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## Second Committee

### Summary record of the 16th meeting

Held at Headquarters, New York, on Monday, 19 October 1998, at 10 a.m.

*Chairman:* Mr. Asadi ..... (Islamic Republic of Iran)  
*later:* Mr. Özügergin (Vice-Chairman) ..... (Turkey)

## Contents

Agenda item 93: Sustainable development and international economic cooperation

- (a) Implementation of and follow-up to major consensus agreements on development
  - (i) Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of the Economic Growth and Development of the Developing Countries
  - (ii) Implementation of the International Development Strategy for the Fourth United Nations Development Decade

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*The meeting was called to order at 10.05 a.m.*

**Agenda item 93: Sustainable development and international economic cooperation** (A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/296, A/53/371–S/1998/848, A/53/374, A/53/396, A/53/411, A/53/412, A/53/414, A/53/416 and A/53/453)

**(a) Implementation of and follow-up to major consensus agreements on development**  
(A/53/301)

- (i) Implementation of the commitments and policies agreed upon in the Declaration on International Economic Cooperation, in particular the Revitalization of the Economic Growth and Development of the Developing Countries**
- (ii) Implementation of the International Development Strategy for the Fourth United Nations Development Decade**

1. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General in document A/53/301, said that it must be asked whether that type of report helped to further the cause of development. One positive aspect of consideration of the International Development Strategy was that it called for examination of long-term issues at a time when attention was focused on short-term problems, particularly as a result of the international financial crisis. The Committee must find ways of considering long-term development aspects in a structured manner.

2. Referring to document A/53/374, on the utilization of the development dividend, he said that it described how funds already set aside in the programme budget for the biennium 1998–1999 could be used, taking account of the requests made by countries.

3. **Ms. Sibal** (United Nations Educational, Scientific and Cultural Organization) introduced the report of the Director-General of UNESCO on the implementation of General Assembly resolution 51/172, concerning communication for development programmes in the United Nations system (A/53/296). She recalled that, from its establishment, UNESCO had acted as a guardian of the free flow of information, which was a concept that served as the foundation of democratic societies and that had been witnessed at work in Eastern and Central Europe in recent years. As a matter of fact, it had been at the very moment

when the Berlin Wall was crumbling, in 1989, that UNESCO, at its twenty-fifth General Conference, had adopted a new communication strategy, which sought to encourage the free flow of information at both the international and the national level, to promote wider dissemination of information without any obstacle to freedom of expression, and to strengthen communication capacities in the developing countries in order to increase their participation in the communication process.

4. The free flow of information and the freedom of expression formed the social and political basis of human development, especially participatory development at the grass-roots level. In many countries that had not yet attained a reasonable level of media freedom it was often difficult for journalists and the public to advocate for transparency of decision-making and accountability of leaders, particularly in times of financial crisis. Given the still very high rates of illiteracy in Africa and South Asia, there was a great need to harness the power of communication to broaden access to education. In almost all spheres of human development, especially education and culture, the mass media had a great contribution to make.

5. UNESCO had strongly supported the round tables on communication for development organized since 1989 by the specialized agencies in the United Nations system. The meetings in question were meant to be a mechanism for consultation and sharing ideas and, where appropriate, organizing joint action. UNESCO worked in cooperation with the United Nations Department of Public Information to promote independent and pluralist media. That cooperation had led to the strengthening of funds for development of communication projects. Several new projects were now being approved in the field of media and communication for good government and protection of human rights. With the financial support of the International Programme for the Development of Communication and the donor community, UNESCO was now managing more than 300 projects with a budget of over \$40 million.

6. There was, however, still much work to be done; the specialized agencies should seek innovative ways to communicate ideas for reinforcing democratic processes and spurring development initiatives; to use communication, especially community radio and electronic data networks, to increase public access to information and facilitate participation in decision-making processes; to mobilize both mental and physical resources at grass-roots levels and thereby provoke bottom-to-top reforms. In brief, the aim was to bring to bear the contribution that communication could make to human development worldwide.

