

**General Assembly**

Fifty-seventh session

Official RecordsDistr.: General
25 November 2002

Original: English

Second Committee**Summary record of the 13th meeting**

Held at Headquarters, New York, on Friday, 18 October 2002, at 10 a.m.

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The meeting was called to order at 10.10 a.m.

Agenda item 85: Sectoral policy questions *(continued)*

(a) Industrial development cooperation *(continued)*

Draft resolution on industrial development cooperation (A/C.2/57/L.8)

1. **Mr. Carpio Govea** (Venezuela), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/57/L.8.

(c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin *(continued)*

Draft resolution on preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin (A/C.2/57/L.9)

2. **Mr. Carpio Govea** (Venezuela), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/57/L.9.

3. **Mr. Traub** (United States of America) said that negotiations were currently taking place in Vienna, involving experts from over 100 countries, concerning the issue of assets of illicit origin. So far, discussions had taken place in a depoliticized manner, and his delegation hoped that that would continue to be the case. Given that the issue was already under consideration in Vienna and in the Third Committee, he asked for restraint with regard to any budgetary implications that the work of the Committee might have. His delegation would support that work, bearing in mind the need not to create problems for negotiators in Vienna. For example, particular care should be taken in drafting the resolution, in order to use the correct legal terminology. The draft resolution should contain four main points, namely: that the private sector had an essential role to play in growth and development efforts; that private sector development required a stable environment in which to operate; that governments had a significant responsibility in supporting a fiscal and economic framework capable of fostering stable development, and that corrupt practices must be eradicated, both in government and in the business sector.

Agenda item 86: Sustainable development and international economic cooperation *(continued)*

(A/57/202, A/57/203, A/57/331, A/57/422-S/2002/1064)

(a) Implementation of the Declaration on International Economic Cooperation, in particular the Revitalization of the Economic Growth and Development of the Developing Countries, and implementation of the International Development Strategy for the Fourth United Nations Development Decade *(continued)* (A/57/216 and A/57/216/Corr.1 and A/57/444)

(b) Integration of the economies in transition into the world economy *(continued)* (A/57/288)

(c) Culture and development *(continued)* (A/57/226)

(d) High-level dialogue on strengthening economic cooperation for development through partnership *(continued)* (A/57/388, A/57/118 and A/57/118/Add.1 and A/57/444)

4. **Mr. Sultanov** (Kyrgyzstan) said that cultural issues had a far-reaching impact on the relevance, success and sustainability of development policies. His delegation welcomed the activities undertaken by UNESCO towards implementation of General Assembly resolution 55/192 on culture and development, as well as publication of the most recent report by the Director-General of that organization. The report highlighted the need to recognize cultural diversity as the common heritage of humanity, and to promote policies designed to protect that diversity. Such policies should aim to give a contemporary meaning to the notion of cultural heritage, including the notion of statehood, the promotion of education and the raising of public awareness.

5. Like other newly independent States, his country attached great importance to the quest for its own historic and ethnic roots. In that connection he drew attention to the initiative taken by the President of his country in proclaiming the year 2003 as the Year of Kyrgyz Statehood, and said that his delegation would be submitting a draft resolution on the subject shortly.

6. **Mr. Sahakov** (Armenia) said that globalization was the most important feature of the contemporary economy. The challenge for Governments was how to take advantage of the opportunities it offered, without

falling victim to its hazards. In recent years, transition economies had shown increasing openness towards the global economy, and their successful integration into world trade networks would be of great benefit to them and to others. For his country, the transition from a centrally planned to a free-market economy had been largely dependent on the support of the international community. The Government had concentrated its efforts on securing a stable macroeconomic environment, with the help of tighter monetary and fiscal policies, with a view to attracting foreign investment.

