. Those countries needed technical and financial support to cater for their basic needs in such areas as agriculture and agro-based industries, health care, textiles and clothing, construction, transportation and telecommunication, with a view to strengthening their productive and export capacity. Uganda called upon the international community to implement fully and expeditiously the Programme of Action for the Least Developed Countries for the 1990s. It also called upon the international community to provide financial assistance to LDCs to enable them to manufacture and add value to their primary products in order to eradicate poverty. Uganda assured the Conference that, with its vast natural and human resources, coupled with its export diversification policy, it would succeed in leaving the LDC group within a decade.

590. The representative of the United Kingdom of Great Britain and Northern Ireland said that as the world became increasingly interdependent there was a need to work together, in partnership, in recognition of mutual interests and shared responsibilities, to promote economic growth and sustainable development worldwide.

591. Since the seventh session of the Conference, three major changes had occurred in the world. First, growth in trade had outstripped growth in output, illustrating the increasing interdependence of economies. There had been enormous disparities between the performance of individual developing countries, but the export success of the Asian economies was particularly remarkable. There had also been a general change in trading patterns, with raw materials taking a smaller percentage of developing country exports, and manufactures a larger one. Regional integration and cooperation had increased, but should not lead to greater protectionism and should therefore always be managed within the disciplines of GATT.
592. The United Kingdom was committed to trade liberalization and strongly hoped that the Uruguay Round of multilateral trade negotiations would conclude speedily and successfully. At the eighth session, the Conference must encourage the best endeavours in GATT and not attempt to "second-guess" the deliberations, or dictate activities.

593. Second, political transformation had brought democracy to many countries. The United Kingdom was supporting the efforts of Central and Eastern European countries to restructure their systems. It also welcomed the growing acceptance throughout the world that democracy, the rule of law and respect for human rights were indispensable to a civilized society; that was the essential foundation on which to build good government and economic prosperity.

594. Third, the approach to development was based on the now widespread acceptance that each country was primarily responsible for its own development and that the only sure way to recovery and sustainable growth was through fundamental reform of both its economic and political structures. Trade, not aid, which would never be more than a very small part of the income of developing countries, must be the main engine.

595. The challenges facing the international community were still immense; while shortcomings in domestic economic policies were the root of the problem, the international environment had not helped. Good government was essential to create the right environment to foster economic growth and sustainable development. That meant adopting policies to support and help rather than limit and restrain private enterprise, by encouraging competition and free markets, by cutting back on excessive regulation, welcoming foreign investment and removing inefficient public sector monopolies by privatization.

596. Governments needed to be responsive to the social as well as economic needs of their people; a fair system of justice for all and respect for universal human rights were vital components. Good government allowed people, including the poorest, both to contribute to and benefit from development. Good government also required reductions in expenditure on defence. The developed world could not be expected to continue to give help to those countries which spent disproportionate amounts on military hardware, rather than on developing health and welfare, or to help Governments which directed far too much skilled manpower into military activities. Good government also meant accountability and efficiency in the administrative apparatus; inefficiency and corruption could damage even the strongest economies and could be fatal to a weak economy.

597. Developing countries could help each other by sharing their experiences and approaches to development problems, stimulating an exchange of information and ideas. Developed countries had to support developing countries by helping to get the economic environment right, by continuing aid programmes, particularly for the poorest countries; by supporting the rehabilitation of vital infrastructure; and by providing substantial technical cooperation, including training to improve administrative capabilities and to raise management standards in public and private sector enterprises.

598. The United Kingdom had consistently been in the forefront of international efforts to reduce the debt burdens of the poorest, most indebted countries, first with the Toronto terms in 1988 and then with the Trinidad terms initiative implemented in December 1991. It would continue to press within the Paris Club for further improvements in the Trinidad terms and to urge all creditor Governments to participate equally.

599. UNCTAD needed to recognize the new realities, challenges and opportunities of the 1990s, giving attention to national policy issues, which were the key to effective development. That would require far-reaching reform of the organization, including radical change to the work programme, the work processes and the ideology, so that UNCTAD would deal in harmony and partnership with vital issues and become more efficient in delivering the best information, ideas and objective analyses. Those changes should take place within the existing resources of UNCTAD.

600. The representative of the United Republic of Tanzania said that institutional changes should aim at giving UNCTAD the means to achieve the objectives embodied in the theme of the eighth session of the Conference. Clear illustrations should be given of how those changes would assist in promoting sustained and sustainable development, as many imponderables could adversely affect even the best-conceived prospects if adequate safeguards were not adopted. It needed to be understood how the institutional changes would take into account such factors as concomitant emphasis on the interplay of market forces and social development, and the technicalities of liberal policies in a globalized economy which were not always within the reach of all developing countries.

601. With reference to the statement by the Managing Director of IMF (see paras. 720-725 below), he felt that a dilemma arose from the fact that some proposals for action had been described earlier as having clear limits unless there was a change of attitude on the part of developed countries with regard to their consumption and investment policies. Likewise, there was a contrast between the recommended population policy and considerations based on cultural values, religious dogma and the absence of a critical mass of educated people.

602. With regard to the statement made by the Director-General of GATT (see paras. 710-718 below), there was a contrast between, on the one hand, the view expressed about the Uruguay Round that all countries or groups of countries should contribute according to their capacity and circumstances and that special principles and short-term arrangements could not be beneficial in the long run, and, on the other hand, the fact that GATT had been constantly plagued by instances of special privileges and not-so-short-term arrangements, often unilaterally seized through the instrumentality of national laws, a situation most likely to become exacerbated in the future in the expanded GATT.

603. With reference to the provisions taking account of the concerns of the developing and least developed
countries, the United Republic of Tanzania was attempting to carry out economic reforms despite an unfavourable global economic environment. There was a contrast between the pressing call for democracy for national development, liberalization and good management of national economies, and the lack of the same appeals for democracy in international decision-making, economic and financial instruments and for good international governance.

604. UNCTAD was important. Its capacity should be enhanced in order to achieve concrete results in the interacting spheres of trade and development. The search for improving the means to reach those ends should not lead to the defeat of the objectives by the means, willingly or unwittingly.

605. The representative of the United States of America focused on the necessity to revitalize UNCTAD so that it became an important and positive force for development. The need to reform UNCTAD was urgent. The United Nations was crucial for global well-being and the strong movement for revitalization throughout the United Nations system was paralleled in UNCTAD.

606. UNCTAD remained the only institution within the United Nations system whose mandate was to explore economic development questions. It had not, however, fulfilled its potential as a centre of lively, open discussion. After initial creative work on commodities and the GSP, UNCTAD had stagnated. Reform was imperative. Changes were called for in the core of UNCTAD work methods. Political and economic changes in the world had brought Governments to a point where the desire for cooperation and the possibility of true cooperation converged. The institutional mechanism of UNCTAD had to be changed to allow that to happen in UNCTAD meetings. It should achieve a high level of credibility through policy discussions based on sound, rigorous, balanced analysis, so that work done in UNCTAD would influence policy makers around the world. Contentious statements and meaningless negotiation on disregarded resolutions should be ended. On any issue a variety of possibilities should be explored. Sovereign nations should not fear stepping beyond regional or group positions. Openness should be an integral part of the reform of UNCTAD.

607. Technical assistance was another important facet of UNCTAD development activity. Trade facilitation, electronic data interchange (EDI) and assistance to developing countries on using financial instruments to manage price and other commodity-related risks were areas in which UNCTAD could make an important contribution.

608. The United States was committed to finding ways to speed development. Apart from being the largest aid donor in volume terms, the United States devoted particular attention to the quality and high grant element of its aid and had also been in the forefront of debt-relief initiatives.

609. Specific reforms in the methods of work of UNCTAD were needed so that money and talents could be used most efficiently in the development process. Good health, decent education, employment opportunities, adequate food and, particularly, the freedom to enjoy the fruits of human labour were the common goals of the Member States of the United Nations. UNCTAD had to become a vital organization for reaching those goals.

610. The development legacy of the 1980s showed that national policies were the single most significant factor in development success. International policies were very important, but they did not determine success or failure. The role of the private sector and private investment in development was crucial. Strong private sectors, active capital markets, and open investment regimes, which were vital for development, could occur only under a liberalized trade regime. Therefore, the United States put the highest priority on the successful conclusion of the Uruguay Round.

611. UNCTAD could make a significant contribution to understanding what worked and what did not work in terms of national policies. It should address questions of national policies. Nearly all economies were currently in transition and there was much to be learned from sharing national experiences, not only among developing countries but also among many others.

612. An attitude of cooperation rather than confrontation had to be adopted. Only a genuine, solid international partnership based on equality could provide the new impetus for progress. A commitment to engage in that new kind of cooperation could be called the “spirit of Cartagena”.

613. The representative of Uruguay drew attention to the asymmetry between, on the one hand, advances made in resolving political problems (which had reinforced the role of the United Nations) and, on the other, the failure to make progress in solving many of the economic problems, where existing multilateral mechanisms did not function adequately.

614. Development had always been, and would always be, one of the main items on the agenda of the Conference. In recent years, many of the approaches and models of UNCTAD had become obsolete; however, there remained enduring elements, such as the responsibility for development and for creating a favourable international economic environment to make it possible. With regard to the first element, UNCTAD was now called upon, under the rubric of “good governance”, to examine and evaluate national policies from a development perspective, complementing and enriching the work which had already been undertaken by other organizations such as IMF, the World Bank and GATT.

615. Regarding the second element, the building up of a favourable international economic environment depended to a great extent upon developed countries implementing responsible domestic policies, as those had great repercussions on the other actors on the international scene.

616. Good governance required that both developed and developing countries undertake structural adjustment; there should be a balance in the sacrifices made by both. Adjustment had led to negative social consequences for developing countries; it was therefore inconceivable that some developed countries, faced with the
need to make adjustments in specific sectors, for instance to deal with protectionist pressures, would argue that they were unable to do so because of the inherent social and political costs.

617. Another central aspect of particular importance for international policy management was the effort made by both developed and developing countries within the Uruguay Round to establish a more transparent and predictable international trading system, based on the liberalization of world trade and the application of GATT disciplines to the agricultural and textile sectors. Those sectors had not been covered by such disciplines in the past and that had allowed protectionist measures to be applied to them by developed countries, with strongly adverse effects for the developing countries. Uruguay attached the greatest importance to the liberalization of the agricultural sector and pointed out the need for a prompt and successful completion of the Uruguay Round in order to avoid the incertitudes of the current world economic situation.

618. When examining the role of UNCTAD in the new international context, it was of paramount importance that, in line with its original mandate, UNCTAD be the most suitable multilateral forum for discussing and analysing the problems and policies of development. That role had to be preserved and strengthened, because there was no other international forum with a mandate to deal with development-related aspects in their totality and complexity.

619. The other central topic of the UNCTAD mandate was trade. Thus, the trade liberalization to be derived from the Uruguay Round would require an analysis and discussion in UNCTAD of its effects on the relationships between trade and development and its repercussions for developing countries. The new topics on the agenda of UNCTAD, such as trade, environment, sustainable development and drug trafficking, should not affect the traditional agenda of UNCTAD.

620. The central element of the Conference was the process of revitalization of UNCTAD aimed at adapting the organization to the changing realities of the world economy. A crucial element of that process was the need for greater flexibility in the functioning of the group system; the creation of working groups would also add flexibility.

621. There was agreement on the strengthening of the three main functions of UNCTAD: analysis, negotiation and cooperation. However, there should be equilibrium among them. There was need for a clear political agreement on that.

622. The representative of Venezuela said that development and the growing disparity between North and South were the principal issues on the international agenda. Those issues needed to be addressed and resolved in order to guarantee the consolidation of a new era, supported by interdependence and international peace and security.

623. In that time of dynamic transformation, there was a shared responsibility to achieve economic, social and political stability. The international community needed to make joint efforts to proceed to a pragmatic and realistic dialogue and thus achieve a sound, secure and equitable world economy. The end of the bipolar confrontation, which for many years had diluted the potential of international economic cooperation, permitted the initiation of solid international cooperation between developed and developing countries.

624. A new international consensus on development should not be based exclusively on macroeconomic variables, but also on basic human conditions, such as poverty eradication and the fulfillment of basic needs in terms of housing, health, education and nutrition. The President of Venezuela had recently mentioned that the fortunate rapprochement and cooperation between East and West should not be at the expense of North-South cooperation.

625. As the members of the Security Council had recently recognized, peace and prosperity were indivisible and peace and stability required efficient economic cooperation to eradicate poverty and to promote a better time for everyone in freedom. The eighth session of the Conference should provide a new impulse to an institution which had a dominating role in the combined development efforts.

626. The need to revitalize UNCTAD arose not so much from the desire to adjust it to the profound changes in the world, but rather from the requirement to reduce the gap separating the developing countries from international economic well-being. It was essential to abandon the traditional, unproductive confrontation which had, to a large extent, characterized the debates. Greater importance had to be given to the identification of policies conducive to more readily available financial resources for development, a more favourable and predictable economic environment, a true transfer of technology which recognized national capabilities, transparent and nondiscriminatory access to international markets and greater participation in world services trade.

627. In order to be just and balanced, a development process should be sustainable, making rational use of the environment in a way which would not limit development ambitions and the needs of developing countries. Development policies should guarantee that economic and ecological processes could be sustained in the long run. That implied the recognition of clearly differentiated responsibilities for developed and developing countries.

628. There was a need for the transfer of environmentally sound technologies and new financial resources additional to development assistance. The multilateral trading system should be strengthened in order to support structural adjustment processes in developing countries. The possibility of achieving a more favourable economic environment had been delayed because the Uruguay Round negotiations had not yet been concluded. The package presented by the Director-General of GATT reflected an extraordinary effort to balance often diverging aspirations and interests. Those preliminary results represented a substantial improvement.

629. South-South cooperation was a priority area; and regional and subregional integration processes had
intensified in Latin America. In particular, a decisive impulse had recently been given to the Andean Pact, and Venezuela had increased cooperation with Colombia, Mexico and all the Caribbean countries.

630. The representative of Yugoslavia referred to the global economic and political changes which offered an opportunity for international cooperation. However, the widening gap between developed and developing countries posed the greatest challenge to the international community. In the context of a new partnership for development, there was a close linkage between national and international policies, on the one hand, and development cooperation, on the other.

631. The developing countries had reaffirmed their responsibility for their own development, reliance on democratic political systems and open economic regimes. However, the success of a handful of developing countries should not be used as a pretext to prescribe policies. Domestic policies, and especially the relationship between market forces and government intervention, should fully respect the specificities of each country.

632. Environmental problems should be integrated into the overall policy and development strategy of all countries. However, account had to be taken of the importance of the external economic environment. Moreover, environmental protection in the developing countries could not be isolated from their development. The principle of sovereignty over national resources must be respected.

633. More debt relief, involving all debtor countries and including both official and commercial debt, was required. Moreover, the contribution of a successful and balanced outcome of the Uruguay Round was crucial for the economic growth and sustainable development of all countries.

634. The revitalization of UNCTAD was seen as an important contribution to the strengthening of the United Nations system in the economic and social fields. UNCTAD, while preserving flexibility, should focus on issues of global interdependence.

635. Concerning the tragic process that characterized the deepening of the crisis in Yugoslavia, only an integral and global negotiated settlement could contribute to the peaceful solution of the Yugoslav crisis. The recognition of the secessionist republics was premature and counter-productive. It would aggravate the situation and render conflicts even more difficult. It was certain that the international community had not found a satisfactory answer to the question of the relationship between self-determination and secession, especially if the latter was being effected unilaterally and with support from some countries. As one of the founding members of the United Nations and the Non-Aligned Movement, and without questioning the right of every nation to self-determination, Yugoslavia expected all countries to show understanding of its efforts in defence of its sovereignty and international legal personality, and to abstain from any actions which were posing a threat to its country today, since if such actions were tolerated any further, tomorrow they might prove fatal also to other countries.

636. Unfortunately, the economic sanctions applied by some developed countries against Yugoslavia, through unilateral suspension of bilateral trade and transport agreements and the withholding of its preferential treatment under the GSP, hindered the search for a peaceful settlement. Such sanctions were also a flagrant violation of the basic principles of international trade cooperation agreed upon by all UNCTAD member States and had affected the innocent civilian population. Sanctions were a counter-productive instrument because they affected other countries as well and especially those enterprises interested in expanding trade and technological cooperation. The Government of Yugoslavia called on all developed countries applying those measures to reconsider their decisions and, in the light of expected goodwill and an atmosphere of understanding and cooperation at the Conference, to make their contribution by deciding to lift the sanctions.

637. The representative of Zaire declared that the eighth session of the Conference was being held at a time when the international community was undergoing profound changes which called for all nations to consider the possibility of building together a sound and more equitable world economy. The resources freed by the reduction in military expenditure since the end of the cold war should be redirected to meeting development needs. In recycling resources released by the reduction in military expenditure, the errors of the past should be avoided and concerted management should be applied in order to help the developing country populations meet their most essential needs. Economic liberalization undertaken by developing countries and structural adjustment programmes should take into account both economic objectives and social requirements aimed at eliminating the impoverishment of the population. The establishment and strengthening of economic blocs of developed countries should not lead to the introduction or deepening of protectionism against other countries, especially the developing countries. The principles of democracy and respect for human rights for which the developing countries were striving in their countries should also be introduced in international economic relations so that all countries would participate in decisions governing international trade and no group of countries would impose conditions on such trade. Zaire attached great importance to democracy and human rights and was currently installing those principles.

638. The prices of primary commodities, fixed without the participation of producing countries, were falling steadily while, conversely, the prices of goods manufactured from those commodities were rising. The hopes of developing countries for remunerative prices for primary commodities through implementation of the Integrated Programme for Commodities had not materialized. Meanwhile, the producers of primary commodities in developed countries were receiving all kinds of support from their Governments. International commodity agreements, already limited in number, had lost their economic provisions one after another and had become ineffective. The Common Fund was threatened with asphyxia only a few years after its establishment.
639. There was a need for international measures to redress the situation regarding commodities. Zaire therefore supported the proposal of Colombia for the convening of an international conference on commodities under the auspices of the United Nations. Such a conference should be preceded by a meeting of commodity producing developing countries to consider modalities of marketing cooperation. Meanwhile, commodity exchanges should reflect genuine conditions of supply and demand. Developing countries should be involved in the management and supervision of commodity exchanges.

640. An increase in financial resources for development was required, in particular of public development assistance which should reach at least the 0.7 per cent figure agreed upon many years ago. With increased, better-conceived and jointly managed technical assistance, the economy of Zaire, which was facing temporary difficulties, could recover rapidly.

641. Bolder measures than hitherto were needed to alleviate the burden of debt on the economies of the developing countries. The debt overhang imposed serious constraints on the development efforts of developing countries. For that reason an international conference to examine all aspects of the debt problem should be convened under the auspices of the United Nations.

642. ECDC was an important development factor. The strong commitment of Zaire to international economic and technical cooperation among developing countries was evidenced by its participation in regional and subregional cooperation in that sector. UNCTAD should continue to strengthen its support for such cooperation. Hitherto, the evolution in technological development had been at the expense of developing countries and had thus imposed a constraint on the cooperative advantage they enjoyed in the exploitation of primary products. Technology transfer was also essential. Hence there was need for a rapid resumption and conclusion of negotiations on a code of conduct on the transfer of technology.

643. UNCTAD had a primordial role to play in the United Nations system for the recovery of developing country economies. Therefore, UNCTAD should be strengthened, in particular in its technical assistance capacities, to assist developing countries in integrating themselves better into the international economic system. In that connection, Zaire welcomed the UNCTAD initiative on trade efficiency, in particular through computerization of trade procedures. It requested that UNCTAD continue to assist developing countries participating in the Uruguay Round negotiations, the results of which should benefit all countries.

644. The representative of Zimbabwe stated that the important changes which had occurred internationally presented new challenges as well as opportunities for accelerated and sustained economic growth by developing countries. Zimbabwe subscribed to the new international consensus to enable all countries, particularly developing countries, to benefit fully from the production and exchange of goods, services, technology and information across national borders. In that connection, Zimbabwe attached paramount importance to the reactivation of the North-South dialogue based on genuine interdependence and mutual interest and benefit.

645. Those imperatives should entail an open, viable and multilateral trading system which would enable the full participation of developing countries in international decision-making and greater access of their exports to industrial country markets. The development efforts undertaken by developing countries should not be frustrated by protectionism in international trade. A successful and balanced outcome of the Uruguay Round was thus important.

646. The primary responsibility for the development of their national economies rested with the developing countries themselves. However, participatory arrangements would help distribute the fruits of development widely and allow all countries to have a say in all important economic decisions.

647. ECDC was important; especially so was the consolidation and strengthening of the GSTP, for which UNCTAD should provide maximum support through appropriate trade-financing measures, including the eventual establishment of an interregional trade financing facility.

648. Commodity policies and measures needed strengthening in order to create conditions for improved price levels. There was a need both for the further development of commodity schemes, while preserving the spirit of the Integrated Programme for Commodities, and for optimal use of the Common Fund.

649. The process of structural adjustment in developing countries called for a substantial increase in the resources available from bilateral and multilateral sources, in particular ODA. Likewise, the efforts of developing countries to attract foreign direct investment should be complemented by measures on the part of developed countries to encourage capital investment in developing countries. There was also a need to establish a link between the creation of SDRs and development finance, as well as for limiting to the economic field the condition-alities imposed by multilateral and regional financial institutions.

650. With regard to external indebtedness, which was responsible for the reverse flow of financial resources from the developing countries, UNCTAD should be strengthened in its role of assisting developing countries with official bilateral debt rescheduling through the Paris Club, as well as through other debt renegotiations and debt management.

651. The needs of developing countries with regard to services should be taken into account in the formulation of related legislation and regulations; the mandate of UNCTAD in the important area of services, which in many developing countries was still at a relatively backward stage, should be strengthened. Zimbabwe supported any dynamism and flexibility which could result in a revitalized UNCTAD.
B. United Nations Secretariat

652. The representative of the Economic Commission for Africa said that the unexpected upheavals which had occurred on the international scene since the seventh session of the Conference would have consequences for multilateral cooperation and for the performance of the world economy in general, and of developing countries in particular. Most developing countries, including African countries, continued to suffer from deep economic and political crises, while many advanced countries were facing recession. The theme of the eighth session reminded the world that its survival depended on the interdependence and solidarity of nations in strengthening multilateral cooperation.

653. The advent of a new international economic order required that poverty be reduced and eradicated, since it was the main obstacle to structural adjustment and to the democratization of developing countries. The primary responsibility for such eradication fell on the countries affected. However, success could be possible only if additional resources based on genuine international solidarity were made available in order to speed up the growth of the poor countries in proportions commensurate with the rate of population growth. In order to bridge the widening gap between developed and developing countries, there was need for a redistribution of income on a global scale and a substantial transfer of resources to developing countries through such measures as easing of the debt burden, stabilization of commodity export prices and revenue, increases in the volume of foreign direct investment and of ODA, and adequate transfer of techniques and technology.

654. The African crisis was one of external indebtedness, commodity dependency, reverse flow of financial resources, poor agricultural productivity and increasing unemployment. In order to emerge from the crisis, African economies would have to grow at an annual rate of 6 per cent and be granted ODA amounting to about $30 billion in 1992, growing thereafter at a rate of 4 per cent per year. Africa also needed a lasting solution for debt relief in line with the original proposals made in various forums in respect of the payment of interest in local currencies, massive investments in productive sectors, particularly through additional resources generated from reductions in military expenditure, increased flows of resources through easier access to markets and increased export earnings, revitalization of the commodity sector through implementation of the Integrated Programme for Commodities, diversification efforts and producer-consumer cooperation. It was also necessary to enhance Africa’s industrial development through the improvement and revitalization of technology transfer.

655. Speaking on behalf of his colleagues at the helm of the United Nations regional economic commissions, which had much in common with UNCTAD, he was quite conscious of many issues raised by delegations with regard to the restructuring of institutions. It was no accident that the Secretary-General of the United Nations had already set that process of restructuring in motion. It was already under way in the regional economic commissions, with a view to better delivery of assistance. To that end, they were developing, individually and collectively, new approaches and modalities, taking fully into account the needs of their respective regions and the peoples they served. The regional arms of the United Nations system in Africa, Asia and the Pacific, Latin America and the Caribbean, Western Asia and Europe were ready to assist, cooperate, and supply the necessary regional inputs for the successful implementation of the decisions adopted by the Conference at the current session.

656. Since the inception of UNCTAD, the international environment had changed tremendously. Structural changes were needed in order to strengthen rather than weaken UNCTAD. The regional economic commissions, which were in a unique situation, had proved to be useful in assisting member countries in overcoming many of their problems and contributing to the recovery of the international economy. A process of restructuring of those commissions had been initiated to strengthen their delivery capabilities, so that they could provide the necessary regional inputs referred to in the previous paragraph.

657. The representative of the Economic and Social Commission for Asia and the Pacific noted that the Conference had been convened at a time when world economic growth was the poorest in recent memory. Persistent sluggish conditions in industrialized countries, economic and political upheavals in Central and Eastern Europe and the disruptions caused by the Gulf conflict had been the three major reasons for that situation. For ESCAP members, a successful completion of the Uruguay Round was viewed as essential for future growth; they thus sought balanced agreements on textiles and clothing, agriculture, tropical products and natural resource-based products. The draft final act was viewed as a good basis for negotiations, but any unravelling of the package could prove counter-productive.

658. It was necessary to strengthen cooperation not only at the global level but also at the regional level, while ensuring that regional arrangements for trade and economic cooperation did not become barriers to trade but rather functioned as the building blocks of a rule-based multilateral trade regime. The developing countries of Asia and the Pacific were experiencing considerable uncertainty as a consequence of volatile world economic conditions. There were two distinct groups of countries: the rapidly industrializing middle-income countries, and a second group encountering serious macroeconomic imbalances, widespread poverty, rapid population growth and environmental deterioration. China and the East Asian newly industrializing economies had performed strongly in 1991, as had the Southeast Asian countries, with the exception of the Philippines. South Asia had shown considerable resilience in the face of stiff challenges, but the least developed and small island economies had remained seriously handicapped.

659. The countries of the ESCAP region had further extended market deregulation and import liberalization measures, maintained competitive exchange rates, lowered tariffs and non-tariff barriers, improved their fiscal balances, controlled expenditure by eliminating or reducing subsidies, expanded revenue through tax reforms and
continued the restructuring of the manufacturing sector, with consequent changes in export composition. They had become progressively more integrated into the world economy and indeed were the most dynamic developing segment of world trade, attracting a large share of global foreign investment and private bank credit, while forging closer linkages among themselves. ESCAP had fostered the emergence of interregional trade and monetary cooperation mechanisms and was reorienting its own structure and work programmes away from a sectoral to a thematic approach, in which each theme linked a number of related issues under the purview of a core programme. Three such issues had been identified: regional economic cooperation; the environment and sustainable development; and poverty alleviation and economic growth. Trade-related activities of ESCAP would focus on interregional issues, as there was a need to spread more equitably the benefits of the region's dynamism and growth by strengthening linkages between the region's developed countries, newly industrializing economies and the "ASEAN-4" (Indonesia, Malaysia, the Philippines and Thailand) with the poorer economies of the region.

660. The record of successful past cooperation between UNCTAD and ESCAP had included the GSP, trade expansion and inter-enterprise investment promotion, and economic restructuring and international trade in the mineral commodities sector. Further expansion of that cooperation was expected. The Programme of Action for the Least Developed Countries for the 1990s, which had raised high expectations, was also of special interest to ESCAP, as there were currently 13 LDCs in the region.

661. The representative of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change declared that the historical vocation of UNCTAD had been to carry out a critical analysis of conventional wisdom, and to advocate change in pursuit of a vision of an efficient and equitable world economy. That vocation was still essential today in order to help find solutions to the world's complex problems. A world in which free people could prosper must accommodate a healthy diversity of ideas and ensure that democratic institutions nurtured such pluralism.

662. UNCTAD could usefully extend its critical analysis into the field of sustainable development, the objective of which required efficient resource use, equitable sharing of resources and strengthened legal systems, as well as participatory institutions—at the local, national and international levels. Working out the economics of sustainability and elaborating instruments that would implant that new thinking in real economic life were the major tasks for the decade. UNCTAD could surely contribute significantly to that endeavour. Among the problems of sustainable development, climate change was the one that embraced all humanity. The confirmed trend of global warming was expected to have wide-ranging regional impact, mostly negative. Developing countries were likely to suffer most, ecologically and economically, from global warming, and that might aggravate global inequalities. It was now clear that the main cause of climate change was the rise in the consumption of fossil fuels (coal, oil and natural gas), notably in industry and transport, and it would not be realistic to rely on forest policy to compensate for rising emissions of carbon dioxide, which was the main greenhouse gas.

663. Therefore, for the foreseeable future, the key would lie in the more efficient and equitable use of fossil fuel resources. Energy policy went to the heart of all industrialized and industrializing economies, as well as those where the production and export of fossil fuels was a major activity. That explained the fact that negotiations on climate change were currently considered one of the most important economic negotiations on the international agenda.

664. It was therefore to be expected that climate change would have an impact on the future work of UNCTAD. Economic policies adopted in response to climate change and the effects of those policies would need to be taken into account in the analytical work of UNCTAD, notably on trade policies. International cooperation in that area should also yield new initiatives to promote financial and technology transfers to developing countries.

665. The representative was convinced that member States would reach agreement in time for the convention on climate change to be opened for signature in June 1992 during the United Nations Conference on Environment and Development. Too much was at stake for them to miss that opportunity.

666. An effective convention on climate change should strengthen the base for long-term scientific collaboration among all countries, so as to ensure the data and assessments that must guide policy decisions. It should give clear signals of the likely evolution, over the next decade, of climate-related energy policies in industrialized countries, to help developing countries acquire the finance and technology needed to adapt to global warming and to adopt policies that contributed to its mitigation. It should also provide for an effective review of implementation of commitments. An equitable convention would make it possible for developing countries to pursue their economic and social goals within the limits of tolerance that the dangers of global warming placed upon the whole world community. Such a convention would be a step towards that efficient and equitable future which UNCTAD strived to promote.

667. The representative of the United Nations Capital Development Fund said that before the planet became the much-talked-about global village, local villages of the underprivileged South must survive. The eighth session of the Conference was a key opportunity to maintain the momentum of the drive for solidarity with the poorest countries expressed during the Second United Nations Conference on the Least Developed Countries. Without specific assistance from the international community, those countries would not be likely to benefit from the momentous changes which were shaping international economic relations.

668. The experience of the Fund in the fight against poverty showed that the people in the LDCs were keenly committed to those development activities which met their needs. Three features of programme design for pov-
property reduction in the 1990s could be highlighted: first, small-scale investment at the grassroots level could foster the establishment of participatory mechanisms leading to a more democratic decision-making process at the local level; second, as a multisectoral investor which addressed the basic needs of both rural and urban lower-income groups, the Fund had a comparative advantage in designing integrated initiatives to stimulate the mobilization of those groups in the restoration of their environment; third, as a body specializing in the provision of credit delivery systems, the Fund would expand its support to private entrepreneurship through the promotion of micro and small enterprises. Those programme policies could be effectively implemented through a worldwide UNCDF monitoring system located in UNDP field offices.

669. With six new countries in the LDC category, the Fund had urgently to reach critical mass by a $100 million programme per year in order to maintain a minimum impact threshold; otherwise it would not be in a position to start meaningful programmes in those new countries.

670. It was thus hoped that at the current session the Conference would endorse the call for the strengthening of the Fund recently made by the representative of Bangladesh, on behalf of the LDCs, during the special meeting on LDCs held during the Conference. The message was that small specialized aid programmes targeted at the poor made sense: not only did they respond to an ethical imperative but they might also prove to be economically efficient and ecologically sound, since they took into account the needs and perceptions of the people they served.

671. The representative of the United Nations Centre for Science and Technology for Development said that the reduction of political tension at the international level was creating more favourable conditions for cooperation in favour of development, but the success of such development would be very dependent on the way the international community took advantage of the new global political conditions for solving the problems of the poorest nations. The Centre had emerged as a result of the United Nations Conference on Science and Technology for Development, held at Vienna in 1979, and its objectives had been reaffirmed by the General Assembly in its resolution 46/165 of 19 December 1991. Such reaffirmation was in fact a recognition of the decisive role of science and technology in development.

672. Scientific research was costly, required large infrastructure and made use of the most advanced technologies. There was an increasing gap between developed and developing countries with respect to their scientific and technological capacity, and that was important because endogenous scientific and technological capacities were essential elements for the building up of efficient economic structures in developing countries, as well as for the effective insertion of those countries in the international economy.

673. A new emphasis was being put on the reinforcement of developing countries' endogenous capacity for the management of science and technology and on the particular importance of such capacity for the orientation of research activities in developing countries. With regard to the LDCs, the reinforcement of such capacities in the entrepreneurial sector, particularly in small and medium-scale firms, was important, as was the setting up of professional links among the so-called managers of technological change at the national and international levels.

674. National plans as well as international cooperation for scientific and technological development encountered difficulties because investments in that field were not producing tangible economic results in the short term; for that reason, the allocation of resources for science and technology had to be made in parallel with the implementation of urgent measures in areas such as the struggle against extreme poverty. New technologies, as well as decisive scientific advances, had transformed the world perspective of such issues and thus gave rise to a need for renewed international cooperation, which should result in an improvement in the analytical capacity, as well as the technical quality, of international cooperation.

675. There was a need for developing countries to seek from the international community clearer and more unified ways of resolving a number of interrelated issues linked to their development policies, such as: the internal and external conditions of competitiveness in the international system; the promotion and regulation of foreign direct investment; technological innovation, including the transfer of technology and its generation in countries with indigenous technologies; and participation in protecting the environment at the local, regional and global levels. Collaboration between the Centre and UNCTAD was a practical necessity, and both institutions, having in mind the different level of resources available to them, had an evident complementarity in their programmes; that was why such collaboration had been fruitful and needed to be continued and even intensified.

676. The Secretary-General of the United Nations Conference on Environment and Development recalled the close linkage between the issues being considered at the current session of the United Nations Conference on Trade and Development and those which would be before the world leaders at the Earth Summit in Rio de Janeiro. The results of the current session would clearly influence the prospects and outcome of the Earth Summit.

677. Although the link between environment and development had long been recognized, environmentally destructive development had continued to a point where it posed grave and growing threats to the environmental and economic future of the world community. A situation of zero growth was not a viable option for any country, particularly a developing country. But if the existing unviable growth model prevailed, the eventual result would indeed be no growth. A new pathway of sustainable development was the only way to ensure better living conditions and a more secure, equitable and promising future, in both environmental and economic terms.

678. Agenda 21 of the Earth Summit was expected to produce decisions which would establish the basis for a global partnership for sustainable development. The first aspect of Agenda 21 was the revitalization of growth and development. A commitment to resolving
the long-standing problems of trade, debt, development finance and related domestic policies was a key element. Another aspect was a substantial reduction in and ultimate eradication of poverty. The quality of life for human beings depended critically on the physical, social and economic conditions in all types of human settlements. Changes in the patterns of life and reductions in demographic pressure were essential for reducing the demands on natural resources. Industrialized countries had to reduce their current disproportionate use of critical resources and leave more environmental "space" to developing countries as they proceeded with their development. Waste management was another important dimension for a safe environment.

679. An integrated view of environment and development had to be reflected in a modification of attitudes and changes in decision-making processes. It also required better data and information systems for development and environmental monitoring. A major transformation of technology would also be needed in most sectors. Information on environmentally sound technologies must be made widely accessible.

680. The cost of all the actions covered in Agenda 21 would be met primarily from domestic resources. However, concessional resource transfers to developing countries would be needed for some 20 per cent of the cost. That had been estimated at approximately $125 billion per year, some $70 billion above the existing levels of ODA. Although that could be seen as unrealistic, the case for an "Earth increment", as an essential investment in global environmental security, was a compelling and persuasive one. In the perspective of a world product approaching $25 million million, the required amount should surely appear manageable, especially when viewed in relation to the size of military expenditure or agricultural subsidies.

681. Regarding the revitalization of growth and development, Agenda 21 recommendations included economic policy reforms, an open international trading system, improvement in the terms of commodity trade and adequate positive financial flows. Poverty alleviation and its ultimate eradication required efforts directed at increasing both the earning capacity of the poor and their access to the goods and services essential for their well-being. There was an emphasis on the promotion of participatory processes when defining needs, investment in human development and institutions, the reorientation of technical cooperation from supply-based to demand-driven and its improved coordination, as well as the lengthening of time horizons in programme planning.

682. The preparations for the Earth Summit had been carried out in close consultation with UNCTAD. That had contributed to the formulation of UNCED proposals to integrate consideration of the environment and development into decision-making and the utilization of economic instruments to achieve environmental goals. As UNCTAD reviewed its mission in the context of structural changes being made within the United Nations, and as Governments considered the institutional follow-up to UNCED within the United Nations, it might be useful and timely to examine, as one option, the possibility of integrating environment with trade and development in a revitalized and reoriented UNCTAD.

683. The representative of the United Nations Department of Technical Cooperation for Development said that the eighth session of the Conference was taking place in the midst of tremendous political and economic changes, in both national economic structures and systems and international economic relations. The resulting transitional state of affairs presented both challenges and opportunities.

684. The Department was the principal operational arm of the United Nations Secretariat in the field of technical cooperation and thus expected to play a major role in assisting developing countries in adjusting their economies to the new realities. National capacity-building continued to be the main objective of the programme of the Department, with particular emphasis on institution-building, human resources development and natural resource exploration, exploitation and management.

685. Developing countries had found the Department’s expertise useful and relevant, as shown by the increase in its resources, as well as in the number of projects implemented. In order to respond to the changing needs of the developing countries, the Department had strengthened its delivery capabilities. New approaches, modalities and tools had been developed, and efforts had been made to broaden the spectrum of expertise available in the Department, in particular in the field of macroeconomic planning and management, development administration, natural resources and energy, statistics and compilation of national accounts, and computers and informatics.

686. Two particular issues were to be highlighted: the economic reforms taking place in developing countries, as well as in countries that used to be described as centrally planned economy countries; and environmental concerns, which figured prominently in the Department’s programmes as well as in the debate at the eighth session of the Conference. Under heavy pressure from their current accounts and budget deficits, a large number of developing countries had undertaken policy reforms whose objectives were to restore the macroeconomic balance, increase the efficiency of the factors of production and create conditions for economic growth, and the Department was active in assisting developing countries in that endeavour. With respect to countries moving away from centrally planned economies to market-oriented economic environments, the Department had started to develop its internal capabilities with the aim of responding to increasing requests for assistance in that area.

687. It was widely recognized that economic development issues were inseparable from environmental ones. The Department had been addressing those issues for some time and had also been actively involved in the preparation of the United Nations Conference on Environment and Development. The United Nations Conference on Environment and Development had developed its own "Framework for action" dealing with environmental management and sustainable development, with a view to integrating environmental objectives into all
phases of its technical cooperation programmes and projects. At the same time, it had sought to ensure that its objectives and activities relating to environmental management were consistent with those of other international agencies and funding sources, and fitted within the overall framework of the United Nations system-wide medium-term environment programme (1990-1995).

688. The Department and UNCTAD had cooperated closely in a number of technical assistance projects, and particularly in the preparatory process for the Second United Nations Conference on the Least Developed Countries. He was looking forward to expanding the cooperation between the Department and UNCTAD.

689. The representative of the United Nations Development Programme referred to the complementarities between UNDP and UNCTAD. The central themes of the Conference, the strengthening of national and international action and multilateral cooperation and institutional reform, were areas of concern to UNDP, which hoped to continue to be supportive as UNCTAD expanded its technical cooperation activities, within its mandate.

690. There was a need to deploy the gains of recent times for the benefit of people. It was now universally acknowledged that people should be at the centre of all development.

691. Programmes and projects in a wide variety of areas were funded by UNDP and executed or implemented by more than 30 specialized agencies or other bodies in the United Nations system, including UNCTAD. Mobilizing resources for development, a major concern of the eight session of the Conference, was of great concern to UNDP. The priority accorded to the LDCs was also reflected in UNDP activities. As the problems of recipient countries continued to grow and the number of countries was increasing, the question of resources for development would be discussed in great depth at the thirty-ninth session of the Governing Council of UNDP, which would be held in Geneva in May 1992.

692. Now was the time to rejuvenate and reactivate multilateralism and development cooperation. There could be no peace and security without development, and no development without peace and security.

693. The representative of the United Nations Fund for Population Activities said that direct intervention in favour of slower population growth and balanced development with equity and security for all would be essential in the 1990s. It would contribute to the reduction of poverty and reduce pressure for migration within and between countries. To achieve that it was necessary to improve the situation of women, which included their health, education and economic well-being, as well as their access to information and services enabling them to space their pregnancies and to have the desired number of children.

694. The total world population currently stood at over 5.4 billion and was increasing at an unprecedented pace. It was estimated that by the year 2025, the population would reach 8.5 billion; 95 per cent of the population growth would be in the existing developing countries, with a concentration in Africa and South Asia.

695. The pressure of population growth, combined with growing income disparities between industrialized and developing countries, was steadily increasing the pressure favouring migration. Without migration, the workforce in industrialized countries would barely increase over the next 30 years; it would actually fall in Europe, but rise rapidly in North Africa.

696. Within countries, economic and environmental pressures were accelerating the process of urbanization. Cities in developing countries were growing far faster than their ability to cater for the new arrivals. Migration on a very large scale served to increase rather than reduce the incidence of poverty. Migrants across international borders often tolerated worse conditions of work and life than nationals of the host country, in the hope of improvement some time in the future; but experience showed that that hope was dashed in most cases.

697. The number of absolute poor had grown during the 1980s to over 20 per cent of the world's population. The number had increased dramatically in countries where economic growth was slow or stagnant. There were many reasons to believe that there was a negative correlation between high rates of population growth, economic performance and the incidence of poverty. Extreme poverty interacted with population dynamics in a variety of complex ways. High fertility in poor families reduced the rate of income per child and therefore the amount available for investment in food, education and health care, reducing the chances of poor children to overcome their poverty, and condemning succeeding generations to a life without hope of improvement.

698. Over the past three decades, developing countries had been successful in raising life expectancy, lowering fertility, and reducing the incidence of poverty, malnourishment and illiteracy as a proportion of the population. Nevertheless, because of rapid population growth, the numbers of the poor had risen. During the 1980s, the task of Governments had been made more difficult by high debt-service payments and adverse terms of trade. Economic problems had often led to reduced amounts available for expenditure on education, health and family planning. That situation had to be rectified because the availability of social services was a critical determinant of fertility and population growth.

699. The status of women could be directly improved by social development programmes and by legislation protecting rights to personal property, inheritance, rights within marriage, limits on age at marriage, requirement of voluntary consent, and the abolition of practices such as dowry or bride wealth.

700. The ability of women to make their own choices about fertility was critical for social development. Achieving it depended very much on change in male opinion regarding marriage, children and family planning. It was also important to make available a wide variety of modern methods of contraception, together with the information and education which would make them useful. A climate of support for family planning at
the level of the church, the school and the family was also necessary.

C. Specialized agencies, GATT and the International Trade Centre UNCTAD/GATT

701. The representative of the 
Food and Agriculture Organization of the United Nations said that while the global value of agricultural exports had increased quite strongly in recent years, the growth of developing country exports had lagged seriously behind that of developed countries. In particular, while the real prices of developed country agricultural export commodities had recovered somewhat since the mid-1980s, the terms of trade of developing country exports had worsened dramatically.

702. Citing the conclusions of the twenty-sixth session of the Conference of FAO, he stated that substantive reductions in protectionism in agricultural markets, as well as wider access to them, were essential for agricultural exporting countries, particularly developing countries. Continued high levels of protectionism seriously hampered the efforts of many countries to restructure their economies and to service and reduce their debt burdens. There was an urgent need for reductions in domestic support and export subsidies, and improved market access for agricultural products. There was also need for special and differential treatment of developing countries; for achieving the fullest reductions in trade barriers to products of export interest relevant to them; and for measures in favour of net food-importing developing countries.

703. Without agricultural trade reform, it was difficult to imagine how the current efforts of many developing countries and former centrally planned economies to revise incentives and the role of price signals could succeed. Subsidization of exports, if it continued, would have negative budgetary implications for many countries and disastrous results for competitive exporters. Many of the developing countries and former centrally planned economies had adapted their food and agricultural policies to the new realities of an interdependent world; industrialized countries needed to do likewise.

704. FAO had been providing concrete support to the GATT secretariat and technical advice to participating developing countries; it expected to play a key role in the application of an eventual Uruguay Round agreement on sanitary and phytosanitary measures.

705. Experience showed that market-oriented agricultural policy initiatives in isolation did not always ensure food security for all because of the effects of war and civil conflict and their aftermath, all too often coupled with recurrent drought and other natural calamities. Those concerns continued to demand the active, humane response of the international community.

706. Policy reforms should not lose sight of fundamental human problems, nor should they mean the withdrawal of the State from all economic activity: there was a need for efficient intervention by the State geared to human resources development and institutional and infrastructural improvement.

707. The creation of trade opportunities constituted the preferred means to earn the foreign exchange resources needed for development. However, the heavy burden facing many economies, particularly the LDCs, required renewed efforts to raise both the volume and the quality of international development assistance, which was grossly inadequate, as were private capital inflows.

708. Domestic and international policy reforms also had to take full account of concerns related to degradation of the environment and the sustainability of development. FAO was energetically engaged in ensuring that environmental considerations were integrated into all its activities and it was active in collaborating with other United Nations organizations, including the United Nations Conference on Environment and Development.

709. The year 1992 would see the holding of the United Nations Conference on Environment and Development, the conclusion of the Uruguay Round, and the holding of the first International Conference on Nutrition. The current session of the Conference, with its focus on strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy, was fittingly the first of those major events.

710. The representative of the General Agreement on Tariffs and Trade said that the dramatic political and economic changes taking place in the international arena had made the 1990s a watershed in recent human history. Multilateral cooperation was therefore even more important than before, and in a very concrete "bread and butter" sense. Open markets meant more trade—and the contribution of trade to GDP was greater in much of the developing world than in the developed—but they also meant increasingly fierce and often bitter competition among nations and private operators seeking to capture the opportunities created.

711. GATT philosophy did not advocate trade growth as a panacea for all ills. It did, however, stress that bad and restrictive trade policies, or the sheltering of sectors of production from the winds of undistorted competition, led to more, not fewer, problems, including the weakening of the overall economic and social structure itself. The central pillar of GATT was non-discrimination, anchored in the belief that undistorted competition was a spur to positive and continuous adjustment towards self-sustaining development.

712. An integrated world economy had blurred the line between actions taken by Governments in respect of international trade, and their so-called purely domestic measures. The international accountability of countries, and the multilateral surveillance of actions taken within national frontiers, had led to increasing requirements for transparency. Political courage was also required as it was essential to heed public opinion without allowing short-term problems to compromise the longer-term vision. In the task of bringing efficiency and credibility to the multilateral system, leadership had to come from the big and powerful.
713. In such circumstances, the multilateral trading system had to serve two essential goals: to provide security and predictability for undistorted competition on the basis of clear-cut, multilaterally agreed rules; and to serve as a credible reference point for the domestic, political and economic reforms being pursued by Governments all over the world. All countries had to help achieve those goals, according to their capacities and circumstances.

714. The world economy badly needed economic stimulus. That required concrete actions where the common thread was that Governments had to ensure that the structure for multilateral cooperation in the trade, finance and development fields would together create an environment of security in which traders, producers, consumers, exporters, importers and investors all over the world could get on with their business with confidence.

715. He emphasized that the eighth session of the Conference complemented and reinforced the efforts of Governments to bring the Uruguay Round to a successful conclusion. The Round was the first real opportunity to put in place a strengthened and expanded multilateral trading system able to serve the changing needs of the international trading community for the remainder of the century and beyond. Many of the hopes of GATT members, which increasingly saw GATT as the only secure route towards integration into the mainstream of the world economy, were tied to the successful conclusion of the Round.

716. The Round’s draft final act contained the results of five years of intensive negotiations on, inter alia, significantly improved market access for industrial and agricultural products, broad reinforcement of GATT rules and disciplines, bringing long-neglected sectors such as textiles and agriculture under GATT disciplines, and extending the benefit of multilateral rules to new areas such as services, intellectual property rights and trade-related investment measures. Developing countries had participated actively in the negotiating process and their concerns were reflected in the draft final act.

717. The representative at GATT stressed that so long as the outcome of the Round remained uncertain, it was impossible for Governments and traders to realize the potential of trade for supporting economic growth in the 1990s and beyond. Growing economic interdependence and the disappearance of the division of the world into centrally planned and market-economy camps had created alliances which cut across continents and countries: coalitions of interests were emerging based on national trade and economic interests rather than geographical ties. Such interdependence was the best hope for ensuring world economic growth and for spreading prosperity across the globe; the Uruguay Round was the instrument for achieving that hope in the trade policy field.

718. A strengthened multilateral trading system would help Governments to anchor current regional integration developments and initiatives in a clear framework of global disciplines and integrate regional markets with global markets. It would also make international cooperation more effective in coping with the competing demands in the interaction between trade and the environment. The hour of truth for the Uruguay Round had arrived. A clear window of opportunity to achieve a successful conclusion must be found in the weeks ahead. GATT hoped that Governments would grasp that historic opportunity.

719. The representative of the International Fund for Agricultural Development noted that during the years since the seventh session of the Conference the number of people living in poverty and hunger had continued to grow and currently exceeded 1 billion. Those people must also benefit from the winds of change of recent years, and a minimum of basic human rights, especially the right to adequate food, had to be guaranteed to them. For that to happen, innovative approaches to mobilizing the domestic resources of the developing countries had to be found and applied, particularly to mobilize the underused potential of the poor themselves. For that reason, IFAD had decided in the past year to focus on perhaps the most critical question in that regard, the reinforcement of the economic role of poor rural women. In Africa, women were responsible for 70 per cent of food cultivation; in both Asia and Latin America, they were actively engaged in the production of food. Indeed they had a triple function: cultivators, wage-earners and mothers/housewives. The share of women among the poor rural population was over 60 per cent, a figure projected to rise further. It was therefore imperative to break, and then to reverse, that trend. IFAD had noted that even small sums of money lent to rural women enabled them to increase their productivity and thus improve their own and their country’s food security. For that reason, IFAD had developed a programme of action for the economic advancement of poor rural women, which included a summit of wives of Heads of State, the Summit on the Economic Advancement of Rural Women, to be held in February 1992. The representative hoped that the Conference would support that meeting.

720. The representative of the International Monetary Fund said that the global arena had changed dramatically for the better since the seventh session of the Conference. The momentous political and economic changes had brought new opportunities, but also risks, for the world. Realizing the opportunities would take time, but the risks were immediate. Four salient features marked the present, each combining risks and opportunities. First, democracy had spread virtually worldwide. However, democracy was vulnerable: it required the consolidation of the economy, but that very consolidation entailed the risk that leadership would become complacent or give way to excessive demands, creating a vicious circle of demagoguery, inflation and economic instability which would lay the ground for the return of dictatorial regimes.