7. UNESCO had taken a primary interest in the round tables because it believed that communication contributed to democracy and development. In support of the 1994 recommendations of the Joint Inspection Unit, UNESCO would continue its active participation in the round tables; it would increase its operational work in field projects to promote social and economic well-being, to strengthen democratic and good government, to combat AIDS and other epidemics, and to improve humanitarian service.

8. **Mr. Hidayat** (Indonesia), speaking on behalf of the Group of 77 and China, said that the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development Decade had been adopted almost a decade previously, in response to what had been termed the “lost decade for development” of the 1980s. At its fifty-first session, the General Assembly had recognized that, despite the upturn in the world economy, the implementation of the Declaration and Strategy had fallen far short of expectations. The General Assembly had therefore called on Member States to take action to honour their commitments. However, the intervening crisis in the international financial and money markets had caused disarray, so that the challenges and objectives of the Declaration and the International Strategy continued to be of great relevance. Globalization had adversely affected traditional development cooperation, causing the multilateralist approach to lose ground to the free play of market forces. United Nations efforts to revamp development cooperation, through the major conferences of the 1990s and the Agenda for Development, had failed to bear fruit. In addition, many developing countries which had opened up their economies, in order to become integrated into the global economy, had found themselves exposed to the threat of marginalization, as in the case of many least developed countries, or to destabilization, as in the case of Asia, where several countries had been crippled by the financial crisis.

9. Many of the objectives set forth in the Declaration and Strategy might seem, in retrospect, to have been too optimistic or insufficiently realistic. The international community should, nonetheless, continue to strengthen international development cooperation, helping to accelerate the pace of economic growth in developing countries, to improve both macroeconomic management at the national and international levels and the international monetary, financial and trade systems and to address the problems of the least developed countries. Fulfilment of the commitments in the Declaration and the Strategy could help contain the crisis and put developing countries back on the road to sustainable

development, while strengthening the global economy, in the interests of all countries.

10. As the new millennium approached, the United Nations had a critical role to play in promoting international development cooperation and combating world poverty. The Agenda for Development, which provided a comprehensive framework for international development cooperation, could facilitate the realization of the objectives of the Declaration and Strategy. In a world marked by rapid change and increasing economic globalization, concerted action at the national and international levels was vital to renewed growth and development.

11. **Mr. Plut** (Austria), speaking on behalf of the European Union, said that the Central and Eastern European countries associated with the European Union, Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and the associated country Cyprus, aligned themselves with his statement.

12. Turning to agenda item 93 (a), he said that the Secretary-General's report on implementation of the Declaration and Strategy (A/53/301) provided a useful review of some of the key issues pertaining to sustainable economic growth in developing countries, particularly the interaction between globalization, international capital flows, trade liberalization and pro-poor economic growth. Growth rates and growth prospects for developing countries had deteriorated substantially since the start of the Asian financial crisis, while the continuing downward trend in world commodity prices had been accompanied by increasing regional disparities in GDP growth and sharp rises in unemployment, particularly in some Asian countries. There was an urgent need to create a favourable climate for investment and economic growth, striking a balance between national responsibilities and international efforts.

13. As recent events in the international financial markets had shown, an open economy could not in itself guarantee growth. Stable macroeconomic and structural policies and a sound institutional environment were vital to the success of national development policy. The European Union attached great importance to the strengthening of developing countries' capacities, so that they could assume full responsibility for, and ownership of, their development strategies and programmes, creating effective partnerships between governments, civil society and the private sector.

14. The European Union's partnership with the African, Caribbean and Pacific States (ACP) aimed at both the gradual integration of developing countries into the world economy and the eradication of poverty. All partners recognized that the mechanisms provided under the revised Lomé Convention

should be used to halt the deterioration in the trade performance of ACP States, which had been caused by low levels of competitiveness, the erosion of trade preferences and failure to diversify sufficiently. The negotiations which had recently begun on a post-Lomé Convention would seek to revitalize the special relationship between the European Union and the ACP States, with a view to strengthening their partnership through political dialogue, development cooperation and economic and trade relations.