7. His country was in the final stages of accession to the World Trade Organization (WTO), which it saw as a tremendous opportunity for the development of foreign trade. It had given its firm commitment to regional cooperation, through various initiatives, including the Black Sea Economic Cooperation Organization and the Transport Corridors Europe-Caucasus-Asia programme. The latter was particularly crucial for the development of links to existing European and Asian transport networks, and for the establishment of new infrastructure such as pipelines, railways, air-traffic routes and telecommunication lines. However, the blockade imposed on his country by two of its four neighbours represented a serious obstacle to regional cooperation. Efforts to exploit the enormous potential of the region continued to be hampered by that regrettable policy of isolation.

8. **Mr. Nikolov** (the former Yugoslav Republic of Macedonia) said that his country was fully determined to achieve macroeconomic stability and economic growth, believing that it would create a favourable environment for achieving sustainable development and attracting more foreign direct investment, which could also encourage domestic investment and competitiveness. It had concluded free trade agreements with almost all the countries of south-eastern Europe, and in recent days had become a member of the World Trade Organization. The crisis which his country had experienced in 2001 as a result of the political and security situation in south-eastern Europe had had grave economic and social consequences, and in spite of having received significant help, additional financial aid and other assistance was required in order to compensate for the damage. A number of arrangements with the World Bank and the IMF had been approved. Some projects had already been implemented in the sphere of socio-

economic policy, but more was needed in the fields of sustainable development, health management and the energy sector. The Macedonian economy had been performing well in recent years, with strong growth and one of the lowest inflation rates among countries with economies in transition. It had yet to finalize privatization, introduce greater liberalization in key strategic sectors, rationalize further the financial sector and intensify action to improve the climate for investment.

9. **Mr. Mladenović** (Federal Republic of Yugoslavia) said that although most economies in transition had continued to expand in the first half of 2002 they had done so far more slowly because of the world economic slowdown. If the global economic environment deteriorated further, a number of them might have difficulty meeting their growth targets. One of his Government's major preoccupations was the stabilization and consolidation of the economy, and it was implementing a programme of economic reforms to achieve the macroeconomic stability and structural reforms needed for a functional and stable market economy. Regional cooperation was a key element of Yugoslav foreign policy, especially in the context of participation in European integration processes and Euro-Atlantic structures. Only as a stable region in which common problems were solved jointly could Yugoslavia count on drawing closer to the European Union.

10. Yugoslavia firmly believed that trade and investment were the twin engines for job creation and prosperity; free trade policies were one of the cornerstones for achieving sustainable growth and development. Yugoslavia had signed a memorandum of understanding with other countries of its region the main aim of which was to complete a network of free trade agreements in the region by the end of 2002, and it was also working towards becoming a member of the World Trade Organization as soon as possible. International assistance was especially important in setting economies in transition firmly on the path towards developing mutually beneficial ties with neighbouring States: for the countries in south-eastern Europe stability in the region remained a key prerequisite for sustainable economic growth.

11. **Ms. Anzorge** (Poland) said that the international community must build a new model of development cooperation based on internationally agreed rules and principles, with all countries fulfilling their

commitments in order to meet the objectives of the Millennium Declaration by the agreed deadline. Poland was satisfied that the United Nations was supporting the efforts of countries with economies in transition to join the global economy, and welcomed the tangible efforts of many developing countries to implement the principles of democracy, human rights and good governance as embodied in the New Partnership for Africa's Development (NEPAD). There was no doubt that the success of Poland's economic and social development and integration into the world economy over the past decade had been driven and facilitated by democratic principles.

12. It was impossible to overestimate the role of international organizations and multilateral institutions in providing support for developing countries in implementing the rules of good governance, especially in terms of technical assistance to improve legal frameworks and institutions. The monitoring and assessment of progress made was an important element of development cooperation, and in that regard the United Nations could benefit from the experience of the Organisation for Economic Cooperation and Development and its peer review mechanism. Her country appreciated the efforts of the United Nations to coordinate its activities in the area of development cooperation with the Bretton Woods institutions. Poland's development had been propelled mainly by the expansion of the private sector, and it would promote all initiatives aimed at including all stakeholders in development cooperation.