721. Second, while the ending of the cold war had opened up the prospect of concentrating more resources on fostering prosperity and human progress, it had simultaneously fuelled a resurgence of anachronistic nationalism, creating the danger of intense regional or local conflicts. Third, the “silent revolution”, entailing a widespread consensus on what economic strategies were effective and a greater number of countries implementing strong policies, also bore the risk that the heroic de-
gree of commitment to persevere for many years with good programmes and far-reaching reforms would falter, through a political set-back or "adjustment fatigue", before the process was completed.

722. Fourth, the emerging more integrated world economy carried the potential for stronger and broader-based development over the longer term, but also three serious risks. There was a risk of financial instability, but the progress achieved in financial cooperation justified confidence in the world's ability to deal with it. There was a risk of the marginalization of developing countries, but through political will the world could deal with that, whether in the field of trade (which required a positive conclusion to the Uruguay Round) or finance (where the potential global shortage of savings could be dealt with through better international cooperation and reductions in all forms of unproductive spending). The third risk was that the countries undertaking structural adjustments for growth, or those in transition to a market economy system, would not persevere with their sound policies and would fail. Such failure would entail the danger of losing the benefits of globalization, undermining democracy itself, and ultimately endangering the prospects for a more peaceful and cooperative world order.

723. To help countries persevere with their strategies, the international community needed to reaffirm the "unwritten contract of international cooperation", which entailed that the rest of the world would reward perseverance by maintaining good access to markets and by extending adequate financial assistance on appropriate terms. Better policies needed to be matched by better financing. Colombia was an example of the better policies which could produce sustained and healthy growth over the medium term. The better financing required increased ODA, simplified and speedier processes to disburse it, and the reduction and eventual elimination of tied aid. Further improvements were urgently required with regard to debt. The debt strategy was working well in general, but several countries, including some of the poorest, needed stronger policies and better support by donor countries. It was time to deal with the rest of that problem: it was possible, and overdue. In that connection, he announced that he would propose adding 11 more countries to the list of countries eligible for the Enhanced Structural Adjustment Facility. Moreover, the Executive Board of IMF was examining whether conditions were propitious for a new allocation of SDRs; the chances for a consensus on that would be improved if scrupulous care were taken to preserve the monetary character of the SDR.

724. In the area of governance, the industrial countries needed to increase their provision of technical assistance for institution-building and training, whilst the recipients of such assistance might have to undertake far-reaching reforms to improve the efficiency of government and the answerability of public institutions, as well as redoubling their efforts to fight corruption.

725. Poverty alleviation, including the adoption of appropriate social safety nets, had to become a more integral part of growth-oriented structural adjustment programmes and programmes aimed at transition to a more efficient economic system. To that end, donor countries should target their assistance to foster human development. In turn, developing countries could increase support from donor countries if they addressed poverty and income distribution issues, including education and health services for the poor, as well as fiscal reform to mobilize domestic savings. More resources for development could be derived from military spending cuts by both industrial and developing countries. There could be few more urgent tasks than ensuring an orderly demobilization of armed forces and guerillas. It would also be important to give true priority to the international traffic in drugs and the associated "laundering" of illicit funds. The continuing excessive growth of the world's population was one of the most serious problems facing the human race. Any effective approach to the population problem would need to include a serious effort to improve the education and health of women, particularly those in the rural areas of developing countries. The forthcoming summit on the economic advancement of rural women was particularly welcome in that regard.

726. The representative of the United Nations Educational, Scientific and Cultural Organization said that there had recently been increasing dissemination of ideas, knowledge and their implementation. Changes had occurred in the agricultural, industrial, political and services geography. However, in some countries the intensive circulation of technologies was in sharp contrast with continued poverty. The dissemination of knowledge was necessary to control, adapt, choose and repair technology.

727. Some progress had been made. Since 1990, illiteracy had decreased and development was evidenced in human as well as in sustainable, rural and endogenous terms. Economic growth was essential but insufficient in itself, and should not be imposed at excessive economic and political cost. Structural adjustment programmes had to be tailored to fit the countries concerned. The crucial importance of conservation of resources, the establishment of scientific and technical infrastructure for the acceleration of development and the strengthening of competition on a world level was becoming increasingly apparent. It was necessary to make effective use of economic and human resources and to promote economic growth, technological capacity and accelerated development.

728. Higher education was necessary, to promote competition, an entrepreneurial spirit and sense of innovation, as well as training high-quality professionals for the service sector—an expanding area for employment. External assistance was important, but countries should place education at the top of their national priorities.

729. It was essential to avoid discriminatory treatment in financial, technological, commercial or "talent" flows. Another matter for concern was increasing protectionism. Industrialized countries had to understand that their long-term interests lay in economic progress and in social and political improvements in the developing countries. It was a paradox that the South was moving towards free trade and economic reform while the industrialized nations were erecting trade barriers. With-
out free trade and market access, poverty eradication through economic development would not be achieved.

730. International cooperation was necessary to fight pollution, poverty and population growth. Advantage could be taken of the availability of resources arising from détente, but in the end for a better future the prevailing force was that of the mind.

731. The representative of the World Bank said that the Bank Group had decisively re-emphasized poverty reduction in its lending. It had increased assistance through policy advice and lending to countries pursuing adjustment efforts. It had participated actively in debt reduction, supported trade policy reforms, integrated environmental considerations into the mainstream of its work, and launched a programme to increase the role of the private sector in developing member countries.

732. Sustainable development and a determined attack on poverty called for developing countries to follow firm policies and strengthen their institutions, while the international community fostered an external environment favourable to such domestic reforms. As more countries embarked on adjustment, and as the global environmental crisis deepened, vast new needs should be matched with additional economic, intellectual, managerial and institutional resources.

733. The end of the cold war could release vast resources in the developed and developing worlds when switched from wasteful military expenditures to investment and development; the growing consensus on development strategies encouraged developing country Governments to concentrate on priority areas, such as investing in people and maintaining a "market-friendly" climate, while freeing the private sector in those economies to realize its full potential.

734. The international community had a shared responsibility for achieving sustained development in the 1990s. The quality of domestic policies and institutions chiefly determined economic health: macroeconomic equilibrium had to be maintained or re-established. That meant living within one’s means. The implication was often orderly reductions in expenditure while protecting and improving programmes for the poor. Microeconomic efficiency was also vital: prices should reflect costs and scarcities and provide rational incentives to produce and save. Development could not occur without adequate investment. Governments could help by pursuing policies that fostered private savings, and by exercising self-restraint themselves, including with regard to military expenditure. Social policies were also an important prerequisite for development. Educating females and raising their status constituted one of the most effective investments that societies could make and the best road to slower population growth. Rapid population growth continued to pose a major threat to development and required urgent attention.

735. Industrial countries could help by re-establishing the conditions for sustained, non-inflationary growth in the OECD economies, ensuring better macroeconomic balances and higher savings rates. That would help reduce long-term real interest rates, and thus lighten the debt-service burden on developing countries while raising their import capacity. They could also help by making developed country markets more accessible to developing countries, especially by bringing the Uruguay Round to a successful conclusion such that trade barriers were significantly lowered globally. They could likewise help by: assisting developing countries in managing commodity price risks using private market instruments, which would be greatly facilitated by introducing suitable mechanisms into the framework of the Common Fund; increasing ODA for countries pursuing sound development strategies; and further relieving the debt and debt-service burdens of severely indebted countries.

736. International institutions would be at the heart of that shared responsibility. They should create a framework within which non-inflationary growth, trade and development could flourish. They must provide policy advice on, and technical assistance for, the reforms which countries had undertaken. They must be catalysts for mobilizing funds for development and debt reduction and in coordinating donors’ and recipients’ progress towards shared goals.

737. The headroom of IBRD—at some $60 billion—was sufficient to respond quickly to strong programmes and projects in middle-income countries, while meeting the needs of potential new members from the Commonwealth of Independent States and the Baltic States. Concessional resources, however, remained scarce. IDA had long been crucial in meeting demands for concessional resources and had extensively helped the poorest countries to adjust. Discussions on a Tenth Replenishment of IDA were under way. Adequate replenishment would be important so as to enable IDA to respond satisfactorily to the growing needs of the poorest members while also meeting the requirements of many new claimants in all regions.

D. Other intergovernmental bodies

738. The representative of the African, Caribbean and Pacific Group of States said that the decline in economic activity observed in most ACP countries was primarily a structural problem which required drastic external and internal measures. New concerns regarding environmental degradation and the democratization process had added to the marginalization of ACP countries. The majority of those countries were locked in a vicious circle of over-indebtedness, under-investment, increasing macroeconomic instability and inadequate external support, often accompanied by social and political conflict. The slow-down in world economic activity was affecting the ACP countries significantly.

739. Unlike other debtors, the ACP debt burden emanated mainly from borrowings from Governments and multilateral institutions. A particularity of the ACP countries was the high proportion of debt owed to multilateral institutions. The measures which had been taken to alleviate the debt-service burden and to help clear arrears were not sufficient. Further measures were needed, including interest rate subsidies and refinancing schemes funded, inter alia, by reflows or special trust funds. While the primary source of development finance continued to be the savings efforts of the ACP countries
themselves, those countries would continue to rely on external financing to supplement their own efforts. Private financial flows were unlikely to revive significantly in the foreseeable future. Meeting their external financial requirements would require more vigorous debt-relief measures and bolder mobilization of official external sources. For the heavily indebted countries, a durable solution should include debt and debt-service reductions as a central element, since that was a prerequisite for increased access to financial flows.

740. The slump in the commodity prices in the 1980s had had a dramatic effect on the economies of ACP countries. The problem of depressed commodity prices and their instability had been compounded by fluctuations in economic activity in major industrial countries. The ideal long-term solution to the commodity problem resided in a much greater participation of the ACP countries in the processing, marketing, distribution and transportation of their commodities. Donor countries and multilateral financial institutions should undertake to create a special fund to finance vertical diversification projects in the commodity sector.

741. In addition, and bearing in mind the chronic inadequacy of existing financial mechanisms, the international community should create a universal compensatory financing mechanism to address the structural causes of the decline in export earnings. Within the framework of the Uruguay Round, improvement of market access should be given full consideration. A large number of developing countries would continue to depend on preferential access as a means of facilitating their participation in international trade. Developed countries should improve the level of preferential access accorded to developing countries. Finally, considerable efforts should be made in the search for a solution to the commodity problem.

742. The representative of the Commission of the European Communities said that the end of the cold war had profoundly changed the conditions under which the United Nations operated. The Security Council had already seen its role and effectiveness in maintaining peace and security change considerably. That evolution should also reinforce the role of the entire United Nations system, and therefore that of UNCTAD, in eliminating the economic, social and even ecological causes of world tension. The world economy was less buoyant today than at the time of the seventh session of the Conference, nor was the immediate outlook particularly encouraging. However, the changes in Central and Eastern Europe would ultimately contribute to the recovery of growth, both in those countries and in the rest of the world economy. The necessary adjustments entailed considerable sacrifices by the populations of those countries and developing countries carrying out reforms, and it was vital that that not become a factor of political destabilization. For those countries, as well as for the developing countries, it was necessary to take into account the growing differentiation among them when addressing development issues at the eighth session.

743. Since the seventh session, there had actually been an increase in the numbers of people living in poverty, which had repercussions not only at the human level but also in terms of political stability and preservation of the environment. That situation was evidently linked to the population explosion and therefore the Conference needed to draw the appropriate policy conclusions. As countries were responsible for their own development, foreign aid could be helpful only if it supported policies permitting the full development of a market economy and more active participation of the people themselves in the development process. “Good governance” required that the role of the State be recast so as to ensure macroeconomic stability. It was necessary to provide essential public services, such as education and health, and to foster a climate in which the private sector could flourish and social inequalities would diminish; savings and investment would be encouraged along with competition and outward orientation, including greater regional cooperation and integration; corruption would be banished; and respect for human rights, including those of minority groups, would be guaranteed.

744. As international trade was a vital factor in the development process, the industrialized countries had an obligation to ensure access to their markets by developing countries. In that respect, it was to be noted that the European Community was far from being the “Fortress Europe” which it was claimed to be in some quarters: the Community imported more from the developing countries than did the United States and Japan combined and was the world’s largest importer of agricultural products. The Community had also been the first to apply the GSP, following its adoption at the second session of the Conference. It was proposing in the Uruguay Round the reduction or elimination of tariffs on tropical products worth 4,000 million ECUs and covering 220 tariff lines, as well as a one-third reduction in all its tariffs. It subscribed to strengthened multilateralism as the best way to ensure the development of all.

745. The Community’s cooperation policy took into account the great diversity of developing countries. It made funds available for structural adjustment programmes following a thoroughgoing dialogue on the policies to be applied. It assisted regional integration as well as environmental preservation efforts and focused on decentralized cooperation to ensure both participatory development and the consolidation of the basis for real democracy. It also placed emphasis on direct investment, so necessary for both ensuring technology transfer and avoiding the further accumulation of debt. The Community sought especially to broaden the economic bases of cooperation to include political ones as well. ODA remained an important component of the Community’s cooperation efforts: in 1990, the Community and its members had given $26,500 million in ODA, as compared with $19,000 million for the United States and Japan combined; and the funds for the Fourth Lomé Convention had increased by 26 per cent in real terms over the Third Lomé Convention.

746. The Community believed that among the most important issues for the eighth session of the Conference was the fact that degradation of the local environment in the developing countries was a result of socio-economic factors. There was also a need to take a fresh look at the problems of commodity markets; certainly, diversifica-
tion was as yet insufﬁciently developed. Given the need for resources for development, it was to be noted that the internal mobilization of resources was considerably lower than it could be in many developing countries, particularly those in the middle-income range. With regard to assistance to the LDCs, the Community urged all members of the international community, and not just OECD, to make generous and ﬁrm commitments. It was indeed generally true that, while the 0.7 per cent target for ODA was to be ﬁrmly reiterated, the burden of development assistance needed to be better distributed across industrialized, newly industrializing and oil-exporting countries.

747. UNCTAD needed to undergo serious self-examination. Before turning to the details of the work programme, the Conference should seriously debate the future role of the organization. In the Community’s view, UNCTAD could become a forum where analysis of, and dialogue on, the problems of economic development came ﬁrst. That would help UNCTAD recover its role as the source of imagination and creativity in the United Nations system.

748. The representative of the Common Fund for Commodities, referring to the special relationship between UNCTAD and the Common Fund, said that the organization was a creation of UNCTAD and had been conceived within the context of the North-South dialogue, for which UNCTAD was the primary focal point.

749. During the decade that followed the conclusion of the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities, in 1980, a crisis of unprecedented dimensions had prevailed in world commodity markets. Real prices of many commodities had dropped to their lowest levels since the great depression of the 1930s. Nor were prospects for any sustained recovery during the 1990s encouraging. There was an obvious need to devise more realistic and imaginative approaches to the ﬁnding of both short- and long-term solutions to commodity problems. In that respect, the Common Fund held an important place in international development in the commodity sector and could make a worthwhile contribution to the amelioration of the situation.

750. The Fund had been established to support, through its First Account, the ﬁnancing of buffer-stocking arrangements undertaken by international commodity organizations and aimed at stabilizing the price of their respective commodities at levels which would be remunerative to producers but equitable for consumers. The Fund was likewise expected to ﬁnance, through its Second Account, commodity development measures proposed by international commodity bodies. However, two years after coming into effect, the First Account’s objectives and purposes had yet to be tested. The collapse of many price stabilization agreements and arrangements during the 1980s left few customers to take advantage of the availability of the Common Fund’s First Account facility. Currently, only one international commodity organization, the International Natural Rubber Organization, had buffer-stocking arrangements. The absence of such arrangements had limited considerably the range of commodities for which the resources of the First Account could be used to make an effective contribution to price stabilization of ultimate beneﬁt to both producers and consumers. It was to be hoped that the Conference would now give fresh impetus to international cooperation on commodity issues with a view to concluding arrangements which would make optimal use of the resources of the First Account. While one should keep an open mind about new ideas, it was premature to look for alternative uses for the resources of the First Account. Price stabilization arrangements, when well-conceived and managed, could achieve the purposes for which they were intended and thus beneﬁt producers and consumers.

751. The Second Account of the Common Fund had entered its operational stage; project ﬁnancing had already been embarked upon. Loans and grants were being provided for the ﬁnancing of measures for commodity development, aimed at improving structural conditions in markets and enhancing the long-term competitiveness and prospects for particular commodities. One of the unique features of the Common Fund was that it ﬁnanced projects sponsored by international commodity bodies, which were commodity-focused rather than country-focused. The beneﬁts of such an approach accrued to several countries producers of the commodities concerned as compared with country-focused projects, where the beneﬁts generally accrued to one country only. In considering project proposals, prominence was also given to the potential environmental impact of projects proposed for Common Fund ﬁnancing.

752. The Fund’s aim was to assist producer developing countries, in particular the least developed among them, as well as the small producers/exporters. The majority of the countries concerned remained largely dependent on the export of primary commodities for earnings to pay for the importation of basic necessities and for ﬁnancing their development efforts. They could not be expected to move away from commodity dependency in a short span of time. An important element referred to in the Agreement Establishing the Common Fund for Commodities related to “vertical diversiﬁcation” or local processing of raw materials, to gain value-added input. The Common Fund had the institutional framework for ﬁnancing diversiﬁcation activities and was equipped to perform such a task. Additional resources through, inter alia, voluntary contributions to its Second Account, so as to enhance its capabilities in that regard, would be welcomed. The Common Fund could play a catalytic role with respect to world commodity issues and should be strengthened to deal with short- and long-term development strategies for the various commodities. States not yet members of the Common Fund were invited to join in the effort to strengthen and revitalize international commodity cooperation.

753. The representative of the Commonwealth Secretariat said the global environment was becoming more propitious for promoting international cooperation for development and urged that the Conference, at the current session, take advantage of that opportunity to agree on a set of measures to secure a healthy and equitable world economy. He drew attention to a recent report entitled Change for the Better: Global Change and Eco-
nomic Development. As its findings were germane to the Conference, he had arranged for copies of the report to be circulated to delegations. The report addressed some long-standing issues such as the debt problem and other more recent ones such as the growing concern about environmental degradation, cross-border migration, international terrorism, drug trafficking and acquired immunodeficiency syndrome (AIDS). Reduction in military expenditure, the spread of the democratic process, and new orientations in domestic economic policies could improve development prospects.

754. Developing countries were affected by movements in the availability and terms of ODA and of private capital flows, reduced market access and technological change. International institutions established after the Second World War had not kept pace fully with changes, and major developed countries increasingly sought to address global problems in restricted forums.

755. The Commonwealth Group had recommended that the developing countries should strive to promote good governance, improve the climate for domestic and foreign investment, cut military expenditure, develop human resources, pursue effective population policies, and adopt environmentally sustainable policies for development. Industrialized countries should adhere strictly to multilateralism in trade policy, ensure that aid to new claimants did not adversely affect assistance to the developing countries, earmark a part of the peace dividend for development, implement more effective measures for debt relief, and take immediate action to conserve the environment. They should also give due consideration to the effects of their policies on developing countries. The international community should continue to seek systems of global security, bring the GATT Uruguay Round to a speedy and successful conclusion, strengthen international compensatory financial arrangements, design structural adjustment programmes that promoted sustainable economic growth and poverty alleviation, pay special attention to the financial and other needs of small States, and take coordinated action to achieve environmental conservation and sustainable development.

756. In the context of growing mutuality of interest among nations, a new approach to international economic cooperation was needed. The United Nations should be revitalized. UNCTAD should be adapted to the new realities of the 1990s so that it could effectively play a coordinating role in the United Nations system’s efforts to promote trade and development. Good management in the international sphere was a vital prerequisite for promoting an efficient and equitable global system. Early attention should be paid at the highest political level to reaching agreement on a new approach to promoting international economic cooperation for development.

757. The representative of Portugal, speaking on behalf of the European Community and its member States, said that the Conference was being held in a world situation of extreme complexity, marked by far-reaching political upheavals which were giving rise not only to immense hopes but also to anxieties. In an increasingly interdependent world, the question arose of how to make an effective contribution to improving people’s living conditions. The Community and its member States pursued partnership aimed at ensuring generalized respect for human rights, harmonious development on a world level and protection of the environment. Fears had been expressed that the Community’s actions reflecting its particular interest in Central and Eastern Europe might be to the detriment of measures to help developing countries; such fears were unfounded, as those actions were additional in nature.

758. Attention was rightly focused at present on the completion of the Uruguay Round negotiations, whose early conclusion was one of the Community’s main priorities. Agriculture, textiles, market access, rules and disciplines, intellectual property and services constituted the fundamental pillars of that final stage in the negotiations, and in those areas it would be necessary to find an overall balance of mutual advantage for all participants, taking into account in particular the interests of developing countries.

759. The deterioration of the environment was a global problem which constituted a real constraint on healthy economic growth and compromised the prospects for sustainable development in the future. An effective improvement in environmental protection required appropriate measures in all countries and international cooperation, since the problems were interdependent and complementary, although industrialized countries had to take the lead.

760. The major development challenges could be met only if developing and developed countries were to set up a true partnership based on solidarity, the recognition of mutual interests and the sharing of responsibilities. While developing countries bore the primary responsibility for their own development, developed countries needed to continue to give them adequate support, at the same time accepting their own responsibility for promoting a favourable economic environment.

761. At its eighth session, the Conference should aim to strengthen national and international action and multilateral cooperation and define guidelines for policies and measures which would help to ensure sustainable growth and development in all developing countries, as UNCTAD was an important platform for constructive dialogue between industrialized and developing countries. The eighth session provided an opportunity for an efficiency-oriented adjustment of the role, priorities and institutional mechanisms of UNCTAD, bearing in mind recent changes in the international political and economic environment and the climate of dialogue between developed and developing countries. Institutional reform was required if UNCTAD was going to play a reinvigorated role. The reform needed to be considered in the context of the restructuring of the United Nations in the economic and social fields on one side, and the possible transformation of GATT into a multilateral trade organization on the other. The roles of UNCTAD and GATT had to remain complementary.
762. UNCTAD activities should in future be focused more fully on development issues, whether at national, regional or international level. Domestic development policies should be a major theme, and the evolving concept of development, sustainable development, the inter-relationship between economic performance, human rights and political systems, equity and market-oriented reforms should be integrated more fully into UNCTAD activities.

763. Greater selectivity was required in carrying forward the negotiating function. Working methods needed more flexibility, particularly with regard to the working of the group system, the outcome of meetings, participation of outside experts and the organization of debates. The structure of UNCTAD intergovernmental meetings also required improvement. UNCTAD would thus operate more like OECD, bearing in mind the differences between the two. A strong analytical input, exchange of experiences, better-focused meetings and a patient search for real compromise should be important features of the work of UNCTAD.

764. The European Community and its member States believed that good governance was a fundamental issue and that Governments should redirect their actions in order to provide a stable economic environment and basic public goods, so as to support expansion of the private sector in competitive markets. Human rights and democracy formed part of a larger set of requirements for achieving balanced and sustainable development. Alienation of poverty and a more equitable income distribution also had to be primary concerns. The efforts of all countries to combat corruption needed to be increased, as corruption diversified resources from productive uses and thus undermined the development process. The fight against drug production, trafficking, consumption and money laundering also required reinforcement.

765. More savings were needed to meet the increase in the world's investment needs, in both developed and developing countries. Official development finance would continue to play an important role for lower-income countries, and substantial additional aid efforts would be required, both quantitatively and qualitatively. Aid donors had reaffirmed their commitment to the target of 0.7 per cent of GNP for ODA and commitments undertaken at the Second United Nations Conference on the Least Developed Countries. Greater reliance must be placed on such non-debt-creating financial flows as foreign direct investment. Both developed and developing countries needed to consider the possibilities that existed for the reduction of military expenditure, and for channeling the savings towards socially productive uses, including development finance.

766. The European Community and its member States reaffirmed their support for the international debt strategy based on the growth-oriented adjustment policies of highly indebted developing countries, financial support by the international public and private community, and a favourable international economic and trading environment. Specific measures had to reflect the particular circumstances and needs of each highly indebted developing country and should continue as appropriate, and on a case-by-case basis, to include such elements as new money flows, debt-service restructuring and debt reduction. The poorest, most indebted countries needed particular concessional terms involving extensive debt reduction in support of sound economic programmes.

767. The European Community acknowledged the problems faced by many commodity producers who had experienced a dramatic reduction in their export earnings as a result of structural imbalances between supply and demand. The remedies were considered to be reduced dependence on individual commodities through diversification and working towards greater cost-effectiveness and productivity.

768. The representative of the International Olive Oil Council said that the International Olive Oil Agreement did not contain economic measures. Nevertheless, for 33 years it had provided assistance to its members, especially developing countries, in finding solutions to the problems of the olive oil sector. That aid took the form of training of officials, transfer of technology and action to improve productivity in the sector. Unfortunately those activities were limited because of the meagre finances of the Council. Its most important member, the European Community, had provided extrabudgetary resources which helped in carrying out important activities. Important support also came from individual countries, such as Spain, where the Council had its headquarters. Relations had in addition been established with the Common Fund for Commodities, and it was expected that concrete financial support would be forthcoming from the Second Account.

769. The Council contributed to the stability of world prices and to the achievement of an equitable income for producers and an acceptable price for consumers. That required maintaining equilibrium between supply and demand, and the Council was in a position to contribute to that by facilitating international exchange of information. For social and ecological reasons, there were no prospects of diversification in the olive oil sector.

770. It was important that developed countries acknowledge that problems in developing countries had important repercussions on the international community as a whole. In that connection, the Council considered that UNCTAD had a very important role to play as a catalyst in international economic and commercial cooperation. The support of UNCTAD was an indispensable element in the functioning of all international commodity agreements.

771. The representative of the International Sugar Organization said that the difficulties faced by his organization derived from the shift away from a Keynesian managed market economy towards deregulated free markets. The concept of stabilization, which was the guiding principle behind international commodity agreements, was at odds with that change of emphasis. Sugar was more affected than other commodities because of the complicated and diverse nature of production and trade in sugar and the large number of countries engaged in that trade. The economic and political background of the 1980s meant that after the lapse of the 1977 Interna-
tional Sugar Agreement in 1984, economic clauses had been effectively off the agenda.

772. The 1984 International Sugar Agreement had been hastily put together in the last week of the abortive 1984 negotiations for an economic agreement. In the 1987 Agreement, some attempt had been made to refocus the activities of the Organization through the formation of the Committee on Market Evaluation, Consumption and Statistics to improve the understanding, through analysis and debate, of how the sugar market worked. The goal was to make a contribution to more rational decision-making through information and to improve the conditions for stability. The financial difficulties connected with the International Sugar Agreement had been aggravated by losses in membership and late payment or non-payment of contributions. Coupled with the difficulties faced by the developing countries in the 1980s, those financial factors had led to a strong desire by all members to reduce costs. He appealed to all members of the Agreement which had an interest in sugar to participate actively in the upcoming negotiations for a new agreement.

773. The representative of the International Tropical Timber Organization said that few countries had appreciated the full implications of the Organization when it had been created by UNCTAD. In establishing the International Tropical Timber Agreement in 1983, the United Nations had, in fact, also established the first global convention relating to tropical forests. That convention could constitute a model for negotiations on institutional changes or legal instruments for all forests.

774. The potential of the Organization was currently being fully brought to bear on some of the pressing problems of tropical forests, in accordance with its environment-related mandate. The Organization's secretariat was critically understaffed, however, which put constraints on its working capacity, particularly in the light of the increasingly urgent need to combat deforestation and global warming. The need to strengthen the Organization had been underscored in the summit declarations of the Group of Seven since 1989 as well as in the Ministerial Declaration adopted by the Second World Climate Conference held in Geneva, Switzerland, from 29 October to 7 November 1990.

775. Although conceived as a commodity organization, the Organization, through its permanent Committee on Reforestation and Forest Management, had been able to deal with priority problems related to tropical forests. About 70 per cent of the project funding in the first four years of its active existence had been spent on tropical reforestation and forest management. The fundamental philosophy of the Organization was to achieve a balance between conservation and utilization.

776. The member countries of the Organization had taken steps towards assuring sustainable development, taking into account the need for convergence of conservation and development. The Organization had clarified the elements of sustainable management and organized technical working groups and seminars. Wherever possible, the norm of sustainability had been built into projects it initiated or sponsored, particularly in the area of reforestation and development. It had also organized an initial general survey of forest management in all producing member countries and begun to assess the sustainability of forest management in individual countries. Moreover, it had unanimously decided to expedite global transition to sustainability. That decision was of the utmost significance to both producers and consumers of tropical timber as it implied that by the year 2000 all tropical timber exports would be from forests under sustainable management. It was essential that corresponding financial and other assistance from the consuming industrial countries be provided to assist producers in meeting the enormous costs of reaching sustainable development.

777. Today the sense of urgency to establish fundamental principles for a global convention on forests was much stronger than at the time when the International Tropical Timber Agreement had been negotiated. During the coming months, the process leading to the United Nations Conference on Environment and Development would attract even more attention to the problems of the world's forests. That would undoubtedly lead to more concerted international action.

778. Preparations for a successor agreement to the International Tropical Timber Agreement, 1983, were currently under way, and UNCTAD would assist in the preparatory process and the negotiating conference.

779. The representative of the Latin American Economic System recalled the close historical relationship between UNCTAD and SELA and noted that institutional revitalization was the crucial issue of the current session. Political consensus had characterized the early years of the history of UNCTAD when significant progress, including the establishment of the GSP, had been achieved. In the years following 1974, the climate for international economic cooperation had deteriorated. Discussions around the central theme of the New International Economic Order had been confrontational. Following the sixth session of the Conference at Belgrade, a spirit of "new realism" had emerged.

780. However, during the 1980s, developed countries had increasingly preoccupied with their internal affairs and, with the exception of the debt problem, developmental concerns had received little attention. Besides debt, several other fundamental problems, such as restricted market access, deteriorating terms of trade and insufficient technology transfer, had adversely affected the growth prospects of developing countries. Those problems remained unsolved. It was therefore necessary for the Conference at its eighth session to embark on a new era of true cooperation. At the same time, it should be mentioned that market forces were no substitute for international cooperation.

781. In the context of the discussions on the institutional reform of UNCTAD, it was necessary to take into account that the eventual establishment of a multilateral trade organization could affect the functions of UNCTAD. It was imperative that there should be no duplication, but rather complementarity. UNCTAD remained the focal point where the interrelated issues of trade, finance, technology and the promotion of a trading
system that took into account development concerns could be addressed. The complementarities between UNCTAD and the proposed new trade organization were therefore evident in the three functions of UNCTAD.

782. Regarding policy and research analysis, UNCTAD had a unique mandate to provide a global forum. Technical assistance remained an important function of UNCTAD. Regarding the negotiation function, there was a need to be more selective. The revitalization of UNCTAD also needed to include its intergovernmental machinery, in line with the general restructuring of the United Nations economic sector. It was also necessary to conceive mechanisms and structures to construct concrete complementarities between UNCTAD and GATT, taking into account the outcome of the Uruguay Round, and the Bretton Woods institutions.

783. UNCTAD had a unique role to play in fostering the integration of developing countries into the global economy and the role of the current session was to stimulate the corresponding actions. UNCTAD needed to continue to address the debt problem, issues related to financial flows to developing countries, foreign direct investment flows and the promotion of economic and social development.

784. The eighth session of the Conference offered an opportunity to achieve consensus on various issues relevant to development. In that context, the Conference could, inter alia, propose to the General Assembly that a conference on the financing of development be convened, in accordance with the initiative taken by the Secretary-General of the United Nations.

785. The representative of the Organisation for Economic Cooperation and Development said that the fundamental changes the world had seen in recent years opened up new perspectives of progress for humanity but also certain risks. They created increased responsibilities for both political authorities and economic actors. The end of the cold war placed the Eastern European countries in a process of transition which was both promising and painful. It created for the countries of the West both the opportunity and the obligation to cooperate generously.

786. The definition and enforcement of a new world order would not be easy. Aspirations to identity—national, ethnic, cultural, religious—which had been repressed for too long were expressing themselves strongly and even violently. Care needed to be taken that the affirmation of those distinct identities did not develop into nationalistic confrontations.

787. The end of the East-West confrontation was only the most visible manifestation of a deeper and more general change: the progressive emergence of a consensus on the mechanisms and the conditions for economic development and social progress. The experience of the past three decades had convinced those in politics and economics that the most effective recipe for development was a combination of market economy, pluralistic democracy and respect for human rights. Such had long been the common creed of OECD countries.

788. The process of globalization, the transformation of the world into a "global village", had done much for the emergence of that consensus. The resulting strong competition among economic agents, and also among countries, benefited consumers worldwide. However, it was also the cause of continual and often painful adjustment of economic structures. It was important to assess well the scale and the difficulty of those adjustments. All countries were experiencing them, whatever their level of development. If those difficulties were ignored, there would be reversals, which would carry with them protectionism, isolationism, and inward-looking policies, and would imperil both multilateral trade and the consensus on the recipe for development.

789. The countries of OECD had a primary responsibility as a source of world economic growth. It would thus be more than odd if, just when many countries were adopting—often with surprising boldness and striking results—the policies which had led to the success of the OECD countries, the OECD countries themselves were to be less diligent in applying them. His assessment was that those countries would prove able to meet the warranted expectations of their partners in the rest of the world. Although ODA was still important for the poorest countries, it was through the growth of trade of all kinds, and through investment, that growth would diffuse from the most advanced countries. Among the actors in the front economic rank could be included a number of countries in Asia, Latin America and Africa.

790. For their part, the developing countries and those in transition to a market economy system had to draw the practical consequences from past experience. Capital would be invested only in those countries where the rules of the economic game were clear, just and effectively enforced. Without those conditions, it was pointless to hope for assistance from abroad and impossible to realize domestic economic potential.

791. He stressed that the classification of countries as developing, in transition, or developed, had lost its meaning. However, it must not be forgotten that the gaps remained enormous. The first and most important responsibility for the development of a country rested indeed in its own hands, but that should not be used as an excuse by the most developed countries to pay no attention to other countries.

792. The purpose of international cooperation, for which UNCTAD was so important, was to remind everyone of their obligations and the role that they could—and consequently should—jointly play in the world economy. For its part, OECD would continue to make its contribution through collective reflection and mutual persuasion, with which it was associating a growing number of non-member countries.

E. Non-governmental organizations

793. The representative of the International Chamber of Commerce said that the main challenge for ICC was how to help local enterprises become more productive. Around the world a new political climate more favourable to private enterprise was emerging. National
and local bodies representing the business community could make a substantial contribution to development by providing support, information and guidance. They could also help in research and marketing and, in particular, serve as a partner for government in the design and implementation of economic, trade and social policies. ICC was collaborating with the International Trade Centre UNCTAD/GATT in a programme to strengthen chambers of commerce in developing countries. Training of staff and organizing seminars to encourage them to take a more active role in export promotion were ways in which that was being done.

794. On the policy front, the work of ICC was aimed at a better integration of the developing countries into international trade and investment. The business community had lent strong support to the Uruguay Round, but was currently deeply concerned that Governments had still not been able to bring it to a successful conclusion. The Round offered real hope of curbing the creeping protectionism of recent years, and could contribute substantially to expansion of world trade and growth.

795. It was imperative that tariff and non-tariff barriers to exports of tropical and natural resource-based products be reduced. Developing countries would also benefit considerably from a substantive agreement on agriculture so as to bring national trade practices under effective multilateral control. Trade barriers which impeded the exports of manufactured goods from developing countries must be dismantled, in particular in the area of textiles and clothing. Raising the ability of developing countries to attract foreign direct investment was especially important because that form of external capital brought with it technology as well as management and marketing skills.

796. ICC had launched its own Business Charter for Sustainable Development in 1990. There was no inherent conflict between economic growth and environmental protection; on the contrary, they could be and must be made compatible, self-reinforcing objectives. Regulations and measures to protect the environment should be designed in such a manner as to minimize distortions in international trade and investment flows and thus avert the creation of trade barriers.

797. While natural endowments were clearly important, they were not sufficient for successful development; nor was a high level of investment enough per se. Experience had shown that what was crucial to successful development was the human factor. Moreover, the quality of a country's human capital implied much more than high levels of formal education, vocational skills and training facilities. The essential element was entrepreneurial initiative. The post-war history of Eastern Europe had demonstrated that even the best educated workforce remained unproductive if its activities were organized according to bureaucratic rather than entrepreneurial principles.

798. While the past decade had been marked by stagnant or falling living standards in the wake of the debt crisis, it had also seen the rise of a strong consensus that the true sources of rapid economic growth and development were private enterprise and respect for markets in the allocation of economic resources. However, structural adjustment and liberalization would be successful only if the industrialized countries opened their markets to developing country exports.

799. The representative of the International Coalition for Development Action said that the rules of the proclaimed new partnership for development had in reality been decided on by the industrialized countries. Access by developing countries to the markets of the industrialized countries continued to be obstructed; many LDCs had opened their markets without receiving reciprocity; technology was not being transferred from the North as necessary; the amount of debt reduction was insufficient; policies for the commodity sector did not offer any hope for the poorer commodity-dependent countries; targets for development assistance had been attained only by a few countries; the net transfers of resources from the South to the North continued and ODA flows were insufficient to compensate for the loss of revenues due to worsening terms of trade and protectionism.

800. A new partnership required the creation of optimal conditions for democracy, popular participation, observance of human rights, measures to eliminate poverty and corruption, and the reduction of military expenditure. Moreover, the international trading system had to be improved in order to meet the specific needs of developing countries, especially the LDCs.

801. UNCTAD should make a significant contribution to the United Nations Conference on Environment and Development and its follow-up. Not only should it explore new solutions for achieving sustainable development, but it should also be given a role in monitoring and evaluating the interrelationships among non-economic issues of popular participation, culture, human resources, and the central role of women in development, elements often considered the "software" of the macroeconomy, whereas they were actually the "hardware" or core of development.

802. Non-governmental organizations were indispensable to the monitoring analysis, input of experiences and alternatives, advocacy, and information dissemination on macroeconomic development issues. However, the current rules of UNCTAD for non-governmental organization participation made it difficult for them to fulfill that role, in particular because they were excluded from the decision-making process. It was essential that the non-governmental organizations be involved in a balanced manner, in order to have input from all actors in development.

803. It was important that real commitments to reform UNCTAD and the international system be made at the Conference, taking into account the fact that the "new partnership" could at best be cooperation among unequal partners.

804. The representative of the International Confederation of Free Trade Unions said that the great contrast between the very positive views expressed by world leaders regarding policy cooperation and their failure to implement economic cooperation measures to improve the prospects for growth and development was the Confederation's major preoccupation. Democracy had made
progress in virtually every region, but that progress could be lost if the new democracies were not supported by programmes to improve economic and social conditions; that required greater world growth and a new impetus for development cooperation.

805. In March 1992, ICFTU would hold its 150th World Congress in Caracas to take decisions on policies to cope with the challenges of the day: development, environmental protection, strengthening democracy and the achievement of adequate and constantly improving living standards. ICFTU believed that Governments needed to create a world order which was durable, stable and democratic. The risks of inaction outweighed the costs of action: hundreds of millions of people were faced with a daily struggle to survive, and even in the OECD countries absolute poverty had risen during the 1980s. The world economy in 1992 was more or less paralysed and on the verge of a serious recession; world financial markets were unstable and the risk of a downward spiral was omnipresent. That had come about because of the passivity of many Governments, which had been persuaded by academics that market forces alone would magically produce a revival. There had been reductions in public spending on vital social services, including health and education, and privatization, which had increased unemployment and resulted in greater social inequality. Labour legislation had been weakened on the grounds that it was necessary to reduce labour costs, and free trade zones had been established in which labour laws were not applied. Thus it was that the liberalization of world trade could in fact lead to the greater exploitation of workers for the benefit of a small elite and of multinational corporations.

806. ICFTU appealed for a different model to solve global economic problems, in which workers’ rights would be guaranteed worldwide and adequate funds made available for training, investment in the construction of infrastructure and employment generation programmes; only that would lead to more rapid growth and higher levels of employment. A decline in growth would be an obstacle to prospects everywhere, and rich countries would ignore the poverty of others at their own risk; that could be demonstrated in five words: drugs, the environment, migration, epidemics and war. If a large part of the population was unable to find a decent and adequately remunerated job, social tension, criminality and desperation would rise; that had been demonstrated in several countries. ICFTU therefore reiterated its urgent appeal for a coordinated effort to raise economic growth; the United Nations, and UNCTAD in particular, could play an important role in that regard.

807. Unfortunately, UNCTAD had sometimes lost sight of those realities and descended into fruitless rhetorical and academic debate. It should therefore reorient its attention away from limited macroeconomic considerations towards the more important social problems, in particular the study of the effect of world trade on social conditions and workers’ rights; ICFTU was convinced that such a study would lead to the conclusion that those rights needed to be guaranteed in international trade conventions such as the General Agreement on Tariffs and Trade. UNCTAD should also continue work on debt reduction and on the problems of the environment, which required fundamental changes in the functioning of the world economy. It had to be recalled that economic change would be successful only in so far as it was based on consensus; free trade unions, collective negotiation and cooperation, not confrontation, were essential in that respect.

808. The representative of the Women’s International League for Peace and Freedom said that it was necessary to seek out the fundamental reasons for the crisis which was affecting the peoples of Latin America. One such reason was the irrationality of social relations based on individualism, usury and exploitation. Cooperation, development, solidarity with others: none of those would be sincere, just, humane or effective without mutual respect for those peoples who sought an authentic life of their own. On the verge of the twenty-first century, it was disheartening that the technological revolution and advances in the destructive capacity of military armaments had brought the world to the edge of catastrophe.

809. The women of Latin America and the whole world were profoundly concerned that their well-being and social security were yet further limited by the decline in their participation rates in the formal sector and the corresponding increase in those rates in the informal sector. The Women’s International League therefore proposed a five-point plan for peace and freedom which would require that a Latin American regional market be created; that economic openings give priority to alleviating poverty; that social security systems give complete protection; that the social sectors be protected from the forces of privatization and technological transfer; and that the autonomy and self-determination of peoples be respected.

810. The original mandate of UNCTAD remained valid; it was the sole universal and democratic organ of the United Nations with a focus on sustainable development problems. There were no magic formulae or any unique economic model which could solve the pressing economic and social problems faced by the developing countries. The world was divided into economic blocs which concentrated within themselves the best part of the world’s wealth, as well as the principal trade, investment and technology flows. Those blocs strengthened protectionist tendencies and gave a privileged place to bilateral relations within them, thus further marginalizing the developing countries in economic, technological, financial and trade terms. There was a great risk of a trade war between those blocs, which would have a disastrous effect on the prospects of the developing countries and world peace.

811. The eighth session of the Conference was a propitious forum in which to reflect calmly and realistically on the renewal of international cooperation. There was a singular lack of a forum for global analysis of economic policies relating to development. UNCTAD should undertake an objective and democratic examination of the studies and policies on development, finance and trade emanating from the World Bank, IMF, GATT and OECD, and instigate a systematic and critical debate on those matters by the international community, and especially the developing countries.
812. The Conference should begin to define the orientation of the functions and working methods of UNCTAD so that it would serve the needs and interests of development, particularly the spread of social justice and solidarity among all nations. Sterile debates and the negotiation of resolutions that were subsequently disregarded should cease. Clear priorities should be set and UNCTAD should be given the operational capacity necessary for it to accomplish its vital tasks in the service of sustained and equitable development for all.

813. The representative of the World Assembly of Small and Medium Enterprises said that the World Assembly was actively engaged in the creation of an environment conducive to a more dynamic growth of small and medium-sized enterprises, particularly in developing countries. It attached considerable importance to its association with UNCTAD. Around 95 per cent of business enterprises in the world were small or medium-sized. The work of UNCTAD was of the greatest importance for them.

814. Small and medium enterprises were increasingly recognized as essential components of national economies, not only in developing countries but also in the economies in transition in Central and Eastern Europe, where a strong desire prevailed among young people to become self-employed and start small enterprises. They needed political support and a strengthened institutional infrastructure, as well as an inflow of financial and technical resources. Government involvement to enhance competitiveness and productivity should be more promotional than protective and designed to be phased out over time.

815. Since small and medium enterprises relied heavily on self-financing, Governments played an important role in promoting the establishment of appropriate financial intermediaries which would help to mobilize domestic and international finance. Venture capital companies and development banks could also be significant sources of funding for small and medium enterprises.

816. Multilateral and bilateral donors would have to assign much higher priority in their development assistance to the small and medium enterprise sector. An important strategy for strengthening that sector was enterprise-to-enterprise cooperation. International agreements to facilitate such cooperation should be enhanced, particularly with respect to South-South cooperation.

817. The small and medium enterprises had been affected by the stagnation in recent years of technology flows to developing countries. There was, therefore, a need for new initiatives to revitalize flows of technology to developing countries and to stimulate technological cooperation. That could be done through, for instance, tax incentives, investment guarantees and concessional credit for transfer of technology. Developing countries should redirect structural adjustment programmes, in order to restore spending on items essential for strengthening the technological capabilities of the small and medium enterprises. That would include basic infrastructure, training, and research and development.

818. The market-oriented reforms and export-oriented growth strategies which were being pursued by most developing countries provided opportunities for them to benefit from fuller integration into the world economy. However, for such policies to yield positive results, market access conditions in the industrialized world had to be vastly improved.

819. The representative of the World Federation of Trade Unions said that millions of jobs depended directly on trade policies and development strategies. WFTU believed that, in the 1990s, the key to progress would lie in international cooperation to build a healthy, secure and equitable world economy. For a long time, the resources wasted on armaments had retarded the development process. WFTU suggested the creation of a "Disarmament for development fund" as a mechanism to stimulate that process.

820. Ongoing regional integration efforts should be encouraged. If unions had expressed concern vis-à-vis such efforts, it was not that they opposed them in principle. On the contrary, what worried them was the possibility that such efforts might be inspired by large transnational corporations wishing to operate without being limited by national legislation. WFTU urged the Conference at the current session to formulate initiatives to tackle regional and subregional integration from a social point of view.

821. WFTU attached great importance to the failure of the United Nations to adopt a code of conduct for transnational corporations. It was important to use UNCTAD effectively as a forum within which to coordinate policies and make them truly equitable. High priority should be granted to cancellation of the debt of developing countries. The current situation, in which indebted countries were victims of "negative financial flows" from developed countries, was one which the international community should not accept.

822. WFTU called for the end of commercial measures inherited from the cold war, including the blockade of Cuba. Technology should be transferred to developing countries without obstacles or conditions. Expressing its concern that the Uruguay Round might not succeed, WFTU voiced its hope that international institutions as well as national Governments would involve unions more closely when taking up questions of economic and trade policies.

823. The representative of the World Confederation of Labour said that the so-called "international economic order" which had emerged over the past few years was one in which the legitimate hopes of the poor were ever further from being realized. Pragmatic and inhuman, that order was characterized by the domination of large transnational corporations seeking only to maximize profits through the shifting of production among dependent economies, in a system which recalled the period of crude colonial mercantilism, but was currently identified under the rubric of interdependence and the new international division of labour. Regression from major social improvements in the name of "flexibility" and "mobility" also characterized that new order.
824. Such negative trends stemmed from the rapid generalization of the neoliberal monetarist model and its legitimation of economic Darwinism and savage capitalism, following the recent geopolitical changes. The introduction of that model into developing countries had been accomplished as a consequence of the so-called debt crisis. WCL considered that debt of the third world to be illegitimate and was currently denouncing it before the International Court of Justice in The Hague, since in no case was it the responsibility of the workers of the indebted countries.

825. Relying on superficial analyses, IMF had been imposing the neoliberal monetarist model on the developing world, at enormous social cost. Market signals were now the supreme arbiter. Structural adjustment programmes were focused on only a few strategic sectors, via "industrial reconversion", so as to force the affected economies into the transnational production process (called "outward orientation" by its proponents), thus reinforcing the very concentration of economic power which was at the origin of social disequilibrium. The unemployment caused by that industrial conversion process, and also by the privatization process which formed part of the structural adjustment model, had massively increased the informal sector, labour migration and the zones of poverty and misery surrounding the large cities of the developing world.

826. The effects of the imposition of the neoliberal monetarist model on the quality of life in the developing countries must be studied in depth. UNCTAD had an important role to play in formulating norms for adequate development-oriented policies, and in harmonizing policies which would lead to real social, economic and human development. That required the fuller participation of non-governmental organizations in UNCTAD processes. It was necessary to address the question of who paid for the new economic policies being adopted and who benefited from them. Finally, it was considered regrettable that Colombia had adopted the very economic model which WCL had rejected.

F. Statements made at the 238th plenary meeting, on 24 February 1992, in exercise of the right of reply

827. The representative of the United States of America, referring to the statement made during the general debate by the representative of Iraq (see paras. 242-248 above), said that it was unfortunate that the representative of Iraq had chosen that forum, which was supposed to be devoted to serious issues of economic development, to indulge in political diatribes. But now that he had done so, it was necessary to correct the record. The circumstances of Iraq's unprovoked aggression were well known. Perhaps less widely known was the suffering that Saddam Hussein had inflicted upon his own people, and the compassionate response of the international community to the humanitarian situation inside his country. The following were the facts:

(1) Medicine had never been denied to the Iraqi people;

(2) Food imports had been permitted by the United Nations since March 1991 under a liberal "notification only" policy. To date, the United Nations had received notification of many millions of metric tons of food delivered to Iraq;

(3) The United Nations Security Council, concerned about humanitarian needs in Iraq, had adopted resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991, establishing a mechanism to permit Iraqi oil sales that would ensure additional imports of food, medicine, and other humanitarian supplies. In order to generate pressure for the removal of economic sanctions, Saddam Hussein had cynically refused to use that mechanism which would bring relief to the Iraqi people;

(4) The United Nations had continued to coordinate humanitarian relief, despite the Iraqi Government's total disregard for its own citizenry;

(5) The United Nations economic sanctions on Iraq remained in force because Iraq had manifestly failed to comply with the obligations imposed by Security Council resolution 687 (1991) of 3 April 1991, and subsequent resolutions. The Security Council, on 27 January 1992, had confirmed that Iraq was continuing its blatant defiance of the will of the international community, and that it continued to thwart the efforts of the international community to restore peace and security in the region so recently threatened by the unprovoked aggression of the Saddam Hussein regime.

The United States delegation hoped that the Conference could now return to the consideration of the development issues that were of concern to all participants.