15. The European Union also attached great importance to support for regional cooperation and integration between developing countries. In economic terms, greater specialization, economies of scale and competition would also contribute to economic growth and development. However, in some developing countries, progress was seriously hampered by weak internal cohesion, an under-developed infrastructure, population pressure, an over-dependence on customs tariffs for government revenue and a fragile financial sector.

16. In view of the importance of high and sustained rates of economic growth in combating poverty, it was essential that overall growth and development processes be broadly based, involving all sections of society, particularly the poorest. Equal access to skills, land, credit, capital and technology should be guaranteed to all, in order to generate work opportunities in rural and urban areas and to improve the productivity of work, particularly for women. The European Union strongly supported the conclusions contained in the Secretary-General's report (A/53/301) to the effect that a policy of regional and international integration should be accompanied by domestic institutional reform. Governments should establish and implement national growth-oriented policies, helping to ensure recovery from the financial crisis and progress towards the realization of international development objectives.

17. With regard to agenda item 93 (b), Integration of the economies in transition into the world economy, he said that the countries of Central and Eastern Europe and the newly independent States had experienced a resumption of economic growth in 1997. There were two reasons for optimism: the potential for large productivity gains from structural change and enterprise restructuring and the potential contribution to growth from the highly skilled workforce in the region. However, there was cause for concern in the substantial subregional disparities in progress towards the creation of a market-based economy. The declines in real income and employment resulting from the first phase of economic and institutional restructuring had not yet been overcome in a number of transition economies, making unemployment one

of the most important economic, social and political issues in the region.

18. The European Union, which provided some 70 per cent of total assistance to the economies of the region, welcomed the efforts of the subregional groups and international organizations to integrate those economies into the world economy and, in particular, the important contribution of the Economic Commission for Europe.

19. Recent financial and economic turmoil, which had also affected countries in the region, had shown that work done with a view to liberalization, privatization and macroeconomic stability must be complemented by policies to consolidate institutions and practices that underpinned the market economy, policies to strengthen investment and stimulate growth, and good governance of public affairs.

20. Countries in transition had a responsibility to establish effective policies and allow the competitive process to work to its full potential. They also had a responsibility to ensure the provision of physical infrastructure and maintain a skilled workforce. As they moved towards medium-term economic restructuring, the European Union would shift its focus towards encouraging investment to support the development of economic, social and physical structures necessary for integration.

21. By consolidating democracy and strengthening stability and security in Central and Eastern Europe, the enlargement of the European Union would enhance the development and integration of its eastern neighbours. Geographical proximity and the traditional economic links between acceding members and newly independent States would prove assets for a closer relationship. The European Union was taking steps to create conditions that would make it possible to fully exploit the opportunities created by enlargement by supporting the development of trans-European networks, and helping newly independent States to participate in subregional cooperation and in the pan-European and global economic and political system. It was important to ensure that maximum use was made of the "Europe" Agreements with the transition economies of Central and Eastern Europe and the European Union's partnership and cooperation agreements with the newly independent States and to persist in supporting the transition process in the region for, although those agreements were diverse, each established strong political and economic partnership between the European Union and the individual economies of the region.

22. The European Union believed that only policy packages specifically tailored to the country involved — whether it was a developing country or an economy in transition — could cope successfully with the challenges of globalization and

growth. Experience had shown that liberalization must be sustained if living standards in those economies were to continue to improve. Recent financial and economic crises, however, had shown that sound institutional and regulatory frameworks had a critical role to play in managing the consequences of the opening up of markets. In the same vein, the dividends of liberalization and integration must be distributed equitably. Broader and more equal income distribution at national level required a fair and progressive income taxation system and an adequate social security network, aims which the European Union was committed to supporting.