13. While globalization might well help to bridge the gap between developed and developing countries, by offering new opportunities to mobilize internal and external development resources, the richer countries should continue to support those which had real difficulties in fully integrating with the world economy and attracting foreign direct investment. Though still at a demanding stage in its own development, Poland was progressively increasing its development assistance, focusing on countries with economies in transition, but with the intention soon of increasing the assistance it offered to developing countries.

14. **Mr. Musambachime** (Zambia) said that his country was convinced that the solution to the intricate development problems it faced could best be found in unwavering international commitment. With the New Partnership for Africa's Development (NEPAD), the countries of Africa had the opportunity to regain the

ground they had lost in their progress towards achieving sustainable development. However, meaningful sustainable development could be achieved only when the international debt regime was manageable and sustainable, and Zambia called for more efforts to be made by the international community towards the cancellation of debt so that sustainable development programmes could be launched. With the current high levels of unsustainable debt which the developing countries were enduring, even the current HIPC-funded development programmes were not in full synergy with the non-HIPC-funded development programmes because most of the resources that should have gone to the latter were being channelled into debt servicing. Zambia was committed to achieving sustainable development using all the resources at its disposal. It was confident that it could reduce poverty, provided that its international development partners fulfilled their pledges to support it in its endeavours.

15. **Mr. Aliyev** (Azerbaijan) expressed the hope that future reports on the integration of economies in transition into the world economy would contain policy recommendations on how to facilitate the efforts of countries with economies in transition towards such fuller integration. The global economic downturn since 2000, and especially since 11 September 2001, had not been conducive to those efforts, and while some of the countries concerned had been more successful in their integration efforts because of geographical closeness to the European Union, others more distant from major international markets were able to make only modest progress in that direction. Among the most disadvantaged were the landlocked and conflict-affected countries. In order to avoid marginalization they needed improved market access and special help from donor countries and the international financial institutions and organizations.

16. The economies in transition needed policy advice and technical assistance in order to create an environment that would attract foreign investment, which in turn could enable them to obtain new technologies and know-how and learn modern management methods. Long-term investments were especially important.

17. The Government had succeeded, through comprehensive stabilization and reform programmes it had implemented with assistance from the International Monetary Fund (IMF) and the World Bank, in

stabilizing the economy and curbing inflation. Structural reforms had been implemented and, under the State privatization programme, a wide range of strategic Government-owned enterprises would be privatized. During the period 1995-2001, foreign investments in the amount of US\$ 6.8 billion had been attracted to the economy of his country and it was expected that an additional US\$ 10 billion would be attracted over the next three years. The ratio of foreign direct investment to gross domestic product (GDP) was among the highest for transitional economies. In order to further improve the investment climate, a foreign investors council would be established, and a special effort would be made to develop and strengthen small and medium-sized enterprises. Three new decrees relating to entrepreneurial activity had already been enacted.

118. In its efforts to further the country's integration into the global economy, the Government had concluded more than 300 bilateral agreements with more than 30 countries and had established trade relations with 123 countries. It had applied for membership of the World Trade Organization (WTO) and had already submitted a memorandum on its foreign trade regime to the secretariat of WTO. Azerbaijan welcomed the decision contained in the outcome document of the International Conference on Financing for Development on facilitating the accession of all developing and transitional countries to WTO. His Government would appreciate receiving assistance from States that were already members of WTO.

19. His Government planned to broaden and deepen its cooperation with the European Union and attached great importance to the implementation of the European Union-Azerbaijan Partnership and Cooperation Agreement. His country was a party to and served as the host country for the international secretariat of the basic multilateral agreement on international transport for the development of a transport corridor between Europe, the Caucasus and Asia. Speeding up Azerbaijan's accession to the North-South transport corridor and the Special Programme for Economies of Central Asia would ensure the complementarity of initiatives aimed at developing transregional transport networks. His Government attached particular importance to the development of pipelines and was pleased to report that construction had already begun on the main oil export pipeline that

would connect the Caspian Sea with the Turkish harbour of Ceyhan in the Mediterranean. Negotiations on construction of the Baku-Tbilisi-Erzurum pipeline were under way.