828. The representative of France observed that, in his statement made during the general debate, the representative of Iraq had complained of the harmful consequences for the Iraqi economy and population caused by the economic embargo imposed on that country since the beginning of the Gulf crisis. In its resolution 706 (1991), the Security Council had established the general framework in which Iraq would be able to sell oil or to buy essential goods, subjecting such authorization to a number of conditions which had to be fulfilled by the authorities in Baghdad. In adopting resolution 712 (1991), the Security Council had finalized the establishment of the machinery which should make it possible to satisfy the basic needs of the Iraqi population. Thus, resolutions 706 (1991) and 712 (1991) offered Iraq the possibility of obtaining the goods required to cover the basic needs of its people. That being so, the situation in Iraq was ascribable solely to the attitude adopted by that country's Government. He recalled that, at its meeting on 28 January 1992, the Security Council had deplored the fact that the Government of Iraq had not yet complied with its resolutions, in particular with regard to the obligation to eliminate weapons of mass destruction. That attitude did not allow the sanctions to be lifted.

829. The representative of the United Kingdom of Great Britain and Northern Ireland expressed his delegation's support for the statements made by the United States of America and France. It was unfortunate that the Iraqi delegation had chosen to raise extraneous political issues in that forum, and he wished to rebut the outtra-
geous allegations made in the Iraqi statement. The United Nations had imposed economic sanctions on Iraq in August 1990 in response to Iraq’s illegal invasion and occupation of Kuwait. Those sanctions must remain until Iraq had implemented the relevant resolutions of the Security Council. Unfortunately its record so far fell well short of compliance with its obligations. Meanwhile, the Security Council had shown its concern for the civilian population in Iraq. Security Council resolution 712 (1991) would enable Iraq to finance the purchase of humanitarian supplies from oil sales. Five months later, however, Iraq had still not agreed to implement that resolution. There could thus be no doubt where responsibility for Iraq’s economic plight lay. It was the brutal policy of its own regime which had cut Iraq off from the community of nations. The Security Council had set out the requirements for Iraq to meet if it was to be accepted back in the international community. It only remained for the Iraqi regime to meet them.

830. The representative of Iraq said that the people of his country were still suffering from the lack of medical supplies, as well as from a shortage of food and essential goods. Under the guise of international legitimacy, the United States was pursuing a policy of imposing hardship on the Iraqi people.

831. With regard to the statement just made by the representative of the United States, he held that it was completely unacceptable to make reference in that way to the Head of State of another country and to allude to matters that had nothing to do with trade and development. Such references were outside the purview of the issues dealt with by the Conference and were also contrary to the established practices and diplomatic etiquette of conferences.

832. His country supported the spirit of Cartagena and all efforts to alleviate poverty and hunger. The Iraqi people were themselves going hungry. Only 50 per cent of the normal requirement of food rations was available to the Iraqi citizens. Although the United Nations had approved 5 million tons of foodstuffs, the United States Administration, as well as France, was preventing Iraq from making use of those approved supplies by continuing to block Iraqi liquid assets held in United States and French banks.

833. As for Security Council resolutions 706 (1991) and 712 (1991), his delegation had already explained Iraq’s position vis-à-vis those resolutions in its statement in the plenary, in which it had emphasized that the problems caused by the sanctions imposed on its country were unprecedented. The assertion by the United States, France and the United Kingdom that Iraq had not abided by the terms of the Security Council resolutions was simply not true. Iraq had implemented most of those resolutions and cooperated fully with United Nations missions. The assertion was a mere pretext for putting pressure on Iraq, in an attempt to undermine the country to the point where it would have to accept certain policies against its own will and principles. The Iraqis were a civilized people, and they were determined to live. The embargo should be removed since its continuation constituted a violation of basic human rights and the Charter of the United Nations, as well as of UNCTAD resolutions.

II. Strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy

Evaluation of challenges and potentials presented by long-term structural changes for sustainable development and expansion of international trade in an interdependent world economy. Promoting economic growth, technological capabilities and accelerated development in the developing countries: adoption of sound national and international policies and measures, good management and structural reforms in both developed and developing countries to achieve the effective and efficient allocation, use and mobilization of human and economic resources and a more favourable international economic environment. Towards this end, issues in the following interrelated areas would be addressed: resources for development; international trade; technology; services; commodities

(Agenda item 8)

834. Agenda item 8 was considered in plenary in conjunction with the general debate (see sect. I above). 34

835. At its 222nd plenary meeting, on 10 February 1992, the Conference established a Main Committee to consider and report on the basic negotiating text issued to the Conference under agenda item 8 ("Substantive preparations for the eighth session of the United Nations Conference on Trade and Development") (TD/L.320 and Add.1-5). 35

34 For the documents that were before the Conference in connection with agenda item 8, see the check-list of documents in annex VIII.

35 For the officers and organization of work of the Main Committee and of the two Working Groups which it established, see part three, sect. I.
A. Report of the Main Committee on agenda item 8

836. At the 239th (closing) plenary meeting, on 25 February 1992, the Chairman of the Main Committee made an oral report on the work of the Committee (TD/L.339 and Corr.1) and presented the draft consolidated text submitted by the Committee on agenda item 8 (TD/L.339 and Corr.1).

Action by the Conference

837. At the same meeting, the Conference adopted the draft consolidated text, submitted by the Main Committee, under the title "A new partnership for development: the Cartagena Commitment." 39

B. Draft declaration submitted by the President of the Conference

838. Also at the closing plenary meeting, the President introduced the draft declaration entitled "The Spirit of Cartagena" (TD/L.340/Rev.1), which he had submitted as a result of informal consultations.

839. The representative of Mexico said that his delegation would have preferred to see the declaration entitled "The Spirit of Cartagena" include also the fourth paragraph of the initial document TD/L.340, which read as follows:

"Among the fundamental purposes of this new order of things is the strengthening of multilateral actions which are conducive to an integrated world economy and promote international trade, with the involvement of all Member States, on a non-discriminatory basis which eschews protectionism and shows due regard for competitiveness. In that context, the participants in the GATT Uruguay Round are strongly urged to ensure the successful conclusion of the negotiations at the earliest possible time."

Action by the Conference

840. At the same meeting, following a brief procedural debate, the Conference adopted the draft declaration entitled "The Spirit of Cartagena" (TD/L.340/Rev.1). 38

III. Special meeting on the least developed countries

A. Convening of the special meeting

841. In accordance with the decision taken by the Conference at its 222nd plenary meeting, on 10 February 1992, a special meeting on the least developed countries was held on 11 February 1992 under the chairmanship of Mr. Alain Vivien, Secretary of State for Foreign Affairs of France. The special meeting was devoted to the consideration of LDC issues, including (i) review of progress in implementation of the Programme of Action for the Least Developed Countries for the 1990s (Trade and Development Board resolution 390 (XXXVII) of 22 March 1991); and (ii) implications for the Programme of additions to the list of LDCs (General Assembly resolution 46/206 of 20 December 1991).

842. In connection with the special meeting, the following documents were issued at the Conference: "The Programme of Action for the Least Developed Countries for the 1990s", report by the Secretary-General of UNCTAD (TD/359); and "Communiqué of the Second Ministerial Meeting of the Least Developed Countries, Cartagena de Indias, 10 February 1992", note by the UNCTAD secretariat (TD/362).

B. Summary of the debate in the special meeting

843. The spokesman for the Least Developed Countries (Bangladesh) expressed appreciation to all member States of UNCTAD for their decision to devote a special meeting of the Conference to the consideration of issues of concern to the LDCs, and also for the comprehensive information on the socio-economic conditions in LDCs which had been provided in The Least Developed Countries—1991 Report and the report by the Secretary-General of UNCTAD to the Conference (TD/359).

844. The adoption of the Programme of Action for the Least Developed Countries for the 1990s in Paris in September 1990 had been based on a global recognition of the urgency of arresting and reversing the serious deterioration in the socio-economic conditions of LDCs which had taken place in the 1980s, despite national and international efforts made within the framework of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. The Programme of Action for the 1990s was based on two pivotal commitments: (i) appropriate policy reforms by LDCs, which had the primary responsibility for their development, involving economic liberalization, recourse to market mechanisms, and broad-based participatory development; and (ii) provision of adequate resources in support of LDC policy reform efforts by their development partners.

845. He briefly recapitulated some of the major specific agreements and commitments undertaken in the Programme of Action and called for their effective, fuller and expedient implementation by all concerned parties.
The recent Gulf crisis and natural calamities had brought additional hardship to the LDCs. Bangladesh, for example, had been struck in April 1991 by a cyclonic storm which had caused the loss of over 140,000 lives and damage to property, infrastructure and capital assets. Yet another set of obstacles concerned the special geographical handicaps of land-locked and island LDCs.

The inclusion of Cambodia, Madagascar, Solomon Islands, Zaire and Zambia in the list of LDCs had increased the number of LDCs to 47 in 1991 and enlarged their combined population by 15 per cent to over 500 million. The capital requirements of the 47 LDCs stood at some 20 per cent higher than originally estimated, and would amount to US$ 43.8 billion (in 1990 prices) by the year 2000. In that context, it was of great concern to the LDCs that average ODA flows to them in 1990 had declined to 0.08 per cent from an average of 0.09 per cent during the 1980s.

In the light of the above developments, he emphasized the following priorities: aid targets should be raised to cover the current agreed level of assistance, as well as additional needs; significant improvements should be made in market access for LDCs and concrete measures taken to accord special treatment to the LDCs in the Uruguay Round of multilateral trade negotiations; care should be taken to ensure that environmental criteria set by donors should not introduce a new form of aid conditionality, especially within the context of the United Nations Conference on Environment and Development; policy actions should be taken by the developed countries to ensure unhindered access of developing countries to critical, high, new and emerging technology.

Most LDCs were in the process of promoting democratization and human-centred development. The foremost challenge in efforts to support democracy in LDCs was the activation of sustainable growth and development. In that regard, the supportive measures of the LDC development partners were critical and thus needed to be augmented.

Finally, he stressed that the annual follow-up and monitoring of the implementation of the Programme of Action by the Trade and Development Board, as well as the medium-term review, had acquired greater significance and therefore warranted reaffirmation by the international community.

The spokesman for the Group of 77 (Islamic Republic of Iran), said that the Group of 77 attached great importance to the preoccupations of the LDCs. In the Tehran Declaration of the Ministers of the Group of 77, special mention had been made of the urgent need for sustained international assistance to LDCs, and in particular for the full and expeditious implementation of the Programme of Action for the 1990s.

Substantial efforts had been made by the LDCs, and progress had been achieved by a number of them. However, their development efforts had been undermined by the economic slow-down in the developed world, natural catastrophes in several of the LDCs, and the continuing high burden of external debt. Moreover, there were no evident signs of an increase in the resource flows to the LDCs. Thus, even though a positive outlook was expected as a result of the changing world political and economic climate, as well as the prospects of the peace dividend, the LDC development process remained very fragile and would be destroyed if adequate external aid was not provided to support reforms undertaken by them.

In that connection, he recalled the pertinent points highlighted in the Substantive Platform of the Group of 77 for International Cooperation on the LDCs in the Tehran Final Documents adopted by the Seventh Ministerial Meeting of the Group of 77.

First, the developed countries should redouble their efforts to reach the ODA targets set in the Programme of Action. Those aid targets should be re-adjusted to take into account the needs of the countries recently added to the list of LDCs.

Second, urgent steps needed to be taken to reduce the debt stock and the debt-servicing burden of the LDCs, including: cancellation of the bilateral official debt of LDCs by developed countries; alleviating the multilateral debt of LDCs and ensuring that new multilateral financing should be on concessional terms only; helping LDCs with overdue financial obligations to clear their arrears; and providing additional resources to LDCs for financing adjustment programmes and for reducing their commercial debt.

Third, in the context of the Uruguay Round of multilateral trade negotiations, the contracting parties to GATT should take special measures aimed at improving the access of LDCs to markets, for example: the advanced implementation of MFN concessions on products of particular interest to the LDCs; the elimination of tariffs and non-tariff barriers on products; the fullest possible liberalization of trade in textiles; and the improvement of GSP schemes. Furthermore, the TRIPs (trade-related aspects of intellectual property rights) negotiations should not further constrain the technology-building capacity of developing countries, particularly of the LDCs, which should be exempted from any additional obligations beyond those already undertaken in the existing intellectual property conventions.

Fourth, LDCs must be fully supported in their efforts towards diversification and technological progress.

The Group of 77 was ready to intensify its support for the LDCs through, inter alia, the revitalization of the existing mechanisms for economic and technical cooperation among developing countries, particularly in the context of the provisions for special treatment for LDCs in the Agreement on the Global System of Trade Preferences among Developing Countries.

The representative of Ethiopia said that recent developments had paved the way for greater opportunities at the global level, but it was essential that the implementation of the Programme of Action for the 1990s should not be neglected. The development partners of the LDCs should in particular respect their general commitments.

See Proceedings of the Ministerial Meeting on the Global System of Trade Preferences among Developing Countries, Belgrade, 11-13 April 1988 (GSTP/MM/BELGRADE/12 (vol. I)).
mitments as embodied in the Programme of Action, as well as their specific commitments with regard to resources for development, technological support and market access.

860. The LDCs themselves were exerting determined efforts to improve their socio-economic conditions and to implement the Programme of Action. They were implementing structural adjustment programmes, often with painful social and political repercussions.

861. Taking Ethiopia as an example of developing countries undergoing fundamental changes to accelerate development, he underlined the need for international support for such genuine efforts. Those vigorous national efforts in the LDCs, adequately supplemented by concrete support from the international community, could bring about a reversal in the deteriorating conditions of the LDCs and accelerate their development.

862. The representative of Liberia recalled that that country had just been included in the LDC group. The adverse socio-economic effects of the recent civil war had undermined the economic and social situation of the country, and the Interim Government had endeavoured to strengthen the process of reform already started in order to find a solution to the country’s urgent problems.

863. Liberia was deeply concerned that international action for the reduction of the debt burden of LDCs had not been fast enough to allow them to implement their restructuring programmes fully. The bilateral official debt of LDCs should be cancelled by developed countries, their multilateral debt should be alleviated and new financial contributions should be provided to allow them to pursue their structural adjustment and economic recovery efforts. Finally, Liberia urged support from the international community for the Programme of Action for the Least Developed Countries for the 1990s.

864. The representative of Nepal expressed concern about the continuing deterioration in the socio-economic conditions of the LDCs and their increasing marginalization on the world economic scene. That deterioration had occurred despite the adoption of the Substantial New Programme of Action and despite the initiation of economic policy reforms by the LDCs to reduce budgetary deficits, minimize balance-of-payments deficits and enhance domestic resource mobilisation. Deep-rooted inherent structural constraints had been the main impediments to improvements in the LDCs.

865. The Programme of Action for the 1990s was welcome. It was a comprehensive programme for concerted national and international action to arrest or reverse the deterioration in the socio-economic conditions of the LDCs. Concerted international action was warranted, as domestic efforts alone in the LDCs to restore growth and development could not succeed. There should be an upward adjustment of the aid targets established in the Programme of Action to take into account the addition of six more countries to the list of LDCs since 1990. More specifically, donors should endeavour to increase substantially the aggregate level of ODA. The democratic Government which had recently been reinstalled in Nepal was pursuing various economic reform measures and poverty alleviation programmes to mitigate the sufferings of the poor. Those efforts needed to be supplemented by an enhanced level of external assistance.

866. Nepal urged bilateral donors, multilateral financial institutions and other commercial institutions to take appropriate measures to reduce the debt stock and the debt servicing liabilities of LDCs.

867. With regard to external trade, there was an urgent need for developed countries to implement a comprehensive set of policy measures to provide improved market access. Many LDCs were dependent on a narrow range of commodities, and that dependence should be reduced through product diversification. In that connection, the strengthening of commodity compensatory financing schemes was particularly important.

868. The 16 land-locked LDCs had special geographical problems, and he called for a special programme, with the full participation of UNCTAD, to build adequate infrastructural facilities, particularly to facilitate transit transport operations.

869. Finally, Nepal urged the Trade and Development Board to take special care to follow up and monitor progress in the implementation of the Programme of Action.

870. The representative of Burkina Faso said that the main goal of the Programme of Action for the 1990s was to stop the deterioration of the socio-economic conditions of the LDCs and to help them achieve sustainable development.

871. The LDCs had made strong efforts to carry out political and economic reforms within the framework of the commitments agreed upon in the Programme of Action. Burkina Faso had taken serious measures in that regard and had started a structural adjustment programme with the cooperation of IMF and the World Bank.

872. He recalled with concern the major events which had affected international relations since the adoption of the Programme of Action, namely the recent Gulf War and the new situation in Central and Eastern Europe. The Gulf War had contributed to the economic recession of the developed countries and had negatively affected the situation of the developing ones, in particular the LDCs. The new developments in Central and Eastern Europe seemed to polarize the attention of the LDCs' development partners, thus increasing the risk of further marginalization of the LDCs.

873. The addition of six countries to the list of LDCs created an imbalance between the objectives of the Programme of Action for the 1990s and the financial means available for their attainment. None the less, the Programme of Action was valid, and development partners were urged to respect fully their commitments undertaken in favour of the LDCs.

874. The representative of the United Republic of Tanzania said that his country attached importance to the use of appropriately crafted information technology for the dissemination of a whole range of vocational skills relevant to the immediate needs of rural sectors.

875. The STABEX scheme of the Lomé Convention needed to be fully internationalized and restructured to take into account the real costs of production, and the
876. The LDCs had urgent requirements that must be met in the social sector and basic needs areas. Equally important were needs relating to energy conservation methods, technology and telecommunications.

877. He cautioned that, although the market was the most useful tool for resource management, there was always a limit to what could be achieved exclusively by free enterprise.

878. He expressed appreciation for the convening of the special meeting on LDCs during the eighth session of the Conference and also acknowledged the support rendered to LDCs by their development partners.

879. The representative of Bhutan said it was appropriate that the special meeting on LDCs was being chaired by France, since that country had always been especially concerned at the plight of the LDCs and had provided the necessary leadership in the international community in directing attention and resources to those countries. Bhutan also expressed gratitude to UNCTAD for its pioneering and continuing efforts to analyse the problems of the LDCs and bring them to the attention of the international community.

880. The LDC status of Bhutan was a passing phase in its socio-economic development. However, raising economic productivity and standards of living required resources and inputs beyond the best efforts of the Bhutanese Government. There was therefore a need for more concerted action by the international community, particularly from the donor community, to enhance its assistance to LDCs.

881. All LDCs should be included in the list of priority or target countries of all donors. Where possible, specific programmes of assistance for LDCs should be set up, as had already been done by multilateral development agencies and in line with the example set by Norway.

882. He acknowledged the concerns of the donor countries with regard to the fact that the absorptive capacity of LDCs was a bottleneck for increased assistance. That problem could be solved by appropriate measures such as stronger institutional development in recipient countries and simplification of and greater flexibility in the disbursement procedures and requirements of the donors.

883. The representative of Sudan said that the new international political and economic developments in Central and Eastern Europe should not lead to a diversion of the development flows to the LDCs already committed in the Programme of Action for the 1990s. In fact, an increase in aid flows to LDCs was called for in view of the rise in the number of LDCs by six countries since 1990.

884. It was a sad reality that most of the LDCs were situated in Africa, with even continued risks of further marginalization of that continent. The LDCs were also vulnerable to non-economic problems such as natural calamities, the influx of refugees and displaced populations. The resolution of those acute problems required additional support from the development partners, in order to set the LDCs on the path of development and economic transformation. Sudan continued to undertake enormous structural adjustment efforts; far-reaching policies had been adopted recently in order to liberalize its economy fully and to generate an effective process of economic growth and development.

885. Technical assistance for LDCs needed to be increased, especially to achieve the objectives of the Programme of Action for the 1990s. The support of the international community continued to be of great importance in that direction.

886. Sudan was aware of its responsibility in formulating and implementing its development programmes, within the context of effective national policies. However, the commitments of the international community, as stipulated in the Programme of Action, remained essential as part of the required just and favourable international environment.

887. The representative of Myanmar said that the UNCTAD secretariat's reports relating to the LDCs acknowledged the existence of hope in considering their prospects for the current decade. The deterioration in the economic, social and ecological situation of the LDCs could be reversed if those countries and their development partners increased their efforts in a spirit of solidarity.

888. The LDCs had acknowledged their primary responsibility for their own development and had started to carry out reform measures. Myanmar was making great efforts to change its economic system into a market-oriented one with the emphasis being placed, inter alia, on export promotion and diversification and on the adoption of foreign investment laws. As a consequence, the rates of GDP growth and agricultural productivity were increasing rapidly. Important social programmes, including poverty alleviation measures for remote rural areas, were also being carried out. Protection of the environment, and especially the sustainable development of forest resources, was another major priority of Myanmar.

889. All those policies were being implemented in the context of the Programme of Action, and development partners should also fulfil the commitments they had made under that Programme.

890. The international community should take into account the addition of six new countries to the list of LDCs. In particular, serious consideration should be given to the proposal to increase current ODA flows by at least 15 per cent; a decision to that effect should be taken during the eighth session of the Conference.

891. The external debt burden of the LDCs should be alleviated. Myanmar appreciated the debt-relief initiative of France, from which it had benefited, and urged
that similar initiatives be forthcoming from other development partners.

892. A free, open and non-discriminatory international trading system was important. Provisions should be included in the draft final act of the Uruguay Round that would reflect the commitments made by the participants in the Punta del Este Declaration to accord special treatment to the LDCs.

893. The representative of Indonesia said that his country was conscious of the extreme plight of the LDCs and thus had strongly welcomed and supported the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s.

894. The number of LDCs had grown from 24 to 47. Although some LDCs had achieved a steady improvement in their living standards, the weaknesses in their economic, institutional and human capacities persisted and consequently hampered economic revitalization. Accordingly, the domestic efforts of LDCs to accelerate growth and development needed to be complemented by support from their development partners in a spirit of genuine solidarity.

895. The successful implementation of the Programme of Action would depend on three important factors. First, there was an urgent need to strengthen partnership between the LDCs, which had the primary responsibility for undertaking growth-oriented policies, and their development partners, which had the responsibility for supporting the efforts of the LDCs. Second, it was important that the natural resources of the LDCs be utilized in an optimal manner through, inter alia, the implementation of macroeconomic policies which were conducive to long-term and sustainable development.

Third, there was a need for a supportive external environment and adequate assistance from the international community, in particular in the areas of ODA, debt relief and external trade.

896. Indonesia would, as in the past, continue to extend technical assistance under its TCDC programmes for developing countries in general and for the LDCs in particular. It was incumbent upon the international community to make special efforts to ensure the achievement of the objectives embodied in the Programme of Action.

897. The spokesman for the African Group (Algeria) recalled that the objective of the special meeting on LDCs was to evaluate the implementation of the Programme of Action for the 1990s in the light of the addition of six new countries to the list of LDCs.

898.UNCTAD was the international community's focal point for the LDCs, and its The Least Developed Countries—1991 Report was appreciated.

899. Within the framework of the Programme of Action, the LDCs had been seriously implementing painful policies of structural adjustment, which had often had dramatic social consequences. At the same time, institutional reforms were being carried out in order to ensure the more effective and democratic participation of the people in the decision-making processes of their society.

900. However, those reform processes were obstructed by such factors as decreasing commodity export revenues and the natural catastrophes which had struck some of the LDCs. The objectives of the Programme of Action could therefore be fulfilled only if the volume of multilateral aid from development partners was modified to take into account the increase of 15 per cent in the aggregate population of the LDCs resulting from the addition of six new countries.

901. In that context, he expressed concern regarding the decrease in official aid allocated by developed countries to LDCs, from 0.10 per cent of GNP in 1980 to 0.08 per cent in 1990. The problem of the external debt of the LDCs needed to be solved satisfactorily along the lines indicated in The Least Developed Countries—1991 Report.

902. The role of UNCTAD in the implementation of the Programme of Action had to be strengthened within the framework of the process being undertaken to revitalize it. The decision to change the Special Programme for Least Developed, Land-locked and Island Developing Countries into a division within UNCTAD represented a step towards the fulfilment of that objective.

903. The spokeswoman for the Nordic countries (Norway) said that the serious plight of the LDCs was a matter of real concern to the international community, as clearly demonstrated in the Paris Declaration and the Programme of Action for the 1990s. That Programme was based on the principles of shared responsibilities and it had some important features, such as the translation of broad principles into concrete measures at both the national and international levels; provisions for comprehensive follow-up measures; and reconfirmation of the role of UNCTAD as the focal point for the review and appraisal of the Programme of Action. The last-mentioned responsibility should continue to be of high priority for UNCTAD.

904. There were a number of areas for follow-up at the national level by LDCs themselves which were vital to the success of the Programme of Action. Current reform efforts had to be continued and in some cases strengthened, particularly through the designing of policies that supported and strengthened the productive sector, including agriculture. Human resources development, notably the participation of women in the development process, had equally to be a priority for the LDCs. Capacity-building in science, technology and management was also stressed. Moreover, human development entailed the right of people to enjoy political freedom through broad popular participation in economic, social and political life. Finally, increased efforts were required to restore peaceful conditions in regions subjected to conflicts and internal strife which had impeded development.

905. With respect to the international community's commitment, she urged debt-relief measures and a substantial increase in concessional financial flows to the LDCs. There was strong justification for such action in the continuous increase in the number of LDCs. In that connection, it was to be noted that in 1990 the total Nordic ODA to the 47 LDCs equalled 0.36 per cent of the
combined GNP of Nordic countries—which, coincidentally, was about the same as the OECD average for all developing countries.

906. She considered that the LDCs were in urgent need of substantial debt-relief measures and it was a welcome sign that the vast majority, in fact all but one, of the creditors in the Paris Club were now prepared to cancel 50 per cent of the payments due to them from LDCs. However, further debt-relief measures in favour of the LDCs were needed. The Nordic countries were ready to extend effective debt relief of up to 80 per cent to countries which themselves made sustained efforts to solve their economic difficulties.

907. Regarding international trade, there was a need for industrialized countries to commit themselves to the fullest possible removal of trade barriers to LDC exports, including further liberalization of their GSP schemes. Improving LDC competitiveness in world markets was also essential.

908. Finally, she emphasized that the Nordic countries remained firmly committed to supporting the LDCs in their struggle for accelerated growth and sustainable development.

909. Speaking on behalf of the European Community and its member States, the representative of Portugal stressed that new developments in Europe would not distract the attention of the European Community from its obligations elsewhere, including its commitment to supporting the LDCs.

910. The Paris Conference in September 1990 had been a good occasion for the Community to reinforce its partnership with those LDCs which were parties to the Lomé Convention. The European Community and its member States would continue to do their utmost to translate the commitments undertaken during the Conference into concrete action, and the LDCs needed to do the same.

911. Structural adjustment programmes should be pursued, giving due attention to the problem of the dependency of LDCs on commodities, to the need for investment in human resources and to possible social implications. That was the framework within which structural adjustment programmes were being financed under the Lomé Convention.

912. The European Community was determined to support African efforts in human resources development. In that connection, the Community stressed good governance and democracy in the LDCs, as those were essential elements for sustainable, human-centred development. In that regard, the Council of Ministers of the European Community had taken an important step in November 1991 when it had approved a resolution on human rights, democracy and development.40

913. The Community appreciated the efforts made by many LDCs towards regional integration and cooperation, particularly for the expansion of intraregional trade, and in the fields of health education, transport and protection of the environment. The Community as a whole already provided 0.13 per cent of its GNP to the LDCs, and its ongoing efforts should allow it to allocate more than 0.15 per cent before the end of the decade. The allocations under the Lomé Convention also took due account of the needs of LDCs.

914. Regarding monitoring arrangements pertaining to the Programme of Action, the LDCs themselves and donor countries could benefit from the expertise and experience of the UNCTAD secretariat. However, careful monitoring of the Programme of Action needed to take place, not only through the mid-term review at the global level in the UNCTAD framework, but also at the local level through UNDP round tables and World Bank consultative groups. The Community would take an active part in that monitoring process.

915. Speaking on behalf of the European Community, the representative of the Commission of the European Communities noted that the Community paid special attention to its relationship with the LDCs, both those countries which had subscribed to the Lomé Convention and those which had not. The Community was the main commercial partner of many of those countries, and their products entered Community markets on particularly favourable terms.

916. The attainment of the goals established in the Programme of Action depended equally on the support of the industrialized countries and on the implementation of reforms by the LDCs. It reiterated the Community's support for the reforms being undertaken in those countries and affirmed its commitment to providing the LDCs with financial and technical support, including food aid.

917. The LDCs needed to pursue their structural adjustment programmes taking into account that men and women were the main actors of development. Similarly, good management and democracy were essential for sustainable development, and particular importance should be attached to private initiative, better integration of women into the development process and full respect of the ecological equilibrium of the planet. The adoption of courageous demographic policies would reduce environmental pressures, alleviate poverty and allow a better distribution of income.

918. He applauded the LDC efforts towards regional integration and cooperation and reiterated the support of the Community for those efforts through development assistance, political dialogue and provision of commercial preferences. He confirmed the need to monitor the implementation of the Programme of Action in the manner indicated by the representative of Portugal on behalf of the European Community and its member States (see para. 914 above).

919. The representative of China said that the socioeconomic situation of LDCs had worsened, and their number had actually increased. In an increasingly interdependent world economy, the success of efforts by the LDCs in their economic development depended, to a

great extent, on the external environment and on full support by the international community. Therefore, a joint effort by the international community to assist the LDCs was urgently needed.

920. The Programme of Action for the 1990s was crucial to the revitalization of growth and development in the LDCs. UNCTAD should provide substantive inputs to enhance the implementation of the Programme. Moreover, the development partners should take urgent steps towards honouring the commitments they had undertaken in the Programme, in particular regarding financial assistance and debt relief to LDCs.

921. The representative of Switzerland said that his country was deeply concerned at the poor economic situation of the LDCs. In spite of the courageous reforms undertaken by several LDCs, per capita growth in those countries was still negative and per capita food production had decreased.

922. However, positive elements were also emerging in many LDCs, such as the democratization of the political process and the liberalization of the economy. Development aid and foreign direct investment in the LDCs were indispensable to underpin those positive developments.

923. Switzerland had allocated more than a quarter of its ODA to the LDCs. It would continue to focus its aid on the LDCs, on the basis of its law on cooperation, which also stipulated that priority be given to the rural areas and to the poorest people. For the past 10 years, all Swiss public aid to the LDCs had been in the form of grants.

924. With regard to foreign direct investment in the LDCs, such investment had recently increased in volume, but it was important that that increase should benefit all the LDCs and not be concentrated in only a few.

925. Switzerland was very concerned that the external debt burden of LDCs was still increasing, and therefore strongly committed itself to applying the Trinidad terms to the LDCs. Switzerland had also started a programme which should allow it to absorb more than US$1 billion of the private debt of the poorest countries. The first countries to benefit from that programme in 1991 had been Mozambique and Niger.

C. Main points of agreement and proposals submitted by Mr. Alain Vivien, Chairman of the meeting

926. Following the discussion, the Chairman of the Meeting identified the points of agreement which, in his view, appeared to emerge from the statements made. The main points are the following:

(1) First of all, the question of the LDCs has to continue to be a priority topic on the agenda of international meetings. These countries continue to face enormous problems and their chances of success are poor.

(2) We can all take note of the praiseworthy efforts being made by a large number of LDCs to implement policies in accordance with the Programme of Action adopted in Paris: economic liberalization, respect for market mechanisms, privatization, enhanced efficiency and limitation of the public sector. We also take note of the social costs involved in these structural adjustment policies.

(3) Recent political developments in the world are cause for optimism and confirm us in our belief that the recommendations of the Programme of Action are appropriate.

(4) Economic development must focus on people and be aimed at participation by all. This is why democratization can only promote economic development and growth of human resources.

(5) The efforts which many countries are making with a view to greater regional economic integration and South-South cooperation are to be encouraged, for they will bring about economies of scale and help to open up their economies.

(6) The entire international community, that is donor countries, as well as international organizations, have to support the LDCs in their development efforts. Accordingly, the aid targets reaffirmed in Paris have to be achieved rapidly, particularly in terms of the percentage of official development assistance, so that the LDCs will have the best possible chances of success.

(7) The increase in the number of LDCs from 41 to 47 also has to be taken into account in targets for assistance to be granted to them, not only by donor countries but also by international development agencies, such as UNDP.

(8) We have taken due note of the nearly unanimous appeal for more imaginative treatment of the question of LDC debt. It obviously has to be dealt with in the appropriate forums, but we must be fully aware of its urgency.

927. In conclusion, the Chairman said that, although a discussion which was obviously still open could not be closed, he was of the opinion that only combined efforts by the LDCs and their development partners, and respect by them of the commitments they had entered into, would make it possible to achieve genuine and lasting progress.

928. The Chairman then formulated two procedural recommendations:

(1) That studies should be initiated within UNCTAD on the possible repercussions of new developments in the LDCs (increase in number, as well as political and economic changes in what might be called the international environment).

(2) That the participants in the Conference—and, in particular, its President—should be requested to take account of the concerns expressed at the special meeting on LDCs so that they might be included in part in the final act (and, possibly, in what would become the Cartagena Declaration).
IV. Other business  

(Agenda item 9)

A. Message addressed to the Summit on the Economic Advancement of Rural Women from the eighth session of the United Nations Conference on Trade and Development

The United Nations Conference on Trade and Development, now holding its eighth session at Cartagena de Indias, Colombia, expresses its support for and solidarity with the Summit on the Economic Advancement of Rural Women.

The Conference commends the Group of First Ladies who have undertaken the important initiative to organize the Summit on the Economic Advancement of Rural Women, to be held in Geneva on 24 and 25 February 1992.

Recalling resolution 1991/64 of 26 July 1991 adopted by the Economic and Social Council at its second regular session for 1991, the Conference underlines the importance of strengthening the productive role of rural women to promote food security, to alleviate poverty and to accelerate development.

In this context the Conference welcomes the support given to the Summit by Dr. Boutros Boutros-Ghali, Secretary-General of the United Nations, who has stated that the Summit deserves the full attention and backing given to the Summit by Dr. Boutros Boutros-Ghali, Secretary-General of the United Nations. The Conference reiterates the importance of decision makers and the general public.

The Conference also welcomes the contribution made to the Summit preparations by the International Fund for Agricultural Development and by other interested agencies of the United Nations. The Conference reiterates the appeal to all Member States and to appropriate organs, organizations and bodies of the United Nations to contribute to the success of the Summit and to ensure effective follow-up of its recommendations.

B. Action taken by the Conference at its eighth session concerning a draft resolution entitled “Assistance to the Palestinian people”

At its 238th plenary meeting, on 24 February 1992, it was agreed, on the proposal of the President, that draft resolution TD/L.337, submitted by the Islamic Republic of Iran on behalf of the States members of the Group of 77 and entitled “Assistance to the Palestinian people”, be transmitted to the General Assembly and that UNCTAD assistance to the Palestinian people would be continued in its current form (for the text of the draft resolution, see the following annex).

ANNEX

Assistance to the Palestinian people

Draft resolution adopted by the Seventh Ministerial Meeting of the Group of 77 and submitted to the Conference by the Islamic Republic of Iran on behalf of the States members of the Group of 77

The United Nations Conference on Trade and Development,

Recalling its resolution 146 (VI) of 2 July 1983, General Assembly resolution 38/79 of 15 December 1983, and its resolution 169 (VII) of 3 August 1987,

Mindful of General Assembly resolution 45/183 of 21 December 1990,

Recognizing the impediments caused by the occupation to the development of the Palestinian national economy, including its domestic and external trade,

Taking into account that Palestine is a member of the Global System of Trade Preferences among Developing Countries,

1. Calls for cancellation of all illegitimate duties, fees and other charges levied by the occupying power on Palestinian exports and imports;

2. Also calls for the treatment on a transit basis of Palestinian exports and imports passing through neighbouring ports and points of exit and entry;

3. Further calls for the granting of trade concessions and concrete preferential measures for Palestinian exports on the basis of Palestinian certificates of origin;

4. Requests the Secretary-General of UNCTAD to strengthen the UNCTAD economic unit on Palestine by the addition of one researcher to its present staff;

5. Requests UNCTAD to sustain and increase its assistance to the Palestinian people in close cooperation with the Palestine Liberation Organization;

6. Calls for giving UNCTAD staff and experts access to occupied Palestinian territory;

7. Requests the Secretary-General of UNCTAD to report periodically to the Trade and Development Board on the progress made in the implementation of the present resolution.

V. Report of the Main Committee

929. At the 239th (closing) plenary meeting of the Conference, on 25 February 1992, the Chairman of the Main Committee, Mr. Werner Reichenbaum (Germany), made the following oral report on the work and outcome of the Main Committee:

I had the honour to serve as the Chairman of the Main Committee which was established by the Conference at its 222nd plenary meeting on Monday, 10 February 1992. The Committee held its first meeting on Tuesday, 11 February and subsequently held four meetings. It established two Working Groups under the able chairmanship of Ambassador Lloyd Barnett of Jamaica and Mr. Jean-Michel Marlaud of France. In the conduct of its business several subsidiary bodies were established, including a task force, under the chairmanship of Ambassador Bo Henrikson of Sweden, Ambassador Jorge Navarrete of Mexico, Mr. Ahmed Gurbatala of Sudan, Mr. Ernst-August Horig of Germany, and Mr. K. C. Van Renteren of the Netherlands.  

For the action taken by the Conference on the report of the Main Committee, see part two, sect. II.
The Main Committee considered the text remitted to it by the Conference (TD/L.320 and Add.I-5) and elaborated and concluded the draft consolidated text entitled "Strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy" (TD/L.339 and Corr.1).

The agreement reached on the text is one of true consensus and common perceptions that genuinely came forth in the debate in the various forums. The seriousness and dedication shown by all to reach, in a spirit of cooperation and mutual understanding, meaningful agreement was evident in our work throughout the days and nights that were spent in elaborating the consolidated text. Of course, final and minor editorial touches are still to be made.

Before concluding, I wish to express my appreciation to the Vice-Chairman of the Main Committee, Mr. A. Azaiez of Tunisia, and to the Rapporteur Mr. A. Synchev of Belarus. My thanks go to all those delegations and members of the secretariat who helped me in my task.

I have now the honour to submit to you for approval and adoption, on the unanimous recommendation of the Main Committee, the draft consolidated text contained in TD/L.339 and Corr.1.

VI. Statements made at the 239th (closing) meeting of the eighth session of the Conference

930. The representative of Portugal, speaking on behalf of the European Community and its member States, said that the recent dramatic political and economic events, at both the national and international levels, and their repercussions on an increasingly interdependent world should provide UNCTAD with a strengthened role in the development dialogue. The European Community and its member States strongly favoured a reinforcement of international cooperation between developed and developing countries, according to their possibilities. The Community was firmly committed to its new partnership for development based on the spirit of solidarity, the consideration of mutual interests and shared responsibilities. It also remained faithful to various commitments undertaken for strengthened partnership, including in respect of ODA. Developing countries, on their side, should carry forward their commitment for an efficient allocation of resources based on sound national policies and should contribute to an international environment that was conducive to development.

931. In the light of that new partnership for development, the European Community appreciated the emerging consensus on development strategies. He emphasized the importance of the relationship between democracy and development, and the respect for human rights, both as a principle and as one of the essential factors for development. The Community also attached importance to good governance and participatory development, human resources development, market-oriented strategies and the strengthening of the private sector, and, last but not least, sustainable development in order to preserve the global environment.

932. The Community therefore deeply regretted that all those essential notions with regard to development, in particular the mention of democracy and human rights, had been deleted from the text of the Declaration adopted by the Conference. The fact that those notions had been eliminated in response to certain pressures caused the Community to have serious doubts about the future of international cooperation and the success of the results of the future work of UNCTAD. Those notions had been accepted by virtually all the delegations and they were mentioned expressly in the text of the Cartagena Commitment.

933. In order to fulfil its functions in the newly emerging world, the institutional framework of UNCTAD needed restructuring. The constructive and far-reaching reforms decided upon by the Conference concerning the intergovernmental structure of UNCTAD and its methods of work gave hope that UNCTAD would be able to resume an effective role, within the United Nations, in favour of an integrated treatment of development and interrelated issues in key areas, including trade, finance, investment, services and technology, in the interests of all countries, particularly the developing countries. The European Community believed that reform to be essential and considered that it corresponded to the proposals presented by the Community. It believed, moreover, that the reform was achievable within the resources currently available to UNCTAD.

934. Turning to the special meeting on LDCs held during the Conference and to the final document of the Conference as it related to those countries, he reaffirmed the commitments undertaken in the Programme of Action adopted in Paris in 1990. Furthermore, the Community wanted a rapid and thorough monitoring of its implementation in line with the provisions in the Programme, including studies in UNCTAD on the possible repercussions of recent developments which had been registered at the United Nations with regard to the situation of the LDCs.

935. The Community also wished to appeal strongly for a rapid and balanced conclusion of the Uruguay Round. Furthermore, he underlined the complementarity between UNCTAD and GATT.

936. The Community had noted with interest and sympathy the statement by the Minister of External Relations of Colombia (see paras. 124-129 above) in which she had drawn attention to the serious situation of the countries that depended on commodities for a major part of their export earnings. Clearly, the commodity issue merited continued thought. It might be worthwhile considering whether the necessary factors were present that would make it advisable to convene a world conference on commodities. The key factor in deciding whether to hold such a conference would be the extent to which the conditions which were indispensable to its successful outcome were at hand.

937. In conclusion, he said that he shared the view expressed by the Minister of External Relations when she had referred to the spirit of Cartagena as being a spirit of solidarity, equality, industriousness and love of freedom—a commitment to social justice and an un-
bounded and wholehearted openness to ideas, cultural influences and the values of excellence. That spirit had guided the work of the Conference and should prevail in the future.

938. The spokesman for the Asian Group (Yugoslavia) expressed the Group's satisfaction with the outcome of the Conference. He was confident that the Declaration adopted by the Conference, together with the results achieved under agenda item 8, would contribute to the strengthening of national and international action and multilateral cooperation for a healthy, secure and equitable world economy. To achieve that aim, the Asian Group had been negotiating in the cooperative "spirit of Cartagena" based on realism. His Group had shifted its stance in many important areas and had shown a great deal of flexibility in order to reach a consensus. For its part, the Asian Group would remain committed to the faithful implementation of all the results achieved in Cartagena, and it expected all its partners, especially those who had greater responsibilities to bear, to do the same. The destiny of that new partnership for development would be determined by the political will to translate that commitment into action. The Conference had established the machinery and the basis for a creative renewal of UNCTAD. Whether that would actually work would be decided by what was done to make the agreements that had been reached operational. His Group had negotiated in good faith at the Conference, and it expected that, in response, that attitude would meet with the same degree of trust and goodwill when participants began to work within the new machinery so painstakingly evolved in Cartagena.

939. The representative of the Russian Federation said that his delegation was very satisfied with the results of the eighth session of the Conference, and particularly with the spirit of cooperation which had reigned over it. That had enabled the Conference to adopt very important and far-reaching decisions on a broad range of questions, including institutional ones. Having examined carefully the final document adopted by the Conference (TD/L.339 and Corr.1), particularly from the point of view of the interdependency of its individual parts, his delegation had come to the conclusion that the document contained a number of inconsistencies in parts three and four. Wishing to avoid differing interpretations of the decisions of the Conference reflected in those parts of the final document, and taking into account their significance for the programme of work of UNCTAD, his delegation felt that the institutional reform should follow the substance of the work, and not the other way round. In the light of that, the Russian delegation joined in the consensus on the final document. In adapting itself to the changing political and economic situation, UNCTAD should incorporate in its programme of work the ideas contained in the final document. In that connection the wording on the subsidiary bodies of the Board, the Committees and ad hoc working groups, including in relation to topics, should not prejudice or limit the implementation of the decisions taken at the eighth session of the Conference on substance or on the work of the secretariat. In participating in the work of UNCTAD, including in the newly created Standing Committees and working groups, and also in the elaboration of their terms of reference, the Russian Federation would be taking that understanding as its basis.

940. The degree of cooperation at the current session had seen the birth of what was being termed the "spirit of Cartagena", which had found expression in the fact that all the decisions taken by the Conference, without exception, had been adopted by consensus, including those on the most complex and delicate questions where general agreement had seemed unthinkable earlier. His delegation considered that the spirit of Cartagena reflected in the political Declaration just adopted was as important a result of the Conference as the adoption of its substantive decisions. It strengthened the hope that those decisions would really come to life.

941. The spokesman for the African Group (Algeria) observed that the Conference had just brought its work to a successful conclusion and that the results, without any doubt, marked a qualitatively new phase in the life of UNCTAD. The commitments entered into by the member States in Cartagena were in fact motivated by a concern to turn UNCTAD into a more effective instrument for promoting a coherent, balanced and independent world development which was made imperative by the growing interrelatedness of national economies. Africa was firmly convinced that the means for taking up that challenge existed and that it was necessary to work for their mobilization. In that respect, her Group considered that the Conference pointed the way forward. She therefore hoped that, on such vital issues as commodities, trade, finance, technology, debt and support for LDCs in the 1990s, the decisions taken by the Conference would be implemented.

942. The representative of China observed that the Conference had yielded positive results which could be attributed to the outstanding leadership of the President and to the combined efforts of all delegations. The Spirit of Cartagena Declaration and the final document adopted by the Conference bore witness to the spirit of cooperation and understanding demonstrated by all the participants.

943. As an important intergovernmental organization in the United Nations system for the consideration and negotiation of issues related to international trade and development, UNCTAD played an irreplaceable role in that field. The institutional reform currently under way in UNCTAD was an experiment; such reform should contribute to the effective functioning, efficiency and revitalization of UNCTAD, instead of diverting it from its purposes and goals. In the light of the new realities, a restructured UNCTAD should be more capable of meeting the new challenges and should play a greater role in building a healthy, secure and equitable world economy and, in particular, in revitalizing the economic growth and development of the developing countries. The measures formulated by the Conference for various departments of UNCTAD should be implemented effectively and not remain simply words on paper.

944. The representative of Switzerland said that the Conference had been a great success, in that it had laid the foundations for a fundamental restructuring of UNCTAD. It would be up to the member countries and the UNCTAD secretariat to translate into reality what
had been decided upon by the Conference. If the restructuring of the member countries' collaboration and of the secretariat failed to take place, the work of the Conference would have been futile. His delegation considered that the spirit of Cartagena, which had made such a profound mark on the deliberations of the Conference, must remain a vital force and continue to set its stamp on the destiny of UNCTAD as well as on the future relations among democratic States that showed respect for human rights.

945. The representative of the United States of America stated that her delegation was pleased to join the consensus on the draft final document of the eighth session of the Conference (TD/L.339 and Corr.1). It was rare that participants could leave a conference of that nature with a feeling of genuine accomplishment. Through a long, arduous, but rewarding process of negotiation, the Conference had agreed on a key package of institutional reforms and a programme of work that should lead to a revitalized UNCTAD, one that would make a genuine contribution to economic development around the world. In striving for development, one could not neglect the vital contribution that sound national policies, democratic institutions and respect for human rights could make towards that goal.

946. The international community's first experience in striving for real consensus in many years had occurred in Cartagena. Consensus was not easy, but when reached, it provided a foundation on which to build. That foundation had been laid in Cartagena. As the member countries worked with those new procedures, consensus-building should become easier and results more concrete. Her delegation looked forward to reaching a point where what had been achieved could be fully and accurately reflected in the declarations. Accordingly, the member countries could not rest on their laurels. All of their efforts so far could come to nothing if they did not persevere in following up with the detailed measures necessary to give those reforms practical effect. That was why the next session of the Trade and Development Board was of such critical importance: it must be used to adopt realistic terms of reference for the new and existing bodies that would carry out the mandate of UNCTAD.

947. In negotiating a text of such length and complexity, it was perhaps inevitable that there should be a number of misunderstandings and disagreements, particularly during the last frenetic days leading up to adoption. Moreover, the unique constraints imposed on participants had prevented full elimination of key inconsistencies. She was therefore obliged to state, for the record, those elements of the text which created difficulties for her delegation and where clarification of United States policy was necessary.

(a) In a general way, the procedure that had led to a good overall outcome had not enabled the Conference to reconcile fully the paragraphs in parts IV and V with the new work programme in part III. Her delegation had understood that those paragraphs would be deleted from parts IV and V, and handled entirely in the context of part III. Retaining them in parts IV and V in largely unchanged fashion, despite the clear substantive difficulties and inconsistencies raised by a number of delegations, could add to the difficulty of rationalizing and implementing the fully agreed work programme. In that regard, she cited in particular paragraphs 99, 117, 141, 185 and 223 of the Cartagena Commitment.

(b) Paragraphs 117 and 223 presented a view of the role of UNCTAD on debt issues with which the United States could not associate itself. In particular, with respect to paragraph 223, her country could not support the convening by UNCTAD of a global meeting on commercial debt. A case-by-case approach to debt issues was a fundamental principle of the international debt strategy. The international financial institutions were the appropriate forums for reviewing overall progress under the international debt strategy. The United States contribution to and support for a case-by-case approach were well known. Moreover, that strategy was continuing to prove its worth.

(c) By the same token, part III itself contained language that revealed an overly ambitious view of the role of UNCTAD in the area of debt, specifically paragraphs 59 and 63. While UNCTAD did have a legitimate and complementary role in analysing debt issues in a development context, she believed it was essential that UNCTAD avoid the promotion of alternative global approaches, which could only complicate efforts in the competent forums to pursue a coherent international debt strategy.

(d) On a more general point, she hoped that a reformed UNCTAD would base its work on objective analysis and cooperation, moving away from the counter-productive practices of the past and emphasizing areas of real comparative advantage. In areas where other institutions clearly had competence, such as GATT and IMF, that reality must be recognized. Too much time had been spent in pointless debate on "programmes of action" or "international strategies", called for in UNCTAD, which were under the legal mandate of other institutions.

(e) In that regard, the draft final act emerging from the Uruguay Round reflected a long and carefully balanced negotiation. Under that draft agreement, a comprehensive multilateral trade organization would be established, one which incorporated far-reaching institutional reforms, rules on services and intellectual property under the same umbrella. Rather than compete with that development, either through oblique (and sometimes not so oblique) references to old resolutions or recent status reports from the United Nations, UNCTAD should welcome the strengthening of the multilateral trading system under GATT.

(f) The United States delegation also took exception to the concept embodied in paragraph 74 of the Cartagena Commitment, which had been drafted by the secretariat, and which her delegation had not seen until the Main Committee meeting at which it had been summarily adopted. She had personally participated in the task force which had set the work programme and it had been clearly stated at that time that any work not assigned to one of the newly created Standing Committees or ad hoc working groups was suspended, and was not, as the secretariat said, to be assumed by the Board, the
Standing Committees or the ad hoc working groups. She wished to make it very clear that the work of all existing Committees was suspended. The Conference was not adding new committees and working groups to the current programme of UNCTAD; it was creating a totally new structure and work programme that must be undertaken within available resources. That might mean painful structural adjustments to the secretariat staff, but she was sure that all members of UNCTAD recognized and understood the necessity and value of structural adjustment.

(g) For example, the ad hoc working group on the interrelationship between investment and technology transfers (see para. 79 of the Commitment) should not simply continue the work previously carried out in the Committee on Transfer of Technology. Instead, it should address the central role of private sector firms in the creation, development, transfer, diffusion and adaptation of technologies. That applied to environmentally sound technologies as well, paragraph 174 notwithstanding.