23. **Ms. Bai Yongjie** (China) said that despite the liberalization undertaken and the adjustments made by many developing countries and despite the fact that some such countries had attained relatively speedy development, the North-South gap continued to widen. Far from leading to benefits for all, the flow of capital and trade brought about by globalization had led to the marginalization of the most vulnerable; countries which had seen faster growth were also facing new challenges. The financial crisis in Asia had altered development prospects for developing countries, and efforts to realize the objectives of the Declaration on International Economic Cooperation and Development Strategy for the Fourth United Nations Development Decade had again been frustrated.

24. Regrettably, very few developed countries had honoured their commitments with respect to official development assistance; international development cooperation was on the decline, and action taken on technology, trade and debt was far from meeting the requirements of the Strategy or of agreements reached at global conferences organized by the United Nations in the 1990s.

25. As the third millennium approached it was important, in a world made interdependent by globalization, that the 1990s should not turn out to be another lost decade for development. Developing countries must pursue programmes of reform and economic adjustment appropriate to their national situations in order to create conditions for prosperity and growth. As for developed countries, it was essential that they should contribute to the creation of a favourable external environment, fulfil their commitments and provide developing countries with the assistance the latter so urgently required in such fields as resources, trade and debt relief.

26. She expressed the hope that when it came to the realization of the objectives of the Declaration and Strategy, the role of the United Nations would not be restricted to promoting the reaching of agreements, but would also extend

to effective implementation through follow-up action and operational activities.

27. **Mr. Özügergin** (Turkey), *Vice-Chairman*, took the Chair.

28. **Mr. Osei-Danquah** (Ghana) welcomed with satisfaction the report of the Secretary-General (A/53/301) and agreed with its conclusions.

29. Although the report noted the multidimensional nature of the International Development Strategy for the Fourth United Nations Development Decade within the framework of globalization, it was regrettable that the policy formulators had taken so long to come to the same conclusion which countries pursuing structural adjustment programmes had long sought to bring to the policy table. The lesson to be learned from that experience was the need for a true development dialogue and not a one-sided imposition of ideas which did not take into account the realities on the ground.

30. His Government was particularly committed to such a dialogue. Having for 15 years pursued structural adjustment policies with the support of the Bretton Woods institutions, it was particularly well placed to know at what point new measures were necessary to stimulate growth, outside the control of developing countries.

31. Given the fact that only 10 countries received 72 per cent of foreign direct investment flows to all developing and transition economies, and foreign direct investment in the other economies were chiefly in the mining and energy sectors, to the exclusion of high valued-added sectors, most developing countries were forced to turn to fiscal policy restrictions to maintain growth. They were driven to marginalize sectors of the population and to jeopardize the education and health systems and the social fabric of their countries.

32. Trade facilitation and market access would allow those countries to integrate into the global economy. Industrialized countries should show flexibility in that regard. Market access also required changes in domestic trade regulations in those countries.

33. Developed countries should use innovative methods, particularly guarantees, to channel investments to countries which had demonstrated their maturity. The role of the International Finance Corporation could also be expanded, and it was hoped that the international community would put those two key issues at the core of efforts to revitalize growth and development in the developing world.

34. Some Governments had rightly recognized the need to reduce social risks inherent in economic measures and had targeted their assistance in such areas as poverty alleviation,

environmental protection, education and training. Such an approach reduced social tension and strengthened the human capacity of developing countries. In that regard, the World Bank had also acknowledged the need to pay close attention to the social dimension of reform policies.

35. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, said that the broad lines of international consensus for the emergence of sustainable development having been drawn, the international community at a time of globalization had a duty to pursue the course which it had itself charted.