20. Coherent and country-specific responses to the needs of developing countries would ensure the efficacy of national efforts and contribute to poverty reduction. In that regard, he commended the new initiative for seven poor countries of the Commonwealth of Independent States sponsored by the international financial institutions, which would facilitate economic growth and poverty reduction.

21. Armed conflicts had a detrimental effect on economic development and integration processes. A speedy and just solution to the conflict in and around the Nagorny-Karabakh region of Azerbaijan would facilitate development of the countries of the South Caucasus and facilitate integration processes in the region and beyond.

22. **Mr. Savchuk** (Ukraine) said that over the past decade, Ukraine had made considerable progress in moving from a planned to a market economy. The Government of Ukraine attached high priority to pursuing market reforms, and the President had made that clear in his addresses to the *Verkhovna Rada* (Parliament) of Ukraine. Despite the global economic slowdown, his country had shown positive growth for three years in a row, and that trend was expected to continue. The economy had benefited greatly from privatization and private-sector development programmes, increased industrial output, strong monetary policy and accelerated domestic demand. Ukraine had also managed to accumulate a critical mass of small and medium-sized enterprises and consideration was being given to ways to strengthen the political, social and legal framework needed to complete market-oriented reforms.

23. His delegation commended the work done by the United Nations in assisting economies in transition to integrate into the world economy. There was still room for improvement, however, especially with regard to the Agenda for Development, the Monterrey Consensus and the Plan of Implementation for the World Summit on Sustainable Development. His delegation called upon the international community to take a proactive approach towards supporting transformation processes and democratic institutions in the countries with

economies in transition, so as to ensure that they would be able to meet sustainable development goals.

24. **Ms. Ninh Thi Binh** (Viet Nam) said that her delegation fully agreed with the emphasis of the report of the Secretary-General on Integration of the economies in transition into the world economy (A/57/288). Viet Nam was one of those economies that were undergoing a market-oriented transition. Since 1986, when it had instituted its economic reform policies, her country had been experiencing rapid economic growth (from 5 per cent to 9 per cent per year). Real per capita income had grown, inflation had dropped considerably and agricultural production and incomes had grown substantially and become increasingly diversified. The Government was working to build an environment that would be conducive to investment and growth.

25. Huge challenges still needed to be addressed in order to fully integrate Viet Nam's economy into the world economy. The competitiveness of the economy and its products was limited. The country's infrastructure, financial system, services and legal system needed to be built and improved. As stated in the report, some countries still needed international assistance in order to ensure a successful transition. Her delegation called on the international community, particularly the developed partners, the Bretton Woods institutions and the agencies of the United Nations system, to extend further assistance to countries with economies in transition.

26. Her delegation fully supported the Secretary-General's proposal to schedule the next high-level dialogue on strengthening international economic cooperation for development through partnership for 2003, during the fifty-eighth session of the General Assembly.

27. **Mr. Shin Boo-nam** (Republic of Korea) said that his delegation welcomed the headway that the transitional economies had made in implementing privatization programmes and creating a private sector. Foreign direct investment had become an increasingly important tie between countries participating in the world economy, as well as a stimulator of growth and competition in their domestic economies. Given his own country's experiences with economic development, his delegation strongly encouraged efforts to attract foreign direct investment to the

economies in transition through tax and non-tax incentives and special economic zones.

28. Trade liberalization had become a major instrument for attracting foreign investment. It was to be hoped that all the economies in transition would be able to develop or accede to regional and multilateral trade liberalization agreements. It would be important for transitional economies that had not yet done so to become members of the World Trade Organization (WTO) and to establish strong trade relations with the European Union. As the economies in transition integrated into the world economy, they would be exposed to the fluctuations and volatilities of the market economy and the international financial system. They must remain vigilant in their commitment to market reform, while the international community should make every effort to help develop the necessary infrastructure to facilitate their full participation in the world economy.

The meeting rose at 11.40 a.m.