(h) The United States would interpret paragraph 173 as a clear indication that the suspended negotiations and work on an international code of conduct on the transfer of technology should not be resumed until and unless there was a clear resolution of the differences of principle which had prevented agreement on terms of reference for an intergovernmental group of experts on the code.

948. Those were the main points that she wished to make in a desire to eliminate inconsistencies and enable the international community to focus on implementing the priorities and establishing the structures fully negotiated and agreed to in part III, paragraphs 64-87. While they represented important and genuine concerns, she wished to reiterate her praise for the remarkable accomplishments of the final document of the Conference, as well as her country's commitment to the consensus on new directions. The new spirit of cooperation evident in Cartagena augured well for the future dialogue on development issues.

949. The Secretary-General of UNCTAD said that the Conference had been one of convergence, reflecting a remarkable unity of purpose among the delegations assembled in Cartagena. The atmosphere and the substantive content of the discussions had been constructive, non-confrontational and positive. All participants had undertaken, in the final document, to give effect to the outcome in good faith, both nationally and internationally, in the competent forums, including UNCTAD. Taken together, the political declaration entitled "the Spirit of Cartagena" and the final consolidated text—the Cartagena Commitment—as supplemented by the decision on a possible world commodity conference, and messages addressed to the United Nations Conference on Environment and Development and to the Geneva Summit on the Economic Advancement of Rural Women, marked a turning-point in the history of UNCTAD.

950. At its eighth session, the Conference had given salience and developed common approaches to the themes that would be at the heart of the international economic agenda for the 1990s. In the key interrelated areas that it had set out to address, the Conference had formulated precise objectives, achieved significant policy advances, and evolved major new work programmes. Above all, it had registered a decisive breakthrough in institutional reform which, effectively pursued, would immensely upgrade the capacity of UNCTAD to seize the new opportunities and meet the fresh challenges that had come into being for accelerating development and enhancing international cooperation towards a healthy, secure and equitable world economy.

951. With regard to transsectoral themes, the Conference had focused on the ingredients of good management, at both the national and international levels, with a view to the proper mobilization, allocation and use of resources and an improved international economic environment. It had brought out the importance, for development, of democratic political structures and respect for human rights. It had deepened recognition of the role of market forces and competitiveness, and the fostering of entrepreneurial initiative, in promoting efficiency and optimizing the contributions of the public and private sectors. In that context, it had addressed issues relating to privatization and the process of transition to a market economy system. It had laid stress on the opportunities that the conversion of military capacities and technologies to socially productive uses could provide for adjusting production structures to priority needs and for facilitating new commercial, technological and financial flows. It had established sustainable development, aimed at integrating economic efficiency with ecological sustainability as well as social equity, as one of the main orientations of the work of the institution.

952. On the important question of the institutional reform and the role of UNCTAD, the Conference had agreed that the institution provided the most appropriate focal point within the United Nations for the integrated treatment of development and interrelated issues in key areas, including trade, finance, investment, services and technology, in the interests of all countries, particularly developing countries. Its mandate as established by the General Assembly was considered sufficiently broad to allow for the necessary adaptation of its work. The agreed text reaffirmed its functions of policy analysis; intergovernmental deliberation, consensus-building and negotiation, monitoring, implementation and follow-up; and technical cooperation. Those functions, however, were to be exercised in a dynamic and progressive sequence beginning with the definition of a relevant set of issues, followed by high-quality analytical work and a subsequent process of intergovernmental interactions aimed at identifying areas of convergence. That process would culminate, when appropriate, in negotiations undertaken with due regard to the nature and maturity of the issues concerned. Technical cooperation would be strengthened and integrated in all relevant areas of the work of UNCTAD. Furthermore, stress was placed on effective implementation, monitoring and follow-up.

953. The Conference had also agreed on a comprehensive reorientation of the substantive work of UNCTAD, embodying fresh approaches to both longstanding trade and development questions and the definition of new and emerging issues in that field. That reorientation was based on four themes: a new international
The functions of the Board had been refocused on policy reorientation just mentioned. All the existing Committee bodies (the Special Committee on Preferences and the Intergovernmental Group of Experts on Restrictive Business Practices) had been suspended; in their stead, four Standing Committees had been set up, on commodities, poverty alleviation, economic cooperation among developing countries, and developing service sectors, it being agreed that their terms of reference would be established by the Board in the coming months. The periodicity and duration of the meetings of the Standing Committees would be strictly limited and their functioning would be reviewed immediately before the ninth session of the Conference. Moreover, for the purpose of undertaking the in-depth exploration of carefully defined subjects relating to trade and development requiring detailed analysis, examination and reflection, five ad hoc working groups had been set up.

Methods of work had also been overhauled. It had been agreed that the intergovernmental process could result in outcomes expressed in forms other than resolutions, such as agreed statements, conclusions, recommendations, decisions or, as appropriate, binding international agreements. Greater flexibility had also been urged in the manner in which Governments joined with others to pursue common objectives, and in that regard mechanisms such as ad hoc issue-oriented groupings and better arrangements to facilitate cross-group mechanisms would be fostered. More effective arrangements had been put in place for preparing and following up the work of the Board. Non-governmental actors such as enterprises, trade unions, the academic community and non-governmental organizations, as well as other international bodies, could, depending on the issue, participate in an advisory capacity at meetings of the various intergovernmental bodies of UNCTAD.

Finally, the Conference had invited the Secretary-General of the United Nations to consider granting UNCTAD greater operational flexibility in budgetary, financing and administrative matters, within existing resources.

In the area of resources for development, the agreed text gave special attention, in a well-balanced manner, to national policies for the mobilization of domestic savings. It also addressed the issue of financial liberalization, the reform of State economic enterprises, and privatization as an option in that regard, as well as the high priority to be given to human resources development, especially with respect to women. With a view to achieving a more favourable international economic environment, developed countries were urged to take the necessary structural adjustment measures, to reduce their external and fiscal imbalances and to adopt appropriate and well-coordinated mixes of fiscal and monetary policies conducive to lower interest rates and stable exchange rates. On the problem of external indebtedness, the text, although somewhat less assertive, highlighted several important elements of the evolving international debt strategy. On external finance for development, progress had been made on policy measures to enhance both the quantity and quality of support for developing countries. The text also suggested that while highly concessional assistance should be focused primarily on low-income countries, flows to other needy developing countries could be of a less concessional character. In a further definition of the role of UNCTAD with regard to resources for development, the Conference had considered that the institution could also be a forum to promote discussions and negotiate basic consensus on the treatment of that issue in the various competent international organizations. In addition, work programmes in that area had been either enlarged—particularly with regard to debt, investment and interdependence—or extended into new areas, such as structural adjustment for the transition to disarmament.

On international trade also, a number of positive advances had been registered. Governments had reaffirmed their commitment to halt and reverse protectionism and recognized the importance of pursuing appropriate structural adjustment. As part of the fight against protectionism, the Conference had agreed that UNCTAD should promote the establishment of transparent mechanisms to evaluate protective measures sought by firms/sectors and the implications of such measures for both the domestic economy and developing country exports. The international community was also urged to support the trade policy reforms of developing countries through improved market access and increased financial flows. With regard to countries undergoing the process of transition to a market economy system, the Conference had urged that international support be extended for their efforts while paying due regard to the needs of developing countries. On the GSP, the Conference had invited preference-giving countries to consider appropriate adjustments in country coverage, and to extend product coverage as widely as possible. Finally, the Conference had agreed on considerable reorientations and extensions of the work programme affecting such areas as evaluation of the outcome of the Uruguay Round, and the implications for developing countries of emerging regional free trade and economic integration arrangements.

For the first time, the Conference had addressed the question of trade efficiency in the light of new techniques in international trade transactions and procedures which were capable of producing substantial savings of some 25 per cent of the value of total trade, amounting to billions of dollars per annum for both Governments and traders. Such techniques would strengthen new trade links among all regions. The Conference had called for guidelines to be evolved for concrete action towards trade efficiency at national and international levels, while preserving full scope for private-sector initiatives in that field. The Conference had considered that a culmination of those efforts should lead to the convening of an international symposium on trade efficiency to be held in 1994. UNCTAD was requested to continue to strengthen its analytical and technical cooperation work in that area, including through experiments carried out jointly with the private and public sectors of pilot countries.
960. As for technology, the Conference had identified the link between technological capability and its impact on social and economic development and had recommended appropriate policies and measures for both developed and developing countries. It had stressed that national technology policies required policy frameworks to promote entrepreneurship and encourage technological transfers, including through foreign investment. Stress had also been laid on incentives for domestic capacity-building and innovation. Developed countries were encouraged to facilitate access to their enterprises and scientific and technology institutions and to improve cooperation with those of developing countries. Other new areas of attention included the technological requirements of countries undergoing the process of transition to a market economy system, the transfer and development of environmentally sound technologies, as well as intellectual property rights related to the transfer of technology and development of indigenous technological capability. A new element in the work programme referred to the transfer of environmentally sound technology and the interrelationship between trade in goods and services, investment, finance and the environment. On the question of an international code of conduct on the transfer of technology, the possibility was left open for further work, subject to a convergence of views on the outstanding issues.

961. The policies and measures agreed by the Conference on services focused on enabling developing countries to benefit from the liberalization of trade in services and on increasing their participation in world trade in services. The international community was urged to support the efforts of developing countries to strengthen their productive and export capacity in the service sector: for the first time, it was envisaged that such support should include financial assistance. Regarding the work programme, the Conference had stressed the promotion of international cooperation to help developing countries overcome their handicaps in that sector by enhancing their international competitiveness, fostering environmentally friendly services, and expanding the contribution of services to their sustainable development. The Conference had also recommended that attention should be given to increasing trade in services in countries undergoing the process of transition to a market economy system.

962. On commodities, the Conference had clearly recognized the need to evolve an international commodity policy for the 1990s, given the generally dire situation in world commodity markets. For the first time, an international consensus had emerged on the need for sound, compatible and consistent policies emphasizing increased reliance on market forces to determine international commodity prices. Such policies should also ensure the proper management of natural resources and optimize the contribution of the commodity sector to development. With regard to national policies, the new accent was on comprehensive commodity-sector strategies within a macroeconomic framework, and on strong national support structures to improve competitiveness and encourage diversification. The scope of desirable international support measures for national commodity policies had been widened to include institution-building and entrepreneurship, promoting efficiency and transpar-

963. With regard to the least developed countries, the decisions of the Conference also marked an advance over the Programme of Action for the 1990s. The Conference had requested that the commitments contained in the Programme in relation to ODA targets and levels should be reviewed by the Board in the light of the addition of six countries to that category since September 1990. The Conference had also recognized the need to address the additional resource and related needs of LDCs as a result of unforeseen developments in the world economy (such as the Gulf War, and developments in the economies of their donor and trading partners in Eastern and Central Europe). In addition, a number of priority areas for policy action had been identified. As to the work programme, the agreed text called for in-depth analyses of the socio-economic situation and domestic policies of the LDCs, their resource needs, individual donor performances, and external developments affecting their development performance.

964. On economic cooperation among developing countries, the Conference, recognizing the setbacks that that process had suffered in the 1980s, had underlined the importance of the contribution that the international community should make to ECDC through various forms of support, including technical assistance. It had also recognized that structural adjustment programmes and processes financed by multilateral financial institutions should take into consideration the imperatives of ECDC. The approach of the Conference to that and other ECDC issues represented a clearer articulation of the concept than before and took better account of recent changes and of the current realities of the world economy. The agreed text viewed ECDC as a means for advancing the integration of developing countries into the world economy. It recognized the need to factor macro-economic policies into ECDC and identified several new dimensions, such as cooperation in transport infrastructure, communications and the environment. Further, it expressed support for work to be pursued on the feasibility of establishing an interregional trade financing mechanism to underpin developing country trade. In addition, there had emerged a widespread feeling that ECDC should be enlarged in the context of the work programme to include cooperation with countries other than developing countries, such as those in Central and Eastern Europe.
On sustainable development, the agreed text marked a clear advance on previous decisions by the Trade and Development Board. It stressed the need for UNCTAD to contribute to work towards the following objectives: the establishment of a framework for coexistence between environmental measures and international trade rules which would prevent the use of environmental measures for protectionist purposes; the possibilities of providing developing countries with additional resources for environmental protection and development; the generation, adaptation and dissemination of environmentally sound technologies; and fostering the sound management of national resources, taking development requirements into account, through enhanced international cooperation. In a separate document, the Conference had agreed on a message to the United Nations Conference on Environment and Development affirming the readiness of UNCTAD to contribute to the follow-up of the outcome of that Conference.

On technical cooperation there was a clear recognition of the value of UNCTAD work as well as strong support for its continuation and expansion. The possibility had emerged, for example, of such cooperation being made available to developing countries in the context of their trade policy reforms, and in facilitating their participation in the GATT trade policy review mechanisms, as well as in the area of services and technological development.

The results achieved by the Conference in all those areas were in large measure due to the intensive preparatory processes which had been under way for some 18 months prior to the Conference. As it turned its thoughts to the future, the secretariat would analyse and assess the implications of the final document in the light of the processes of reform launched some time before by the General Assembly. In the coming weeks, the secretariat would be undertaking intensive consultations with delegations with a view to submitting proposals for the terms of reference of the newly created Standing Committees and ad hoc working groups, for specific activities arising from the new work programme orientations, and for the preparation of relevant documentation. It would also begin the adjustments required within the secretariat with regard to organizational arrangements, working methods and quality improvements. While it was difficult to be precise now about the shape and content of those actions and processes, the secretariat, acutely aware of existing constraints, appreciated that the road ahead was a hard one. The UNCTAD secretariat would exert itself to the utmost to respond to the requirements flowing from the Conference and would spare no effort to give full and prompt effect to the major change in the direction of work that the results represented.

In his closing statement, the President of the Conference said that UNCTAD had emerged strengthened from Cartagena. Its mandate had been renewed and its future clarified. From the historic city of Cartagena, the Conference was sending a message of solidarity and interdependence in order that cooperation should prevail in the concert of nations as the underpinning for peace, security and development. At the beginning of the Conference it had been difficult to foresee the outcome of the deliberations. Participants had arrived in Cartagena somewhat sceptical as to the future of the organization and a little fearful of the changes or reforms they had planned to discuss. Gradually a constructive spirit, one of mutual trust and shared responsibilities, had spread through the Conference, and that had given rise to the initial agreements on substantive issues of special importance for economic relations among its member countries.

The Conference had made significant progress on the various fronts. With regard to commodities, it had agreed on the need for new approaches that would permit a consistent, creative and forward-looking strategy which should take shape in the planned world commodity conference. Concerning resources for development, the Conference had stressed the need for vigorous action to guarantee the financial flows required to complement the investment being made by developing countries from their own resources. On external debt, the Conference had pointed to the need for the existing strategy to evolve in the direction of arrangements to help the affected countries service their debt in a timely manner consistent with their needs. The Conference had also agreed on the need for development and prosperity to become central priorities of international cooperation efforts, and the need not to lose sight of the social and human dimension amid complex monetary and fiscal policies, structural adjustments and economic reforms.

From Cartagena the participants had launched the idea of a new partnership for development as the collective undertaking of all countries, in which they must unreservedly share their generosity, their talents, their imagination and their resources. The Conference had agreed that conditions were particularly favourable for the creation of such a partnership—a partnership that should lead to the identification of areas in which national and international efforts should be combined to optimize national development policies as well as the rules required to create a fair and equitable framework for international economic relations. By virtue of its universal membership and its ability to deal with economic, social and political problems, the United Nations was ideally placed to provide the leadership that would encourage Governments to act with a sense of global purpose in pursuit of that task. Such leadership was particularly required at a time when the international community faced a number of transboundary problems, such as environmental degradation, epidemics, uncontrolled migration and illicit traffic in narcotics, which called for cooperative, multilateral solutions.

Within the United Nations system, UNCTAD had a unique capacity to play a catalytic role, assuming primary responsibility for expanding the new consensus that had been evolving between industrialized and developing nations on the principal issues that should govern international economic relations and ensuring that it was translated into tangible results. Ways must be found for developing countries to benefit fully from their participation in the international trading system. Countries must join efforts to reject protectionism and all barriers to trade and must therefore strongly urge the participants in the GATT Uruguay Round to conclude the negotiations successfully at the earliest possible time. The international community must also call for vigorous action to
ensure the financial flows required by developing countries to finance growth and investment in their most dynamic and productive sectors.

972. In offering to host the eighth session of the United Nations Conference on Trade and Development at Cartagena, the Government of Colombia had considered that one of the fundamental aspects of the session should be institutional reform. Without a revitalized UNCTAD, equipped with new working methods, with a more advanced analytical function, and with greater involvement by the private sector and academic circles, it would not be possible for the organization to take up the new development challenges in the 1990s. Not only had that reform taken place, but it had exceeded all aspirations. Moreover, progress had been made in the direction of a dialogue between developed and developing countries, thereby avoiding the rigid arrangements that had previously characterized the debates. In the future that process of entente should be pursued in the interests of the well-being of mankind as a whole.

973. Substantive matters had been dealt with realistically, and that would allow the agreements reached to be effectively implemented in the future. All the Governments which had subscribed to the Declaration on the Spirit of Cartagena had stated their political will to act along those lines. For too long the international community had deferred the agreements and commitments required to ensure a better future. It had not taken advantage of the progress in science and technology for fairer and more balanced development between the various regions of the planet, nor had it been sufficiently imaginative and generous in the fight against poverty. The gap between rich and poor countries continued to widen, frustrating the aspirations of millions of young people and adults who deserved a better fate and greater opportunities.

974. It was his wish that the spirit of Cartagena, which had permeated the deliberations of the eighth session of the Conference, would spread in days to come and provide a real stimulus to international cooperation. The member States should not neglect the opportunity offered to them to secure agreements based on a new international consensus that would find in their efforts and their determination a genuine and significant contribution to the quest for better standards of living in all nations.

975. In Cartagena the participants had demonstrated that concerted action in good faith could lead to fundamental institutional reforms based on consensus. They had achieved that with UNCTAD, and that move forward was bound to help strengthen dialogue and foster international cooperation. To all participants, he expressed the most sincere appreciation of Colombia for having come to the Conference with open minds to discuss the future of international relations, and for agreeing in Cartagena on an effective course of multilateral action. He thanked all parties for the trust they had placed in Colombia, and more particularly in that country's commitment to restore the raison d'être of UNCTAD and to revitalize its mandate, as well as for the generous way they had addressed the issues and sought solutions. Colombia felt proud and satisfied at the results of the Conference, and declared that its mission had been accomplished.
Part Three

ORGANIZATIONAL AND PROCEDURAL MATTERS

A. Opening of the Conference
   (Agenda item 1)

1. In accordance with rule 16 of the rules of procedure of the Conference, the eighth session of the United Nations Conference on Trade and Development was declared open by the Honourable Bernard T. G. Chidzero, Senior Minister of Finance, Economic Planning and Development of Zimbabwe and President of the Conference at its seventh session. Mr. Chidzero delivered an opening address to the Conference (TD/L.330).

2. Opening remarks were also made by Mr. K. K. S. Dadzie, Secretary-General of UNCTAD (TD/L.324).

B. Election of the President
   (Agenda item 2)

3. At its 221st (opening) plenary meeting, on 8 February 1992, the Conference elected by acclamation as its President Mr. Juan Manuel Santos, Minister for Foreign Trade of Colombia. On assuming office, the President of the Conference made a statement (TD/L.322).

C. Report of the Pre-Conference Meeting of Senior Officials

4. At its 222nd meeting, on 10 February 1992, the Conference took note of an oral report on the Pre-Conference Meeting of Senior Officials, held at Cartagena de Indias on 6 and 7 February 1992, by Mr. Thomas Ogada (Kenya), President of the Trade and Development Board, in his capacity as Chairman of the Meeting. The Conference endorsed the proposals and recommendations set forth in the report of the Meeting regarding the procedural and organizational aspects of the work of the eighth session (TD/L.360).

D. Election of Vice-Presidents and the Rapporteur
   (Agenda item 4)

5. At its 222nd meeting, on 10 February 1992, the Conference elected Mr. Hector Villarroel (Philippines) as its Rapporteur.

6. At the same meeting, the Conference elected Mr. Werner Reichenbaum (Germany) to serve as Chairman of the Main Committee.

7. At the same meeting, the Conference elected the representatives of the following 32 States to serve as Vice-Presidents: Brazil, Bulgaria, Chile, China, Cuba, Czechoslovakia, Democratic People's Republic of Korea, Egypt, Ethiopia, Indonesia, Iran (Islamic Republic of), Italy, Jamaica, Japan, Jordan, Morocco, Namibia, Netherlands, Nigeria, Norway, Oman, Pakistan, Peru, Poland, Portugal, Russian Federation, Spain, Switzerland, Uganda, United States of America, Venezuela, Zambia.

E. Bureau of the Conference

8. In accordance with rule 22 of the rules of procedure, the Bureau of the Conference consisted of the following 35 members: the President and the Vice-Presidents of the Conference, the Chairman of the Main Committee, and the Rapporteur of the Conference. The Conference further decided that the composition of its Bureau should be based on the same geographical distribution as that of the Bureau at its seventh session, namely seven members from Africa, seven from Asia, seven from Latin America, nine from Group B, four from Group D, and China.

9. As a result of the elections reported in sections B and D above, the Bureau of the Conference at its eighth session was as follows:

   President of the Conference: Mr. Juan Manuel Santos (Colombia)

   Rapporteur: Mr. Héctor Villarroel (Philippines)

   Chairman of the Main Committee: Mr. Werner Reichenbaum (Germany)

   Vice-Presidents of the Conference:

   Group B
   - Italy
   - Japan
   - Netherlands
   - Norway
   - Portugal
   - Spain
   - Switzerland
   - United States of America

   Group of 77
   - African Group
     - Egypt
     - Ethiopia
     - Morocco

43 Reproduced in annex III.
44 Ibid.
45 Ibid.
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Report

Namibia
Nigeria
Uganda
Zambia

Asian Group
Democratic People's Republic of Korea
Indonesia
Islamic Republic of Iran
Jordan
Oman
Pakistan

Latin American Group
Brazil
Chile
Cuba
Jamaica
Peru
Venezuela

Group D
Bulgaria
Czechoslovakia
Poland
Russian Federation
China

10. In accordance with past practice, the Conference decided that the chairmen of other sessional bodies and the coordinators of regional groups would be fully associated with the work of the Bureau.

F. Adoption of the agenda
(Agenda item 6)

11. At its 222nd meeting, on 10 February 1992, the Conference adopted the provisional agenda for its eighth session (TD/353 and Add.1).

G. Special meeting on the least developed countries

12. At its 222nd meeting, the Conference approved the proposal in paragraph 21 of the report of the Pre-Conference Meeting that a special meeting during the Conference, to be held on 11 February 1992, be devoted to the consideration of LDC issues, including (i) review of progress in implementation of the Programme of Action for the Least Developed Countries for the 1990s (Trade and Development Board resolution 390 (XXXVII) of 22 March 1991), and (ii) implications for the Programme of additions to the list of LDCs (General Assembly resolution 46/206 of 20 December 1991).

13. In that connection, the President stated that, in accordance with the recommendation of the Pre-Conference Meeting (TD/360, para. 22), he had requested Mr. Alain Vivien, Secretary of State for Foreign Affairs of France and head of the delegation of the country (France) which had hosted the Second United Nations Conference on the Least Developed Countries, to chair the special meeting on LDC issues.

H. Credentials of representatives to the Conference
(Agenda item 5)

(a) Appointment of the Credentials Committee

14. At its 222nd meeting, the Conference established a Credentials Committee composed of the same nine States as had been appointed by the General Assembly to serve on the Credentials Committee at its forty-sixth session: Belgium (Chairman), Belize, Chile, China, Lesotho, Russian Federation, Singapore, Togo, United States of America.

15. In accordance with past practice, the Conference agreed that, should any of the above States not be represented at the Conference, the regional group concerned be requested to nominate a replacement.

(b) Report of the Credentials Committee

16. At its 238th meeting, on 24 February 1992, the Conference adopted the report of the Credentials Committee (TD/363) and also adopted the draft resolution contained in paragraph 8 thereof.

I. Establishment of sessional bodies
(Agenda item 3)

17. At its 222nd meeting, acting in accordance with rule 62 of the rules of procedure and with the proposals put forward at the first part of the seventeenth special session of the Trade and Development Board, the Conference decided to establish a Main Committee, open to the participation of all members of the Conference, to consider and report on the matters referred to it by the plenary.

18. The Conference agreed to the recommendation of the Pre-Conference Meeting of Senior Officials that the Main Committee should establish two working groups to consider and report to it on issues referred to them.

19. At its 1st meeting, the Main Committee elected the representative of Tunisia as its Vice-Chairman.

20. At its 2nd meeting, the Main Committee elected the representative of Belarus as its Rapporteur.

21. Accordingly, the officers of the Main Committee were as follows:

Mr. Werner Reichenbaum (Germany), Chairman,
Mr. Abdanazek Azaiez (Tunisia), Vice-Chairman,
Mr. Alexandre Sytchev (Belarus), Rapporteur.

22. Also at its 1st meeting, the Main Committee established two subsidiary working groups as follows:

Working Group I, under the chairmanship of Mr. Lloyd Barnett (Jamaica)
Working Group II, under the chairmanship of Mr. Jean-Michel Marlaud (France)

[46] For the agenda, see annex I.
[47] For the outcome of the special meeting, see part two, sect. III.

[48] Reproduced in annex VII.
[49] For the resolution, see part one, sect. C (resolution 170 (VII)).
23. In accordance with recommendations made by the Pre-Conference Meeting (TD/360, para. 27), the Main Committee allocated parts of the basic negotiating text (TD/L.320 and Add.1-5) between Working Group I and Working Group II as follows:

Working Group I
- Part I: Challenges and potentials for international trade and development in the 1990s (TD/L.320/Add.1).
- Part II: Broad policy orientations (TD/L.320/Add.2).
- Part III: UNCTAD in a changing political and economic environment: institutional matters (TD/L.320/Add.3).

Working Group II
- Part IV: Policies and measures (TD/L.320/Add.4).
- Part V: Economic cooperation among developing countries (TD/L.320/Add.5).

J. Appointment of “Friends of the Rapporteur”

24. In accordance with a recommendation of the Pre-Conference Meeting (TD/360, para. 38), the Conference agreed that the Rapporteur of the Conference should be assisted in the preparation of his draft report by a group of “Friends of the Rapporteur”, composed of two members each from the African, Asian and Latin American Groups, two members each from Groups B and D, and one member from China. The members subsequently designated were as follows:

Group B
- Netherlands
- United States of America

African Group
- Cameroon
- Zimbabwe

Asian Group
- Islamic Republic of Iran
- Republic of Korea

Latin America
- Argentina
- Chile

Group D (designated one member only)
- Hungary
- China

K. Membership and attendance

25. The following 126 members of UNCTAD were represented at the eighth session of the Conference: Afghanistan, Algeria, Angola, Argentina, Australia, Austria, Bahrain, Bangladesh, Belarus, Belgium, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Chad, Chile, China, Colombia, Costa Rica, Côte d’Ivoire, Cuba, Czechoslovakia, Democratic People’s Republic of Korea, Denmark, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Finland, France, Gambia, Germany, Ghana, Greece, Guatemala, Guinea, Guinea Bissau, Guyana, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Liechtenstein, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Sao Tome and Principe, Saudi Arabia, Senegal, Sierra Leone, Singapore, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia, Zimbabwe.

26. Kiribati attended the Conference as an observer.

27. Palestine was represented pursuant to General Assembly resolutions 3237 (XXIX) of 22 November 1974 and 43/177 of 20 December 1988. The Pan African Congress of Azania was represented pursuant to General Assembly resolution 3280 (XXIX) of 10 December 1974.

28. The Office of the Director-General for Development and International Economic Co-operation, the Department of Technical Cooperation for Development, the Centre for Science and Technology for Development, the United Nations Capital Development Fund, the United Nations Conference on Environment and Development, the United Nations Development Fund, the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean and the Economic and Social Commission for Asia and the Pacific, were represented. The International Trade Centre UNCTAD/GATT was also represented.

29. The following specialized agencies were represented at the Conference: Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, International Monetary Fund, World Intellectual Property Organization, International Fund for Agricultural Development, United Nations Industrial Development Organization, The General Agreement on Tariffs and Trade was also represented.


31. The following non-governmental organizations were represented at the Conference:


**Special category:** Airlines Worldwide Telecommunications and Information Service.

1. **Other business**

   (Agenda item 9)

   1. **PERIODIC REVIEW BY THE CONFERENCE OF THE LISTS OF STATES CONTAINED IN THE ANNEX TO GENERAL ASSEMBLY RESOLUTION 1995 (XIX)**

   32. At its 238th meeting, on 24 February 1992, the Conference noted that the following States had become members of UNCTAD since the seventh session of the Conference: Estonia, Federated States of Micronesia, Latvia, Lithuania, and Marshall Islands. The Conference decided that those countries should be included in the appropriate lists in accordance with the decision of the Trade and Development Board on the basis of a recommendation of the Secretary-General of UNCTAD.

2. **REPORT OF THE TRADE AND DEVELOPMENT BOARD TO THE CONFERENCE**

33. At the same meeting, the Conference took note of the reports of the Trade and Development Board on its thirty-fourth session (first and second parts), thirty-fifth session (first and second parts), thirty-sixth session (first and second parts), sixteenth special session, thirty-seventh session (first and second parts), thirty-eighth session (first part), and seventeenth special session (first and second parts). The reports were brought to the attention of the Conference in a note by the secretariat (TD/361).

3. **DESIGNATION OF INTERGOVERNMENTAL BODIES FOR THE PURPOSES OF RULE 80 OF THE RULES OF PROCEDURE OF THE CONFERENCE**

34. At the same meeting, the Conference noted that the secretariat had received no applications from intergovernmental bodies for designation for the purposes of paragraphs 18 and 19 of General Assembly resolution 1995 (XIX).

4. **REVIEW OF THE CALENDAR OF MEETINGS**

35. At the same meeting, the Conference approved the revised calendar of meetings covering the period from the Conference until the thirty-ninth session of the Trade and Development Board scheduled to begin on 28 September 1992 (TD(VIII)/CRP.3), on the understanding that the calendar would be subject to further review by the Board at the second part of its thirty-eighth session.

5. **Adoption of the report of the Conference to the General Assembly**

   (Agenda item 10)

36. At the 239th (closing) meeting, on 25 February 1992, the Rapporteur, Mr. Héctor Villarroel (Philippines) introduced the draft report of the Conference on its eighth session (TD/L.319 and Add.1 and 2, Add.2/Supp.1 and Add.3-18). The Conference adopted the draft report and, in accordance with the usual procedures, authorized the Rapporteur to complete the final report as appropriate after the closure of the eighth session of the Conference.

6. **Closure of the eighth session of the Conference**

37. After the adoption by the Conference of resolution 171 (VIII) entitled "Expression of gratitude to the Government and people of the Republic of Colombia" and the closing statements made by the representatives of Portugal (on behalf of the European Community), Yugoslavia (on behalf of the Asian Group), Russian Federation, Algeria (on behalf of the African Group), China, Switzerland, United States of America, and the Secretary-General of UNCTAD, the President of the Conference, at the 239th meeting, on 25 February 1992, made a closing statement and declared the eighth session of the Conference closed.

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51 For action taken by the Conference under this agenda item on the message addressed to the Summit on the Economic Advancement of Rural Women and on the draft resolution entitled "Assistance to the Palestinian people", see part two, sect. IV.

52 See part one, sect. C.

53 See part two, sect. VI.

54 Ibid.
Annex I

AGENDA FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

as adopted by the Conference at its 222nd plenary meeting,
on 10 February 1992

1. Opening of the Conference.
2. Election of the President.
3. Establishment of sessional bodies.
4. Election of vice-presidents and the rapporteur.
5. Credentials of representatives to the Conference:
   (a) Appointment of the Credentials Committee;
   (b) Report of the Credentials Committee.
6. Adoption of the agenda.
7. General debate.
8. Strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy:
   Evaluation of challenges and potentials presented by long-term structural changes for sustainable development and expansion of international trade in an interdependent world economy. Promoting economic growth, technological capabilities and accelerated development in the developing countries: adoption of sound national and international policies and measures, good management and structural reforms in both developed and developing countries to achieve the effective and efficient allocation, use and mobilization of human and economic resources and a more favourable international economic environment. Towards this end, issues in the following interrelated areas would be addressed: resources for development; international trade; technology; services; commodities.
9. Other business.
10. Adoption of the report of the Conference to the General Assembly.
Annex II

LIST OF REPRESENTATIVES AND OBSERVERS WHO ADDRESSED THE CONFERENCE DURING THE GENERAL DEBATE

A. Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Name and Position</th>
<th>Date and plenary meeting number</th>
<th>Paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Mr. Ghulam Mohaiuddin Shahbaz, Minister of Planning</td>
<td>14.2.1992 (231)</td>
<td>2-9</td>
</tr>
<tr>
<td>Algeria</td>
<td>Mr. Messaoud Ait Chaalal, Permanent Representative to the United Nations in New York</td>
<td>10.2.1992 (223)</td>
<td>10-14</td>
</tr>
<tr>
<td>Argentina</td>
<td>Mr. Alieto A. Guadagni, Secretary of International Economic Relations</td>
<td>21.2.1992 (237)</td>
<td>15-20</td>
</tr>
<tr>
<td>Australia</td>
<td>Mr. Stephen P. Martin, Parliamentary Secretary to the Minister for Foreign Affairs and Trade</td>
<td>10.2.1992 (223)</td>
<td>21-27</td>
</tr>
<tr>
<td>Austria</td>
<td>Mr. Harald Kreid, Head of Delegation</td>
<td>19.2.1992 (235)</td>
<td>28-32</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Mr. Abdulrazzak Zain Al-Abideen, Ministry of Trade and Agriculture</td>
<td>12.2.1992 (227)</td>
<td>33-42</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Mr. M. K. Anwar, Minister of Commerce</td>
<td>12.2.1992 (226)</td>
<td>43-49</td>
</tr>
<tr>
<td>Belarus</td>
<td>Mr. Viktor V. Andryushin, Vice-Chairman of State Committee for Foreign Economic Relations</td>
<td>17.2.1992 (233)</td>
<td>50-54</td>
</tr>
<tr>
<td>Belgium</td>
<td>Mr. R. Urbain, Minister of Foreign Trade</td>
<td>20.2.1992 (236)</td>
<td>55-59</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Mr. Ugyen Tshering, Permanent Representative to the United Nations in New York</td>
<td>17.2.1992 (233)</td>
<td>60-68</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Mr. Jorge Soruco Villanueva, Permanent Representative to the United Nations in Geneva</td>
<td>13.2.1992 (228)</td>
<td>69-75</td>
</tr>
<tr>
<td>Brazil</td>
<td>Mr. Alvaro Gurgel de Alencar Netto, Special Representative of the Minister of External Relations</td>
<td>13.2.1992 (229)</td>
<td>76-82</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Mr. Valentin Dobrev, Vice-Minister of Foreign Affairs</td>
<td>10.2.1992 (223)</td>
<td>83-90</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Mr. Thomas Sanou, Minister of Industry, Commerce and Mines</td>
<td>13.2.1992 (228)</td>
<td>91-96</td>
</tr>
</tbody>
</table>
### Annex II. List of representatives and observers who addressed the Conference during the general debate

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Date and plenary meeting number</th>
<th>Paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>Mr. François-Xavier Ngoubeyou</td>
<td>18.2.1992 (234)</td>
<td>97-101</td>
</tr>
<tr>
<td></td>
<td>Permanent Representative to the United Nations in Geneva</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Mrs. Suzanne Duplessis</td>
<td>11.2.1992 (225)</td>
<td>102-108</td>
</tr>
<tr>
<td></td>
<td>Parliamentary Secretary to the Minister of External Relations and International Development</td>
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<tr>
<td>Chile</td>
<td>Mr. Jorge Marshall R.</td>
<td>11.2.1992 (225)</td>
<td>109-115</td>
</tr>
<tr>
<td></td>
<td>Under-Secretary for Economic Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>Mr. He Chunlin</td>
<td>12.2.1992 (226)</td>
<td>116-123</td>
</tr>
<tr>
<td></td>
<td>Deputy Secretary-General of the State Council</td>
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<tr>
<td>Colombia</td>
<td>Mrs. Noemï Sanin de Rubio</td>
<td>17.2.1992 (232)</td>
<td>124-129</td>
</tr>
<tr>
<td></td>
<td>Minister of External Relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Mr. Rodrigo Barzuna Sauma</td>
<td>10.2.1992 (222)</td>
<td>130-135</td>
</tr>
<tr>
<td></td>
<td>Special Representative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Côte d'Ivoire</td>
<td>Mr. Sem Koffi Kouame</td>
<td>14.2.1992 (231)</td>
<td>136-140</td>
</tr>
<tr>
<td></td>
<td>Permanent Representative to the United Nations in Geneva</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td>Mr. Ernesto Meléndez Bachs</td>
<td>12.2.1992 (227)</td>
<td>141-147</td>
</tr>
<tr>
<td></td>
<td>Minister of the State Committee of Cooperation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>Mr. Miroslav Pravda</td>
<td>11.2.1992 (225)</td>
<td>148-151</td>
</tr>
<tr>
<td></td>
<td>Director-General, Ministry of Foreign Trade</td>
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<td></td>
</tr>
<tr>
<td>Democratic People’s Republic of Korea</td>
<td>Mr. Song Hui Chol</td>
<td>11.2.1992 (224)</td>
<td>152-155</td>
</tr>
<tr>
<td></td>
<td>Vice-Minister of Foreign Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Mr. Henrik Wohlk</td>
<td>10.2.1992 (222)</td>
<td>156-162</td>
</tr>
<tr>
<td></td>
<td>State Secretary, Ministry of Foreign Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>Mr. Fernando Ribadeneira</td>
<td>12.2.1992 (226)</td>
<td>163-166</td>
</tr>
<tr>
<td></td>
<td>Under-Secretary for International Economic Policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>Mr. Mounir Zahran</td>
<td>13.2.1992 (228)</td>
<td>167-171</td>
</tr>
<tr>
<td></td>
<td>Head of Delegation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>Mr. Ricardo Orlando Valdivieso Oriani</td>
<td>12.2.1992 (226)</td>
<td>172-174</td>
</tr>
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* With regard to the participation of Palestine, see part three, sect. K, para. 27 of the present publication.
Annex II. List of representatives and observers who addressed the Conference during the general debate

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C. Specialized agencies, GATT and International Trade Centre UNCTAD/GATT

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<td>International Fund for Agricultural Development</td>
<td>Mr. Moise Mensah</td>
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<td>International Monetary Fund</td>
<td>Mr. Michel Camdessus</td>
<td>11.2.1992</td>
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<tr>
<td>United Nations Educational, Scientific and Cultural Organization</td>
<td>Mr. Federico Mayor Zaragoza</td>
<td>21.2.1992</td>
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<td>World Bank</td>
<td>Mr. Attila Karaosmanoglu</td>
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D. Other intergovernmental bodies

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<td>African, Caribbean and Pacific Group of States</td>
<td>Mr. Abbey Kafumbe-Mukasa</td>
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<td>Commission of the European Communities</td>
<td>Mr. Juan Prat</td>
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<td>Common Fund for Commodities</td>
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<td>Chief Emeka Anyaoku</td>
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<td>European Community</td>
<td>Mr. Fernando Faria De Oliveira</td>
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## Annex II. List of representatives and observers who addressed the Conference during the general debate

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<td>International Sugar Organization</td>
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<td>International Tropical Timber Organization</td>
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<td>Mr. B. C. Y. Freezailah (Executive Director)</td>
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<td>Latin American Economic System</td>
<td>12.2.1992 (224)</td>
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<td>Mr. Salvador Arriola (Permanent Secretary)</td>
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<td>Organisation for Economic Cooperation and Development</td>
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<td>Mr. Jean-Claude Paye (Secretary-General)</td>
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### E. Non-governmental organizations

#### General category

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<td>International Chamber of Commerce</td>
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<td>Mr. Héctor Larios Santillán (Representative)</td>
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<td>International Coalition for Development Action</td>
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<td>Ms. Janice Foerde (Chairperson)</td>
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<td>International Confederation of Free Trade Unions</td>
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<td>Mr. Luis Anderson (Secretary-General)</td>
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<td>Women's International League for Peace and Freedom</td>
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<td>Ms. Martha Bueno (Legal Adviser)</td>
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<td>World Assembly of Small and Medium Enterprises</td>
<td>18.2.1992 (234)</td>
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<td>Mr. Alfredo Pinto Saavedra (Vice-President)</td>
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<td>World Federation of Trade Unions</td>
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<td>Mr. Gilberto Morales (Representative)</td>
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<td>World Confederation of Labour</td>
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<tr>
<td>Mr. Alejandro Bernal (Representative)</td>
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Annex III

ADDRESSES DELIVERED AT THE INAUGURAL CEREMONY AND OTHER STATEMENTS MADE TO THE CONFERENCE

A. Addresses delivered at the inaugural ceremony on 8 February 1992

1. Statement by Mr. Boutros Boutros-Ghali, Secretary-General of the United Nations

I am very pleased to be addressing the opening meeting of the eighth session of the United Nations Conference on Trade and Development.

First of all, on behalf of the United Nations, I wish to convey to you, Mr. President, my sincere thanks for the warm welcome you have extended to this eminent gathering in Cartagena de Indias. We are indeed privileged to enjoy the gracious hospitality of Colombia in such a beautiful and historical setting. I am also grateful to all the ministers and heads of delegation who have come here, thus underlining the importance that their countries attach to the work of this session of the Conference.

The theme of this Conference, the first major economic meeting organized under the auspices of the United Nations since I took office as Secretary-General, is "Strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy". I am very pleased to have this opportunity to say a few words about a subject which is of great concern to me. Indeed I have always been convinced that international economic cooperation to foster development is closely linked with the objective of establishing and maintaining peace and security.

Since its establishment, the United Nations Conference on Trade and Development has played a catalytic role in encouraging the process of development, particularly by assisting the developing countries in participating equitably in international financing and trading arrangements. In that regard, I should like to pay special tribute to the Secretaries-General who have headed UNCTAD, Mr. Raul Prebisch, Mr. Manuel Perez Guerrerio, Mr. Gamani Corea and the present Secretary-General, Mr. Kenneth Dadzie, who have served the cause of cooperation and dialogue for development with great distinction.

This Conference is taking place at an exceptional time, when the course of history has accelerated, giving rise to great hopes but also to considerable uncertainty. The end of the cold war has put a completely different complexion on the question of peace and security, at both the international and regional levels. The disappearance of competing ideologies and zones of influence means that all countries have the responsibility for promoting mutually advantageous economic and political cooperation.

At the same time, these developments increase the risk of conflict, underscoring the vital need to rethink approaches for ensuring collective security and the maintenance of peace.

I may add here that the principles inherent in democratic systems and in the sound management of public affairs must not stop at national boundaries: they must also apply to the management of the world economy.

More and more demands are being made on the United Nations in the area of peace-making and peacekeeping, and it is increasingly being called on to respond to large-scale humanitarian crises. Its role is fully recognized by both public opinion and the leadership of the international community. Substantial progress has already been made on these fronts, particularly in the settlement of regional conflicts. This must now be consolidated and expanded.

The Security Council summit meeting last week has given important impetus to this process and the momentum must continue. In their joint declaration, summit participants called on all States Members of the United Nations, working through the appropriate bodies, to give the highest priority to solving the economic, social, humanitarian and ecological problems that threaten peace and security. They undertook to address urgent problems, in particular those of economic and social development, requiring a collective response from the international community. They concluded by reaffirming their conviction that “lasting peace and stability require effective international cooperation for the eradication of poverty and the promotion of a better life for all in larger freedom”.

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a Initially issued as TD/L.329.

b Meeting of the Security Council, held on 31 January 1992 at the level of Heads of State and Government, on the responsibility of the Council in the maintenance of international peace and security.

c S/23300.
I was especially pleased that considerable support was expressed at the summit meeting of the Security Council for the proposal which had been made at the Economic and Social Council for the convening of a world summit for social development, and on which I am now consulting Governments. I welcome this important initiative at this time when we are able to refocus our attention on the importance of the well-being and welfare of people as an integral part of the development process.

I, for my part, shall strive to provide the Organization with the appropriate structures, methods and means so that it is better able to respond to proposals for strengthening international cooperation.

I am convinced that only the United Nations can design and promote an integrated approach at the global level that will enable the international community to take up the formidable challenges facing humanity today. This approach must be based on a broadened concept of security, taking into account its economic and social aspects. It is in this general perspective that a "veritable global strategy" must give concrete shape to our commitment to development and the reduction of inequalities between nations, communities and peoples.

In recent years, the burden of foreign debt has hindered development in a considerable number of developing countries. Many of the poorest countries have paradoxically been obliged to transfer vast resources to the rich countries. In such circumstances a low level of investment and delays in growth are hardly surprising. The resulting economic crisis jeopardizes democratic institutions, which in such countries are still fragile, and thus threatens their social structure, national stability and political future.

Zones of poverty, which, far from shrinking, are constantly spreading, constitute potential hotbeds of violence and confrontation. It has already been demonstrated that they can flare up into armed conflicts based on ethnic, tribal, national or religious factors. The causes of the threats facing the environment, and the causes of large-scale migrations and the spread of epidemics, are to be found in large measure in poverty and income disparities between peoples and nations. In the economic and social spheres in particular, which are of such decisive importance for international peace and security, a global consensus in favour of development is still in the process of elaboration, in the process of gestation. The end of the cold war should speed up this process, if we wish to prepare for the civilization of the universe described by Teilhard de Chardin.

Since its establishment, the United Nations has been seeking to promote international economic cooperation for development. However, in many cases the outcome of its efforts has been blocked by the East-West confrontation. Furthermore, the concept of development in the broad sense is not an idea that has mass appeal and does not hold the attention of international public opinion in the same way as armed conflicts or natural disasters. That is why the Organization's development activities have not always enjoyed genuine, steady support. With the end of the cold war and the rapprochement between East and West, there is a risk that the countries of the South will come to form a new bloc of poverty stretching from the Mediterranean to the Caribbean. There is a threat of clashes between the self-centredness of the rich countries and the despair of the poor countries. Hence the imperative of sustainable development is an essential factor in the establishment of peace and security in the world—a step that is incontestably in the common interest of all the members of the international community, whether they belong to the family of the proletarian States or to that of the well-off States.

This is why the international community is turning to the United Nations in the hope that it can contribute to solving these problems, and can take up these new challenges. Yet Governments have not yet made a commitment to provide economic and financial support commensurate with this expectation, with this hope.

However, it must be recognized that the activities of the United Nations have been directed, in particular, towards the publication of studies and statistics, the aim being to mobilize the international community and heighten its awareness of the economic and social problems affecting the developing world. United Nations activities were focused primarily on helping economists and planners to adopt new policies both nationally and internationally. In contrast, it must be recognized that the Organization is not only a unique source of multilateral assistance free of any bias or conditions, but also the only international forum with universal membership dealing with the interrelation of economic, social and political problems. This special status must be preserved and strengthened. It is within the United Nations framework that interdependence between States and the links that exist between international issues of all kinds have been addressed, analysed, studied and highlighted.

In this field, Mr. President, as in many others, the United Nations has demonstrated clearly and precisely that the challenges we face must be taken up, not within the framework of the nation State, but through international action involving the participation of all interests. It is high time that, in view of the experience it has built up and its understanding of the global dimension of the problems involved, full use was made of the Organization to enable all peoples to live in a new world from which poverty, malnutrition, famine and epidemics have been banished; a new world in which nations can coexist in harmony with at least a minimum of equity and equality.

The problems facing our planet-wide society are, it is true, extremely complex.

Governments have the heavy responsibility of formulating and implementing wise development strategies. It is obvious that human resources development and the elimination of poverty must be at the centre of these strategies. The new impetus towards popular participation, the democratization of institutions and respect for human rights is already helping to create a favourable climate for the application of these policies. The United Nations is aware of its duty to assist Governments in this process of democratization as a preliminary to the development to which peoples and nations aspire.

To this end it will be necessary to innovate, invent and try out new methods, and create institutions. For ex-
ample, it might be possible to undertake a three-yearly review of the world situation, and on that basis to seek agreement at the international level on a framework for dealing with the interrelations between political, economic and social problems. This would require comprehensive studies of economic, social, political and environmental issues, and would facilitate the rational use of the United Nations and the specialized agencies, through enhanced coordination and greater consistency within the United Nations system.

During the 1990s, there will be a clear need to respond to growing pressures on scarce financial resources by adopting policies to encourage the mobilization of domestic savings, as well as vigorous measures to reduce debt and promote flows of external resources without generating increased indebtedness.

In that regard, it is manifestly necessary, as suggested by my friend and predecessor Mr. Javier Pérez de Cuéllar, to convene an international conference on the financing of development.

I have every confidence in the ability of nations to agree on urgent measures to combat the degradation of the world environment. The Earth Summit to be held shortly in Rio de Janeiro will undoubtedly encourage the international community to pursue this task and to define the outlines of a new strategy, which is so crucial for the future of our civilization.

You are going to study issues which relate to essential aspects of human activity. You are familiar with the discussions currently under way, notably in the Uruguay Round of negotiations. Trade is the engine of the world economy. It liberates growth. And it provides the developing countries with new means of breaking out of the cycle of underdevelopment. It is in the field of world trade that distortions are most marked. Paradoxically, it is the poor countries which suffer the greatest restrictions in the commercial field. Hence it is vital that the Uruguay Round should reach a successful conclusion. We will then be in a position to lay the foundations of a multilateral trading system which is genuinely global, liberal, free and open.

As the principal organ of the General Assembly in the field of trade and development, UNCTAD offers you an opportunity to discuss these issues in a comprehensive and integrated manner. Many of them, particularly those dealing with commerce, finance, raw materials, investments, services and technology, are clearly set out in your agenda. Others are not. I am thinking in particular of the future of trade negotiations and institutional arrangements which will make it possible to address these problems, which stand at the heart of the question of development. History confers on you the special responsibility of reaching a consensus that will strengthen international efforts aimed at ensuring the economic and social welfare of peoples—for that is ultimately the only purpose of development. When you come to discuss institutional reforms designed to strengthen the usefulness and effectiveness of UNCTAD, you must bear in mind that these reforms must be integrated within the United Nations system.

If we wish to pursue the major objective of peace through development, with greater credibility, greater strength and vigour, we need to strengthen the political will of Member States, we need new resources, we need a more coordinated, more integrated system between the United Nations on the one hand, and the specialized agencies and non-governmental organizations on the other.