36. In the hope of building their own economic development, the countries of the Rio Group had embarked upon the at times painful process of structural adjustment and, in spite of the global financial crisis, were committed to responsible economic management. They were no less convinced that economic progress should go hand in hand with the reduction of social inequities. They nevertheless implemented the decisions taken by the global conferences in the 1990s, but they believed that those efforts might prove insufficient, particularly in the current economic climate, if those measures were not complemented by real global economic cooperation.

37. Therefore, the Heads of State and Government of the Rio Group which met in Panama had launched a political appeal to the international community and the international financial institutions to take the necessary measures to correct imbalances, revitalize the world economy and contribute to the solution of the global economic crisis. They had also called for the immediate implementation of chapter 33 of Agenda 21 with respect to official development assistance (ODA) and the application of innovative financing mechanisms.

38. The recently held high-level debate on the social and economic impact of globalization had proved to be a positive experience. That constructive meeting had highlighted the need for members of the international community to join forces in an act of solidarity between developed and developing countries. The Rio Group believed that it would be useful to organize similar meetings on a regular basis and to follow up the results.

39. **Ms. Beneke** (El Salvador), speaking on behalf of the countries of the Central American Integration System, endorsed the statement made by the Indonesian delegation on behalf of the Group of 77 and China and said that it was particularly appropriate to review the implementation of the Declaration on International Economic Cooperation and the International Development Strategy at a time when globalization, market liberalization and the Asian financial crisis directly affected all development indicators. The report

of the Secretary-General (A/53/301) provided a suitable basis for discussion on the subject.

40. The goals of the International Development Strategy were far from being achieved and the tasks ahead were the same as they had been in 1990. Capital flows from the developed countries to the developing countries had admittedly increased, but only a few — 10 countries alone received 71 per cent of foreign direct investment — benefited. Small countries found themselves marginalized, despite their integration efforts. Furthermore, although an indispensable complement to national development programmes, ODA in 1997 represented only 0.22 per cent of gross national product (GNP), its lowest level since the adoption in 1970 of the 0.7 per cent of GNP target. The countries which had met that target should be commended, and an appeal should be launched to donor countries to increase their contributions. It should also be borne in mind that the debt issue continued to hamper the efforts of developing countries in their search for sustainable development. Honduras and Nicaragua were the countries most affected in Central America.

41. The liberalization of world trade had played an important role in growth and development in a number of countries over recent years. However, in spite of successes achieved within the framework of the Uruguay Round, tariff and non-tariff barriers remained in sectors which were of particular interest to the developing countries. It was often difficult for those countries to conform to the technical standards and environmental, sanitary and phytosanitary measures imposed. It was also of concern that some countries practised what amounted to protectionism under the guise of human rights, worker and environmental protection.

42. Some industrialized countries were making real efforts to establish preferential customs systems for the developing countries that would benefit the least developed countries most. They should continue to grant such customs preferences without blocking access to their markets for developing countries' products.

43. The Asian financial crisis, by hitting the most vulnerable members of society the hardest, had highlighted the risks inherent in globalization. As a result of the upheavals, the countries in the Central American Integration System wanted controls on capital flows at the national, regional and world levels and believed that it was vital for safety nets to be put in place to protect the weakest.

44. Since the end of the Fourth United Nations Development Decade was approaching and the goals set in the International Development Strategy had not all been achieved, it was vital that the decisions of the recent world conferences should be implemented. In that connection,

integrated, coordinated follow-up was vital, as was strengthening international cooperation — particularly on funding — so as to help the developing countries honour their commitments, undergo sustainable development and ensure prosperity for their populations.

45. **Ms. Oh** (Republic of Korea) said that at the close of the decade it was crucial to evaluate the progress achieved in implementing the international community's commitments for development and to find fresh solutions to the problems that had emerged during those years.

46. Over the past 10 years, the international community had intensified its efforts to accelerate development in the poorest countries, resulting in overall growth in most of the world and a very encouraging economic upturn in the least developed countries. The adoption of the Agenda for Development, which provided a comprehensive framework for international cooperation, should be welcomed, while the major United Nations conferences had also contributed to extend development objectives to the social and environmental areas.