I have no doubt that your discussions will generate a political climate and fresh guidelines which will help to give new momentum to growth and development. International economic cooperation for development must be given a solid infrastructure, since it constitutes a basic component of the new world order which is taking shape. There will be no peace or stability without development. There will be no development without peace and security. As a forum for the promotion of trade and development, the United Nations Conference on Trade and Development, at its eighth session, can make a major contribution at this historic turning-point for our planet on the threshold of the twenty-first century.

I wish you every success in your work.

2. Inaugural address by Dr. César Gaviria Trujillo, President of the Republic of Colombia

It is a privilege for Colombia to host the eighth session of the United Nations Conference on Trade and Development. It is also a privilege to have so many distinguished guests in Cartagena de Indias, especially the Secretary-General of the United Nations, Mr. Boutros Boutros-Ghali. It is my pleasure to welcome them on behalf of my Government and the Colombian people.

Cartagena de Indias was for many years one of the main trading centres between the new world and the old world. The city, which is part of the historical heritage of mankind, owed its prosperity and architectural glory to trading activity. It is a happy coincidence and a wonderful portent that this Conference is being held here, 500 years after the discovery of America. It is precisely in the year of the anniversary of the meeting between two worlds that two worlds of another kind, the industrialized world and the less developed world, are meeting to talk about their differences and find solutions to the problems of development and trade. This meeting in Cartagena is taking place at a time when the world is going through changes, many of which are turbulent and augur well for better times, but also involve new dangers and new requirements for collective action.

The main reason for optimism is the attenuation of the confrontation between East and West. Now that the so-called “cold war” has ended, the enormous energy that went into ideological rivalry and confrontation between the poles with a view to military superiority may be channelled into the solution of the real problems that beset us.

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*Initially issued as TD/L.328.*
Although some of this has happened, the main challenges facing mankind, namely, the ones which should be included in the new agenda of the world community, such as economic progress, the elimination of enormous social inequalities, endemic diseases, nuclear proliferation, the destruction of the environment and the drug traffic, still have not found any genuine solution.

These problems, which cannot be solved without cooperation among all nations, especially among the industrialized and the least developed nations, confirm in our belief that only through multilateral institutions and commitments can we really make headway in the building of a better world. This is why Colombia supports UNCTAD as the key forum for matters relating to development and international trade.

In a world where ideological and political conflicts tend to be disappearing, the economic topics which are on the agenda of this meeting, trade and development, are moving to the centre of the discussions. In dealing with these matters, the world community also has an opportunity to choose between confrontation and cooperation. The best way of ensuring that differences are settled by means of cooperation is to recognize that there are different aspirations and interests that have to be harmonized through dialogue and international solidarity. There are hopeful signs to suggest that the problems may actually be solved in a constructive way.

In the first place, a kind of universal consensus has been taking shape that competition is a basic instrument for strengthening the efficiency of domestic and foreign markets. Practically all the developing countries have adopted reforms along these lines, some more intensively than others.

This belief has also had an effect on the definition of the role of the State in economic development. The sphere of the private sector is becoming increasingly wider and the function of the State more clearly defined. This has made for the flowering of democracy, freedom and pluralism throughout the world.

It is also an obvious truth that the world is more interrelated than ever. Advances in communications and the integration of economies are offering new possibilities for cooperation. The decline of the communist ideology has thus broken down the walls that divided the world in two. Today, there is a new community of countries which proclaim the values of democracy and freedom and are full of hopes that have unfortunately still not come true.

No one can deny the fact that, in general terms, there has been progress in the past 25 years. According to the World Bank, life expectancy in the developing world rose from 45 to 62 years between 1965 and 1990 and per capita income increased from $430 to $800 during the same period.

However, needs are so great that such progress pales by comparison. In recent years, in particular, the situation in many parts of the world has worsened. Most of the peoples of Africa and Asia are subsisting in the most abhorrent poverty, in subhuman living conditions. In Latin America, for example, the 1980s were a lost decade for social development. In addition to these problems, there are new requirements as a result of the reconstruction of the former communist countries. The most recent data indicate that, instead of narrowing, the gap between wealthy and poor nations has widened in the past decade.

A world with thousands of millions of human beings living in poverty, without any hope of a better life, cannot afford the luxury of selfishness and isolationism. The higher-income countries, including some of the developing nations, cannot turn their backs on these masses and announce that all of mankind’s problems will be solved by an invisible hand, by the mere play of market forces. Now more than ever, solidarity is unavoidable.

Many of the main international actors have begun to scale down their commitments and evade their duties in the joint effort to build a much better world. As a result of economic recession, the industrialized nations are adopting isolationist attitudes. At the same time, other nations have found that the end of communism is one more excuse to turn their backs on the world and escape the responsibilities incumbent upon them because of their size and their wealth.

It must not be thought that a new world, a fairer and more balanced international system, is going to come about by spontaneous generation. Without an active commitment by the industrialized nations to the rebuilding of the wreckage of totalitarianism, the frustration of the peoples of the former Soviet Union and of Eastern Europe might stand as an obstacle to a democracy coming at the same time as so much penury.

Much of the assistance, many of the trade opportunities and much of the North’s solidarity were designed to achieve such a strategic alliance with the so-called third world. Now, without the communist threat to encourage such solidarity, there is the risk that policies of support for the third world nations will disappear. We have already seen that measures are being taken along these lines. We are concerned about the decline in international assistance. According to figures published by the Organisation for Economic Cooperation and Development early in the decade, only four industrialized countries, Denmark, the Netherlands, Norway and Sweden, had achieved the international official development assistance target of 0.7 per cent of gross national product, whereas many others, including the three wealthiest countries on earth, granted less assistance in 1990 than in the 10 previous years.

We hope that part of what has come to be called the "peace dividend", namely, the reduction in the industrialized countries' defence spending, will lead to a significant increase in transfers for the neediest countries.

The industrialized countries have to understand that their long-term interests are based on support for economic progress, social improvements and political stability in the least developed countries. If we want the world to experience a new era of prosperity, it will be necessary to promote progress in these countries which, until now, have been sunken in stagnation and backwardness.
One of the great revolutions of recent times has been the far-reaching economic and trade reforms undertaken by many of the developing countries. In Latin America, in Asia, in Africa, in Eastern Europe and here in Colombia itself, structural reforms have been adopted to eliminate barriers to trade, promote free competition, strengthen the role of private initiative and give markets a larger share in the distribution of society’s resources. The international organizations estimate that more than 40 developing countries throughout the world have chosen the path of reform, openness and restructuring.

There are, of course, many developing countries, especially the poorest, which continue to preserve their traditional barriers, for, in the final analysis, the developing world is not a homogenous group. I am sure, however, that the example of the economies of the countries which have introduced changes will be imitated in all parts of the world if those countries achieve the proposed goals.

While this progress is taking place in the least developed countries, there has been a return to the past in the industrialized world. Paradoxically, while the South moves more and more enthusiastically in the direction of being able to benefit from free trade and economic reform, the industrialized nations are holding back, putting up protectionist barriers and imposing new types of trade restrictions.

The industrialized world is moving dangerously close to the re-establishment of neo-mercantilism. The trade discussions are focusing more on protecting jobs than on stimulating growth; more on protecting markets and obtaining reciprocities than on promoting competition and efficiency; more on generating surpluses and accumulating reserves than on guaranteeing consumer satisfaction and creating wealth; and more on looking after domestic electoral interests than on taking care of the majority of the population. In short, they are avoiding the intrinsic advantages of trade liberalism and getting increasingly carried away by the alleged mercantilist benefits of politically administered international trade.

If the world economy continues in this direction, there will be fewer and fewer possibilities of establishing a new international order based politically on democratic principles and economically on market forces and freedom. Without access to markets and free trade, it will not be possible to achieve the levels of economic development needed to eliminate poverty and promote a climate of world peace. UNCTAD therefore has to consider this problem and denounce the double standard by which the principles of free trade are applied selectively for the benefit of some and at the expense of others.

In no forum is this situation more obvious than in GATT. The Uruguay Round negotiations have been going on since the middle of the last decade and there is no sign of a successful outcome. Worse still, it is said that the talks might be broken off and then the world would be faced with the possibility of an unprecedented trade war.

A satisfactory conclusion to the Uruguay Round of GATT will not be achieved if some of the countries are content to receive concessions without offering anything in return. A number of our nations have in practice given up producing goods in areas where they are not competitive owing to a lack of capital, natural or technological resources. Why then cannot the more industrialized countries agree to compete on an equal footing with our agricultural commodities, textiles, light manufactures, steel and so many other products?

Owing to the deadlock in multilateral negotiations, the world has been moving towards bilateral trade agreements. This is a dangerous trend towards blocs of countries and cannot be viewed as an end in itself. The only valid justification for trading blocs is when they are the embryonic predecessors of more comprehensive agreements of a multilateral nature. This is what Colombia strives for in the context of the Andean Pact and other similar integration agreements.

One reason for fearing that trading blocs will lead to a more protectionist world is that the industrialized countries have resisted the dismantling of their barriers in particular sectors. This is why the undesirability of the adoption by the European Community and Japan of a social policy to protect fewer than 5 per cent of the citizens, at the expense of millions of consumers within their borders and millions of farmers throughout the world, has received so much emphasis. The same is true of the Multifibre Agreement. It is right to insist on reform in these areas.

There is, however, another source of danger which is frequently forgotten. We may end up in a world of protectionist blocs, not because faith has been lost in the principles of free trade, which have proved effective for more than 40 years, but because confidence in the ability to enforce the agreements is being lost.

The institutional weakness of GATT was not so serious when the commercial dominance of the United States was sufficient to defend some common rules. Today it threatens to undermine the effect of the agreements in all areas. This is why there must be emphasis on the need for agreements in agriculture, services, intellectual property and other fields to go hand in hand with the strengthening of the regulatory instruments of GATT. In this way, such safeguards machinery as the Anti-Dumping Code would no longer be abused and the unilateral sanctions procedures would disappear.

The accession of all the GATT nations to the multilateral trade organization, with acceptance of the common dispute-settlement machinery, would be a significant step forward in preventing the trading blocs from violating the principles of free trade and, indeed, would help to promote such principles.

The problems we encounter in trade and development, like the changed circumstances of the world, incline me to think that this is an excellent time for multilateral action. In the past, when the globe, both land and oceans, was divided into opposite and irreconcilable...
poles, it was almost impossible to reach agreement even on the simplest of ideas. Now that this hurdle has been overcome, the conditions are ripe for multilateral organizations to become the principal actors in the new international order.

But here also it is necessary to appeal for caution. The key problems of the new world agenda, including those which concern trade and development, cannot be solved without the active and decisive participation of the developing nations. This new role, the specific weight which our countries have in the management of the international agenda, must be recognized by the industrialized countries if we want a multilateral approach to be truly feasible and a proper environment for mutual cooperation and collaboration to be created.

At the same time, the industrialized nations cannot continue to be selective in their acceptance of multilateralism. By this I mean that they cannot continue to agree to the decisions of bodies only when these coincide with their interests and to reject any decisions that fail to reflect their priorities. Similarly, the developed countries should abandon the practice of converting multilateral bodies into machinery for rubber-stamping their unilateral decisions. For its part, the developing world needs to shed the ideological positions of the past and to agree to the decisions of bodies only when these coincide with their interests and to reject any decisions that fail to reflect their priorities.

With a view to determining the indispensable reforms, the fact that today's UNCTAD cannot be the same as it was in the past must be recognized. The reasons are many, but perhaps the principal one is that UNCTAD must reflect the changes in the world. This will require sweeping reforms in both the instruments and the structure itself of UNCTAD. I think I am not mistaken if I say that UNCTAD has failed to keep up with the pace of change in a radically altered world.

For this objective to work, the traditional confrontation between North and South must give way to consultation and dialogue within the Conference. While differences will undoubtedly persist, the discussion must be conducted differently. The Government over which I preside firmly believes that the first step in surmounting the differences between the parties to a disagreement is to keep open the channels for dialogue. Furthermore, we in Colombia are convinced that the least developed countries have every right to express their opinions and must be heard. In the context of world development, UNCTAD must comply with this aim.

There is no reason for the relations between UNCTAD and other multilateral organizations or instruments to be the source of sterile controversy. UNCTAD must influence the course of negotiations in forums where there is discussion, negotiation and decision-making, thereby assisting the developing countries in giving expression to their aspirations. This it can do either through its planning or because its action helps to form groups of countries with similar interests, sustained by the technical capacity of the institution.

Furthermore, the defence of particular interests, notwithstanding the consensus which may exist with respect to general points, is a legitimate exercise in diplomacy. In this context, the developing countries may defend interests associated with their own economic conditions. The generalized system of preferences, which was negotiated within UNCTAD and is perhaps the greatest of its specific achievements, was the result of an effort of this kind. In the new international order, there must be many initiatives like this one.

In general terms, to limit the action of UNCTAD to the preparation of studies would be to overlook the fact that over the years it has been able to inspire negotiations on many important subjects before there was a consensus on their urgency. Such was the case with basic commodities, for instance, or the reforms made to the monetary system, such as the special drawing rights, which were adopted in the International Monetary Fund because of concerns which arose in UNCTAD. UNCTAD has shown a capacity for inspiring meetings, a capacity which must be strengthened.

I want to emphasize the fact that at this time of internationalization of economies and opening of markets, international aid must play a definite role in consolidating this process. This inclines me to think that the amount of cooperation should be increased substantially. There are many unsatisfied needs, on the one hand, and the group of countries aspiring to such aid has increased, on the other. The decline in the level of military expenditure announced by the largest countries should release resources for this purpose. Let us work to ensure that part of the money that was used before to strike fear in the adversary is now used to create progress and hope.

The Government of Colombia trusts that, by the end of this Conference, we shall be able to state that we have taken an important step forward in strengthening the multilateral solution of trade and development, and that the conditions have been established for UNCTAD to play a more effective role in the United Nations family of institutions. If a reformed and rejuvenated UNCTAD were to emerge from this Conference, the outcome would be a contribution of the greatest importance to cooperation, economic progress and world peace itself.

You, distinguished delegates, have a long agenda of items to discuss in depth at this Conference. Many of the subjects are so specialized and so complex that they are comprehensible only to the initiated. Others represent partial aspects of a substantially more complex economic and world reality. However, I am sure that all of you are also thinking that this meeting can become an occasion for helping to identify the major problems of human progress and welfare and for progressing in the search for solutions.

It is four years since the last session of the Conference. This meeting in Cartagena de Indias occurs at a special time in history. The number of crossroads at which the world has had an opportunity to decide its destiny and human beings to choose their future can be counted on the fingers of one hand. This is one such crossroad. We are at a time of transition. We leave behind a divided world where the language of force and megatons prevailed over the language of cooperation and solidarity. We want to go forward to a new world where the values of democracy, freedom, economic progress...
and social justice are the standards of the world community.

You, distinguished delegates, have in your hands the instrument of dialogue and political consultation to achieve it. You have an opportunity to be partners in building tomorrow. Let us ensure that this meeting in Cartagena de Indias is recalled as a decisive step in the emergence of an open world and one where there is peace, justice and well-being for all human beings.

B. **Statements made at the 221st (opening) plenary meeting on 8 February 1992**

I. **Opening statement by Mr. Bernard T. G. Chidzero, Senior Minister of Finance, Economic Planning and Development of Zimbabwe, in his capacity as President of the Conference at its seventh session**

I extend a very warm welcome to you all to this important eighth session of the United Nations Conference on Trade and Development. And may I at the very onset of my statement express deep gratitude to the Government and people of this forward-looking and progressive country, Colombia, for hosting the Conference in this historic and beautiful city of Cartagena de Indias. I am myself extremely happy to be here.

The eighth session of the Conference is being held at a time of fundamental, indeed unprecedented, changes in international political and economic relations. The end of the cold war, the dramatic developments in Eastern and Central Europe, the reunification of Germany, developments in the Middle East, far-reaching economic reforms in many developing countries and the democratization process are all developments which have the potential to open up new opportunities and pose verifiable challenges to the international community as a whole. While they could lead to multipolarity in the world and uncertainty about the future, and possibly polarize North-South relations, they have all the elements conducive to a new world order, to durable peace and global security. It is, I am certain, the fervent hope of all of us that the latter will prevail. But we have to act together to resolve our common problems and to realize development objectives in conditions of justice and equity for all. There sadly still exist the disquieting continuity and grim reality of old problems of development and the poverty divide, matters of central concern to the international community, not least to UNCTAD. While ideological walls are being dismantled and the arms race loses its raison d'être, destitution and asymmetries in international economic relations persist and have in fact deepened over time. Indeed, despite positive and significant results registered by some developing countries, the gap between rich and poor has become more glaring and more pronounced than ever before. This constitutes a fundamental challenge of pervasive proportions in the post-cold-war era. As the cold war recedes into the annals of history, the poverty divide looms larger than before and is thrown sharply into focus as the major source of potential, and even actual, conflict and disarray. I therefore concur with the view expressed in the Tehran Declaration of the Group of 77: “A world divided between a rich few and large masses of the poor is unfair, inherently unstable and in the long run, unsustainable.”

We must change or decisively influence the course of events. As destructive weapons are reduced or destroyed, the prospects should provide greater scope for increased non-debt-creating resource flows in support of economic restructuring and the development process, not only in Eastern and Central Europe, but in the third world in general and the least developed countries in particular. Here I must emphasize that the valiant and exacting structural adjustment efforts being made by all these countries have to be accompanied by supportive adjustments in developed countries whose industrial, agricultural, trade and monetary policies and practices often create obstacles which it is not possible for weaker economies to surmount.

Reforming countries, especially the less developed, cannot succeed in their development pursuits as long as the external environment continues to be unsupportive. For most of them, notably in sub-Saharan Africa, the 1980s represented a “lost development decade”. Financial and technological inflows stagnated or virtually collapsed, the debt burden continued to cripple their capacity to invest, real prices for their export commodities fell, thereby worsening already inequitable terms of trade. To compound it all, protectionism remained a very major obstacle.

Developed countries are called upon, therefore, to undertake reforms in their economies in a manner that supports the development efforts of developing countries, as well as reforming countries. In an interdependent world, socio-economic development and sustained growth in the last-mentioned groups of countries provide scope for further growth in the developed countries and expansion of their exports, thereby enhancing the prospects for prosperity for all.

We need to foster greater and effective international cooperation in what has become one global economy and, in so doing, ensure that the many are not left behind.

I turn briefly to trade. Fairer rules and regulations have to be worked out to ensure predictability in international trade and foster mutually supportive global development. In this context, it is very much to be hoped that the final results of the ongoing GATT negotiations and

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8 Initially issued as TD/L.330.

9 See annex V, Tehran Declaration, para. 3.
The follow-up work will produce agreement and an agenda that is balanced, taking into consideration the general interests of all parties concerned, but, in particular, those of the developing countries. I deliberately emphasize the interests of the developing countries owing to the relative weakness of their economies in general.

The role that regional groupings can play in the development process is of the utmost importance. These groupings, however, should foster and create trade, should be outward-looking and should be designed to promote greater and more equitable interdependence among nations, rather than promote regional autarkies. In other words, regional trading arrangements should be compatible with an open and liberal multilateral trading system and freer movement of resources.

Economic cooperation among developing countries, particularly South-South cooperation, is crucial for the integration of these countries into an equitable international economy. There is need to consolidate and strengthen further the Global System of Trade Preferences. There is need to establish or strengthen internationally backed trade-financing facilities in this regard. Greater and more effective South-South cooperation is a necessary and integral part of meaningful global cooperation. It must therefore be fostered and facilitated by all and not hampered or feared by the international community.

Traditionally, UNCTAD Conferences have discussed issues such as depressed commodity markets, protectionism, insufficient or inadequate debt-relief measures and the virtual paralysis of flows of fresh financial resources to developing countries. While these issues have not lost a bit of their importance, relevance and urgency, other issues, such as good governance and management, sustainable development, the balance between development and environment, to mention but a few, have surfaced and now loom large in the development agenda. Furthermore, the economic transition which countries of Eastern and Central Europe are now embarked upon adds a new and challenging dimension to the development problem. The combination of all these developments and realities makes it necessary to devise new, innovative approaches and to establish appropriate institutional arrangements.

Turning to the United Nations system, events of the last four years have significantly revived the political relevance of the United Nations, especially in matters of peace and security, and we are greatly encouraged by the vision outlined by the recent summit meeting of the Security Council.1 On the broader front of development, multilateral attack on common human problems is the most logical course of action. The ongoing and anticipated reforms in the economic and social sectors of the United Nations system acquire even greater significance and urgency. This poses a great challenge to the United Nations system in general and to UNCTAD in particular, since UNCTAD provides the focal point for an integrated treatment of growth and development issues and for consideration of the interrelated areas of trade, finance, investment, services and technology. Therefore, for UNCTAD to remain at the centre in the promotion of international cooperation for development, institutional adaptation and revitalization are needed.

Changes in the international environment, particularly as regards economic matters, have direct implications for the work and even style of operation of UNCTAD. New policy perspectives in regard to trade and development are being shared by a growing number of member States, and these are discussed in the report of the Secretary-General of UNCTAD to the Conference.2 The world economy is giving marked signs of increasing globalization, coupled with the creation and expansion of economic spaces. In the same fashion, the growing diversity which is now observed among developing countries calls for a different, more disaggregated treatment of development problems, as well as for carefully devised national and international policy measures. The need to elaborate a framework for international competition, in which countries can realize the actual and potential comparative advantages they possess, is now more clearly perceived than ever before. I concur in this context that "UNCTAD should contribute to the evolution of universal and comprehensive institutional arrangements for a development-oriented international trading system that respond to the interests of all members, particularly developing countries, and ensure equitable distribution of the benefits of international specialization".

The revitalization and strengthening of UNCTAD itself, which the Conference at its eighth session is to address, can be seen as an important contribution to the overall United Nations reform exercise.

The relevance of the Final Act of UNCTAD VII1 for the present session of the Conference is apparent from the appeal the Final Act makes in favour of multilateralism. Multilateral attack against world economic problems is indeed more necessary than before, if only because of the urgency to ensure firm widespread recovery of world economic growth. As recently as a few weeks ago, we were glad to learn that two leading industrial powers have clearly recognized that it is in their own interests to promote worldwide growth, and this constitutes a matter for optimism and anticipation. But, to be fully effective, a strategy of this nature cannot be devised, and least of all implemented, in secluded conclaves; it must, on the contrary, count on the involvement and commitment of all parties concerned. In other words, the strategy needs to make use of the multilateral channels which are at the disposal of the international community. The eighth session of the Conference provides the occasion to launch a multilaterally agreed set of policies aimed at sustained world economic recovery, a recovery which permeates developed and developing countries alike, thereby making it possible to reduce substantially and ultimately eliminate poverty from this world.

1 See note h above.

2 See annex V, Tehran Declaration, para. 20.

For the consideration of both substantive and institutional issues, this session of the Conference does not take off empty-handed. In addition to the intense and important preparatory work which preceded Cartagena, this session will benefit from the experience gained at the seventh session. From the formal point of view, a consolidated text, such as the Final Act, appears—given the growing interdependence of issues and nations—to be a more meaningful instrument for present times than the traditional, separate resolutions negotiated at previous sessions. From the substantive point of view, at its seventh session, the Conference tackled, and reached agreement on, a number of issues which by necessity are going to be considered here again. More important, from the political point of view, the seventh session of the Conference and its Final Act marked a new phase in the intergovernmental dialogue in UNCTAD, notably by recognizing that all countries ought to assume joint responsibility, commensurate with their relative economic weight, in the promotion of accelerated and sustainable development and for a healthy, secure and equitable world economy. The points made therein remain valid, and the recommendations put forward by and large await implementation. The implementation or lack of it in this regard should thus be borne in mind or ascertained, so as to draw pertinent lessons and arrive at meaningful results in the exercise that lies before us.

We have entered a new era in which a new world order is being shaped. We need the wisdom of common perceptions and resolute solutions to our problems, a purposeful shift from confrontation to consensus, and above all concerted action in shaping a new world order in which all will benefit.

May I express my sincere thanks and gratitude to the Secretary-General of UNCTAD, Mr. Dadzie, and his staff, for their excellent work, as well as to representatives of member countries, for the manner in which they facilitated my work during my term of office as President of the Conference at its seventh session. To all of them I say, "Keep up the good work and provide the same kind of support to the new President".

In concluding my statement, I must seize this opportunity to wish you conclusive results and epoch-making success in your deliberations.

2. Statement by Mr. Juan Manuel Santos, Minister of Foreign Trade of the Republic of Colombia, upon his election as President of the Conference

First of all, I would like to express the gratitude of all those present to His Excellency Mr. Bernard Chidzero, Minister of Finance, Economic Planning and Development of Zimbabwe, who was President of the Conference at its seventh session and a key factor in its great success.

On behalf of the Colombian Government, I extend a very cordial welcome to all the Ministers, Ambassadors and delegates to the eighth session of the United Nations Conference on Trade and Development. I hope that, despite the very heavy programme of work, you will be able to appreciate the warmth and generosity of the Colombian people and enjoy the unforgettable setting of Cartagena de Indias.

It is an honour for my country that, as Minister of Foreign Trade of Colombia, I have been elected to preside over this historic meeting, which brings together delegations from more than 170 countries seeking agreements which will promote the trade and development of peoples. I shall make every effort to guide the work of the Conference towards solutions which will make it possible for its participants to reach consensus, strengthen the organization and meet the expectations of a changing world.

This Conference is being held at an exceptional time for all mankind. We are living through a time in history that offers many possibilities. Never since the post-war period has the international community had such an opportunity and such a challenge for the establishment of a new world order. Myths and dogmas have been left behind. So has the East-West conflict, in which the developing countries were simply pawns in the struggle for world power. The centrally planned economy, growth generating pollution and the theory that poverty is part of the natural order have been forgotten in order to make way for democracy and political pluralism, the market economy and cultural diversity. However, the new ways of thinking have not yet taken final shape and the new paradigms still have to be put together. We are going through a transition phase that will involve uncertainty and require some redefinitions.

This forum offers us an excellent opportunity to move ahead in this direction and help work out the new world agenda. The new order that is to be established will have to take account of the fact that the main feature of the present political and economic situation is the proliferation of centres of power and decision-making. This means that a consensus has to be reached on the basic definitions of the new system and coordinated action for the proper management of the global economy.

UNCTAD is called upon to play a key role in this process. We have left behind the reasons that led to sharp ideological confrontation. We are now living in a political and economic climate where cooperation and solidarity have to replace confrontation and dogmatism. We therefore have to re-establish and revitalize the organization so that it will be tailor-made for the new times. This is why I attach so much importance to the institutional reforms that have been proposed. Organizations, like ideas, cannot remain chained to the past because if they do, they die. UNCTAD has to adapt to the new realities. Its effectiveness has to be increased, its debates have to be made more flexible and the implementation of its conclusions has to be ensured.

Although institutional changes have priority, other problems can certainly not be ignored. Poverty, hunger and inequalities did not disappear with the decline of communism. Besides the traditional UNCTAD topics, such as development finance, trade, transfer of technology and commodities, we should add others resulting from exchanges among nations, not so much in goods

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and services as in ideas, information, epidemics, drugs, money and people themselves. And, of course, the very important topic of the relationship between trade, development and the environment is also on the agenda.

One of the most important topics the Conference has to consider is that of so-called sound administration. We have to join together to combat the problems which stand in the way, including corruption, which is undermining both the public and the private sectors. Corruption is becoming more and more transnationalized every day and it affects the industrialized nations as much as the developing countries.

The new UNCTAD has to be the fruit of a commitment by all those present here. The industrialized nations have to put into practice the economic policies they are recommending. We note with concern that there is a widening gap between the advocacy of free world trade and the actual situation, which is characterized by proliferating trade barriers. Protectionism, combined with enormous subsidy programmes, is shifting the developing nations away from the commodity markets that are their natural markets.

The challenges of the developing world are overwhelming. Action to combat poverty is a shared responsibility that has to be assumed without respite.

It is frequently said that the development of markets and democracy go hand in hand. What is now needed is an international organization that will negotiate and establish a balance between efficiency and social justice, two economic concepts which are equivalent in political terms to equality and freedom. This is the role that UNCTAD should play and its future depends on the concrete solutions it finds for these challenges.

We have little time and a great deal of hard work to do. I urge you to be disciplined, persevering and constructive. Colombia would like the great efforts it has made to organize the Conference properly to be matched by the success of the meeting and the strengthening of an organization with new objectives, so that it may once again become the major forum for the discussion of topics relating to development, that is, the depository of the hopes of all of mankind.

3. Statement by Mr. K. K. S. Dadzie, Secretary-General of UNCTAD

May I say at this formal opening event how gratified all of us are at the prospect of working under your able leadership. Mr. President of the Conference, at the eighth session of the United Nations Conference on Trade and Development. Your election is both a tribute to the representatives of so many States members of UNCTAD to the region which produced its first Secretariat-General, and intellectual forebear, Raul Prebisch, and his distinguished successor, Manuel Pérez-Guerrero. The memory of these eminent sons of Latin America continues to deserve universal tribute, as does the important role that they played in the creation and shaping of UNCTAD. To them must go the credit, among many other contributions, for making the quadrennial sessions of UNCTAD the broadest high-level assemblies of economic policy makers in the inter-governmental calendar. All the national leaders and ministers who gather at these sessions subscribe to at least one common goal: to promote a constant improvement of the well-being of all their people and the full participation of all sections of the population in the development process. It is this goal that has inspired the representatives of so many States members of UNCTAD to come together at the present Conference in a collective endeavour to attain a healthy, secure and equitable world economy.

In this five hundredth anniversary year of the voyage of Columbus, there can be few places more appropriate for holding the eighth session of the Conference than Cartagena de Indias. Its traditions as a centre for trade with distant lands are relevant to our major concerns. The warmth and hospitality we are enjoying are special
characteristics of the people of Cartagena and their authorities. A gracious city deriving its elegance from a rich cultural heritage, it remains the symbol of glory and liberty that Simón Bolívar extolled as “La Heroica”. Germán Arciniegas, the great Colombian thinker, in turn described its shores as the cradle of all the hopes and despair of Bolívar. It was home to yet another liberator, San Pedro Claver, whose life was devoted to the struggle for equity, justice and freedom.

These themes from the past have a special resonance today. The sound of freedom now reverberates throughout the globe. The quest for this fundamental human value—common to all societies—has won new life and aroused new hopes. Different perceptions of freedom may linger, but what matters is the acceptance of democratic rules and understandings which permit nations and people, weak and strong, to share a common house in mutual respect and solidarity. Only then will freedom be secure, for freedom is not the fruit of a single act, however heroic; it is a never-ending project handed on from generation to generation.

A free world is one in which people everywhere can enjoy their rights and responsibly pursue their aims and aspirations, individually and collectively. Freedom is unsustainable if one group of people or societies promote it among themselves while denying the opportunity to others. Freedom is indivisible; it demands participation; it must be shared in a free world. It can be fragile, for people living in poverty and deprivation are not really free to choose, to innovate. A free world calls for access by all to standards of living supportive of human dignity and creativity, and tempered by respect for the needs of future generations.

A free world is one world, built and maintained in a vast multilateral enterprise of cooperative governance, which will motivate people, firms and Governments to work together towards common development goals. It requires nothing less than a leap of courage and imagination, well beyond the present level of achievement.

Freedom is, of course, a goal of the Charter of the United Nations. It can be the foundation of a just and dynamic world order. To build such an order Governments must show the way in wisdom and in harmony. In this enterprise, the United Nations Organization, faithful to its ideals while adapting to changing realities, is their instrument and must be their guide. Deriving new vitality from the Conference, UNCTAD can be a vital building block in this noble construction, promoting strong commitment to a vigorous partnership for development and an equitable future for all.

4. Statement by Mr. Abdol Hosin Vahaji, Minister of Trade of the Islamic Republic of Iran, in his capacity as President of the Seventh Ministerial Meeting of the Group of 77

I have the honour, in my capacity as President of the Seventh Ministerial Meeting of the Group of 77, to present the Tehran Final Documents (TD/356) to the United Nations Conference on Trade and Development at its eighth session.

The Ministers of the Group of 77 met at Tehran in November 1991. His Excellency Mr. Ali Akbar Hashemi Rafsanjani, the President of the Islamic Republic of Iran, inaugurated the ministerial phase of the Meeting.

I have no doubt that the Tehran Meeting signalled a new and a major departure in the history of the Group of 77, of UNCTAD and of the North-South dialogue. The fundamental message to come out of it was the call to the developed countries to join the developing world in a new partnership for development. This must be achieved through a pragmatic and realistic dialogue, which should be non-confrontational and yet frank, and above all transparent.

In addition to China, which traditionally attends the ministerial meetings of the Group of 77 in preparation for UNCTAD Conferences, we had the pleasure of the presence of a number of representatives from both OECD and Eastern and Central European countries who were special invitees of the Tehran Meeting. Their participation provided them with the opportunity of appreciating, first hand, the seriousness with which the developing countries have worked in preparing their position for the Conference. Thus they were able to understand better the problems, concerns and aspirations of these countries, as reflected in the Tehran Final Documents. In addition to participating as observers in the plenary sessions, they had the opportunity to address the Ministers of the Group of 77 and to outline their own views and concerns in connection with the issues under consideration at the eighth session of the Conference. They also participated in a round table interaction with members of the Group of 77. This we believe was not only a step forward in strengthening cooperation among different groups and countries in UNCTAD, but a clear signal of the openness of the Group of 77 for a frank and constructive interchange with their development partners. We sincerely hope that those guests specially invited to participate in the Tehran Meeting will share with others in Cartagena the message of partnership and cooperation, as well as the willingness of the members of the Group of 77 to assume their own responsibilities in addressing the development problematic.

The aim of the dialogue we wish to pursue under the Tehran Declaration is to find not facile consensus in words, but genuine concrete agreements that can be implemented. Its basis should be the recognition by the developing countries of their primary responsibility for their own development and by the developed countries of their obligation to provide a favourable external environment, not least through abiding by the agreed multilateral rules of the game anchored in the respect for competition, open markets, equity and fair play. The driving force for the dialogue should be the shared awareness that the main challenge faced by the international community in the post-cold war world is the development challenge. The international community cannot afford to allow the crumbling walls between East and West to be replaced by the erection of new walls between the developed North and the developing South.
The Tehran Meeting concluded with the adoption of the Tehran Final Documents. These include the Tehran Declaration entitled “Towards a new partnership for development”, the Substantive Platform of the Group of 77 for International Cooperation, the statement of Ministers on Economic Cooperation among Developing Countries, and the ministerial declaration on the Uruguay Round of Multilateral Trade Negotiations, a resolution on assistance to the Palestinian people, and other decisions.¹

The Tehran Declaration stresses that the profound changes that are taking place in the global political environment, in particular the end of the cold war, the improved prospects for disarmament and the advance of human rights, can usher in a new era of international cooperation and global partnership to enhance world peace and security. However, peace is indivisible. Achieving durable global peace and security requires the freeing of all peoples and nations from poverty, hunger and underdevelopment. The rapid change that is taking place in the world economy, including the technological revolution, while giving rise to difficult challenges to both the developing and the developed countries, also offers opportunities for bridging the gap between the North and the South and strengthening international economic cooperation for development. The call for a new international order should provide an opportunity for the international community to strive for a revival of multilateralism and for placing the issue of development at the top of the international agenda for the 1990s.

In the context of the changing global political and economic environment, the Declaration outlines the main challenges for developing and developed countries, and underscores the need to revitalize the development dialogue and to strengthen the effectiveness and relevance of UNCTAD in international and national decision-making. The Declaration calls for the adoption of an action-oriented work programme for international cooperation and for revitalizing the role of UNCTAD as a universal forum of negotiation, and considers it necessary to introduce changes in the structures of the intergovernmental machinery and methods of work.

Against this background, the Substantive Platform of the Group of 77 for International Cooperation stresses that at this session the Conference should treat the issues on its agenda in an integrated and comprehensive manner and provide for solid, operational mechanisms to ensure the effective implementation of the decisions taken by it. With this objective in mind, the Platform outlines specific proposals on policies and measures for international cooperation in the areas or resources for development, international trade, technology, services and commodities. These proposals focus on the following:

1. Halting and rolling back all forms of protectionism;
2. Seeking a durable solution to the external debt crisis and in that context wider implementation and extension of the principle of debt and debt-service reduction;
3. Reducing international real interest rates;
4. External resource requirements for structural adjustment and the policy reform efforts of developing countries;
5. Directing part of the resources to be released from the disarmament process to development;
6. Financing environmental protection;
7. Strengthening the multilateral trading system, and improving market access in developed countries for the exports of developing countries;
8. Issues related to trade and environment;
9. Strengthening the technological capabilities of developing countries;
10. Maximizing the contribution of the service sectors to the development of developing countries;
11. Enhancing the contribution of the commodity sector to the development of commodity-dependent economies.

The Platform also calls upon the international community to implement the Programme of Action for the Least Developed Countries for the 1990s, fully and expeditiously. In this context, it proposes that developed countries should provide adequate support to complement the domestic efforts and policies of the least developed countries within the framework of the Programme of Action.

Since it was anticipated that one major focus of our discussions here would be on adapting UNCTAD as an institution to a changing international economic and political environment, the Platform emphasized the need for greater flexibility in the functioning, methods of work and mechanisms of negotiation to enable the organization to respond to the fluid realities of the contemporary global context.

Another major outcome of the Tehran Meeting is the Statement of Ministers on Economic Cooperation among Developing Countries. The statement underlines the need to intensify efforts to revitalize and strengthen existing mechanisms of economic and technical cooperation among developing countries. It identifies the priorities for future activities to promote economic cooperation among the developing countries in the field of trade, monetary and financial cooperation and regional and subregional economic integration among developing countries.

The Tehran Final Documents were the basis on which the Group of 77 entered into a dialogue with our partners at the seventeenth special session of the Board in preparation for the Conference. The pre-negotiations in Geneva reflected the effective, pragmatic and realistic response of Tehran to the changing world economic environment and to the challenges and potential of the 1990s.

¹ These documents were included in the report of the Seventh Ministerial Meeting of the Group of 77, held at Tehran in November 1991 (77/MM(VII)/f/Rev.1).
The Group of 77 is ready to move forward and enter into a fruitful and constructive dialogue with our partners. We are confident that, with mutual accommodation and understanding, success will be the result of our endeavours and that we will be able to respond to this historic occasion presented by the eighth session of the Conference to place international economic cooperation and development at the centre of the international agenda. It is our duty and responsibility to see to it that the hopes and aspirations placed on this important event are realized.

Let me, on behalf of the Group of 77, the 128 member developing countries, express our gratitude and deep appreciation to the people and Government of Colombia for hosting this session of the Conference and making it possible for us to meet here and chart a new partnership for development.

C. Statement made to the Conference by Mr. K. K. S. Dadzie, Secretary-General of UNCTAD, at the 223rd plenary meeting on 10 February 1992

The road to Cartagena has been long and difficult, but it has been well worth the effort. The preparatory process that Governments and the secretariat undertook more than a year ago, with the participation of a variety of non-governmental actors and experts, has borne fruit. It has clarified the issues for consideration at the Conference, enhanced common perceptions in several key areas, and generated many new perspectives and constructive ideas. It has brought out the need to adapt the structures and operations of UNCTAD to the new realities and to enhance its responsiveness to the diversified interests of all its members. Taken as a whole, the preparatory process represents the prelude to what I am confident will be a major turning-point in the history of UNCTAD.

UNCTAD has already undergone considerable change in approaches, not least in anticipation of this Conference. For the first time within the institution, the agenda expressly requires the Conference, in the context of action towards a healthy, secure and equitable world economy, to address not simply the international but also the national dimensions of the development problematic. It envisages as the starting-point for the work of the Conference an evaluation of the challenges which the profound changes of the past several years imply for trade and development in an increasingly interdependent world economy. It gives a special focus to good management at both the national and international levels to achieve the proper mobilization, allocation and use of resources and a more favourable international economic environment. It implicitly recognizes the importance, for broad-based development, of democratic political structures and respect for human rights. And it is permeated by the theme of sustainable development as the touchstone for integrating environmental considerations into economic policy. While much remains to be done, these elements reflect the readiness of the institution to adapt to changes in the perceptions of member Governments, as well as to the realities of the rapidly evolving international economic and political environment.

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The conjunction of challenges and opportunities that the world community now faces is without precedent. National and international responses to it will determine the outcome of the common endeavour to build a world economy that is at once healthy, secure and equitable. Prospects have opened up for constructing a world order founded on peace, cooperation and the betterment of the human condition. But they are fraught with a multitude of serious problems and risks calling for appropriate initiatives. Several positive conditions have come into being for revitalizing the development process. The means of overcoming many of the obstacles to this process are within reach. Yet, while several developing countries have prospered, long-standing problems of stagnation and poverty show few signs of abatement in most of the developing world, and in some countries have reached crisis proportions.

The marked easing of tension among the major powers has begun to lend substance to the age-old vision of beating swords into ploughshares. In industrial countries, the disarmament process would help release resources for easing global economic strains and for supporting the development process. Developing countries too should be better able to redeploy much of the resources currently devoted to military expenditure to raising domestic living standards. Moreover, the broad tide of political and economic reform and respect for human rights in many parts of the world has gathered pace. This evolution has fuelled expectations that Governments will now act with resolve to broaden access to opportunities at both the national and international levels for all peoples to attain economic and social well-being.

At the same time, many uncertainties remain. Political instability and tension persist in a number of regions. The dramatic changes in East-West relations have raised questions in developing countries about their place in the emerging configuration of political and economic power. Economic imbalances continue to be a source of unpredictability. And there is disquiet that single-minded support for the reform processes in Central and Eastern Europe might, despite the longer-term benefits they will bring to the world economy, blunt the impetus to multilateral action on poverty and underdevelopment in the developing world.

At the root of many of the structural changes in the world economy is technological progress, including ad-
vances in micro-electronics and communications, new materials, biotechnology and, prospectively, renewable energy. Knowledge-intensive processes have become increasingly important, as has the service sector in the advanced economies. These advances could, with adequate diffusion and adaptation, accelerate industrial development in the developing world and help revitalize the global economy. But they are also serving to erode the traditional comparative advantage of developing countries in several areas and adversely affecting the demand for a number of their export products.

Technological change has also speeded up the internationalization of several markets. Corporate decisions on sourcing, production and marketing are increasingly taken within a global frame of reference. The interplay between trade, investment, technology and services, as well as their financial underpinning, has increased in density, giving additional impulse to the growth of interdependence. Tighter linkages have come into being among economies and between key areas of economic policy. The interactions between the domestic policies of Governments, internationally accepted rules and disciplines, and the operation of market processes, have become stronger and more diversified. These phenomena have tended to erode the capacity of Governments to determine the course of economic events and have magnified the constraints on the scope for autonomous policymaking in developing countries.

The past few years have seen a resurgence of interest in integration arrangements centring on common markets, customs unions or free trade areas. Groupings aimed at enhancing economic cooperation among developing countries are being strengthened. Large economic spaces involving key trading partners have emerged, which could contribute to trade liberalization and, through their growth effects, impart new dynamism to the multilateral trading system. Yet, if managed without due regard to the principles, rules and disciplines of the system, they could become inward-looking, shift the burden of adjustment to third parties, cause trade diversion and other problems for developing country exporters and increase the potential for trade disputes and tensions.

Population growth and fertility, compounded by attendant changes in the age structure of populations, are increasingly critical issues for the sustainability of development. They are creating serious problems of savings mobilization and resource allocation, and have increased the pressures on employment creation, education and training and social services in many developing countries. International migration too has become a matter of increasing concern in both originating and receiving countries. Notwithstanding current initiatives in both groups of countries, the central question in the long run remains whether the international community can mobilize the necessary political commitment to reduce the motivation to emigrate by speeding up sustainable development worldwide.

These challenges and potentials should be seen against the backdrop of the development legacy of the 1980s. This legacy includes rapid growth in a number of developing countries but it also encompasses, in most others, continuing disarray in the development process, persistent poverty and deprivation, and the uneven performance of current patterns of structural adjustment effort. While inadequate domestic policies must be held partly responsible, the hostile economic environment of the 1980s was an important factor. As a result, these countries continue to experience, in varying combinations, difficulties in expanding and diversifying their production base, reducing commodity dependence, building financial, technological and transport capacities, coping with the debt burden and its consequences, as well as with adverse trends in resource flows, and pursuing adjustment programmes effectively oriented to growth and development.

At the level of international economic cooperation, however, some hopeful signs have begun to emerge. Various texts recently adopted by the General Assembly and by the Trade and Development Board suggest that the retreat from multilateralism has slowed. Development is increasingly seen as a people-centred and equitable process whose ultimate goal must be the improvement of the human condition. Political arrangements are regarded as viable and important for the development process to the extent that they are based on consent, and the observance of human rights is widely accepted as a source of creativity, innovation and initiative. There is a convergence of views on the necessity of supportive frameworks of broad economic policy, both national and international.

Reliance on market forces and competitiveness, and the fostering of entrepreneurial initiative, have become common features of the pursuit of economic efficiency. The sharp rise in the level of concern for the health of the global environment and for the long-term security of the planet’s ecology base has underscored the imperative of sustainable development. Concerted efforts are accordingly under way to develop approaches to growth which would at once eradicate poverty and promote ecologically sound and sustainable development. Finally, a strong consensus has emerged as to the high priority that must be accorded to such aspects of the development process as the eradication of poverty and hunger, human resources and institutional development, and improved population policies, as well as the protection of the environment.

Building on these common perceptions so as to help reanimate growth and development is the formidable task facing the Conference. Developing countries of course have the primary responsibility for their own development. There is no substitute for sustained national policies aimed at liberating and mobilizing the latent energies and impulses for development within developing countries, at promoting efficiency in the allocation and use of resources, and at taking advantage of the opportu-
nities for trade, investment and technological progress provided by the changing global environment.

The quality of public management is inseparable from the success of development efforts. Good management encompasses the sum total of governmental activities that define the framework, limits and rules of the game for the operation of markets and ensuring a healthy climate for economic activity. One dimension is the establishment of a predictable framework for private sector activity, including the improvement of infrastructures; the pursuit of sound macroeconomic policies; and, putting in place clear legal and regulatory frameworks together with transparent processes for rule-setting and efficient institutions that ensure sound public administration, foster accountability and eliminate corruption. Another dimension has to do with the importance of evolving arrangements for the resolution of conflicts among divergent economic interests, and of appropriate policies for the correction of market deficiencies. And yet another concerns the type, level and mechanisms of direct governmental participation in economic activity. The diversity of country situations will, of course, remain a major influence on choices regarding the balance to be maintained between the public and private enterprise sectors; but such governmental interventions should, as far as possible, be based on calculations of relative efficiency and work with and through market forces.

The international aspects of good management are no less crucial. The efforts of developing countries to improve their domestic economic policy framework will not have the desired outcome without a supportive international economic environment. For one thing, world economic stability and growth depend on higher levels of international cooperation for the management of interdependence. Interdependence could become a consistent vehicle of growth and development, cumulating benefits for all in a positive-sum game, if policies, particularly those of the economically powerful, were formulated in a mutually reinforcing fashion to favour constructive adjustment and adaptation in the world economy. For another, as stressed in the Final Act of UNCTAD VII, stronger cooperative efforts are needed to improve the systems, structures and arrangements that have thus far underpinned international economic relations, particularly as regards trade, money and finance. An important condition in this context would be more effective participation by developing countries in intergovernmental decision-making concerning the evolution and functioning of the international monetary and financial systems.

The economies in transition are currently experiencing a sharp overall drop in output, although here too experience varies considerably from country to country. Inappropriate economic organization in the past and largely unavoidable costs of transition underlie this outcome. There are encouraging signs in some of them that these problems are in the process of being overcome. In others, however, transition is at an initial stage and the road ahead will be extremely difficult.

Industrial market economies are at present performing poorly, with several amongst them in recession. In part, the current downturn is to be explained by cyclical phenomena of the sort that have characterized these economies for decades. There is increasing awareness, however, that a number of their economic difficulties are more deep-seated and will not be overcome in short order. Some of these economies allowed large imbalances in trade and finance to accumulate during the 1980s, with the result that the scope for pursuing remedial policies is now very much reduced. Moreover, excessive borrowing during the decade has in some countries created an overhang in internal indebtedness which, together with declines in asset prices and general financial uncertainty, is depressing expenditure. These same factors have also impaired the ability of the financial system to create credit. Thus, as regards both the demand for goods and the supply of credit, forces are at work that will constrain recovery in the short term.

Resources for development represent one of the most vital of the interrelated policy areas to be considered by the Conference. The savings efforts of developing countries will remain the primary source of development finance and there is considerable room in many of these countries for improvement in the mobilization, allocation and use of savings. Efforts to eliminate macroeconomic instability, unpredictability and uncertainties in the rules of the game must be pursued, as must public sector reform, including greater efficiency and equity in taxation. Developing countries will nevertheless require increasing amounts of external financing to supplement their own efforts. As private financial flows are unlikely to revive on a major scale in the coming years, these countries will require more vigorous debt relief and stronger
mobilization of official external resources. For most poorer developing countries, the aid effort, through both bilateral and multilateral programmes, will remain of central importance. For the heavily indebted developing countries, a durable solution to the debt problem is a pre-requisite for increased access to financial flows.

In the area of trade, policy issues in the 1990s regarding market access conditions are likely to be influenced by the results of the Uruguay Round in several respects. A positive and balanced outcome of the Uruguay Round should include improved overall market access for developing countries, together with strengthened multilateral principles, rules and disciplines which impart greater openness and predictability to the trading system and take the development dimension fully into account. Such an outcome entails specific tariff concessions and non-tariff liberalization, especially in sectors such as agriculture, textiles and clothing, tropical products and natural resource-based products and the elimination of "grey area" measures. It should also ensure that any agreement on the trade-related aspects of intellectual property rights serves to facilitate the access of developing countries to technology and their pursuit of public policy and social objectives. Furthermore, the multilateral framework on trade in services being negotiated in the Uruguay Round should assist in enhancing the international competitiveness of developing country firms and in enabling them to gain effective access to world markets.

As regards commodities, the challenge for the Conference is to work out the premises for a strengthened international commodity policy which takes fully into account the structural and other changes that have taken place over the years. Such a policy must be aimed at achieving more open and healthy commodity markets and at ensuring that commodities contribute effectively to the growth and development of developing countries. It must foster conditions which would facilitate a balance between the supply of and demand for, individual commodities at improved price levels, optimize the contribution of the commodity sector to diversification efforts, and promote the environmentally sound management of natural resources in the interest of sustainable development. Furthermore, producer-consumer cooperation at various levels has a vital role to play in this effort, but support, including financial and technical assistance from international institutions, will be essential. Producer cooperation is indispensable for both producer-consumer cooperation and coordinated producer actions to improve the demand/supply situation and to promote developmental measures.

In the area of technology, the economic dynamism that most developing countries need to achieve requires a supportive national and international policy environment. Strengthening endogenous capacities to absorb, manage and benefit from technological advance is a critical factor. But such efforts will have to be buttressed by measures and mechanisms to promote technology flows to developing countries and to facilitate their access to technology, including crucial new and advanced technologies. Reinforced cooperation both between developed and developing countries and among developing countries could contribute significantly to the development of endogenous capacities and to technology transfers. Collaborative arrangements, including at the enterprise level, on research and development activities would have to be extended through such means as human resources development, joint research and innovation centres, and technological information exchanges. Support for technological infrastructure-building, as well as technical cooperation, remains essential.

The service sector has strategic implications for vital national political interests and for growth and development. The strengthening of the service sectors of developing countries must include a special focus, on both human capital formation and the modernization of infrastructures, particularly telecommunications. National strategies in this area should also include the development of indigenous producer services and incentives for transnational corporations to contribute to development objectives such as the transfer of technology and improving access to information networks and distribution channels. In addition to the liberalization of trade, international cooperation on a variety of other issues in the area of services will be required to assist developing countries in securing a significant portion of the rapidly increasing component of service value added in the world economy.

In addition to these substantive issues, the Conference will be addressing the important question of the institutional reform of UNCTAD. Over the past few years, a new sense of partnership for development, to which UNCTAD has made a major contribution, has progressively emerged. This evolution stems from the growing perception by countries of common interests and shared responsibilities and the increasing convergence of policy perspectives on both appropriate domestic economic policies and the need for action to improve the international economic environment. While there is no lack of appreciation of the achievements of UNCTAD, Governments generally agree that the institution must be adapted and revitalized to enable it to seize the new opportunities that have come into being to enhance international cooperation for development. They also accept that the process of institutional adaptation should contribute to the exercise recently launched by the General Assembly on the restructuring of the economic and social sectors of the United Nations.

The preparatory work for the Conference has brought into focus a number of dimensions of this question that call for special attention. On the role of UNCTAD, the mandate contained in General Assembly resolution 1995 (XIX) and other texts is sufficiently broad and flexible to allow for such reorientations of work as may be required. It would be helpful, however, if a different approach were adopted to the organization of substantive activities; these should be set within the framework of a progressive sequence which begins with the identification of issues for careful and rigorous analytical work, involving conceptual innovation wherever possible, and founded on a systematic study of relevant national experiences and international policies. Such analytical
work would then constitute the basis for reflection, deliberation and consensus-building, benefiting from inputs by external actors such as enterprises, the academic community, trade unions, and non-governmental organizations, as well as collaboration with other intergovernmental institutions.

Negotiations leading to implementable commitments, and launched with proper regard to the nature and maturity of the relevant issues, would be undertaken as the culmination of the process. The outcomes of such negotiations—be they agreed statements, recommendations or binding legal instruments—would have to be followed up through appropriate arrangements for monitoring and implementation. Technical cooperation activities, feeding into and deriving their impulses from substantive work, should also be strengthened.

The task of reorienting the substantive work of UNCTAD should also proceed from fresh approaches to long-standing trade and development questions, as well as from the definition of new and emerging issues in this field, to the treatment of which the institution can make a special contribution. Specific themes should be selected which could serve as foci for work in these areas. Such themes could include the new international partnership for development, global interdependence, paths to development, and ecologically sustainable development. The agenda of the Trade and Development Board should focus primarily on cross-sectoral issues.

Several options are available for improving the organizational effectiveness of the institution. The organization of the work of the Trade and Development Board should be reviewed, so as to enhance its impact on deliberations and negotiations in other forums, as well as on international economic relations. Likewise, an urgent effort is needed to rationalize and streamline the subsidiary machinery of the Board and to sharpen that machinery's focus on sectoral issues. In order to enrich the technical basis for policy discussion, specific issues requiring detailed analysis and reflection should first be subjected to in-depth exploration by mechanisms established for the purpose and involving the participation of relevant national experts.

Methods of work also call for greater flexibility in relation particularly to agenda-setting and the planning and preparation of meetings. While Governments are, of course, free to decide how to join with others in the pursuit of common objectives, complementary mechanisms which would strengthen communications and interaction among delegations would be immensely useful. In addition, more effective use should be made of existing informal consultative procedures for the purpose of preparing and following up the work of the Board. The outcome of deliberative processes in the intergovernmental machinery need not take the form of resolutions, as such resolutions tend to reflect little more than the lowest common denominator of convergence. Greater recourse should be had to agreed conclusions, assessments and summings-up by presiding officers, particularly where the issues require further exploration and building of common perceptions.

These options are only a sample of the possibilities available that merit examination. They should be seen as merely the beginning of a process of institutional renewal which will have to be pursued on a continuing basis after the Conference in the light of changing circumstances and requirements of member Governments. If properly carried forward, the process cannot but impart fresh vigour to the institution, and enable it to play with increased effectiveness the crucial role assigned to it by the General Assembly.

One final word. Over the past several years, policy makers and entrepreneurs in all countries have had to contend with the difficult challenges posed alike by their domestic problems and the external environment. These challenges will not fade away in the short term. But if, as envisaged by its agenda, this Conference enables Governments to reach agreement on how best to take advantage of the major opportunities to which I have already alluded, the entire world community will benefit from the progress that will ensue towards a healthy, secure and equitable global economy.
Annex IV

MESSAGES RECEIVED BY THE CONFERENCE

Message from Mr. Soeharto, President of the Republic of Indonesia

On behalf of the Government and people of Indonesia, I have great pleasure in extending my warmest greetings and highest regards to all participants in this historic meeting.

The eighth session of the United Nations Conference on Trade and Development, being held at Cartagena de Indias, Colombia, is taking place at a challenging time. It provides the international community with a major occasion to address the challenges and opportunities which have emerged as a result of major changes in international political and economic relations. Political and economic reforms, as well as respect for democracy and human rights in many parts of the world, have gathered momentum. Altogether, this evolution has given rise to renewed hopes that Governments will forge a new global consensus and commitment to strengthen international cooperation with a view to revitalizing the development process in the developing countries.

Indonesia strongly believes that the social and economic development policies of developing countries are the responsibility of those countries themselves. These policies, however, can only succeed within a favourable global environment, for which the developed countries at present assume a major responsibility. The management of the world economy is at present vested in a small group of major industrial countries. There is therefore an urgent need for new global policy coordination which should be truly participatory and founded on equality among nations so as to reflect international democracy.

UNCTAD as an international forum has made and continues to make important contributions in addressing the systemic deficiencies in the current operation of the world economy and in promoting democratization in international economic relations.

We believe, therefore, that the eighth session of the Conference should play a major role in providing fresh ideas and direction for the international community to respond effectively to challenges and opportunities. It is imperative that the present session of the Conference lead to the institutional and operational revitalization of UNCTAD and restore the relevance of the role of the organization in the formulation of an international consensus on development. At its eighth session, the Conference needs to adopt action-oriented policies and measures to revitalize the world economy. In order to achieve these objectives, I appeal to all parties to join in a new partnership for development, to relinquish the past and embrace the changing reality.

In conclusion, I would like to express my deep appreciation for the efforts made by the Government and people of the Republic of Colombia in hosting this meeting, and express warm wishes for its success.

Message from Mr. Fidel Castro Ruz, President of the Council of State and of the Government of the Republic of Cuba

I would like to greet the eighth session of the United Nations Conference on Trade and Development, in which the peoples of the third world place so many hopes, and, at the same time, to express the appreciation of the Government of the Republic of Cuba to the Government of the Republic of Colombia for hosting this event and, in particular, to the inhabitants of hospitable Cartagena de Indias, which the great Latin American leader, Simón Bolívar, called the "heroic city" because of the sacrifices and the contribution it made in the struggle for independence of the peoples of Latin America.

This Conference is being held at a historic time when the far-reaching changes taking place in the international situation may strengthen aspirations for a world with a sounder, more equitable and more predictable economy. Unfortunately, however, it is ethically and morally unacceptable that political and social instability should exist in many developing countries as the necessary result of chronic economic recession, the increase in poverty, unemployment and the deterioration of the quality of life because of the lack of resources needed to implement development plans to halt these processes. Although responsibility for national development plans lies with each country, the international community has a supporting role to play in this noble undertaking.

We are of the opinion that the eighth session of the Conference offers an opportunity for the start of a constructive and fruitful dialogue between countries with different levels of economic development in order to bring about a world of peace, cooperation and improvements in the human condition on the basis of full respect for the sovereignty of all countries, without prejudice to the economic and social option they have chosen for their development.

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3 Initially issued as TD/L.321.
4 Initially issued as TD/L.323.
The desire to revitalize UNCTAD by strengthening its basic functions of global analysis, policy coordination, negotiation and follow-up of agreements and technical support to developing countries would be enough in itself to justify efforts by this Conference to preserve this unique universal forum, which considers the interrelated problems of trade, finance and technology from a development-oriented point of view.

We shall have to go on looking for satisfactory solutions to the developing countries' problems of debt payments, the transfer of resources, the steady decline in commodity prices, the worsening of trade relations, market access and the transfer of technology, for, without them, there can be no development or equity in international relations.

Message from Mr. Li Peng, Premier of the State Council of the People's Republic of China

On the occasion of the convocation of the eighth session of the United Nations Conference on Trade and Development, I wish to extend, on behalf of the Chinese Government and people, our warm congratulations to the Conference.

The eighth session of the Conference, which is being held at a time when major changes have occurred in the world pattern, is an important international conference in the field of the international economy at the turn of the 1990s.

A serious imbalance continues to exist in the development of the present world economy, and the gap between North and South is widening. The vast number of developing countries are faced with various difficulties and challenges. The unifying theme on the agenda for this session, "Strengthening national and international action and multilateral cooperation for a healthy, secure and equitable world economy," reflects the common interests of all countries in the world, and the session is of great significance in promoting the North-South dialogue and revitalizing the world economy, and especially the economy of the developing countries.

UNCTAD, as a forum for discussing and solving trade and development issues within the framework of the United Nations, has played an important role in strengthening multilateral cooperation and promoting development of the economy and trade. In the present situation, it is of particular importance for UNCTAD to strengthen its functions and play a greater role. It is our hope that at this session, the Conference will, by adopting practical and effective measures, make greater contributions to the settlement of the pressing problems confronting the developing countries, as well as to the promotion of their economic development, the revitalization of the overall world economy and the expansion of international trade.

I wish the Conference complete success.

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Message from His Holiness Pope John Paul II

At its eighth session, the United Nations Conference on Trade and Development is due to examine how to promote "a healthy, secure and equitable world economy". Although this topic has been addressed many times in the past, it should be approached today in an entirely new spirit, for profound transformations have affected the world over the past five years.

The political upheavals that have occurred in recent years have already begun to produce their effects in the spheres of production and trade, with which your proceedings deal. You are striving to assess them more accurately and to get them under control. Recent events have shown that the dream of planning economies to the point of stifling private initiative cannot be realized, because it is detrimental to the fundamental right of peoples to be "the principal architects of their economic and social progress and to bear prime responsibility for it" (Pacem in terris, III). However, we should not see in current developments the crisis of Marxism alone, for Marxism "does not eliminate from the world the situations of injustice and oppression which Marxism exploited and from which it drew its force" (Centesimus annus, 26).

The disarray of the planned economies has aggravated the general crisis affecting international trade, to which your Conference has been striving to react for more than 25 years, and this makes it even more necessary to apply new forms of solidarity. But there is a second pitfall here. The links to be established cannot respond to the imperatives of economic development alone, or ignore the social sector. Many current tensions stem from the failure of this era, which has not yet found a way to combine economic objectives and social objectives.

A major change has occurred in recent years in the very approach to development, its terms and objectives. The right to development is becoming a principle governing international relations. It is true that no humanist definition of this right is as yet accepted by all; but is it not one of the purposes of your meetings to open up new horizons to those who for professional reasons respond first of all to the quantified data of international trade? In this way you are preparing leaders to incorporate the social aspects of the economy into their forecasts and calculations.

The obstacles that make it difficult to integrate social factors into international trade and make it into an opportunity for human progress for the most deprived peoples must be removed. Here a far-reaching change in attitudes is required, since it is necessary for men of our time to adopt a different approach. This is in the interests of all. And it is a precondition for peace. Whether in a national economy or in international economic relations, experience shows that a regime which does not set itself the aim of effectively enhancing the material welfare of individuals at the same time as their spiritual development cannot be maintained indefinitely. A meeting such as that taking place in Cartagena must endeavour to convince politicians and public opinion, before which they
are answerable for their actions, that the interests of individuals and nations prevail over those of the economy, if the surplus power in the universe is to be placed at the service of man and of peace.

The poverty suffered by some peoples, and the lack of security which results from it, are facts of such gravity that they demand an immediate reaction from all those in a position to react. As early as 1967, Paul VI noted the existence of “situations... involving excessive disparities and... excessive inequality in real freedoms” between peoples. And he added: “Social justice demands that international trade, if it is to be human and moral, must restore at least equality of opportunity between partners” (Populorum progressio, 61). These problems have yet to be resolved. While a few countries have succeeded in lifting themselves to the level reached by the old industrial countries, how many others have been abandoned to their extreme poverty. It is immoral to ignore the barrier of poverty separating the well-off from the have-nots, for all men are equal in dignity; they must secure the means of living in truth, freedom and justice; they have the right to count on the solidarity of others. It is an illusion to believe that it will be possible to leave millions of men in despair and that one day they will not discover violence as a means of making themselves heard.

Much still remains to be done to achieve greater equity in international relations. But, for nations, this march will appear to be one more chimera if they do not perceive the resolve of the richest and most powerful to work tirelessly to seek the surest paths of justice and solidarity. It is to the honour of UNCTAD that it has always insisted on asserting the ethical dimension of the issues on which its proceedings have focused.

In full awareness of the challenge facing the Conference, I commit your work to the Lord of history, who “will judge the world with justice and peoples with righteousness” (Psalms 98, 9).

Mr. Secretary-General, I convey my best wishes for the discharge of your functions during the eighth session of this Conference. I should be grateful if you would assure the delegates of the many nations participating in it of my great interest in their efforts directed towards the harmonious development of all the peoples who go to make up the unique human family.
Annex V

TEHRAN FINAL DOCUMENTS

Final documents adopted by the Seventh Ministerial Meeting of the Group of 77, held at Tehran from 16 to 23 November 1991

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THE TEHRAN DECLARATION

TOWARDS A NEW PARTNERSHIP FOR DEVELOPMENT

We, the Ministers of the States members of the Group of 77,

Having met at Tehran, Islamic Republic of Iran, from 19 to 23 November 1991, to prepare for the forthcoming eighth session of the United Nations Conference on Trade and Development,

Having reviewed global economic and political developments since the seventh session of the Conference,

Declare as follows:

1. The decade of the 1990s already carries the mark of profound historical change. The end of the cold war, the improved prospects for disarmament and the advance of democracy and respect for human rights are ushering in a new era of international cooperation and global partnership to enhance world peace and security.

2. And yet, achieving true global peace and security does not only mean putting an end to the threat of global war and nuclear holocaust. It also means realizing the right to development and freeing peoples and nations from the suffering and insecurity that come from poverty, hunger, disease, illiteracy and unemployment.

3. Furthermore, global peace is indivisible. The world is not at peace if conflicts, resulting among other factors from underdevelopment, continue to plague the developing countries; it is not secure if those countries
are subject to external threat resulting from their weak economic and political position. A world divided between a rich few and large masses of the poor is unfair, inherently unstable and in the long run unsustainable.

4. Thus, the development issue, in particular the widening gap between the North and the South, represents the main challenge faced by the international community in the post-cold war world. The rapid change that is taking place in the world economy, while giving rise to difficult challenges, offers also great opportunities for bridging this gap. The technological revolution, the increasing globalization of production and trade and the consolidation of large economic spaces can lead to a better world for all, provided the international community takes positive action to prevent the marginalization of developing countries and to ensure their active participation in the world economy. In this context, it is necessary to ensure that regional integration arrangements, particularly those having a major impact on world trade, are compatible with an open and liberal multilateral trading system.

Reinvigorating the development dialogue

5. What is needed is a determined move to bring in a new era of partnership for development among developed and developing countries. This calls in turn for a reinvigoration of the development dialogue. Developing countries are ready to engage in a comprehensive dialogue on all issues affecting trade and development, including both international and national aspects, in a balanced discussion based on the imperatives of genuine interdependence, taking into account the weight and impact of developed and developing countries in the world economy.

6. The dialogue towards a new partnership for development must be pragmatic and realistic, non-confrontational, based on a mutuality of interest, and above all aimed at achieving, through a gradual deepening of the international consensus on specific issues, concrete agreements that can be implemented. It must also lead to the establishment of mechanisms for follow-up on the actions agreed upon and monitor the extent to which they are being carried out.

7. The focus of the dialogue must be the strengthening of national and international action and multilateral cooperation for a healthy, secure and equitable world economy, and more specifically the promotion of economic growth, technological capabilities and accelerated development in the developing countries.

8. This is a good time to engage in the dialogue. The phenomenon of globalization of economic relations and the dilemmas posed by transboundary problems such as the environment, health, illicit drugs, and migration have heightened awareness of the close interdependence of issues and nations in today’s world, and the need for cooperative multilateral solutions, with due respect for the independence and national sovereignty of each country. The call for a new international order should also provide an opportunity to strive for a revival of multilateralism, and for placing the issue of development at the top of the agenda of the international community for the 1990s.

The challenges for developing countries

9. Developing countries are making vigorous efforts, almost always at the cost of considerable social and political sacrifices, to follow sound macroeconomic policies, exercise fiscal discipline, rely more on market signals for the allocation of resources, and undertake the necessary adjustments in their external economic relations, including opening their economies to the challenges of competition. The pursuit of economic efficiency by developing countries would, however, have to integrate the social, cultural and development dimensions. Moreover, the realization of the full entrepreneurial potential available in the developing countries would require these countries to have better and favourable access to the global economic space.

10. Developing countries reaffirm that the primary responsibility for their development is their own. This includes prominently the need to introduce participatory arrangements that would help distribute widely the fruits of development and growth, allow everybody a say in the making of decisions that affect their lives, and guarantee respect for political, social, cultural and ideological diversity. The participation of the more vulnerable sectors of the population, such as women, is a matter of special priority.

11. Developing countries recognize the crucial importance of economic cooperation among themselves as a means of enhancing their successful integration into an equitable international economy. In this context, they recognize the importance of consolidation and strengthening the Global System of Trade Preferences (GSTP) and complementing it by appropriate trade financing measures, including the eventual establishment of an international trade financing facility backed by the international community. At the same time, the processes of regional and subregional cooperation and integration within the developing world should be consolidated and strengthened.

12. But no amount of effort will succeed if the external environment continues to be unfavourable. The experience of the 1980s is telling. There was a collapse of financial and technology flows to developing countries, a persistence of the debt overhang, of high real interest rates by historical standards and of monetary instability, a dramatic fall in the real prices of commodities and a corresponding deterioration of the terms of trade of developing countries, and an increase in protectionism in developed countries. In 1990, the total cost of agricultural protection in developed countries amounted to US$ 300 billion, which represents six times the ODA granted to them by developing countries. Moreover, between 1984 and 1989 developing countries made net transfers of $92.6 billion to the developed countries; largely as a result of this huge loss of capital their per capita GNP at the end of the decade was no better than at the beginning. The number of the poor and hungry in those countries had doubled in the same period to an alarming figure of 1.2 billion.
The challenge to the developed countries

13. Part of the explanation of this veritable development failure—the lost decade for development—is that the efforts of developing countries have not met with corresponding actions on the part of the developed world. Developed countries have not shown the political will needed to undertake their own structural adjustment in order to face competition from the developing countries. While advocating multilateralism they resort to the unilateral exercise of economic power, the application of restrictive and discriminatory practices and the marginalization of multilateral institutions and of developing countries in the management of the world economy, which is vested in ad hoc small groups of major industrial countries.

14. Developing countries need a world economy operating on the basis of multilateral rules anchored in respect for competition, open markets, equity and fair play. At present, their exports are being discriminated against. Developed countries must commit themselves solemnly to a return to the agreed rules of the international economy while providing special and differential treatment to developing countries. They must also come forward in a spirit of cooperation, responsibility, imagination and far-sightedness to complement and support the efforts of developing countries and to build an international environment which permits the realization of the creativity present in the cultures of the developing world. Otherwise, the efforts of developing countries will fail, the new development consensus will be eroded and both pluralism and the market orientation will be impeded.

The challenges of interdependence and accelerated and sustainable development

15. The dialogue must also touch on issues concerning the structure of international economic relations. The asymmetry of interdependence between developed and developing countries, most visible in the growing concentration of knowledge and innovation in the developed countries and their transnational firms, must be addressed by the international community. Global policy coordination in the context of interdependence is by now an inescapable responsibility of the international community. It must be met in a more participatory and broad-based manner founded on equality so as to reflect international democracy that fulfills the needs and interests of all countries and evolve policies which can be supported by all. Only in this way will it be possible also to meet the challenge of sustainable development for the world as a whole.

16. Achieving long-term sustainable development requires changes in the production patterns and wasteful consumption practices in the industrialized countries, as well as the reduction and ultimate elimination of poverty. International cooperation in this area should ensure that the measures for the conservation and protection of the environment must be based on just and equitable burden-sharing, through technology transfer and new and additional resources, and that the burden of any negative socio-economic effects on growth and development from measures to address global environmental problems is not borne by the developing countries.

17. There is an urgent need for substantial improvement in the international economic environment for accelerated and sustainable development in developing countries. In this context, we shall seek agreements, and corresponding actions, on the following aspects:

(a) Taking account of growing interdependence, the strengthening of observance of multilateral rules with a view to creating better conditions for effective competition and equitable integration of developing countries in the world economy;

(b) Halting and rolling back of all forms of protectionism by developed countries which prevent genuine international competition and result in harmful effects and economic losses for developing countries; and ending discriminatory restrictions against developing country exports;

(c) Wider implementation and extension of the principle of debt and debt-service reduction to cover all types of debts and countries, with a view to finding a durable and comprehensive solution to the debt problems of developing countries;

(d) Reducing international real interest rates and correcting misalignment and volatility of major currencies with a view to bringing about international monetary and financial stability;

(e) Reversing the net transfer of resources from developing countries and achieving a substantial increase in the non-debt-creating capital flows, as well as bilateral and multilateral official development assistance;

(f) Seeking ways and means of establishing a link between the creation of SDRs and development finance needs;

(g) Adopting appropriate measures and mechanisms for directing part of the resources that may be released from the recent agreements and the continuing process of disarmament for the purpose of meeting developmental challenges, particularly those facing developing countries;

(h) Enabling developing countries to build competitive service sectors and seeking ways and means of giving effective and preferential market access to their services exports in developed countries;

(i) Adopting national and international policies and encouraging sound managerial practices to ensure unhindered access to critical technologies and facilitate transfer of technologies to developing countries and help them build up endogenous technological capabilities;

(j) Adopting international policies that help harness the dynamism, global resources and capabilities of transnational corporations towards the building of endogenous technological capacities in developing countries, as well as introducing an international framework for the promotion of competition and the safeguarding of competitive functioning markets;
(k) Strengthening commodity markets and promoting diversification, including further commodity processing, in commodity-dependent developing economies.

18. The outcome of the Uruguay Round of multilateral trade negotiations should be balanced and equitable, and provide greater security and predictability to the multilateral trading system. It should lead to developing countries obtaining a meaningful, beneficial and substantial package of concessions covering all sectors, particularly market access issues, and should operationalize the principle of differential and more favourable treatment for developing countries in all areas of the negotiations as well as provide for adequate compensation for any losses. In the new areas, developing countries should have the flexibility to use policy instruments to access technology and ensure its use in the public interest for meeting developmental objectives. They should not be made to undertake obligations inconsistent with their development, financial and trade needs.

19. The adoption of the Programme of Action for the Least Developed Countries for the 1990s by the Second United Nations Conference on the Least Developed Countries is welcomed with satisfaction, and the international community is called upon to implement the Programme fully and expeditiously. To complement the domestic efforts and policies of the LDCs within the framework of the Programme of Action, the developed donor countries should redouble their efforts to reach their ODA targets and take urgent action to alleviate the debt burden of the LDCs. There should also be substantially improved market access for the exports of the LDCs.

The need for revitalizing UNCTAD

20. We reaffirm the continuing validity of the central mandate of UNCTAD on trade and development issues and its role as a universal and democratic forum for global economic policy analysis, coordination and negotiations as well as an instrument for the provision of technical assistance to developing countries. The existing network of international economic relations and institutions has to be made more supportive of the development process and adapted to the changes that are taking place in the political and economic environment. UNCTAD has a crucial role to play in the new global situation. For that, UNCTAD must undergo the necessary institutional adaptation in the context of the ongoing reform of the economic and social sectors of the United Nations. In particular, UNCTAD should contribute to the evolution of universal and comprehensive institutional arrangements for a development-oriented international trading system that respond to the interests of all members, particularly developing countries, and ensure equitable distribution of the benefits of international specialization. In the context of global interdependence, UNCTAD should also act as a catalyst for building a new international consensus between developed and developing countries on the fundamental principles that should govern international economic relations.

21. It is thus essential that every effort should be made to strengthen the effectiveness and relevance of UNCTAD in international and national policy-making. At the eighth session of the Conference, an action-oriented work programme for international cooperation should be agreed upon. The role of UNCTAD should be reinforced in the identification and analysis of emerging issues and the analysis of interdependence, in the formulation of national and international policy strategies for the development of developing countries and in the review of relevant policies of the other multilateral economic institutions. Its negotiating role should be expanded to cover specific agreements open to all interested countries as well as the initiation of processes of analysis and intergovernmental dialogue and cooperation that would culminate in negotiations. Effective surveillance and follow-up mechanisms should be set up to ensure that decisions are translated into concrete action. Decisions in UNCTAD should contribute to decision-making in other international forums, with which UNCTAD should have greater interaction at the appropriate level. Mutual support between UNCTAD and other organizations of the United Nations system should be strengthened. The involvement of relevant non-governmental actors should be encouraged.

22. In order to revitalize the prominent role of UNCTAD as a universal forum of negotiation, it is necessary to introduce changes in the structure of the intergovernmental machinery, methods of work and the mechanisms and methods of negotiation by allowing complementary forms of country association through a flexible group system. The UNCTAD secretariat must be given the necessary authority and independence and provided with adequate resources to carry out effectively the task entrusted to it.

The task ahead

23. In recent years developing countries have been in the vanguard of change. It is now time for developed countries to respond positively and demonstrate their political will to meet the challenges of change.

24. In the evolving international political context, how to ensure that the improved political security situation in the North could provide a stimulus to growth and development and improve security in the South, how to meet the challenges of interdependence and sustainable development, how to realize the potential peace dividend and channel it for development of developing countries, are the major tasks for the 1990s. Undertaking these tasks should be a major driving force for strengthening international economic cooperation based on a new partnership in development. In an increasingly interdependent world, peace, prosperity, and political and economic security are indivisible.
THE SUBSTANTIVE PLATFORM OF THE GROUP OF 77
FOR INTERNATIONAL COOPERATION

PART ONE
SECTORAL ISSUES

Introduction

1. The Ministers affirm that at its eighth session, the Conference should treat the issues on its agenda in an integrated and comprehensive manner: Governments should address the agenda in a positive spirit, aimed at achieving concrete, action-oriented results; the results of the eighth session should provide for specific, operational mechanisms to ensure the effective implementation of the decisions taken; and their Governments would be putting forward specific proposals in this respect.

I. Resources for development

Policies and measures in the areas of:

External debt

2. A durable solution to the debt crisis should bring more debt relief in terms of higher percentages of debt reductions and, where applicable, refinancing, as well as comprehensive coverage of beneficiary debtor countries, including official bilateral and multilateral and commercial debt, and be based on objective economic criteria, not political preferences or narrow financial concerns. This should include, *inter alia*:

(a) In regard to the external debt incurred with commercial banks:

(i) Enlarging the scope for debt and debt-service reduction in the context of the strengthened debt strategy;

(ii) Anchoring the negotiation process between debtor countries and commercial banks on authoritative estimates of the country’s debt reduction and cash flow needs;

(iii) The promotion of initiatives aimed at giving creditors greater incentives to put forward plans for debt and debt-service reductions, and in particular, studying by Governments of developed countries of the possibility of tax incentives to creditor banks in their own countries;

(iv) Accompanying any increase in the financial support for debt reductions provided by multilateral financial institutions and the regional development banks by measures to put additional funds at the disposal of these institutions;

(v) Serious consideration by creditors of new and bolder initiatives, for instance the establishment of an international debt facility.

(b) With regard to debt owed to official bilateral creditors:

(i) The cancellation by industrialized countries of all official bilateral debt (both concessional and non-concessional) of all least developed and IDA-eligible countries, as well as other severely indebted low-income countries, including both Paris Club debt and debt owed to other developed countries, and ensuring that debt cancellation is additional to ongoing and future aid programmes.

(ii) Urgent implementation by Paris Club creditors of a substantial debt reduction for middle-income countries in line with the treatment extended to some countries. In this connection, a principle similar to the most-favoured-nation treatment should be applied.

(c) With regard to debt owed to multilateral financial institutions:

(i) Provision of adequate financial assistance to developing countries in order to help clear arrears to the multilateral financial institutions. The strengthened arrears strategy of the Bretton Woods institutions should be reviewed.

(ii) Measures aimed at reversing the negative transfer of financial resources to developing countries should include, *inter alia*, ensuring enough new disbursements and longer repayment periods; the revising of current policies and operating procedures with a view to reducing financial costs; and the restructuring of debts owed by interested countries to these organizations.

3. Other measures should include:

(a) Deepening and broadening the involvement of UNCTAD in the search for practical solutions to the debt problem of developing countries.

(b) Urgent consideration of debt reduction for low-income countries with substantial debt burdens which continue to service their debt and meet their international obligations at great cost.

(c) Promotion of new financial formulas, within the framework of the reduction of debt and debt service for indebted developing countries, in particular for those countries that have admittedly made the greater efforts for the timely fulfillment of their external financial obligations.

(d) Establishment and effective utilization of a framework assuring that industrial country donors and official as well as private creditors consider a country’s debt problem in a coordinated manner so that the overall
financing requirements in relation with a country's medium-term development will be met.

(c) Strengthening technical cooperation among developing countries in the area of external debt with the support of the UNCTAD secretariat through the implementation of programmes for the exchange of experiences in debt negotiations.

(f) Pursuing effective solutions of the debt problems of severely indebted non-restructuring countries.

(g) Strengthening the role of the UNCTAD secretariat in regard to assistance to countries rescheduling their official bilateral debt with the Paris Club, as well as assistance to developing countries in other debt renegotiations and in debt management in general. This assistance should include, inter alia, making estimates of developing countries' debt reduction and cash flow needs.

Transfer of resources

4. The process of structural adjustment in developing countries needs to be adequately supported and funded. This requires a substantial increase in the resources, particularly concessional resources, available for this purpose from bilateral and multilateral sources. In addition, it is important to ensure that associated macroeconomic and structural policy conditions take due account of the specificity of the economic needs and conditions of developing countries. Aid transfers should be free from non-economic conditionalities.

5. As a matter of urgency, developed countries should implement necessary adjustment measures, particularly in those areas where they would have a positive impact in stimulating economic growth in developing countries. Developed countries should also take steps to reduce external and fiscal imbalances, increase savings and promote a healthy and open world economy. In this regard, developed countries should adopt an appropriate mix of fiscal and monetary policies conducive to a decline in interest rates and ensure effective policy coordination with a view to promoting the stability of exchange markets.

6. Donor countries should redouble their efforts to attain their internationally agreed aid commitments to developing countries (0.7 per cent of GNP). Such flows should be placed on a stable, assured and predictable basis.

7. Multilateral financial institutions are urged to provide additional financial resources to developing countries in order to meet their long-term development needs and to make up for any decline in ODA. Those institutions should, therefore, be provided with adequate resources.

8. Efforts to provide financial assistance to the countries of Central and Eastern Europe should not be at the expense of developing countries.

9. For their part, developing countries will continue to pursue measures to enhance their investment climate, particularly as regards inflows of foreign direct investment and other non-debt-creating financial flows, as well as policies oriented at promoting repatriation of flight capital. These efforts would need to be supported by innovative incentives and promotional measures by developed countries and the World Bank Group.

10. The provision of additional resources to low-income countries is a matter of top priority. Steps should be taken to increase the resources of the World Bank’s special programme of assistance for debt-distressed low-income countries. Similarly, financial flows under the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility should provide medium-term concessional loans to low-income countries.

11. There is need for a new, substantial allocation of SDRs and to establish a link between the creation of SDRs and development finance needs. This allocation should be kept free from any conditionality and be followed on by further regular allocations.

12. All countries, especially those possessing large nuclear and conventional arsenals, should seek and continue to reduce military expenditure. A substantial part of resources released, including in particular those resulting from recent agreements and the continuing process of disarmament, should be channelled to social and economic development for the benefit of all countries, in particular developing countries. There is an urgent need for sustained multilateral efforts to make progress on the entire range of disarmament issues.

13. The UNCTAD secretariat is called upon to undertake analysis and make proposals, as well as to provide technical assistance to developing countries in the above-mentioned areas.

14. Full support should be given to the proposal of the Secretary-General of the United Nations to convene an international conference on the financing of development, building on the outcome of the eighth session of the Conference.

Financing of environmental protection

15. The international community must ensure that financing of environmental protection is truly additional, and not at the expense of regular development activities. In particular, resource flows from developed countries should be additional to current ODA flows and be provided as grants and on concessional terms. In addition, other financing mechanisms, including market-related transfers, should be encouraged. Cooperation is called for between creditor countries and multilateral financial institutions and developing countries in the implementation of debt conversion schemes for the protection of the environment. These principles should be reflected in Agenda 21 of UNCED.

16. The UNCTAD secretariat should analyse the developing countries’ need for supplementary financial resources, particularly those associated with growing concern about local and global environmental issues, and identify the means to meet such needs.
Human resources development

17. Developing countries should continue to give the necessary priority to the development of human resources, especially with regard to women, and the provision of basic public goods. However, their efforts in this area have been undermined by many factors, including a worsening of their economic situation and the consequent shortage of investible resources. These have been further exacerbated by the cuts in public expenditures on health, education and other basic social services in the context of structural adjustment programmes. There is, therefore, a need to reverse this trend. External financial and technical assistance through bilateral and multilateral channels is crucial in this regard.

18. The international community is called upon to assist developing countries in their efforts to enhance the mobilization of domestic resources.

II. International trade

19. The linkage between trade, growth and development is at the centre of the work of UNCTAD. A central objective in the trade and development field is that the pattern and direction of international trade, as well as the framework of rules that govern it, should enable all countries, particularly developing countries, to benefit fully from the production and exchange of goods, services, technology and information across national frontiers. To this end, at its eighth session, the Conference should seek a new international consensus for a healthy, secure and equitable international trading system and a harmonious blend of mutually supportive policies and measures in the areas of trade, development finance and monetary issues, taking into account the right of each country to choose its own socio-economic system and promote the welfare of its people in accordance with its own policies and plans. A sustainable international trading system which is fair and equitable should remove discriminatory restrictions on developing countries' exports and give concrete expression to the concept of differential and more favourable treatment for developing countries. At the eighth session of the Conference, developing countries expect a commitment from their developed partners to work together towards these objectives.

Protectionism, structural adjustment and trade liberalization

20. The objective is to halt and reverse protectionism and to bring further liberalization and expansion of world trade to the benefit of all countries, in particular developing countries. In this context, UNCTAD should:

(a) Continue its review of protectionism and structural adjustment, market access and policies affecting trade, with particular reference to the impact on developing countries;

(b) Conduct studies on the trade policy reform experiences of developing countries with a view to:

(i) Facilitating the exchange of experiences;

(ii) Identifying the international support measures that may be needed;

(iii) Quantifying the trade-creation effects of autonomous liberalization and designing modalities for appropriate credit and recognition;

(c) Strengthen its technical assistance in the trade area to countries which request it, including in the field of trade policy reform;

(d) Extend upon request technical assistance to developing countries for their effective participation in the GATT Trade Policy Review Mechanism.b

21. As called for in the Final Act of UNCTAD VII, member States of UNCTAD, particularly developed countries, and their regional groupings having competence in the area of trade policy, should establish independent transparent mechanisms for evaluating protectionist measures sought by firms/sectors and the implications of such measures for the domestic economy as a whole and their effects on the export interests of developing countries. In this connection, UNCTAD should:

Promote the establishment of national transparent mechanisms, including evolving features for such mechanisms, and facilitate their interaction with governmental representatives at the international level with a view to enhancing the adoption of concerted policies in the fight against protectionism.

22. UNCTAD should review the impact of emerging regional trading groups or arrangements and their policies on developing countries, non-participants and the multilateral trading system.

23. UNCTAD should review the impact on developing countries of the process of integrating the countries of Central and Eastern Europe into the international trading system and the world economy. In this regard, the focus should be on: (a) identifying new opportunities for developing countries in trade and economic cooperation with countries of Central and Eastern Europe that may have emerged from the ongoing process of reform in the East; and (b) technical assistance to develop and take advantage of these opportunities.

Generalized system of preferences

24. It is essential that GSP schemes continue to be renewed. In this context, the Ministers took note of the decisions of some preference-granting countries to extend their schemes for another decade and urged other preference-granting countries to do likewise.

25. Taking into account the recent developments, including in the Uruguay Round, affecting markets access of developing countries in areas of export interest to them, GSP schemes should be substantially improved through:

b See GATT, Basic Instruments and Selected Documents, Thirty-sixth Supplement (Sales No. GATT/1990-4, p. 405).
(a) An increase in preferential margins and duty-free treatment;

(b) Comprehensive product and country coverage;

(c) Substantial reduction or elimination of non-tariff measures, a priori limitations and restrictions on preferential imports and frequent withdrawals of preferential benefits, so as to impart stability and greater predictability to the schemes;

(d) Improved and simplified rules of origin criteria;

(e) Increased technical assistance to allow developing countries to benefit fully from the system.

26. The scope of the generalized system of preferences (GSP) should be extended to cover all applicable barriers affecting developing countries’ exports in goods and services to developed countries.

The Uruguay Round of multilateral trade negotiations

27. The Ministers recalled paragraph 105 (8) of the Final Act of UNCTAD VII, in which the Trade and Development Board had been introduced to “follow closely developments and issues in the Uruguay Round of particular concern to the developing countries”. In this context, UNCTAD should:

(a) Undertake an extensive evaluation of the results of the Uruguay Round, from the viewpoint of the developing countries and of their impact on the international trading system;

(b) Identify the problems and opportunities the developing countries face in international trade in goods and services in the 1990s, follow attentively trade negotiations in other forums, promote consensus and prepare proposals for negotiations and possible agreements;

(c) Continue to give assistance to the developing countries in the Uruguay Round, as well as in the implementation of its results and subsequent negotiation.

The Secretary-General of UNCTAD should be requested to submit a comprehensive report on these issues, including recommendations for action, to the Trade and Development Board.

Trade and environment

28. The Conference should:

(a) Recognize that substantially improved market access and remunerative prices for developing country exports of commodities and manufactures would, by producing greater income for less resource depletion, have a positive environmental impact;

(b) Agree that trade-restricting measures are neither an objective nor an efficient means of promoting environmental protection and in fact will lead to proliferation of trade restrictions and harassment that would undermine the open multilateral trading system;

(c) Recognize that unilateral application of restrictive trade measures against developing country exports, pro-fessedly on environmental grounds, constitutes unjustified trade barriers and inherent discrimination against them;

(d) Recall principle 23 of the Stockholm Declaration to the effect that standards of environmental protection valid for advanced countries may not be so for developing countries and may impose unwarranted social and economic costs on the latter;

(e) Recognize that the recent war in the Persian Gulf area has adversely affected the trade and environment of the region and beyond, including the marine environment, and appropriate remedial action is called for at the regional and global levels.

29. In this context, the UNCTAD secretariat should:

(a) Analyse the relationship between environmental policies and trade, including the implications for developing countries of the proposals on harmonization of standards and environmental regulations;

(b) Monitor trade measures that have a bearing on the environment as well as environment-related policies as a source of disguised protectionism, and explore possible criteria that may provide safeguards against such protectionism;

(c) Continue its contribution to the preparations for the United Nations Conference on Environment and Development, as well as contribute to the follow-up and implementation of the outcome of UNCED;

(d) Analyse the impact of developed countries’ environmental policies and the consequences of changes in the pattern of production, trade and technology in developed countries on developing countries;

(e) Work towards evolving a conceptual framework for establishing the link between the removal of trade barriers on goods and services (including access to technology and to labour markets across countries) and the enhancement of the sustainable development of developing countries;

(f) Provide technical assistance from additional resources to developing countries in this area.

The Secretary-General of UNCTAD should be requested to submit reports on these issues, including recommendations for action, to the Trade and Development Board.

Restrictive business practices and international competition policies

30. UNCTAD should expand its action with regard to agreements and rules on policies and regulations for the control of restrictive business practices, in order to protect international competition, ensure the proper functioning of markets and efficient resource allocation, and bring about genuine liberalization of international trade. Negotiation in UNCTAD, preceded or accompanied by appropriate conceptual and technical work by the secretariat, should be directed towards evolving a comprehen-
sive and development-oriented framework for the prevention of restrictive business practices and the promotion of competition in international trade. It should cut across such areas as technology, services, investment and commodities.

Global infrastructures for trade and trade facilitation

31. There is an urgent need to set up a truly universal electronic data interchange (EDI) in particular and “networked markets” in general so as to give developing countries access to the new opportunities for trade facilitation and efficiency stemming from recent advances and the application of information technologies in this area. At its eighth session, the Conference should launch the processes for an international conference on global infrastructure for trade and trade efficiency which would specifically focus on the infrastructure and technologies required by developing countries to access new sources of trade competitiveness.

32. Improvement of transit facilities is vital for the expansion and development of the foreign trade sector of the land-locked countries. These countries and their transit neighbours should be assisted by the international community through financial and technical assistance for the improvement of their transit infrastructure. In this connection, UNCTAD should continue and strengthen its technical cooperation programme in the area of transit transport facilitation.

Improving the international trading framework

33. UNCTAD has a basic mandate on trade and development issues, and a role as a universal and democratic forum for the discussion, analysis and negotiation of the multilateral framework of rules and modalities of international trade. Noting the ongoing discussions in the United Nations system, including General Assembly resolution 45/201 of 21 December 1990, on strengthening institutional arrangements in the area of multilateral trade, and proposals in the Uruguay Round for a multilateral trade organization to service the results of the Uruguay Round, there should be a discussion at the eighth session of the Conference on the issue of universal and comprehensive institutional arrangements for a development-oriented international trading system.

34. Any strengthened institutional arrangements for international trade should be comprehensive in subject coverage, universal in membership, based on agreed objectives and disciplines, responsive to the interests of all members, particularly the developing countries, and democratic in decision-making, with the ultimate aims of ensuring that all countries are enabled to enhance their capacity to compete in world trade, and of achieving an equitable distribution of benefits from international specialization.

35. In accordance with the mandate of UNCTAD to review the effectiveness and further evolution of institutional arrangements in the area of international trade, UNCTAD should take measures to promote such discussions, take them into consideration in the course of its own institutional improvement and provide operative assistance to this process. In particular, the Secretary-General of UNCTAD should be requested to submit a report to a special session of the Trade and Development Board on ways and means of enhancing the UNCTAD contribution to the strengthening of institutional arrangements in the area of international trade, taking into account current relevant proposals, as well as of improving the institutional effectiveness of UNCTAD. In this connection, the Secretary-General should convene, in consultation with relevant international organizations, academic and independent institutions and experts, an ad hoc group of eminent persons to assist him.

III. Technology

36. The Ministers note with serious concern that the technological gap between developed and developing countries is widening and that the changes in the patterns of international competitiveness being brought by the new technological revolution and the globalization process are placing developing countries at a further disadvantage in their commodity, manufactures and services production and trade.

37. Developing countries are giving greater emphasis to access to and transfer and development of technology, including scientific and technological aspects of educational policies and programmes to strengthen their technological capacities. In order to enable them to cope with and benefit from the advancement of technologies, new actions could be taken which should include the establishment of cooperative arrangements and joint ventures between developed and developing countries in R & D activities. These actions should also include the provision of substantial financial resources, on affordable terms, to enable the financing of R & D and skill formation, as well as to import foreign technological inputs as a complement to local technological efforts.

38. Special measures should be undertaken to enhance cooperation among developing countries, including their regional groupings. These measures may cover such areas as technology transfer and cooperation, R & D activities, personnel training, technical cooperation and exchange of experience. The developed countries and international organizations are urged to support and fund this cooperation, particularly technical training of cadres of developing countries in other developing countries.

39. Developed countries should assure, in their trade and technology policies, unhindered access of developing countries to critical, high, new and emerging state-of-the-art technology. In this regard, developing countries express their deep concern over the restrictions imposed by some developed countries on the transfer of advanced technologies to developing countries for political reasons. Transnational corporations should be encouraged to contribute to capacity-building in host developing countries through, inter alia, transfer of technology, training, creation and development of infrastructures, and formation of managerial capabilities. Particular attention could also be given to the promotion of technological innovation at the level of the firm.
40. The technological capacity of developing countries will be enhanced by promoting the access to and diffusion and transfer of technology on fair and equitable terms and conditions. UNCTAD should review the conditions of access to technology by developing countries and propose measures to improve such access with a view to facilitating the international transfer of technology.

41. Support should be given to developing countries in their efforts to create and develop the infrastructure, skill and knowledge base necessary for the acquisition, adaptation and generation of environmentally sound technologies and for strengthening entrepreneurship in developing countries. Developed countries must speed up the transfer of new and environmentally sound technologies to developing countries and provide them with assured access to the best available of those technologies on preferential and non-commercial conditions in order to enable developing countries to improve the quality of growth and enhance their development prospects.

42. The international community should help those countries which lack basic endogenous technological infrastructure to build up their own technological and skill capabilities.

43. In view of the growing role of technology and trade-related information networks in facilitating international technology and trade transactions and the need to ensure that all countries benefit from these networks, an information network for technology, trade and development should be established in UNCTAD.

44. Technical assistance through various modalities should respond to evolving needs and requirements of developing countries and assist their efforts in creating conditions conducive to technological innovation and R & D capacity building, facilitation of technology acquisition, adaptation and utilization, and human resources development. It should also include training at firm level, comprising as well operating plants, design and engineering and R & D organizations. In the area of technical assistance, UNCTAD, through its Advisory Service on Transfer of Technology (ASTT), should continue to support the developing countries in order to strengthen their technological capacity. In this regard, Governments of developed countries and financial development institutions, in particular UNDP, are called upon to increase their financial support to ASTT, enabling it to provide effectively the necessary assistance in the field of technology.

45. In the elaboration of any system of intellectual property rights, consideration must be given to the public policy and development objectives underlying national systems of intellectual property of developing countries and to their need to import technology and to promote endogenous technological development. In this respect, it should be recognized that levels of intellectual property protection should be in consonance with stages of development, that the working of patents constitutes an important component of technology transfer and that appropriate disciplines for the control of restrictive practices are necessary. Also, any framework on intellectual property rights protection should provide for measures to facilitate access to technology by developing countries on fair and equitable terms and conditions.

46. On the basis of the advances made in the talks on an international code of conduct on the transfer of technology and within the framework of a new international dialogue, the Conference at its eighth session should agree to undertake work on the establishment of a global framework of principles and guidelines in order to facilitate the international transfer of technology on favourable terms and conditions and to encourage international technological cooperation among Governments and enterprises, leading to the strengthening of endogenous technological capacities.

47. In relation to the negative impact of the reverse transfer of technology, developed countries and international organizations should strengthen and further support the programmes aimed at sponsoring short-term visits of experts of developing country origin who are currently working in firms and institutions of the developed countries. These programmes would help developing countries in their efforts to further develop their indigenous technological base.

48. To further promote technological capacity-building in developing countries and to enhance international cooperation in the above areas, UNCTAD is called upon to intensify its research and policy analysis, in particular on the interrelationship between technology, trade, investment and development, and its technical assistance activities.

IV. Services

Development and strengthening of the service sector in developing countries

49. It is a matter of priority to develop and strengthen the capacity of the service sector of developing countries and expand their service exports. This calls for the execution of national strategies to attain these objectives, regional cooperation among developing countries and supportive actions in the relevant international forums. Such action should include:

(a) Multilateral commitments and concerted policy actions for transfer of technology to build up their technological and human capabilities;

(b) Effective market access for the service exports of developing countries, including through the temporary movement of labour for the supply of services;

(c) Effective access to and participation of developing country service suppliers in information networks and distribution channels;

(d) Control of anti-competitive practices of TNCs, through effective multilateral rules and principles and national legislation;

(e) Policies to promote training, acquisition and transfer of technology, know-how and know-why to benefit the developing countries;
developing countries' infrastructures and endogenous market access, which provide for the strengthening of professionals and multilateral bodies to enable developing countries to update their technological base, promote human skill formation and construct and/or improve basic services infrastructures, including subregional and regional transportation;

(Promotion of joint ventures, as a condition for market access, which provide for the strengthening of developing countries’ infrastructures and endogenous technological capacity;

(Commitments by developed countries to provide enhanced ODA and credit lines on soft terms for the financing of service infrastructures in developing countries;

(Establishment of contact points for information relating to the registration, recognition and obtaining of professional qualifications, the commercial and technical aspects of the supply of services and the availability of services technology.

50. The multilateral framework of trade in services being negotiated in the Uruguay Round should be a viable instrument for promoting a healthy, secure and equitable world economy and provide clear scope for increasing participation of developing countries and symmetrical treatment of the movement of capital and labour. Developing countries should not be required to undertake commitments inconsistent with their developmental objectives and needs. Developing countries with a low level of development of their service sector, particularly the least developed countries, should not be required to undertake initial commitments as a precondition to participating in an eventual agreement on trade in services. The principle of progressive liberalization of trade in services should be fully respected and practically interpreted in the services negotiations.

51. The UNCTAD mandate with respect to services should be strengthened. UNCTAD should act as a forum for global analysis, dialogue, consultation and negotiation among countries in the context of an integrated programme of international cooperation to help developing countries overcome their handicaps in this sector, increase their share of exports in world trade in services and enhance the contribution of services to their development. In this context, UNCTAD should:

(a) Examine the crucial role played by the service sector in the development process in order to help design strategies to strengthen this sector in the developing countries, and their production and export capacity.

(b) Identify ways and means of increasing the developing countries’ share in world trade in services and to remove the obstacles faced by the developing countries in their export of services.

(c) Identify measures aimed at strengthening the institutional, technological and telecommunications infrastructure of the developing countries, including the incorporation into the service sector of new technologies that are of strategic importance for their development.

(d) Design measures to allow developing countries access to information networks and distribution channels without which their export possibilities are limited.

(e) Promote consultations and possible intergovernmental agreements for improving or protecting the functioning of the services markets, including control of anti-competitive practices.

(f) Improve statistics relating to the service sector and increase knowledge on legislation affecting this sector.

(g) Identify ways and means of providing preferential market access for service exports from developing countries.

(h) Follow up and review the implementation of the results of the Uruguay Round negotiations on trade in services.