47. Unfortunately, despite the progress made, some objectives had not been achieved; also, the rapid pace of globalization was likely to put a brake on development.

48. Indeed, globalization — long considered a locomotive for global prosperity because of the increasing interdependence of economies — was posing new problems worldwide, including marginalization of the least developed countries and economic destabilization caused by international capital flows. If worldwide, sustained economic growth and sustainable development were to be achieved, it had become evident that the globalization phenomenon, whose risks had been highlighted by the current financial crisis, must be better managed.

49. For that reason, the international community needed to show more imagination and set new strategies for itself that took into account the benefits and the risks of globalization. When new priorities and policies were set, the multidimensional nature of development that had been identified at the major United Nations conferences must be taken into account.

50. In particular, it was clear that economic growth alone could not ensure that the least developed countries did in fact develop. Development policies that limited themselves to promoting economic growth by applying multisectoral liberalization measures were insufficient to avert the dangers of globalization. As the Secretary-General had indicated in his report (A/53/301), there was a need for innovative policies to counter the increased vulnerability stemming from

greater globalization. In that context, the State should play the role of facilitator rather than regulator.

51. Also, a stable international economic environment was indispensable for sustainable development and sustained growth in the developing countries. However, the current financial crisis, which was in fact a macroeconomic management crisis of the world economy, called the usefulness of the existing economic and financial architecture into question. Concrete and concerted measures were required to reassess the current international policies and institutions and shape a new, viable international economic architecture.

52. Given the need to renew commitments and revitalize efforts for development, a genuine global partnership should be established based on strengthened international cooperation for development. The United Nations would have a pivotal role to play in promoting a constructive dialogue to foster development in the next century.

53. **Mr. Kamal** (Pakistan) said, with reference to the Secretary-General's report on the utilization of the development dividend (A/53/374), that on the financial level it was welcome that the Secretary-General had given an assurance that expenditures from the development account would be subject to the same modalities and procedures as those that governed the regular budget.

54. He welcomed the fact that the development dividend, an idea which the Secretary-General had included in his reform initiative, had begun to materialize. In connection with the proposals for using the first tranche of \$13 million, he supported the concept of networking for development, around which the projects for the 1998–1999 biennium had been prepared. As information technology was an engine for globalization, there was no doubt that it was impossible to participate fully in all aspects of international life without proper access to information. However, many developing countries, particularly the least developed countries of Africa, were still on the sidelines of the global economy and would not be able to participate in it without expanded access to the major international information networks. He expressed the hope that the networking project would help those countries participate in globalization but stressed that they would need capacity-building if they were to benefit from access.

55. Proposal A, regarding promotion of electronic commerce, was an initial step towards providing support to the developing countries and should serve as inspiration for other projects involving a training effort. Proposal B, regarding capacity-building in economic and social policy analysis in Africa through the networking of expertise, could have a multiplier effect on participating countries and should be backed up with assistance from the regional commissions.

Proposal C, regarding extension of access of developing countries to environmental data, should also make provision for giving participating countries the analytical tools needed to use the data. The emphasis given in proposal E to capacity-building in the least developed countries should be strengthened and followed up with projects that were more ambitious. However, proposal F, regarding the on-line development centre, would not contribute to capacity-building unless steps were taken to ensure that the developing countries were able to use such an on-line or virtual centre before the projects were undertaken. Turning to proposal G, he expressed regret at the lack of any element of personnel training or development.

56. Member States must participate fully in developing concepts or proposals for making use of the development account. The regional commissions and other relevant United Nations bodies could also play an important role. Development dividends should benefit projects that had multiplier effects, promote South-South cooperation and extend special benefits to the least developed countries, particularly in Africa.

57. **The Chairman** said that the Committee had concluded its consideration of agenda item 93 (a) (i) and (ii).

*The meeting rose at 11.30 a.m.*