52. UNCTAD should oversee developments and trends in individual service sectors, taking account of developments in other organizations with respect to the increasing participation of developing countries in trade in these sectors, and identify problems facing such participation and suggest solutions, in particular on: (i) the best strategy to ensure growth of an indigenous service sector; (ii) conditions of market access for foreign firms; (iii) strengthening of educational systems and training infrastructures; (iv) removing obstacles to temporary mobility of labour and recognition of qualifications; (v) overcoming problems of infrastructural investment and obstacles to access to information networks and distribution channels; (vi) identification of new technologies in services which are strategically important for development and which enable the developing countries to plug into the international network of trade in services; and (vii) identification of barriers to developing countries’ trade in specific sectors.

53. The valuable technical assistance work of UNCTAD should be extended and enhanced to support pursuit of these objectives, with particular attention to: design of strategies to improve the national production and services export capacity of the developing countries; improvement of knowledge of the sector at the national level in quantitative and legislative terms; support to the developing countries in multilateral negotiations on trade in services; the incorporation of services in regional integration schemes, and the execution of joint regional projects in specific sectors of services.

Maritime transport services

54. Resolutions and conventions adopted under the auspices of UNCTAD that aim at a more equitable participation of developing countries in world shipping by recognizing the right of developing countries to participate in the carriage of their foreign trade should remain the cornerstones of an international shipping policy based on the equality of all maritime partners. Any instrument resulting from the Uruguay Round of multilateral negotiations on trade in services should preserve the role of the United Nations Convention on a Code of Conduct for Liner Conferences as an international regul-

*See United Nations Conference on Plenipotentiaries on a Code of Conduct for Liner Conferences, vol. II. Final Act (including the Convention and resolutions) and tonnage requirements (United Nations publication, Sales No. E.75.II.D.12).*
55. Assistance should be provided to developing countries in establishing bilateral and multilateral agreements between land-locked and coastal countries. UNCTAD and other international organizations should provide technical and financial assistance for the implementation of the Second United Nations Transport and Communications Decade in Africa (1991-2000), especially in the field of maritime transport, including the establishment of joint ventures in shipping services, shipbuilding and repair services; harmonization of national shipping policies; documentation and procedures to facilitate maritime trade; aid to navigation and shipping communications; and manpower development in ports and multimodal transport. Regional cooperation in maritime transport also requires support from the international community and donor agencies.

56. The UNCTAD Advance Cargo Information System (ACIS) should be incorporated in the regular work programme of UNCTAD and expanded to cover all African and other developing countries.

V. Commodities

57. A strengthened and effective international policy on commodities should aim at achieving a long-term solution to commodity problems and maximizing the contribution of the commodity sector to development. While preserving the spirit and principal objectives of the Integrated Programme for Commodities, the following goals are emphasized:

(i) Achieving a better balance between supply and demand for commodities at improved real prices that are remunerative and just to producers and equitable to consumers;

(ii) Ensuring greater stability of commodity prices and of revenue from commodity exports;

(iii) Improving market access for commodity products of developing countries;

(iv) Increasing transparency and halting speculative practices and manipulation of commodity markets;

(v) Making production and marketing structures for commodities in developing countries more efficient and competitive;

(vi) Maximizing export earnings of developing countries through active and increased participation in processing, marketing and distribution, including transportation;

(vii) Achieving a gradual reduction of the excessive dependence of developing countries’ economies on the export of a few commodities;

(viii) Promoting and developing resource-based industries in developing countries;

(ix) Ensuring proper management of natural resources with a view to guaranteeing sustainable development.

Instruments, policies and measures

58. Instruments, policies and measures should cover the following:

(a) International commodity agreements and arrangements. Negotiations between producers and consumers on concluding strengthened, effective and more efficient international agreements or arrangements, including study groups, should be promoted. In this regard, urgent attention should be paid to the agreements on cocoa and coffee. Health matters, technology transfer and services associated with the production, marketing and promotion of commodities should be incorporated or strengthened in commodity negotiations and international commodity agreements.

(b) Access to markets. Dismantling of barriers which restrict the access of developing country commodity products in primary and processed forms to developed countries’ markets, and improving developing country access to technology.

(c) Diversification. Resources for processing, marketing, distribution and transportation and horizontal diversification, including crop substitution, should be increased. A special fund for LDCs and African countries should be set up to assist them to that end.

(d) Compensatory financing. The need to maintain, improve and strengthen existing compensatory financing mechanisms, namely the Compensatory and Contingency Financing Facility of IMF, the ACP-ECC STABEX scheme of the Lomé Convention, and the Swiss Compensatory Financing Programme, and the desirability of other developed countries introducing similar schemes in order to relieve the chronic insufficiency of finance needed to meet export earnings shortfalls. Measures to be adopted in this field should lead to the establishment of a universal commodity-related compensatory financing system covering all countries and all commodities, operating on highly concessional terms and conditions and ensuring sufficient and timely disbursement of resources. This system should provide long-term, commodity-specific finance to tackle the root causes of the shortfalls and to enhance processing and diversification in the commodity sector. These questions, as well as actions taken or required in the area of compensatory financing of export earnings shortfalls, should be kept under continuous review in UNCTAD. The UNCTAD secretariat should follow developments in various compensatory financing schemes and their implications for the development of developing countries.

(e) The importance of a favourable external environment. Since policies of developed countries by and large determine the external environment, including world market conditions for commodities, these policies, including monetary and fiscal measures, at both the macro and the commodity levels, must be revised to take into account their impact on developing countries.
Role of UNCTAD

59. UNCTAD should remain the principal forum for establishing a consensus on international commodity policy. It should therefore continue to promote and monitor international cooperation in the field of commodities. This includes periodic and global reviews on the situation of and prospects for commodities in order to be able to define possible courses of action at the national, regional and international levels for submission to Governments for their consideration. A firm commitment and appropriate decisions concerning a strengthened international commodity policy should be taken at the eighth session of the Conference. As a result, a special session of the Trade and Development Board should be convened to study ways and means of implementing the above policies and measures.

Sustainable development and the commodity sector

60. Price levels for natural commodities and their synthetic competitors must fully reflect environmental costs and resource values. Technical and financial support should be extended to developing countries to improve the competitiveness of natural products with respect to synthetics and substitutes. Environmental concerns should not create obstacles to trade in commodities nor be used as a way to obtain trade concessions or access to natural resources. Standards in this area should not be devised unilaterally, but should be internationally negotiated. International cooperation should facilitate the transfer of technology for environmentally sound methods of commodity production and processing. Such technologies should be freely available to developing countries on terms and conditions which reflect the importance of environmental protection for mankind. Additional international finance should be made available to develop technologies to cope with environmental problems specific to commodity production and processing in developing countries.

PART TWO

BROAD POLICY OBJECTIVES

61. The policies proposed for development cooperation in relation to the eighth session of the Conference aim to promote economic growth, technological capabilities and accelerated development in developing countries. To this end, it would be necessary to strengthen national, international and multilateral action for a healthy and equitable world economy, as well as to adopt policies for achieving the efficient allocation and use of human and economic resources. In line with the basic mandate of UNCTAD, the focus should be on international action and multilateral cooperation.

62. Good management and structural reforms at the national level—in both developed and developing countries—and at the international level are closely interrelated: better management at the international level has a positive influence on economic management at the national level, and vice versa.

63. Good management at the global level requires an efficient and equitable international economic system. There should be an agreed system of rules for international trade and economic relations in general, as well as coordination and macroeconomic policies with the participation of all countries concerned; further, the effects of national economic policy measures on the international economy and on global development should be taken into account. Good management requires the resolution of conflicts between economic actors, even the powerful. This demands the strengthening of the mechanisms for resolving disputes in the areas of trade, investment, intellectual property, and the environment.

64. The international community must also show solidarity with the world's poor. This calls for international measures to alleviate problems of poverty and unequal income distribution in the world economy, implying flows of concessional resources, favourable treatment in trade matters for developing countries and a correction of malfunctioning markets. Good management involves management of the world's natural resources and ecological systems for future generations. Traditional concepts of economic efficiency should be reviewed to take into account the impact of economic activities on the environment, and international cooperation should be strengthened, including through the adoption of multilateral rules based on equitable burden-sharing better to conserve the environment.

65. Clearly, the difficulties of good domestic management are not exclusive to developing countries. The developed countries also have serious problems, as demonstrated by huge fiscal deficits and protectionism, as well as wasted resources. Moreover, the international impact of the absence of good management in the rich
countries is much more serious than in the case of poor countries.

66. In considering national action, attention must continue to be focused on the policies of the developed countries. Nevertheless, it is recognized that developing countries, responsible for their own development, would have the task of breaking out of the recessionary inertia of the 1980s and of speeding up their development. They should continue to transform their economies on an environmentally sustainable basis, pursue good management and use resources efficiently. Their main concern would be to enable their peoples to meet their basic subsistence needs while encouraging them to participate more actively in the development process.

67. Recognizing that there are no universal solutions, developing countries should continue to adopt policies best suited to their individual requirements and objectives while keeping within the domestic social consensus, in order to correct all facets of their respective financial, monetary, economic and technical problems. Their quest for accelerated economic growth must integrate the pursuit of economic efficiency with their broader social objectives, including equity and environmentally sound policies. Developing countries also have to face the challenge of adjusting to the dynamic changes in the world economy, and to become internationally competitive by transforming their productive structures.

68. Owing to rapid changes in world technology and new trends in the development process, industrial restructuring acquires increasing importance as a long-term multidimensional process to enhance and facilitate the growth and development of developing countries. In this context, national and international macroeconomic policies, the mobility of capital both internally and externally, access to markets, coherence between national trade and investment policies and the mobilization of investments to promote competitiveness and the development of developing countries, are significant in directing the course of industrial restructuring.

69. Developed countries have a major responsibility for adopting sound national and international policies in the use of resources because of their greater impact on the world economy and on the economic development of developing countries. The experience of the previous decades has shown that developing countries are vulnerable to the national and international actions of developed countries. Developing countries can only succeed if these policies and actions are supportive of accelerated and sustainable development.

70. Developed countries should seek the most efficient means of real resource transfers—both financial and technological—to developing countries, taking as their criterion the genuine needs of the recipient countries. Developed countries should shoulder their responsibility for structural adjustment and make the necessary transition in the international distribution of labour, production facilities, and allocation of resources, particularly in those areas (for example in agriculture and textiles) where such action would stimulate economic growth in developing countries. Elimination of trade-distorting subsidies and reduction of fiscal deficits in developed countries would also contribute to a more rational allocation of resources—national and international. Developed countries have a duty to replenish and sustain the global environment in proportion to their responsibility for damage done to the environment.

71. In undertaking reform programmes and in seeking to become integrated into the international economic arena, the countries of Eastern and Central Europe should take into account the needs of developing countries so that existing trade levels are maintained and prospects for their expansion opened up.

72. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 has provided a unique framework of international economic cooperation and solidarity with the objective of reversing Africa's worsening social and economic conditions. UNCTAD should continue, within its mandate, to provide assistance to African countries, including continued analysis and research relating to problems of interest to Africa, as well as technical cooperation programmes in the region.

PART THREE

LEAST DEVELOPED COUNTRIES

73. At its eighth session, the Conference should express satisfaction over the adoption of the Programme of Action for the Least Developed Countries for the 1990s by the Second United Nations Conference on the Least Developed Countries held in 1990, and call upon the international community to implement the Programme fully and expeditiously. It should urge the developed countries to provide adequate support to complement the domestic efforts and policies of LDCs within the framework of the Programme of Action.

74. (a) At its eighth session, the Conference should call upon the developed countries to:

(i) Implement their commitments to provide the LDCs with a significant and substantial increase in the level of highly concessional and non-debt-creating external financial resources, including compensation for the economic consequences of unforeseen external events; towards this end, donor countries should redouble their efforts to reach their ODA targets established in the Programme of Action;

(ii) Reduce the debt stock and debt-servicing burden of the LDCs, including debt due to multilateral financial institutions; for this purpose:
a. All developed country donors which have not yet implemented debt-relief programmes should, as a matter of urgency, take steps to cancel or provide equivalent relief on all LDC ODA debt;

b. The developed country creditors should agree to cancellation of all LDC bilateral official debt, including the non-concessional part of this debt;

c. Appropriate measures should be taken to alleviate the multilateral debt of LDCs, and new multilateral financing should be on concessional terms only;

d. LDCs with overdue financial obligations should be helped to clear their arrears and be provided with the finances required for adjustment programmes;

e. Additional resources should be provided to reduce LDC commercial debt through, inter alia, implementation of debt buy-back and conversion schemes;

f. UNCTAD should convene, in collaboration with the relevant multilateral institutions and development funds, LDCs, donor countries, creditors, and non-governmental organizations, an expert group meeting to review the experience gained of mechanisms used so far for commercial debt reduction in the LDCs and to explore further initiatives which could be taken to help LDCs eliminate their commercial debt;

(b) As external trade is seen in the Programme of Action as a vehicle for net resource flows in LDCs, the Uruguay Round of multilateral trade negotiations should result in substantially improved market access for exports of LDCs. In this connection, at its eighth session, the Conference should call upon the international community to implement measures contained in the Programme of Action, in particular:

(i) Advanced implementation of MFN concessions of particular interest to LDCs made by the contracting parties to GATT;

(ii) Enhanced access for products of LDCs through the elimination of tariff and non-tariff barriers;

(iii) The fullest possible liberalization of trade in textiles negotiated in the Uruguay Round;

(iv) GSP schemes should be improved by increasing the range of products covered or the tariff concession, applying flexible rules of origin, special terms of ceilings, and greater long-term stability and predictability in the management of GSP schemes;

(v) Developed countries are strongly urged to take steps to simplify procedures and help LDCs take full advantage of the GSP schemes;

(vi) The results in the TRIPS (trade-related aspects of intellectual property rights) negotiations in the Uruguay Round should not further constrain technological capacity-building, particularly with regard to access to technology by the LDCs; therefore the LDCs should be exempt from any additional obligations beyond those already undertaken in existing intellectual property conventions in order to provide them with adequate flexibility in meeting the immense challenges they face in their efforts for technological transformation;

(c) As stressed in the Programme of Action, the international community should intensify its support for LDC efforts towards diversification, increased processing and increased participation in the marketing of their products by providing adequate financial and technical assistance;

(d) The International Monetary Fund is called upon to facilitate LDC access to the resources of its Compensatory and Contingency Financing Facility on concessional terms; the European Community and Switzerland are requested to increase the resources of their compensatory programmes, and other developed countries to establish similar programmes;

(e) The twin problems of the pervasive poverty and environmental degradation of LDCs have to be tackled simultaneously to provide a basis for long-term sustained growth and sustainable development. The United Nations Conference on Environment and Development should provide for measures to enable the LDCs to pursue their efforts to incorporate environmental dimensions in their development objectives and policies. In order to benefit fully from such measures, the LDCs would require financial and technical support to strengthen their human, institutional and technological capacities;

(f) Urgent and sustained implementation by the international community of the measures outlined in paragraph 105 of the Programme of Action is called for in order to assist LDCs in overcoming their technological backwardness and improving scientific skills and R&D capabilities for acquiring, adapting and absorbing modern technology;

(g) The General Assembly, in its resolution 45/206 of 21 December 1990, decided that regular monitoring of the progress on the Programme of Action should be undertaken at three levels, national, regional and global, and that the Trade and Development Board of UNCTAD should consider annually the review of progress at the global level. Country review mechanisms such as UNDP round tables and World Bank consultative groups would continue to constitute the backbone of the country review process. In this connection, the need for the following should be stressed:

(i) Organizing country review meetings on a more systematic and regular basis;

(ii) Assisting LDCs in strengthening their capacity to ensure their leadership role in the country review process;

(iii) Establishing strong links between the follow-up at the national and the global levels;

(iv) The Trade and Development Board taking corrective measures, when necessary, to ensure the realization of the objectives of the Programme of Action.
75. The recent events and developments in the international economic and political environment have opened up possibilities for a new era of partnership among nations. In this new era, the development problem constitutes a major challenge for international peace and security, and has therefore to be tackled with vigour and determination. UNCTAD, as a universal and democratic forum with a central mandate on trade and development issues, has a major role to play in these endeavours. In this context, the eighth session of the Conference provides an opportunity to impart a new impetus to the development cooperation dialogue by reaffirming the mandate of UNCTAD and carrying forward, in a decisive manner, the necessary institutional adaptation in the context of the ongoing reform of the economic and social sectors of the United Nations.

76. Revitalizing the role and effectiveness of UNCTAD in the emerging world should be viewed as a continuous process leading to improved mechanisms for the consideration of all interrelated development issues and for enhancing the role of UNCTAD in a strengthened international trading system. The success of institutional revitalization will fundamentally depend on the political will of member States and on their commitment to utilize fully the possibilities and means offered by UNCTAD as a forum for constructive dialogue and negotiations conducive to the adoption of measures that can be implemented in a pragmatic fashion through reinforced and more operational mechanisms.

77. Institutional revitalization should thus strengthen the functions of UNCTAD regarding global analysis and policy coordination, negotiation and technical cooperation as follows:

(a) Global analysis and policy coordination

(i) The identification and analysis of emerging relevant issues in a rapidly changing world needs to be viewed as a major and integral element of the regular activities of UNCTAD.

(ii) UNCTAD should continue to carry out a global analysis of the growing interdependence of issues and nations, and evaluate in particular the impact of such interdependence on the development prospects of developing countries. In order for UNCTAD to make a more effective contribution to policy coordination on these issues, appropriate institutional arrangements should be established, including ministerial meetings of the Board.

(iii) As an essential part of its role in global analysis and policy coordination, UNCTAD is expected to formulate strategies comprising national and international policy measures required for enhancing the development prospects of developing countries. Such strategies would normally comprise short-, medium- and long-term policy measures.

(iv) The global analysis of interdependence by UNCTAD should comprise a systematic review of the policies and measures agreed upon at other multilateral financial and trade institutions (IMF, World Bank, GATT, etc.) in order to assess their implications for developing countries.

(b) Negotiations and follow-up

(i) New mechanisms and criteria need to be devised for promoting negotiations, which ought to be seen as the culmination of a process of dialogue and cooperation.

(ii) In addition to conferences aimed at achieving broad consensus on development cooperation, the negotiation of specific agreements with well-defined objectives, and open to all interested countries, should be promoted.

(iii) In fulfilment of the mandate of UNCTAD and its role of global policy coordination, decisions and agreements reached in UNCTAD should contribute to decision-making in other international forums and there should be greater interaction between UNCTAD and other institutions.

(iv) The participation at UNCTAD meetings of high-level officials involved in decision-making on economic issues should be encouraged.

(v) Effective surveillance and follow-up mechanisms should be established so that decisions and resolutions adopted in UNCTAD are translated into concrete action. Such mechanisms would need to apply to broad issues falling within its mandate as well as to specific issues for which UNCTAD has a follow-up responsibility.

(c) Technical cooperation for developing countries

(i) Technical cooperation has been growing in importance among UNCTAD endeavours, and needs to be action-oriented and further strengthened and expanded.

(ii) To this end, there is a need further to enhance the links and cross-fertilization between the secretariat's operational capacity to provide technical cooperation on the one hand, and its functions in the field of research and analysis on the other. These two sets of activities ought indeed to be viewed as mutually supportive and equally relevant.

(iii) Technical cooperation should play an important role in enabling developing countries to derive maximum benefits from international agreements related to UNCTAD areas of concern.
STATEMENT OF MINISTERS ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

1. The Ministers reaffirm the importance of economic cooperation among developing countries and the need to intensify efforts to revitalize and strengthen existing mechanisms of economic and technical cooperation among developing countries. They believe that ECDC should form an important economic component of a policy aimed at revitalizing growth and development.

2. The Ministers assert that ECDC is an indispensable complement to cooperation with developed countries in view of the economic situation and the differences in technological development between North and South. They also believe that the new political and economic realities of interdependence call for greater partnership in development through intensified support from the North for the ECDC objectives and programmes of the South, thus better enabling developing countries to make a significant contribution to the health and buoyancy of the world economy. In this regard, they call for concrete efforts to intensify subregional, regional and interregional cooperation and integration with a view to increasing the developing countries’ capacity to produce, achieve economies of scale and become competitive in world markets.

3. In the present circumstances, in which initiatives are being taken in various regions with a view to promoting cooperation among developing and developed countries, there are sound pragmatic reasons for multiplying ECDC efforts. The Ministers strongly believe that the potential of ECDC for trade and development is particularly great at this juncture in view of the increased liberalization and openness of developing countries and the substantial efforts to reform their trade policies. They further reaffirm that subregional and regional integration schemes represent milestones for strengthening economic cooperation among developing countries, and that the process of subregional and regional economic cooperation and integration needs to be accelerated and consolidated in the 1990s.

4. The Ministers consider that, for revitalized and strengthened ECDC, a realistic appraisal of past ECDC experiences and strategies is required in the context of a changing economic world scene, especially towards more interdependence and integration of economies and problems globally.

5. In taking stock of the ECDC process during the 1980s, the Ministers note the decline in South-South trade, the set-backs to subregional and regional eco-
nomic cooperation and integration, and the weakening of mechanisms of monetary and financial cooperation. The major sources of these adverse developments were the acute economic problems of developing countries and the attendant painful adjustment undertaken by many of them, as well as the adverse external developments which have led to severe losses of export earnings and the intensification of the debt problem, all of which weakened their capacity to cooperate across a wide range of ECDC.

6. The Ministers nevertheless recognize that despite these setbacks, the developing countries’ quest for ECDC has not been undermined. The steadfast political support for ECDC has led to a renewed effort to strengthen ECDC in recent years. They commend the recent efforts made by economic cooperation and integration groupings to strengthen their integration efforts and devise new instruments adapted to new realities to further promote the integration process in the 1990s. The Ministers welcome the launching of the Summit-level Group for South-South Consultation and Cooperation, which not only raises the political level of dialogue but also initiates practical programmes of action on ECDC. These ECDC projects devoted to servicing the South should continue to be made fully transparent to all developing countries. In this connection also, they note with satisfaction the prominence accorded to South-South cooperation, as an essential element for promoting growth and development, in The Challenge to the South: the Report of the South Commission.5

7. In the field of trade, the Ministers welcome the entry into force of the Agreement on the Global System of Trade Preferences among Developing Countries6 which has the potential to enhance South-South trade. GSTP should be strengthened through the definitive ratification of the Agreement on GSTP by those signatory countries that have not done so; through the accession to the Agreement by those developing countries which have not done so; and through the approaches and modalities envisaged under the Agreement. These objectives will be realized further through the launching of the second round of negotiations on the GSTP. The Ministers also underline the potential contribution of ECDC to the least developed countries’ trade and development, particularly in view of the provisions for special treatment for the least developed countries in the GSTP Agreement, and urge continued translation of the provisions for special treatment into concrete beneficial measures in favour of those countries.

8. In the field of monetary and financial cooperation, the Ministers stressed the need for a revitalization of trade payments schemes such as clearing arrangements among developing countries and for strengthening their scope and activities. The Ministers consider the expansion of financial cooperation among developing countries in all sectors and markets essential to ECDC. In particular they note the need for the establishment of mechanisms to finance trade among developing countries. In this connection, the Ministers express deep interest in the results of the technical work done by UNCTAD to demonstrate the feasibility and great usefulness of an international trade-finance facility (ITFF) for developing countries. They note in this connection that the goal of establishing such a financing mechanism has been supported and advocated by them repeatedly since the Caracas Programme of Action.7 In this regard the Ministers welcome and reiterate the decision of the UNCTAD Trade and Development Board calling upon the Secretary-General of UNCTAD to carry out expeditiously consultations with concerned Governments on this matter in order to prepare the ground for appropriate future action.

9. The Ministers note that services, technology and the environment are becoming increasingly important factors that impinge upon growth and development. Modalities for cooperation in these new sectors should be the subject of analysis and examination by developing countries within established mechanisms for cooperation.

10. The Ministers, convinced of the importance of the advisory and technical assistance provided by UNCTAD for ECDC activities and the need to increase these activities in the short and medium terms, commit themselves to strengthening the mandate of UNCTAD in this sphere so as to enhance the work of the Committee on Economic Cooperation among Developing Countries, especially in relation to studies on problems and structural impediments such as weak transportation, marketing and distribution networks.

11. The Ministers invite the industrialized countries to support actively the implementation of projects of cooperation among developing countries, and call upon UNDP to contribute to the funding of those projects. The international community, particularly developed countries and multilateral financial institutions, are urged to support subregional and regional economic and technical cooperation efforts in developing countries.

12. The Ministers call for further efforts by the chambers of commerce and industry of developing countries to intensify the flow of investment and business information to support more cooperation among enterprises of developing countries. They also reiterate the need for the establishment and functioning of a trade information system among the chambers of commerce and industry for the attainment of closer intersectoral links. They affirm that these activities should be financially and technically supported by the international community.

13. The Ministers reaffirm the importance of the Caracas Programme of Action which paved the way for the establishment of a new phase in ECDC. They also expressed their satisfaction with the entry into operation of the Pérez Guerrero Trust Fund for ECDC/TCDC.

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6 See Proceedings of the Ministerial Meeting on the Global System of Trade Preferences among Developing Countries, Belgrade, 11-13 April 1988 (GSTP/MM/BELGRADE/12 (vol. I)).
8 Resolution 394 (XXXVIII) of 4 October 1991, para. 4.
which has given a considerable impulse to and support for furthering the ECDC process. In this connection, the Ministers express interest in the Eighth Meeting of the Intergovernmental Follow-up and Coordination Committee, of the Group of 77, taking place as soon as possible because it will provide an opportunity to strengthen ECDC and further the implementation of the Caracas Programme of Action, taking into account the need for harmonization with the Action Programme for Economic Cooperation of Non-Aligned Countries.\(^k\)

\(^k\) Adopted at the Second Conference of Heads of State or Government of Non-Aligned Countries, held at Cairo in October 1964.
A. Trade, development and the new international challenges: towards a programme of action for strengthened multilateral cooperation and sustainable development

Elements of a contribution to UNCTAD VIII

Document issued on the responsibility of the Secretary-General of the Organisation for Economic Cooperation and Development and submitted to the Conference by Italy on behalf of the States members of Group B

Preface

With the end of the cold war and the dramatic changes throughout the world towards pluralistic democracy, respect for human rights and a competitive market economy, opportunities exist for new approaches to relations between developed and developing countries. There is a widening consensus on the development agenda and priorities for international cooperation. A new appreciation of the nature and scope of the development challenges ahead is spreading. The policy statement on development cooperation in the 1990s issued by DAC Aid Ministers and Heads of Aid Agencies in December 1989 stated that:

The developed and other economically advanced countries cannot live in isolated enclaves of prosperity in a world where other countries face growing mass poverty, economic and financial instability and environmental degradation. Not only is this unacceptable on humanitarian grounds; the future well-being of developed countries is linked to economic progress, preservation of the environment and peace and stability in the developing world.

It is against this background that OECD Governments, at the annual ministerial-level meeting of the Council held in June 1991, agreed to continue their work in the Organisation to develop new approaches. They saw the forthcoming eighth session of the Conference as providing a test of the determination to take further the new consensus on the requirements for effective development progress and a sustainable global economy, based on effective partnership between developed and developing countries.

This paper represents a contribution by OECD towards this end. It has benefited from extensive discussion by the Group of the Council on Consultations for Major International Meetings. It is not a negotiating document. It rather points to the kind of outcome that it should be possible to achieve at the eighth session of the Conference, building on the emerging international consensus on development priorities as the basis for a new era of cooperation between developed and developing countries through the decade and into the twenty-first century.

This paper is made available on the responsibility of the Secretary-General of OECD.

I. The context—Challenges and opportunities in the 1990s

1. Not since the end of the Second World War has there been such a conjunction of fundamental challenges and opportunities in front of the world community. This is a period of new possibilities for a peaceful, cooperative world order, but problems and risks of great seriousness are equally a reality of the times. It is a period when the major achievements of international economic cooperation of the last few decades must be preserved and extended. There is a vital need for an open, expanding, multilateral framework to govern the era of global economic adjustment and development which lies ahead.

All actors, old and new, developed and developing, must be able to promote and maintain market-based, growth-oriented, sustainable approaches to operating their economies and developing their role in the world economy with full confidence in the adequacy, effectiveness and equity of the basic principles of the multilateral system. They should also be able to adopt cooperative approaches to managing economic and social problems, and reducing military expenditure in line with legitimate requirements in a new security context.

2. The crucial importance of such a multilateral framework is now more widely appreciated than ever before. Indeed, it is becoming essential to define international rules of the game in more and more areas of both domestic and international economic activity. At the same time, the political engineering required to advance and sustain the multilateral system is becoming more complex than ever. The multiplication of actors and is-
sues, together with the need to resolve long-standing problems as a condition for further advance, often poses intense difficulties which can only be surmounted through courageous actions and comprehensive and continuous cooperation. The participation and commitment of all countries in this critical period will be essential in contributing to a substantial and comprehensive outcome to the Uruguay Round of multilateral trade negotiations.

3. Interactions between investment, trade and technology are operating to create new patterns in the global economy. Corporate decisions on sourcing, production and marketing of goods and services are increasingly taken within a global frame of reference. As a result, major shifts in the location of production and the product composition and geographical pattern of trade in goods and services are under way and new patterns of international investment and technology diffusion are emerging. A growing number of developing economies are actively involved in these broad transformations in the world economy. As the process of economic globalization intensifies, multilateral cooperation on a widening range of economic policy issues becomes increasingly necessary to avoid and reduce international frictions.

4. While effective development depends primarily upon the developing countries themselves implementing appropriate policies, in an increasingly interdependent world, a particular responsibility rests with OECD countries to create and sustain a favourable global economic environment. The members of OECD understand their particular responsibilities in this context of increasing interdependence and the importance of acting in partnership with the developing countries across the range of major global economic issues. They recognize the links between appropriate domestic policies and a healthy international economic environment, and are conscious of the importance of their example. They will strive to help create the conditions for the wider multilateral order essential to sustainable development, peace and prosperity in the future, accepting and sharing the responsibilities involved.

5. The situation of developing countries is increasingly diverse. Excellent economic progress was made by a number of developing countries in the 1980s, notably in Asia. Difficult structural adjustment and policy reforms were set in train by a wide range of developing countries. But the plight of many developing countries worsened considerably throughout the decade. In particular, the least developed countries experienced a significant deterioration in economic, social and ecological conditions, and many of these countries face a growing risk of marginalization in the increasingly global market economy. Nevertheless, major progress is being made in the areas of market-oriented reforms, recognition of human rights and pluralistic democracy.

6. To achieve and sustain economic growth in the decade ahead, it is essential that all countries formulate coherent policies in the fields of economics, environment, social affairs and technology that are mutually reinforcing in support of broad-based sustainable development.

7. The list of challenges and opportunities in the 1990s is impressive:

Political and economic reconstruction
(i) The transition to democracy and a market economy system in Central and Eastern Europe;
(ii) The political and economic reform process in the Soviet Union;
(iii) The striking move towards democratization and market-oriented economic policies in Latin America;
(iv) The consequences of the Iraqi invasion of Kuwait;
(v) Progress in the resolution of regional and civil conflicts;

Development, demography and the environment
(i) The problem of global, regional and local environmental overload deriving from current development patterns in both developed and developing countries, and the domestic and international policy issues which these problems pose;
(ii) The increase in absolute numbers of people living in extreme poverty which threatens to undermine the significant social progress that has been achieved in many developing countries;
(iii) Population growth rates in many developing countries which are unsustainable;
(iv) Environmental problems exacerbated by poverty-linked population pressure such as over-exploitation of natural resources, and inadequate technological capabilities;
(v) Potentially serious problems of mass migration linked to inadequate development progress, civil strife and natural disasters;

Economic and social trends and issues
(i) The progress made in the 1980s in re-establishing the conditions for sustained non-inflationary growth in the OECD area, progress which must be consolidated and reaffirmed in the face of new problems and situations at the beginning of the 1990s;
(ii) The evolving process of structural adjustment and domestic economic reform being undertaken in many developed and developing countries;
(iii) The quickening pace of advance in the “new technologies”, which is opening up growth and development options around the world, but intensifying the competitive pressures and tensions at the same time;
(iv) The complexity of world energy issues, with an intermingling of geopolitical, commercial and financial, environmental, technological and development factors;
(v) The host of domestic and international economic, social and security issues, involving both developed and developing countries, arising from rapid structural and technological change, uneven development progress, divergent demographic trends and unresolved political and ethnic problems;
Diversity of situations in the developing world

Economic and social trends in developing countries show a picture of extreme diversity:

(i) A number of economies in East and South-East Asia have become major actors in the global market economy. These economies are continuing to adhere with success to policies geared towards economic and political liberalization, with accompanying social, economic and political transitions of varying scope and intensity in each of them;

(ii) In Latin America, many countries are undertaking historic changes towards market-oriented economic policies and political democratization, but this progress is uneven and often fragile;

(iii) In India and China, important economic reform efforts in the 1980s brought accelerated economic growth, but serious macroeconomic stabilization issues and other difficulties (albeit of a very different nature in each case) have emerged which will need to be resolved to ensure continued progress in the 1990s;

(iv) In North Africa, continuing strong labour force growth is outstripping job creation potential, presenting tremendous challenges for development strategies;

(v) Sub-Saharan Africa continues to pose the most difficult development problems. However, structural adjustment efforts are beginning to have some effect. There are significant developments towards economic and political pluralism;

(vi) Recent developments in Southern Africa open up major new prospects for peace and economic progress in the region;

The multilateral trading system and its evolution

(i) The crucial, continuing effort to achieve a substantial and comprehensive conclusion from the Uruguay Round negotiations in order to:

Help counter protectionism and foster a more open and fully integrated world trading system which benefit all countries.

Support the courageous efforts being undertaken by a considerable number of developing countries and the Central and Eastern European economies to integrate their economies more fully into the world trading system.

Underpin the adjustment efforts of the indebted developing countries.

(ii) The economic and institutional issues which face GATT, UNCTAD, other international organizations and the world community at large beyond the Uruguay Round, arising from the growing interconnections between trade, investment, technology and the environment, and domestic and international policy questions and jurisdictions;

(iii) The increasing trend towards regional economic cooperation and integration, which can stimulate the multilateral liberalization process and should be in conformity with international obligations and with the objective of maintaining and strengthening the multilateral trading system.

II. The widening consensus on the development agenda and priorities for international cooperation

8. Over the course of the 1980s the global policy dialogue has moved progressively towards more generally shared perceptions of development problems and economic management issues. This progress has been impressive:

(i) Interdependence has become accepted by all countries as a basic reality which must shape discussions of international economic relations.

(ii) The growing diversity among developing countries has been increasingly recognized.

(iii) The debates on structural adjustment and debt problems have been accompanied by progress in diagnosis, treatment and financial support.

(iv) The major developed countries have acknowledged the importance of strong international economic cooperation founded on appropriate national macroeconomic and structural policies which promote non-inflationary growth and adjustment and help to avoid unnecessary and undesired exchange rate and financial market disturbances.

(v) There has been a common recognition in recent years of the need to strengthen, and where necessary extend, the role and instruments of key international economic institutions. The need and opportunity now exist to improve also the effectiveness and efficiency of the United Nations system in the economic and social fields.

9. Changes in the political and intellectual climate are making a major contribution to widening the basis for consensus:

(i) There is a growing recognition of the importance of the market system, a strong private sector and effective government to the efficient functioning of economies at all stages of development.

(ii) It is also seen that effective markets must go hand in hand with participatory government, providing personal freedom and security as the basis for widespread involvement of the population in economic and political processes.

(iii) There has been broad acceptance of the need for sustainable development, based on strategies which encompass those environmental, economic, political and social factors which are crucial to longer-term development progress. Adopting appropriate policies and standards now can avert environmental problems and damage which can become obstacles to further development.
10. All of these elements of change and progress in international economic discourse can, and should, be drawn upon in creating a broad consensus to underpin international development cooperation in the 1990s. Such a consensus should:

(i) Promote the concept of effective partnership between developed and developing countries based on recognition of mutual interests and shared responsibilities;

(ii) Assign a primary role to national policies as a key determinant of development progress and seek to build national capacities for realizing development potentials and addressing national problems, including the problem of absolute poverty;

(iii) Attach major importance to good governance in order to foster the association of effective, efficient, equitable and accountable administration with individual rights and opportunities which is the essential condition for sustainable, broad-based development;

(iv) Emphasize a number of strategic policy directions with a particular focus on human resources development, participatory development and establishing the right balance between the public sector and the private sector and market and non-market resource allocation mechanisms;

(v) Emphasize also the complexity and diversity of economic, environmental and development problems;

(vi) Reinforce the critical linkages between trade and development by promoting the adequacy, effectiveness and equity of the multilateral system;

(vii) Identify the key policy parameters in both developed and developing countries which will maximize the mobilization of domestic and external resources for development;

(viii) Promote sustainable development as a concept which can help to reconcile the objectives of growth and increasing trade with the need to preserve the natural resource base in the long term.

11. OECD members are encouraged by the outcome of recent global development discussions, in particular, the general ideas expressed at the eighteenth special session of the General Assembly, devoted to international economic cooperation, in the International Development Strategy for the Fourth United Nations Development Decade and, especially as regards the least developed countries, at the Paris Conference, which suggest that a consensus along the above lines is already forming. They consider also that a number of recent major reports have served to advance the development debate in this direction, notably the World Bank reports on poverty. The convergence of thinking evident in these reports on issues and priorities for the 1990s, and the widening of the development agenda to include issues of governance, constitute a promising basis for practical cooperation.

III. Orientation for national policies and international cooperation in support of development in the 1990s

12. In the present environment of increasing globalization and technological advance, broadly diffused and sustainable economic growth and development require more than ever that all countries formulate coherent domestic policies in the fields of economics, the environment, social affairs and technology that are mutually reinforcing. A particular responsibility rests with OECD countries to create and sustain a favourable global economic environment. This requires that they address major policy challenges—in their own interest and in the interests of all—particularly in the fields of structural adjustment and national savings, as outlined below.

13. In turn, developing countries have increasingly recognized the importance of domestic policies as the foundation for economic success. The range of policy challenges that developing countries must address is set out below.

14. At the international level, developed and developing countries must join in cooperative efforts focusing on policies which integrate the shared objectives of:

(i) Promoting sustainable economic growth and integration in the world economy, particularly of those developing countries which face the prospect of declining participation in it;

(ii) Reducing excessive military expenditure;

(iii) Enabling broader participation by both men and women in productive economic activities and enabling markets and private initiative to play their full role, and encouraging a more equitable sharing of the benefits;

(iv) Promoting human rights, democratization, open and accountable government institutions and the rule of law;

(v) Ensuring environmental sustainability, and slowing population growth where it is too high for sustainable development;

(vi) Combating the illicit production, trafficking and consumption of narcotics.

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7 See the preface to the present document.
A. National policies

(a) Developing country policy orientations

15. Developing country policies should embrace the mutually necessary and reinforcing objectives of broad-based economic growth, participatory development and sustainability. Growth is essential because it permits the basic structural transformations that make up the process of development and enable its sustainability, provides employment and generates the resources required to provide basic social services and improve living standards. There is widespread agreement on the elements which can promote broad-based growth and development:

(i) Policies and incentive systems, including market-based pricing, which contribute to the fuller and more productive use of national resources, and appropriate diversification of the economic base;

(ii) Creating the conditions for a larger role for a productive private sector;

(iii) Policies and institutions which encourage domestic savings (and the return of flight capital) and their use for productive investment;

(iv) Liberalization of trade regimes;

(v) Economic and financial policies which avoid unsustainable fiscal and external imbalances;

(vi) Improved fiscal management;

(vii) A balanced approach to public expenditure which weighs carefully the trade-offs among spending on investment, social programmes or military programmes;

(viii) Improving the efficiency, accessibility and sustainability of public services;

(ix) Effective, balanced systems of taxation.

16. The notion of participatory development emphasizes the importance for sustainable and equitable development of widespread participation in the productive and decision-making processes, in access to education, health and other public services and in access to the benefits of development. Market-oriented growth policies can contribute to greater participation by involving the masses of people in productive processes and strengthening the employment content of growth. But they need to be supported by special policies and programmes which emphasize the development of human resources, improved distribution of income and access to productive resources and services. Important elements of a strategy for participatory development include:

(i) Promoting human rights, including effective and accessible legal systems;

(ii) Priority for programmes providing affordable, effective and sustainable services, such as for education, training and health, for all of the people, including the poor, and broad participation in the selection, administration and financing of these services;

(iii) Strengthening the role of individual and community-based initiatives and private enterprise, and facilitating broad access to credit and productive assets;

(iv) Establishing a policy environment which will foster micro enterprises and better harness the dynamism evident in the informal sector;

(v) Establishing criteria for the appropriate role of central government and a greater role for local organizations and non-governmental organizations;

(vi) Enabling the active participation of women in the processes of development as decision makers, producers and providers of basic care.

Environmentally sound and sustainable development must also be a priority. Without major action, irreparable damage could be done to the resource base and natural environment in developing countries, thereby compromising development prospects. Since poverty is both a cause and a result of environmental degradation, growth and greater participation in development represent part of the solution to environmental management. But concern with environmental impacts and sustainability must necessarily be a fundamental element of strategies for growth.

17. These elements of domestic policies are valid for developing countries across the full range of income levels. None the less, emphasis on certain elements may be appropriate depending on the special circumstances of some countries. The Programme of Action for the Least Developed Countries for the 1990s adopted at the Second United Nations Conference on the Least Developed Countries, outlined priorities for national policies of the poorest nations (principle No. 2), and affirmed many of the requirements cited above.

(b) Developed country policy orientations

18. In addition to developing countries’ own development efforts, the policies of OECD countries can do much to improve the prospects for developing countries. Of primary importance to the emergence of a more fully integrated world economy in the 1990s will be the capacity and the willingness of the developed countries to foster structural adjustment. The effective further liberalization of trade, including in services, and investment, the reform of Central and Eastern European economies and their integration into the global market economy, and the improvement of trade access for developing countries particularly in sensitive areas, all presuppose that structural adjustment will take place in the developed countries. The scale of such adjustment is likely to be far-reaching, and while much of it will be accomplished by exploiting new opportunities, there is bound to be a strong measure of resistance stemming from economic and social rigidities and well-entrenched interests. Developed country Governments will need to adopt a firm overall stance on the need for continuing adjustment and to further develop positive approaches in relevant fields, notably social, education, fiscal, employment and labour market policies as well as environment, transportation and energy.
19. A second priority for developed countries must be to ensure as far as possible that national savings are maintained and increased in the face of what is likely to be an intensifying demand for capital worldwide. If the OECD area as a whole is to be a net supplier of capital to the rest of the world in the 1990s, this implies generating an overall savings surplus in the area for the first time since the 1960s. There is room to encourage household savings by removing tax distortions which promote consumption at the expense of savings. Where there are such distortions, countries should take action to correct them. But the key necessity for OECD Governments is to adhere to public sector budget objectives—or possibly even to make them more ambitious—in order to release savings for adequate global levels of productive investment. Particular responsibility rests with countries which have large fiscal and current account deficits.

(c) Public management and development

20. The quality of public management is closely linked to development success. If resources are to be allocated to the most effective uses, and the incentives for individuals to create real wealth to be sufficiently stimulating, then public management needs to be efficient, transparent and objective. These qualities are not always easy to provide, in developed and developing countries alike, but they are crucial none the less and require much greater emphasis in many countries if a dynamic development process is to take hold.

21. The powers of the State may not be subject to adequate accountability, either because of a lack of effective democratic control, or because the State has taken on such an extensive economic role (through intervention or ownership, or both) that it can no longer be effectively monitored, even by the State itself. This situation inevitably creates a perverse system of incentives, encouraging economic agents to seek to profit from the State’s role in the economy—by obtaining licences or concessions or prolonged periods of protection. At the same time, genuine wealth creation tends to move outside of the formal sector, because of the inefficiency or inappropriateness of the regulation of economic activity. A syndrome can develop involving the creation of a wealthy elite based on the economic rents deriving from the State, opportunities for corruption on a grand scale and widespread corruption on a petty scale, reflecting the daily practical problems created for the population at large. Such a syndrome is often combined with low levels of tax collection.

22. In such a situation the State cannot afford to provide either the social services or physical infrastructure that are essential to development. And the State also fails to generate fiscal viability or the degree of authority and commitment inside the country that are essential for effective ordering of its internal and external affairs. Thus the genuine wealth-creators, whether small or large, domestic or foreign, lack the element of confidence in the future and the minimal assurance of administrative and personal security which are essential to the investment process.

23. For these reasons the subject of “good governance”, or “good management”, has recently come to the fore as a strategic development issue. Effective action dramatically to improve efficiency, transparency and objectivity, and to curtail the corruption which often results where these qualities are seriously lacking in the operation of the State, involves a wide agenda of institutional and policy reform. Establishing effective systems of democratic control of executive action is central, since without proper mechanisms for public scrutiny, the accountability of the State will always remain illusory. The guarantee of basic human rights, the design and effective operation of political institutions, the professionalism of the civil service and the simplification and reduction of the State’s economic role, should be major items on the agendas of many countries in the period ahead. But this general prescription has to be applied in the particular situations of individual countries, and its implementation can only be carried through by the people of each nation.

24. Developed countries have a special responsibility in some crucial ways. First they can work to ensure that their own decision-making on issues affecting developing economies and aid programmes embodies a high standard of efficiency, transparency and objectivity. Special interest groups in the developed countries can distort decisions which have an impact on developing countries to their own benefit. Developed countries should also take great care to avoid committing scarce aid or other public funds to projects which lack a convincing development rationale, which have not been properly appraised and from which local elite or individuals in the recipient country stand to gain disproportionately. The developed country donors have adopted aid management principles which are designed to ensure that scarce aid and other public funds support only those projects and programmes which have a convincing development rationale and which have been properly appraised. Developed countries need to ensure that these principles are adhered to in all circumstances and that aid does not contribute to perpetuating inefficient and inequitable patterns of resource allocation in recipient countries. Second, developed countries can help by providing non-partisan and carefully conceived programmes of technical assistance for the strengthening of political institutions, the defence of human rights and the reform of the civil service. Finally, donors are increasingly considering progress in the field of “good governance” as a highly relevant factor when making decisions as to the countries in which aid can be put to the most effective use.

B. International policy issues in a development perspective

(a) Resources and debt

(i) Resources for development

25. In the 1990s, external financial flows to developing countries are likely to remain constrained in relation to overall financing needs. While, as noted above, developed countries should aim to generate net exports of capital, the internal and external calls on their savings capacity will be high and budgetary pressures could well remain intense. Consequently, mobilization of developing countries’ own savings will have a key role in financing development.
26. Conditions for developing country borrowing in private capital markets are not likely to ease soon. Intensifying competition for capital and continuing high real interest rates are likely to be major features of the world economy in the 1990s. If such conditions are associated with an expanding world economy—as the modernization and restructuring of the Central and Eastern European economies gather pace and reconstruction proceeds in the Gulf—expanding world trade and firmer commodity prices may improve trade prospects for developing countries and mitigate problems associated with tighter capital markets. If, on the other hand, world growth is sluggish, the trade-offs would be different. World capital markets might be easier and real interest rates possibly lower, but developing countries’ terms of trade and export prospects would be worse and this could make it more difficult to resolve debt problems and to attract private capital.

27. OECD countries have reaffirmed that their determination to give high priority to their cooperation with developing countries will not be diminished because of their support for Central and Eastern Europe, nor by the developments in the Gulf region. They have recognized that in view of the huge development tasks ahead, particularly given the strong efforts towards democratization and policy reform throughout the developing world, substantial additional aid efforts will be required both quantitatively and qualitatively. They have taken note of the target already established by international organizations for the future level of development assistance (0.7 per cent of GNP). In the context of the recent Paris Conference, OECD countries have agreed that a significant and substantial increase in the aggregate level of external support should be made available to the least developed countries. They have also agreed on the accompanying recommendation concerning options for implementation for various categories of donor countries.

28. Domestic resource mobilization will have an especially strategic role in the 1990s, consistent with many of the development policy orientations outlined earlier. The savings potential in developing countries, on the evidence in a range of countries, is much higher than has generally been estimated. The mobilization of domestic savings has in itself a high developmental value, since it both presupposes and helps to foster financial markets and deepen financial intermediation in local and national economies. In this regard, improved domestic policy environments should help to stem capital flight from developing to developed countries. The strategic emphasis on private sector development requires the parallel development of a strong, widely based domestic financial sector able to transact with small- and medium-sized borrowers and lenders.

29. The public finances in developing countries should make their contribution to the mobilization and effective allocation of domestic resources. Growing tax revenues should arise from a widening of the tax base as development proceeds; this, however, presumes a favourable environment for private enterprise, tax regimes which are regarded as equitable and enforceable, and a generally favourable image of the government’s efficacy. On the expenditure side, determined action to eliminate wasteful outlays, including excessive military spending, and to target expenditures more clearly should free resources for development.

30. Attracting private external finance requires, above all, confidence in the general environment for enterprise and in the efficacy of government. It also requires adaptation of the policy and regulatory environment to foster the important role that foreign direct investment could play in many developing countries. However, outside of the natural resources sector, foreign direct investment is likely to play a major role only in those countries and regions where policy conditions have created a real prospect of sustainable economic development and thus of expanding internal market opportunities as well as an increasingly educated labour force for employment in export activities.

(ii) Debt

31. For all countries with unresolved debt problems, the fundamental priority is to achieve control of fiscal and monetary policies. The struggle which this has already entailed testifies to the political and economic policy challenges inherent in this task. Nevertheless, domestic stabilization and the fostering of public confidence in economic policy are prerequisites for the reduction of domestic real interest rates, the renewal of investment growth and effective participation in an expanding world economy. External debt reduction has an important part to play in this context.

32. Since the seventh session of the Conference, the forms and modalities of debt-relief action have been evolving, with a view to accelerating the resumption of domestic investment, exports and growth of developing countries. OECD members consider that resolution 388 (XXXVII) on debt and development problems of developing countries, adopted on 17 October 1990 by the Trade and Development Board at the first part of its thirty-seventh session, represents a good consensus on the debt situation and the evolving strategy for dealing with it.

33. Continuing efforts are being made to deal with the problems of severely indebted countries in various income categories:

(i) For severely indebted low-income countries, official debt-relief action is taking place in conjunction with increased bilateral and multilateral disbursements, including through the Structural Adjustment Facility, the Enhanced Structural Adjustment Facility and the special programme for Africa. A series of initiatives for debt-distressed countries has led to new debt-relief measures in the Paris Club, in particular the 1988 Toronto terms for countries undertaking structural reforms. Under the "Sixth Dimension", World Bank funds are being used to buy commercial debt. A large number of donor countries continue bilaterally to extend additional official debt forgiveness and/or financing for private debt buy-backs.

(ii) In 1990, the Paris Club introduced special terms including longer maturity, as well as, on a volun-
(iii) Under the Brady Plan, a growing number of heavily indebted middle-income countries are benefiting from official financial support from the World Bank, IMF and Japan for large reductions of bank debt. More generally, considerable reduction is taking place through market mechanisms (including debt conversions and buy-backs).

(iv) Proposals have also been made by a number of Governments, such as France, the Netherlands and the United Kingdom of Great Britain and Northern Ireland, which would introduce new public-debt reduction measures for severely indebted low-income countries, and efforts are being made by the United States of America to put in place the "Enterprise for the Americas" initiative which aims to promote investment, trade liberalization and debt reduction in Latin America.

34. These actions bear witness to the considerable flexibility of official and private lenders in responding to the needs of debtor countries implementing sound adjustment programmes.

(b) International trade and commodities

35. The globalization of international commerce and the increasingly technology-intensive and knowledge-intensive character of production, distribution and marketing infrastructure means that developing countries in general and the less advanced developing countries in particular are facing greater challenges than ever in penetrating world markets. This applies increasingly to trade in manufactures, but also to trade in commodities. Competition among developing country producers is intensifying. Those countries which have open trade policies, greater human and technical capabilities and effective incentives for enterprise development and rational resource allocation are producing at lower cost and with higher quality. They will continue to take market shares from countries unable or unready to compete in these areas.

36. Over the past decade, world trade has consistently expanded faster than world output, reflecting the increasingly international nature of economic activity and growing interdependence. The interactions between trade, investment and technology are also creating a movement from national markets to a global market economy. This highlights the need for continued efforts to foster a more open multilateral trading system. A determined effort to achieve a substantial and comprehensive outcome to the Uruguay Round negotiations as soon as possible is therefore crucial to counter protectionism and promote necessary market-oriented structural change. The new, strengthened trading system that will result from the Round should progressively lead to fuller and more satisfactory integration of the developing countries, and the European economies in transition, into the world economic system.

37. In the context of the GATT Uruguay Round, the full inclusion of agriculture and the introduction of the "new areas" of services, trade-related investment measures and intellectual property for the first time have made negotiations particularly complex and wide-ranging. OECD countries recognize the importance of all countries improving market access and other conditions affecting trading opportunities in areas of particular relevance to developing countries, such as agriculture, tropical products, textiles and natural resource-based products. At the same time, structural reform efforts, including, inter alia, reduction of support policies, must be undertaken by developed and developing countries alike to eliminate distortions in international competition and domestic resource allocation.

38. Moves to greater regional cooperation, particularly through free trade areas and customs unions, may prove useful as a stepping-stone to promote further multilateral liberalization. The most advanced examples of this kind of arrangement have to date been among developed countries (the EC 1992 single market programme; the Canada-United States Free Trade Agreement; and the Australia-New Zealand Closer Economic Relations Trade Agreement). Plans for a North American free trade area to include Mexico, the "Enterprise for the Americas" initiative by the President of the United States, and the Malaysian proposal made in late 1990 for an East Asia economic grouping (EAEG) are examples of countries at varying levels of development exploring regional trade liberalization possibilities. Although there are numerous regional economic groupings among developing countries, to date these have not been judged successful, for a variety of reasons. Considerable potential exists, however, for increased South-South cooperation. New cooperative initiatives among developing countries, particularly in Latin America, point to renewed interest in the potential for cooperation among developing countries to underpin trade expansion, economic development and often also political progress.

39. A determined effort to reach a satisfactory conclusion to the Uruguay Round will be a key factor in shaping the international trade and commodity environment for the 1990s. But a favourable international environment is not a sufficient condition for launching a process of sustainable development. Long-term success in generating economic diversification and appropriate export volume growth is clearly also dependent on building up adequate capacity on the supply side through relevant domestic structural reforms and infrastructure investment.

40. Increased coordination among donors and international agencies in assisting commodity production and marketing will be necessary in order to avoid inconsistencies in advice and potential over-investment in particular sectors, and to ensure that environmental aspects are duly integrated into all commodity projects. The Second Account of the Common Fund for Commodities, which is designed to improve competitive abilities by financing research and development, quality and productivity improvements and market promotion, could prove useful in this respect, provided its operations are fully integrated within the broader economic framework within which development is taking place. But it needs to be emphasized that what is basically involved is decades of fundamental development progress.
41. International commodity prices over the past decade have been, and continue to be, marked by a considerable degree of volatility. Experience shows that effective price stabilization has been extremely difficult to achieve. Efforts to sustain international commodity agreements with economic clauses are likely to be successful only where a number of conditions are fulfilled, including a sufficiently strong shared interest, and they ought to reflect market prices over the long term. Market transparency is important; exchanges of views and information between producers and consumers of commodities can facilitate this. Furthermore, the fact that developing countries are increasingly becoming net importers of commodities must also be taken into account.

42. In the light of all these factors, a programme for international cooperation in the trade and commodities areas would involve:

(i) Commitment on the part of OECD countries further to expand market access, particularly in areas of interest to developing countries;

(ii) Commitment on the part of developing countries to continue and carry further appropriate domestic structural adjustment policies, and to rehabilitate or modernize the infrastructures required to compete in world markets;

(iii) A search for ways to improve commodity market transparency through exchanges of views and information between producers and consumers of commodities;

(iv) Where commodity price fluctuations are disruptive in terms of effective economic management, even when international stabilization facilities such as the Compensatory and Contingency Financing Facility and STABEX are available, technical and financial assistance to encourage developing country use of financial instruments (including hedging, commodity swaps and futures markets), to manage price and other commodity-related risks could be a useful avenue of cooperation;

(v) An active developing country component in trade and development cooperation with successful developing countries providing increased market access, expertise and guidance, based on their success in generating vertical and horizontal diversification;

(vi) Achieving a common understanding of how to ensure that the goals of trade liberalization and environmental protection can be made complementary;

(vii) Increased coordination among donors and international agencies in assisting commodity production and marketing.

(c) Services

43. The important developmental role of the service sector is now being recognized. This wide-ranging sector plays a key role in domestic economic and social development, as well as in supporting the development of international trade. Efforts to reach an agreement that would ensure the liberalization and expansion of trade in services in the context of the Uruguay Round of multilateral trade negotiations are therefore of crucial importance to all countries.

44. A growing number of developing countries are now in a position to develop exports of services in a range of areas. In particular, the establishment of adequate infrastructure, including access to information networks, and progress in human resources development, are necessary to underpin the potential of informatics and telecommunications to multiply the contribution of the service sector to the development process.

(d) Technology

45. In all countries, developed and developing alike, the capacity to absorb, manage and benefit from technological change is recognized as being increasingly central to their ability to achieve economic and social progress in a globalizing world economy. The policy issues involved are not narrowly technology-centred in nature, but rather extend to a broad range of political, economic and social factors.

46. The key requirement is for developing countries to build up a capacity to evaluate, select and acquire or generate technologies relevant to their individual national situations and problems. Given that developing countries, including even the poorest among them, will need to draw on a wide range of technologies, from the high to the low end of the spectrum, this is itself an enormous challenge. This demands that expertise in science and technology is incorporated in the centre of economic decision-making and public expenditure planning; it demands also that science and technology issues be incorporated in debate and decision-making at all levels and in all sectors of the economy, whether public or private. Education systems have a vital role to play, both in creating a wide knowledge of basic science and receptivity to technological change and in fostering a critical mass of scientists and technologists to adapt and generate needed technologies.

47. As with all other components of development, technology efforts will be misdirected and wasted unless there is a sound economic policy framework in place with markets giving accurate signals to stimulate technological innovation and to guide the choice of technologies. A bias frequently exists towards the selection of overly capital-intensive technologies which tend to be exacerbated by certain practices of aid agencies and by business interests. Correcting these distortions is a matter of the utmost importance, since what is at stake is the effective use of scarce capital and its employment-generating potential.

48. Developing countries also need to provide full protection for intellectual property, whether domestic or foreign, in order to encourage the production and supply of technologies relevant to their needs. An effective multilateral intellectual property regime is therefore essential to the interests of developing countries. Of equal importance is the fostering of a strong private sector and of foreign direct investment in order to harness the central
role of the firm in introducing and diffusing technological advances.

49. The poorer, aid-dependent developing countries suffer from critical handicaps in the field of science and technology. The institutional and human resources which are essential to the process of selecting, acquiring and diffusing science and technology are largely absent from these countries and they are falling further behind those developing countries which have this capacity. The large role which donors play in such countries as suppliers of technology through projects and through technical assistance may not address this problem fully and indeed can itself be a source of distortion if the technological choices made are donor-driven rather than deriving from priorities and strategies set by the developing countries themselves. And in the absence of strong aid coordination mechanisms, the donor community may collectively introduce a wide range of different technologies and equipment without creating a real sustainable technological capacity in the developing country. It is therefore crucial that the donor community focus its attention on building endogenous capacity for managing technology in these countries. The recent reports of the Centre for Science and Technology for Development of the United Nations and the orientations emerging from the DAC Experts Meeting on Science and Technology in Development Cooperation with the Less Advanced Countries in the 1990s provide a framework for tackling these challenges. Important indications are also set out in the report of the South Commission and, particularly with regard to the least developed countries, in paragraphs 104 and 105 of the Programme of Action adopted by the Paris Conference.

50. International technology cooperation has a very important role to play in helping developing countries to harness science and technology to meet their development problems. It is essential to define and use cooperative mechanisms which can help to ensure that the world’s scientific and technological knowledge and resources contribute appropriately to advancing the development process and resolving problems of both national and global concern in developing countries. A large number of formal and informal networks drawing together expertise from around the world to define and tackle problems in developing countries, in conjunction with local experts and research centres, already exists. There is much scope for reinforcing and, where necessary, adding to, such networks.

B. Basic considerations on issues on the agenda of the eighth session of the Conference

Position paper submitted by China

I. Introduction

1. The 1980s witnessed a strikingly unbalanced development of the world economy. Whereas the developed countries experienced their longest period of uninterrupted economic growth since the end of the Second World War, the developing countries, notwithstanding the fact that they managed to achieve some economic growth, had a growth rate which was far below that of the previous decade. With the exception of a few Asian countries and territories which achieved comparatively high growth rates, the economies of most developing countries grew very little, and they are now facing serious economic difficulties. Very many developing countries were locked in economic stagnation and decline, suffering serious set-backs. They were faced with an adverse international economic environment, notably intensification of protectionism on the part of developed countries, continued depressed prices for commodities, worsening terms of trade, high real interest rates, an increasing debt burden and serious reversal of financial flows.

2. Many developing countries have undertaken reform and structural adjustment programmes, at great social cost to themselves, but have not achieved the expected results. To most developing countries, the 1980s meant “a lost decade” in which their social poverty increased. Worse still, as a result of the economic recession in some developed countries and the Persian Gulf War during the second half of 1990, tremendous economic losses have been incurred by developing countries.

3. The world is now in a transitional period in which the old pattern of relations is about to be replaced by a new one. The improvement in East-West relations and the relaxing of military tensions have provided an opportunity for expanding international economic cooperation and releasing more financial resources and technologies for economic and social development. At the same time, however, North-South relations have not improved. The development of the regional economic groupings among developed countries and the intensification of trade barriers have seriously impeded the exports of developing countries. The financial difficulties of the developing countries are being aggravated by the reductions in their financial inflows. The economic development of the developing countries still faces great difficulties in the 1990s and the world is confronted by the serious challenge of the widening gap between the North and the South.

Initially issued as TD/357.
4. The present unreasonable international economic order represents a serious obstacle to world stability and development, resulting in unbalanced international economic relations and the widening gap between the North and the South. This economic order is becoming increasingly unsuitable for global development. With the integration into the international economic system of the economies of the Central and Eastern European countries and the former Soviet Union, the problems facing the world today are becoming more formidable, complicated and pressing. At stake are the fundamental interests of all countries and the common destiny of mankind. It is therefore all the more urgent to establish a new international economic order, and to revitalize the world economy and achieve common prosperity through international economic order, and to revitalize the world economy and achieve common prosperity through cooperation among all countries, based on the principles of equality and mutual benefit. The connotations and implications of this new international economic order need to be further explored and developed by all countries in the world. The Chinese Government holds that the new international economic order should include the following elements:

(a) Each country has the right to choose its socioeconomic system and development path in accordance with its own national circumstances.

(b) Each country has the right to control effectively its national resources and the exploitation thereof.

(c) Each country has an equal right to participate in decision-making on international economic affairs.

(d) Each country should develop its bilateral and multilateral relations with others on the basis of equality and mutual benefits. The developed countries should respect and give preferential consideration to the interests and needs of developing countries. No political conditions should be attached to the provision of technical assistance.

(e) The North-South dialogue and cooperation between the North and the South should be strengthened. Necessary adjustment and reform should be carried out in the key international economic areas such as trade, commodities, debt, money and finance in order to create a favourable international environment for the common development of all countries.

5. The responsibility for the revitalization and growth of the economy of each country lies first and foremost in the country's own efforts. The developing countries should formulate and effectively implement policies and measures in accordance with their own conditions, with a view to promoting their economic and social development in the course of their national development. To improve and strengthen State management constitutes an important aspect of effective implementation of national policies, which in turn guarantees the achievement of the expected results.

6. Dynamic international cooperation and a favourable external economic environment are important conditions for effective implementation of national policies, since the economy of each country is an integral part of the world economy, and the economies of various countries and regions are becoming increasingly interdependent. International and national policies and international and national management are interrelated and mutually complementary. In order to achieve progress in the national economy, efforts are needed in both policies and management.

7. The developed countries should provide a favourable external environment for the economic development of the developing countries. The major developed countries, in particular, should take full account of the interests of the developing countries when they formulate their national economic policies and coordinate their macroeconomic policies, so as to eliminate any negative impact on the developing countries and to render the external environment more favourable to the economic development of the developing countries. In this process, the developed countries should single out market access for and transfer of finance and technology to developing countries as matters for priority consideration.

8. The regional groupings among developed countries which have great influence on the world economy should not become closed and exclusive economic and trading blocs. They should, on the contrary, be conducive to the development of the global economy and trade and create more opportunities for the transfer of finance and technology and for the diversification of products and market access for developing countries.

9. The whole world is aware of the dramatic changes taking place in Central and Eastern Europe. It is widely hoped that the changes in national policies and the transformation of these countries will have a positive impact on the economic development of the developing countries, especially on transfer of finance and the improvement of market access. The commitments made by developed countries that economic assistance to the Central and Eastern European countries will not be at the expense of the assistance to the developing countries are welcomed by the international community. It is our hope that these commitments will be translated into reality.

10. Their specific geographical location, harsh natural conditions, bitter historical experiences and unfavourable external environment have kept the economies of the least developed, land-locked and island developing countries in a state of deep depression. Despite the strenuous efforts made by these countries, they have not been able to lift themselves out of poverty. On the contrary, they have become more marginalized. Substantial and more effective assistance by the international community is therefore urgently needed for these countries. The Programme of Action for the Least Developed Countries for the 1990s should be implemented in earnest. At its eighth session, the Conference should particularly consider the difficulties and interests of the least developed countries in formulating the policies and measures in various aspects.

11. The accelerating degradation of the global environment is becoming a practical threat to the survival and development of the human race. How to solve the environmental problem effectively and to achieve sustainable and stable development is a task facing the international community which brooks no delay. Environmental protection is the necessary condition for economic development, and economic development is the material basis for environmental protection.
The developed countries should bear the main responsibility for the degradation of the global environment and should contribute to environmental improvement in accordance with their economic and technological capabilities. While addressing their national environment problems, they should help the developing countries to develop their economies, eradicate poverty and create the conditions for improving their national environment. Apart from assistance for development, the developed countries should provide additional financial resources as well as environmentally sound and advanced technologies on favourable terms to developing countries for improving their environment. They should not create new trade barriers for the exports of developing countries on the pretext of environmental protection. Nor should they take environmental problems as a source of additional conditionality in providing assistance to developing countries. UNCTAD should incorporate environment and development issues into its main work programmes and make an effective contribution to the United Nations Conference on Environment and Development which will be held in 1992. The UNCTAD secretariat should provide technical assistance to developing countries in the area of environment and development.

International economic cooperation is not just a matter of North-South cooperation. In order to achieve mutual support and common development, cooperation among developing countries should also be strengthened by making full utilization of the conditions that could be created. The developed countries and relevant international institutions should give effective support in this regard.

The United Nations has been playing an active role in resolving international disputes and promoting world peace in the past few years. The United Nations has also played, and will continue to play, an important role in the North-South dialogue and international economic cooperation. UNCTAD, as the unique and universal international organization with the responsibility for comprehensive review and consideration of trade and development issues, should make greater contributions than ever in this field. The functions and role of UNCTAD should be further strengthened.

In the past few years, the international political and economic situation has undergone great changes. However, international economic relations have not been in the least improved. On the contrary, they have become more and more inequitable and irrational. Economic difficulties besetting the developing countries still exist and have been further aggravated. Therefore, the mandate entrusted to UNCTAD by the General Assembly in its resolution 1995 (XIX) of 30 December 1964 is still valid. The general orientation of the work of UNCTAD should not be changed. UNCTAD should continue its policy research and analysis in the existing fields. With the situation evolving, it should also seriously study and explore such new issues as regional economic integration among developed countries and the relaxing East-West relations and their implications for the world economy, particularly the economies of the developing countries, sustainable development, the role of market signals and competition mechanisms, etc.

UNCTAD is a policy forum. However, it is not, and should by no means be turned into, a place for rhetoric and empty talk. UNCTAD is also a place for negotiations. On the basis of profound analysis and discussions, UNCTAD should continue and further intensify its efforts in negotiations on issues of interest to the international community, particularly those of great concern to the developing countries, in areas of trade and trade-related development. It should formulate an appropriate policy framework for international and national measures. It should also establish appropriate monitoring and follow-up mechanisms to ensure the effective implementation of the adopted policy measures and documents on the outcome of relevant conferences and meetings. Technical cooperation activities of UNCTAD, especially those with developing countries, should also be strengthened.

With the above-mentioned objectives, all discussions on the reform of UNCTAD institutions and all constructive recommendations for improving its methods of work and enhancing its efficiency deserve to be welcomed. The eighth session of the Conference will provide a favourable and timely opportunity in this regard.

During the eighth session of the Conference, all States members should demonstrate fully their political will and their cooperative spirit with a view to making an in-depth review, in accordance with the agenda of the Conference, of the world economic situation, in particular the current problems of the developing countries in such related areas as resources for development, international trade, technology, services and commodities. After negotiations, policy measures should be formulated aimed at assisting the developing countries in their efforts to acquire development finance, alleviate the debt crisis, undertake rational structural adjustment, make effective utilization of resources, strengthen their technological capabilities, improve the commodity market and expand their exports, thus creating a favourable environment and opportunity for the stable, sustained and sustainable development of the world economy, particularly the economy of the developing countries.

II. Policies and measures

A. Resources for development

Situation assessment

Financial flows to the developing countries have undergone fundamental changes in terms of volume, structure, direction and conditions in the 1980s. First, the net financial flows, especially ODA, have substantially decreased. Second, among the limited financial flows to the developing countries, the proportion of private resources has fallen drastically, whereas that of official re-
sources has increased. Third, since 1983, a reverse flow of financial resources has occurred in the developing countries owing to the reduction of financial inflows and the increasing external debt service. Financial resources obtained by developing countries, particularly loans from the commercial banks and multilateral financial institutions, are still on harsh terms. Development financing is becoming more and more difficult for the developing countries, and the debtor countries in particular.

20. Shortage of development finance, and especially the reverse flow of financial resources of the developing countries, which has restricted investment and development, are directly linked to their heavy debt burden. Although the debt situation has been eased somewhat in recent years, the debt problem is far from being fundamentally solved.

21. At present, developed countries are complacent about the measures adopted in their current debt strategy and reluctant to take further actions. The multilateral institutions have difficulty in playing their due role because of their limited resources. Despite the fact that the developing countries have paid dearly in debt servicing and in their efforts to revitalize growth, the debt problem remains unsolved for lack of adequate external support.

22. The high real interest rates of developed countries have not only restricted financial flows to developing countries and resulted in capital flight therefrom, but have also increased the debt burden of developing countries. The excess of demand over supply in the international capital market, the frequent and fluctuating movement of world financial markets, particularly the unstable exchange rates of the main currencies, have had a highly negative impact on the development of the world economy and seriously impeded the economic interests of developing countries.

23. As an important component of resources for development, human resources is one of the key factors for the success of development. However, most developing countries are extremely backward in this regard. This will certainly be detrimental to the enhancement of their productivity and to their future economic development in particular. Owing to various unfavourable internal and external factors, their prolonged and strenuous efforts to change this situation have resulted in little improvement or simply ended in complete failure.

Policies and measures

1. Finance for Development

24. Developed countries should adjust their macro-economic policies in a manner favourable to world economic development so as to help increase financial flows to developing countries, thus reversing the trend towards inadequate financial flows to developing countries and their net financial outflows.

25. Those developed countries which have not done so should attain the agreed ODA target of 0.7 per cent of their GNP; those which have attained this target are invited to make new efforts in increasing ODA to developing countries.

26. By taking such measures as credit and investment guarantees, the Governments of the developed countries should encourage their commercial banks and private enterprises to increase loans, direct investment and other non-debt financial flows to developing countries.

27. The multilateral financial institutions and regional development banks should continue their replenishment of resources and increase concessional financing in order to respond to the needs of developing countries and to eliminate the crushing additional conditionality in lending to developing countries.

28. Developed countries and international financial institutions should give strong financial support to economic adjustments and reforms undertaken in many developing countries aimed at revitalizing their growth so as to make them a success.

29. Developed countries and multilateral financial institutions should take specific and effective measures to ensure that any redirection of financial flows will not have a negative impact on the financial flows to developing countries.

2. Debt

30. Developed creditor countries, commercial banks, international financial institutions and debtor countries should share their common responsibilities for improving the debt-servicing capacities of the debtor countries by stimulating the economic growth of the latter, thus providing a fundamental solution to the debt problem.

31. The international community, especially the developed creditor countries, should take further action to improve and strengthen the present debt strategy. The solution to debt problems should be linked to the improvement of trade terms and market access for developing countries.

32. Developed countries should substantially reduce the bilateral official debt burden of developing countries on a larger scale by debt reduction, debt cancellation and rescheduling arrangements.

33. By implementing appropriate policy measures, the developed countries should encourage and urge the commercial banks to conduct realistic and constructive debt-reduction negotiations with developing debtor countries. Any approach which leads to the solution of the debt problems without detriment to the interests of the debtor countries should be attempted.

34. The multilateral financial institutions should address the issue of debt arrears of developing countries on reasonable terms.

3. International Monetary System

35. The international community, and the developed countries in particular, should make efforts to create a favourable international financial environment as well as a stable and reasonable international monetary system to
solve the problems of debt and development resources for developing countries.

36. Developed countries should take practical and effective measures to reduce their real interest rates, to alleviate the debt burden of developing countries and to ease the pressures of capital flight from those countries.

37. International financial institutions should seek to promote the exploitation of the development resources for developing countries and to increase loans on concessional terms to those countries.

4. HUMAN RESOURCES

38. Human resources development is an important factor in enhancing development. Therefore, the international community, and the developed countries in particular, should give strong support to the efforts made by the developing countries in this area. Such support should take account of the developing countries' conditions and requirements, and should take the form of finance, technologies and managerial experience.

B. International trade

Situation assessment

39. With the sustained growth of the world economy, international trade has also increased substantially in recent years. However, seriously unbalanced development still exists in the area of international trade. The share of the developed countries in world trade has continued to increase while that of the developing countries has been on the decline, thus widening the gap between the North and the South.

40. One of the fundamental reasons for this disequilibrium is the intensification of trade protectionism by developed countries. Some major developed countries, instead of implementing in earnest their commitments on "standstill and roll-back" of protectionism and carrying out structural adjustment favourable to the developing countries, have constantly reinforced their protectionist measures, particularly non-tariff barriers, most of which are directed at the industries and sectors in which developing countries have comparative advantage and special export interests.

41. The Uruguay Round of multilateral trade negotiations, which has failed to conclude in accordance with the original time schedule, has been proceeding in an uneven way. The negotiations on issues of great concern to the developing countries, such as market access and textiles, have lagged far behind those on the "new issues", which are of concern to the developed countries.

42. In the area of the GSP, the developed preference-giving countries have applied discriminatory and differentiated treatment to the preference-receiving countries by invoking the graduation clause to reduce the scope of their preferences and by regulating the rules of origin on harsh terms and additional conditions. These safeguard measures have made it difficult for the preference-receiving countries to benefit from all the advantages of the GSP and created obstacles to access to markets for the products of the preference-receiving countries, or even excluded the products of these countries from the markets of the preference-giving countries.

Policies and measures

43. At its eighth session, the Conference should adopt policies and measures to improve the present international trading system and strengthen multilateral cooperation to prevent unilateral actions, in order to promote international trade, especially the expansion of foreign trade of developing countries.

44. The developed countries should earnestly implement their commitments to "standstill and roll-back" and gradually reduce and finally eliminate the tariff and non-tariff barriers to the exports of developing countries, and grant more preferential and differential treatment to developing countries. They should further open their markets, examine their anti-dumping and countervailing trade legislation and give up unilateral actions.

45. The developed countries should take effective and concrete measures to accelerate their structural adjustment which will be conducive to the economic development of developing countries.

46. To ensure the complete implementation of the GSP, the developed countries should observe its basic principles, improve their GSP schemes, widen the scope of the beneficiary countries, increase the coverage of products and enlarge the range of preferences. The rules of origin should also be further unified and simplified.

47. Regional economic groupings should not be exclusive. On no account should they infringe on the principles of multilateral trade liberalization, and generate a negative impact on the development of world trade, especially that of the developing countries. The developed countries should examine and monitor strictly the relevant regulations of their regional groupings and bilateral arrangements to ensure that they will not block the market access of the products from developing countries.

48. The Uruguay Round of multilateral trade negotiations should be accelerated and a balanced package of agreements which reflect the interests of all parties concerned should be concluded to strengthen the multilateral trade system and prevent the growing tendency towards protectionism. In terms of market access for textiles and clothing, tropical products, natural resource-based and agricultural products, the interests of developing countries should be taken fully into account. Specific preferential treatment should be given to developing countries, and their specific situation and development needs should be considered in discussing the issues of services, trade-related aspects of intellectual property rights and trade-related investments measures.

C. Services

Situation assessment

49. The service sector plays a key role in economic development, especially in the developing countries. With the progress made in science and technology, trade in services is growing more rapidly than that in goods.
50. A serious imbalance has occurred in the production and trade in services. Developed countries occupy an absolutely predominant position in the production of and trade in services: they account for more than 80 per cent of the world trade in services. However, services in developing countries are still an infant sector which is concentrated only in labour-intensive activities. Their service trade has been running a deficit for a long time and their share in the world total is marginal.

51. People are becoming more and more aware that development of services is one of the key factors in the dynamic economic development of the developing countries and the building of a healthy, sound and equitable world economy. However, developing countries are facing tremendous difficulties in services production and trade. They lack technology, infrastructure facilities and qualified personnel, which their domestic manufacturing industry is unable to provide. They have, therefore, to seek these services from foreign countries, which increases the deficit in the services trade. The developing countries also face many restrictions in acquiring foreign advanced technologies.

Policies and measures

52. Services are of vital importance to the social, economic, cultural and infrastructural development of the developing countries. Therefore policy measures formulated by developing countries to improve the domestic services capabilities and competitiveness, and the protection of their information and telecommunication technologies with subsidies at the initial stages, are highly necessary and should be respected by the international community.

53. A framework of multilateral agreements is being formulated in the Uruguay Round negotiations, which should be conducive to the promotion of healthy development of international trade in services. The principles of MFN treatment and the preferential as well as differential treatment granted to developing countries should be reflected in formulating these framework agreements. In the process of liberalization, national laws and regulations should be respected and different development levels should be taken into account. Developing countries should further open up their services markets, especially those for labour-intensive industries.

54. The transnational corporations brought with them their own services at the time of establishing and operating enterprises in developing countries. The TNCs should also make full use of the services provided by the host developing countries in order to make contributions to the development of these countries.

55. UNCTAD has made tremendous efforts in dealing with the trade issues in shipping, insurance and technology for many years and has achieved remarkable success. The UNCTAD secretariat should strengthen its functions in the area of services, pursue its studies on world services trade, put forward policy measures and continue to provide necessary technical assistance to the developing countries so that their services trade can play its full part in their development.

D. Technology

56. In recent years, the world technology dissemination and distribution pattern has been more and more unfavourable to developing countries. One striking feature has been the rapid spread of technology transfer among the developed countries and the sharp decline of such transfers—especially for high technology, new technology and environmentally sound technology—to developing countries.

57. The chief developments in the field of new technologies have occurred mainly in developed market economies. The vast majority of developing countries, however, cannot benefit from the technology progress in developed countries. On the contrary, certain industrial sectors in which some developing countries possess comparative advantage, as well as commodity prices and their export earnings, have all been seriously affected by technological progress in developed countries.

58. Although the developing countries have strengthened their efforts to formulate technology development strategies, policies and legislation and to accelerate the pace of technological innovation, the implementation of these strategies and policies by most developing countries is restricted by their shortage of financial resources and the weakness of their industrial infrastructures. Developing countries are almost totally excluded from the development of key and new technologies. The scientific and technological development capabilities as well as the technological level of developing countries as a whole lag far behind those of the developed countries.

59. In the field of transfer of technology, the ability of the developing countries to import advanced technologies and equipment has decreased owing to shortage of financial resources. In the meantime, developed countries have reduced their direct investment to developing countries by a large margin, which has also had a serious negative impact on commercial technology transfer to these countries. Official and non-government free technical assistance, which played an important role in technology transfer in the 1950s and 1960s, decelerated in the 1970s and almost stagnated in the 1980s. During this period, the developed market economies, in order to uphold and strengthen their predominant position in the world technology market, and for the sake of their own interests, have taken various strict protection measures in the field of intellectual property rights. These measures have been highly detrimental to the development, dissemination and acquisition of technologies in developing countries.

60. The negotiations on the draft code of conduct on the transfer of technology have reached deadlock. Although developing countries have repeatedly expressed their strong hope for the resumption of the negotiations and have made substantial concessions, and although the General Assembly and UNCTAD have engaged in a great deal of coordination, it is still difficult to resume the negotiations. Nor has there been any progress with regard to the amendment of the Paris Convention for the Protection of Industrial Property. The formulation of international guidelines and standards in favour of improv-
The international economic and policy environment for the transfer of technology has never occurred.

In the 1980s, the brain drain from developing countries to developed countries, also known as the reverse transfer of technology, accelerated, and this movement has seriously hampered the economic and social development of the developing countries, particularly their technology development capabilities.

With the development and spread of science and technology, technology transfer and development have become an important part of the endeavour of various countries to implement their sustained and sustainable development strategy. The prospects for technology transfer, development and economic growth in the developing countries depend not only on the utmost efforts by the developing countries themselves but also on a favourable external environment that facilitates technology development and transfer to developing countries—an environment created by the international community, and especially by developed countries.

**Policies and measures**

1. **RESOURCES FOR TECHNOLOGICAL DEVELOPMENT**

   Developed countries should create a favourable external environment for developing countries to help them to overcome their economic difficulties, revitalize their capability for technological development and obtain the financial resources needed for the import of technologies.

2. **TECHNOLOGY TRANSFER**

   The developed countries should improve the terms of technology transfer to developing countries, reduce various kinds of restrictions and barriers to technology export, resume and increase their technology flows, including those of new and high technologies applicable to developing countries, on preferential terms. The developed countries, in formulating legislation on the protection of intellectual property rights, should consider not only the development of their own national economies and the encouragement of technological innovation initiatives but also the benefit of the developing countries in the field of transfer of technology.

   The regional economic groupings among the developed countries should not generate a negative impact on the transfer of technology to developing countries.

   The formulation of necessary international legal instruments on technology transfer, especially the code of conduct on the transfer of technology, should be expedited.

3. **TECHNOLOGY RESEARCH AND DEVELOPMENT**

   Developing countries should give serious consideration to the importation of foreign advanced technologies, including basic technologies and newly emerged technologies, that are suitable for their domestic needs, while strengthening their national technological research, development and innovation. The international community should provide technical assistance for the research and development activities of the developing countries in this regard.

   The developed countries should take concrete measures to encourage their enterprises to set up co-operative arrangements related to R & D with enterprises of developing countries in agreed sectors, so as to help enterprises of those countries absorb and adapt new technologies.

4. **REVERSE TRANSFER OF TECHNOLOGY**

   In respect of the brain drain from developing countries, the international community, especially developed countries, should cooperate with developing countries in taking effective measures to help them alleviate the negative impact of the reverse transfer of technology.

**E. Commodities**

**Situation assessment**

Commodity exports play a vital role in the economic development of most developing countries. They are their main source of foreign exchange earnings and make a significant contribution to their GNP.

Since the 1980s, the share of commodity trade has continuously declined in the total world trade, as has the share of the commodity trade of developing countries in relation to the total world trade of commodities. Prices for most commodities exported by the developing countries have been on a declining trend for the past decade. Moreover, the world commodity market lacks transparency and predictability.

The reasons for the worsening situation in the world commodity market are many, including cyclical and structural factors. The intensification of tariff and non-tariff barriers set by developed countries and the subsidies given by these countries to their own commodity production and export constitute insurmountable artificial barriers to the market access of commodities from developing countries. In addition, set-backs in the diversification process have also placed export commodities from developing countries at a disadvantage. Owing to a shortage of development resources, developing countries cannot but resort to expansion of commodity production and exports to increase their foreign exchange earnings. But ultimately these efforts have the opposite effect to the one desired, since they have aggravated the oversupply situation and contributed to the constant decline of commodity prices. As a result, the increase in export earnings of the developing countries has lagged far behind that of their export volume.

**Policies and measures**

The international community should strengthen its cooperation in the field of commodities to find a long-term solution to the commodity problems. The Integrated Programme for Commodities remains an effective approach in this undertaking. Furthermore, at its eighth session, the Conference should work out new effective and practical policy measures in compliance with the changing situation.
1. INTERNATIONAL COMMODITY AGREEMENTS AND ARRANGEMENTS, AS WELL AS OTHER FORMS OF INTERGOVERNMENTAL COOPERATION

74. Further efforts should be made by the international community to promote and strengthen consultation and cooperation between producing and consuming countries. The existing international commodity agreements should be better implemented and fully utilized. In the formulation of new international commodity agreements and arrangements and the renegotiation of the existing commodity agreements, measures to stabilize commodity prices should be considered in accordance with the concrete situation of each and every commodity. The Common Fund for Commodities should be given a chance to play its due role. Informal intergovernmental consultations for those commodities which are not covered by commodity agreements and arrangements should be launched or continued as appropriate and necessary, in order to seek ways and means for effective cooperation on these commodities between producing and consuming countries.

2. THE COMMON FUND FOR COMMODITIES

75. The international community should take effective measures to promote an earlier operation of the First Account of the Common Fund for Commodities and make full use of the two accounts. Countries that have not approved the Agreement establishing the Common Fund for Commodities should be urged to do so as soon as possible.

3. INTERNATIONAL ASSISTANCE

76. International financial institutions, UNDP and developed countries should increase their financial and technical assistance to developing countries in the area of commodities, with priority in diversification, processing, marketing and distribution activities. The existing compensatory financing facilities for shortfalls of export earnings should be improved in terms of country and commodity coverage. The international community should also consider setting up new facilities to help developing countries deal with shortfalls in export earnings.

4. MARKET ACCESS

77. Developed countries should create conditions that allow products processed from developing countries to enter their markets, reducing and finally eliminating their tariff and non-tariff barriers on products from developing countries. This would help developing countries reduce their high dependence on the export of one or two commodities.

78. Full consideration should be given to the interests and requests of developing countries in the Uruguay Round negotiations on agricultural products, tropical products and natural resource-based products.

5. OTHER MEASURES

79. The solution to the commodity problems of developing countries should be linked with the solution to their debt problem and shortage of financial resources.

80. The stabilization of exchange rates is directly linked to the stabilization of commodity prices. Developed countries should take feasible measures to stabilize the exchange rates as much as possible.

81. Developing countries should also strengthen cooperation among themselves in the field of commodities.

6. FUNCTION OF UNCTAD AND THE WORK OF THE UNCTAD SECRETARIAT

82. UNCTAD should continue to strengthen its functions in dealing with world commodity problems as well as its cooperation with other organizations within its mandate, as set forth in General Assembly resolution 1995 (XIX) and other related resolutions adopted within the United Nations system. UNCTAD should continue to regard commodities as a priority area in its future work, focusing on diversification, processing, marketing and distribution. The UNCTAD secretariat should further develop its microcomputer-based commodity information and analysis system (MICAS). It should continue to study world commodity trends and individual commodities, and to offer technical assistance to developing countries in the field of commodities.

C. Nordic contribution to the discussion on the revitalization of UNCTAD

Document submitted by Denmark, Finland, Norway and Sweden

REVITALIZATION OF UNCTAD

Introduction

The profound political changes which have taken place over the last few years have resulted in an increased interest in and renewed relevance of the United Nations, notably in the political field.

1 Initially issued at the first part of the seventeenth special session of the Trade and Development Board, in TD/B(S-XVII)/CRP.1.
nity to consider how UNCTAD could better serve its member States, in a world which has changed considerably since the organization was created in 1964. The fact that an atmosphere of economic cooperation has replaced that of political confrontation presents new opportunities and challenges for a universal forum like UNCTAD.

The political rapprochement and disappearance of the East-West conflict have speeded up the depolarization and de-ideologization of the international debate in the economic area.

A global consensus is emerging, based on the now almost universal recognition that the market is the most efficient mechanism for the allocation of scarce productive resources. This, however, is coupled with the no less important recognition that the market alone cannot solve all problems and that market-based economic policies can only yield optimal results within the framework of an efficient public sector.

There is also broad agreement that the main responsibility for development rests with the respective countries. At the same time, there should be a clear recognition of the role of an international environment conducive to growth and development.

The emerging consensus furthermore covers common perceptions on some key concepts regarding the qualitative contents of development:

(a) The importance of human resources development, recognizing that human development is both the end and the most important means of achieving economic and social progress;

(b) The concept of democracy and participatory development, in the sense that development must be broad-based, offering equal opportunities for all, men and women, and be coupled with respect for fundamental human rights and individual freedoms;

(c) The importance of good governance;

(d) The concept of environmentally sound and sustainable development.

Nevertheless, these common perceptions are not always fully reflected in the economic discussions and negotiations in the United Nations system, including UNCTAD, which tend to follow the beaten track and often result in rather sterile confrontations based on yesterday’s political divergencies rather than today’s common perceptions. The institutional structure and the working methods of UNCTAD and other economic forums in the United Nations are partly to blame. In UNCTAD, excessive amounts of time and effort are often spent within a rigid group system on negotiating resolutions of doubtful usefulness, to which subsequently hardly anyone pays attention. Both the interest and the active participation of capitals in the work of UNCTAD is waning. It is paradoxical that at a time of vastly improved international political climate, offering a window of opportunity for a reinvigorated North-South dialogue, UNCTAD is seriously threatened by marginalization and irrelevance.

The mandate of UNCTAD

The mandate of UNCTAD, as laid down in General Assembly resolution 1995 (XIX) of 30 December 1964, is written in a way which perhaps does not fully capture all the elements of today’s thinking as outlined above. On the other hand, its objectives remain valid, and the mandate is also sufficiently broad and flexible to allow for all the necessary adaptations in the work of UNCTAD, as regards both contents and working methods. Reform and revitalization of UNCTAD are entirely possible within the existing mandate. At the present stage, therefore, initiating discussions on its mandate does not seem productive.

The future role of UNCTAD

UNCTAD activities in the future should, as they have in the past, rest on three main pillars, albeit with a slightly different “product mix”:

(1) Objective, penetrating analysis;

(2) Normative activities in the form of genuine and open dialogue—which may result in policy recommendations, common strategies and guidelines for action—or in any other form;

(3) Technical assistance and policy advice.

The close interrelationship between these three main types of activities should be emphasized. Both the normative and the technical assistance must rest on a solid analytical basis. In turn, the analysis will benefit from the experience and insights gained through normative activities and technical assistance. It should be recognized that insights gained through analysis and debate can often be more powerful in influencing the behaviour of the various actors than legal or quasi-legal instruments and resolutions, to which Governments have subscribed with varying degrees of enthusiasm. Attention is drawn to the experience of OECD, which has proved to be a most useful forum for analysis and debate. Even without purporting to be normative in their character, these analyses and debates have often had an unquestionable impact on member countries’ policies.

Restraint and realism should be exercised regarding the need for formal negotiation, especially on issues which do not lend themselves to be dealt with in a global normative framework, or which are not sufficiently mature to be embodied in a formal instrument.

Substantive issues

UNCTAD should continue to deal with the traditional issues on the agenda—international trade, including commodities, issues related to the debt problem, resources for development and transfer of technology. However, these issues should mainly be dealt with in an integrated form and there should be emphasis on the overall impact (interdependence) of these factors on developing countries.
In addition to this, and based on broad and integrated analyses, particularly topical issues and areas where UNCTAD has comparative advantage should be selected for more in-depth study and possibly also, at a later stage, normative work.

The following are some examples of issues which could lend themselves to more in-depth efforts by UNCTAD:

(a) The development of national competition policies, notably in countries in transition from an economic system with strong emphasis on the public sector to more market-oriented economic policies, based on the experience and competence of UNCTAD in restrictive business practices;

(b) The increasing competition for financing and how the developing countries could improve their ability to attract foreign investment;

(c) The relationship between trade and environment and the need to reconcile environmental protection with liberal trade policies and free market access;

(d) Concepts, policies and possible mechanisms for promoting development and the dissemination of environmentally sound technologies.

Particular attention should be paid to the situation of the least developed countries, where the UNCTAD contribution has been very useful.

**Technical assistance**

UNCTAD should continue to provide technical assistance. Both the forms and the orientation of such activities should continue to be reviewed.

Technical assistance should be concentrated in areas where UNCTAD has the necessary competence. The technical assistance should be designed to provide a useful interlinkage with its analytical and policy advisory role. Special attention should be given to LDCs.

**Role of the UNCTAD secretariat**

The work of the secretariat must meet the highest professional standards. To facilitate a concrete, thought-provoking and innovating discussion, the UNCTAD secretariat should be responsible for presenting a basis for such discussion in the form of high-quality, objective analysis and documentation. The analyses of the secretariat should not necessarily be non-controversial and should not refrain from criticizing individual national policies when circumstances so warrant.

The secretariat will be expected to draw attention to issues which may merit closer attention, and should also play a more active role in putting together expert groups for the consideration of topical issues.

**Working methods and institutions of UNCTAD**

Serious consideration must be given to the question of how the present working methods and structure of committees will best serve member countries in the future. In particular, the practice of concluding most issues by the adoption of resolutions, laboriously negotiated by a rigorous group system, should be avoided. A summing-up by the chairman could often be a better alternative.

In general, the present group system should be relaxed and used in a much less rigid manner. Informal contacts and consultation across traditional group borders should be encouraged. The group system will, however, have to be maintained, *inter alia*, for purposes of election and organizational matters.

The role of the Standing Committee and other subordinate bodies should be reviewed. Many of the UNCTAD committees have ceased to function as expert forums with a high degree of professional insight and participation. Both the discussion and the participation are more and more similar to those of the Board. Consideration should be given to discontinuing at least some of the Standing Committees and replacing them, for instance, with expert groups convened on an ad hoc basis for the consideration of selected issues.

Predictable and repetitive discussions should be avoided. Efforts should be made to focus the discussions on particularly topical aspects. Frank and genuine debates should be encouraged.

Increased participation by and dialogue with representatives of other international organizations, as well as of the business community, non-governmental organizations and academic institutions, could contribute to more lively and interesting discussions.

**Relationship with other organizations**

and reform processes

In view of the reform of the United Nations in the social and economic areas, it is evident that the role and responsibilities of UNCTAD need to be more clearly defined in relation to other units and bodies, both within and outside the United Nations system (for example, the Economic and Social Council, the Second Committee, GATT and the Bretton Woods institutions).

The areas of operations of GATT and UNCTAD should be kept separate, but complementary. The role of UNCTAD as a forum for broad analysis and debate and the role of GATT as a forum for negotiations of contractual rights and obligations should be maintained, irrespective of whether GATT is remodelled to become an international trade body or not.

The necessary reform process within UNCTAD, once initiated, should not be delayed by the reform in the United Nations; rather it should stimulate and speed up that process.

The eighth session of the Conference should serve as an opportunity for initiating much-needed reform and revitalization and for providing clear directions for such work. A reformed UNCTAD would be better placed to deal with the important substantive issues on its agenda for the 1990s. It is therefore all the more important that the issue of reform be addressed with urgency.
The reform efforts must, however, be accompanied by the necessary political commitment from member countries to participate actively in and make use of UNCTAD.

D. Australia's approach to institutional issues and the role of UNCTAD

Document submitted by Australia

**Background**

1. Australia welcomed the opportunity to participate in the discussions at the Ministerial Meeting of the Group of 77 at Tehran. It was, as many among the Group of 77 have observed, an occasion which should mark the turning-point in the dialogue on international trade and development issues. The invitation to developed countries was a significant step in promoting a deeper understanding of the approaches and the concerns of the members of the Group of 77. Such transparency and the insights it provided are particularly valuable to developed countries. From Australia's perspective, the importance which Ministers attached to a more liberal international trading environment in the promotion of economic growth and development was particularly welcome.

2. Among the other issues given high priority by Ministers at the Tehran Meeting was the revitalization of UNCTAD through the institutional development of the organization. Australia shares the view that UNCTAD, in accordance with its mandate, has an important role to play in the trade and development debate and in the new partnership for development which could emerge as one of the major achievements of the United Nations system in the post-cold war era.

3. Australia does not see "institutional" and "substantive" issues as two separate and distinct categories. For Australia, the institutional revitalization of UNCTAD would be a major substantive outcome of the eighth session of the Conference. The enhancement of the effectiveness and efficiency of UNCTAD through this process should encourage all members to commit themselves more vigorously and fully to the advancement of international economic cooperation.

4. At Tehran, Australia, along with many other countries, suggested that a more flexible group system which enabled members to concentrate on specific or regional issues would add a new and beneficial dimension to efforts to revitalize UNCTAD.

**Issues**

5. Australia interprets the mandate of UNCTAD as promoting the integration of national economies into the global economy. In this regard, particular emphasis should be given to increased participation in the international trading system. This implies an important role for UNCTAD in the analysis of national economic policies, institutions and structures. Application of this work should provide the basis for a more extensive and effective analysis of global economic activities, including the prospects for economic growth and development in developed and developing countries.

6. Instead of retaining the current structure and working methods of UNCTAD, the expansion of the informal dialogue, which has already been instituted, incorporating the analytical work outlined above, should develop options for use in the formulation of national policies. Through such processes, countries with common interests would be able to participate in ad hoc groupings in pursuit of their particular objectives on issues of specific or regional concern.

7. In this way it should be possible for a genuine consensus to emerge on the identification of areas which might benefit from being the subject of negotiated arrangements or instruments. Once consensus on such issues has been achieved, UNCTAD could provide the negotiating forum or could suggest moving the negotiations into other forums, if appropriate.

8. In the expectation of a successful outcome of the Uruguay Round, UNCTAD will in any case have to review its activities in order to ensure coordination with other relevant organizations in the field of multilateral trade and avoid duplication with the process of implementation of the results of the Round.

9. In the delivery of technical cooperation programmes, UNCTAD should focus on practical work which develops national mechanisms to facilitate greater access to and participation in the international trading system by developing countries.

**Conclusion**

10. For Australia, the real test will be whether UNCTAD members can jointly create the basis for revitalization of the organization as an influential element in the multilateral system and a respected and credible influence on policy makers. The increased understanding of development issues, as promoted through the work of a revitalized UNCTAD, could make a valuable contribution to the benefit of the entire international community.

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*Initially issued at the first part of the seventeenth special session of the Trade and Development Board, in TD/B(S-XVII)/CPR.3.*
REPORT OF THE CREDENTIALS COMMITTEE

1. At its 222nd plenary meeting, on 10 February 1992, the United Nations Conference on Trade and Development, in accordance with rule 14 of its rules of procedure, appointed a Credentials Committee consisting of the following member States: Belgium, Belize, Chile, China, Lesotho, Russian Federation, Singapore, Togo and the United States of America.


3. Mr. M. W. Dhaene (Belgium) was unanimously elected Chairman of the Committee.

4. The UNCTAD secretariat informed the Committee of the status of credentials of representatives as at 20 February 1992. Credentials issued by the Head of State or Government or by the Minister of Foreign Affairs, as provided for in rule 13 of the rules of procedure of the Conference, had been submitted by 107 States. The appointment of the representatives of 11 States had been communicated to the Secretary-General of UNCTAD by means of a letter, a note verbale or a cable from the permanent mission in Geneva or New York, or the Embassy in Bogotá. The appointment of the representatives of two States had been submitted to the Secretary-General of UNCTAD by means of a communication from another authority. The representatives of six States had not so far submitted any communication.

5. The Chairman proposed that the Committee should decide to accept the credentials of the representatives of the member States referred to in paragraph 4. In connection with the credentials which had not yet been submitted in due form, the Chairman proposed that the Committee accept the assurances given by the representatives concerned, on the understanding that their credentials, in conformity with rule 13 of the rules of procedure of the Conference, would be submitted promptly to the Secretary-General of UNCTAD. There was no objection to this proposal.

6. The Chairman then proposed the following draft resolution for adoption by the Committee:

"The Credentials Committee,

"Having examined the credentials of the representatives to the United Nations Conference on Trade and Development at its eighth session,

"Accepts the credentials of the representatives to the United Nations Conference on Trade and Development at its eighth session and recommends to the Conference that it approve the report of the Credentials Committee."

7. The Committee adopted the above draft resolution without a vote.

8. The Chairman then proposed that the Committee should recommend to the Conference the adoption of the following draft resolution:

"Credentials of representatives to the eighth session of the Conference

"The United Nations Conference on Trade and Development

"Approves the report of the Credentials Committee."

9. The Committee endorsed the above proposal without a vote.

10. In the light of the foregoing, the present report is submitted to the Conference.

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\(^{a}\) Initially issued as TD/363. For the discussion of the report in the plenary, see part three, sect. H.

\(^{b}\) For the text adopted, see resolution 170 (VIII).
Annex VIII

CHECK-LIST OF DOCUMENTS

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### H. NON-CONFERENCE DOCUMENTS OF DIRECT RELEVANCE TO THE EIGHTH SESSION OF THE CONFERENCE

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<td>Note by the UNCTAD secretariat transmitting the report of the Secretary-General of UNCTAD on further consultations on a draft international code of conduct on the transfer of technology</td>
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<td>TD/B(S-XVII)/CRP.1</td>
<td>Nordic contribution to the discussion on the revitalization of UNCTAD (text circulated to the Trade and Development Board at the first part of its seventeenth special session at the request of Denmark, Finland, Norway and Sweden)</td>
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