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SM/83/171

August 3, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Sixth Session of the United Nations Conference on Trade and Development (UNCTAD VI)

Attached for the information of the Executive Directors is a report by the Fund observers on the sixth session of the United Nations Conference on Trade and Development (UNCTAD VI), which was held in Belgrade, Yugoslavia from June 6 to July 3, 1983.

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INTERNATIONAL MONETARY FUND

Sixth Session of the United Nations
Conference on Trade and Development

Report by the Fund Observers 1/

August 2, 1983

1. Introduction and summary

The Sixth Session of the United Nations Conference on Trade and Development (UNCTAD VI) was held in Belgrade, Yugoslavia, from June 6 to July 3, 1983, under the presidency of Mr. Lazar Mojsov, Federal Secretary for Foreign Affairs of Yugoslavia. The Plenary heard statements by nearly 200 heads of delegation and representatives of specialized agencies, intergovernmental organizations, and nongovernmental organizations. The Presidents of Argentina and Egypt, the President of the Council of Ministers of Bangladesh, and the Prime Ministers of India, the Netherlands, Sweden, and Zimbabwe addressed the Plenary. The Managing Director addressed the Conference on June 8, 1983. 2/

The agenda items 3/ were initially discussed among the three regional groups--the developing countries (the Group of 77), the developed market economy countries (Group B), and the socialist countries of Eastern Europe (Group D)--and China in several committees and working groups established by the Conference. As the work in these bodies proceeded at a relatively slow pace, many contentious issues subsequently had to be referred to a Contact Group of the President. The compromise agreements which emerged on all the substantive items of the agenda were endorsed by consensus at the final Plenary, except for a resolution on compensatory financing which was approved by a roll-call vote and a section of the resolution on trade issues, which was adopted by a show of hands.

On the whole, the discussions in the negotiating bodies were facilitated by the early release of background documentation prepared by the Secretariat, 4/ and the preparation of specific draft resolutions by the Group of 77 in Buenos Aires. 5/ However, Group B countries had not elaborated a common position on most of the issues prior to the Conference.

1/ Messrs. Jack Barnouin and Dan Lee attended the Conference as the Fund observers. Documents cited in this report will be on file in the Secretary's Department.

2/ The text of the Managing Director's speech was reproduced in IMF Survey, June 13, 1983, pp. 161-166.

3/ TD/299.

4/ The documents prepared by the Secretariat are listed in Annex I.

5/ These draft resolutions, together with a general declaration, constitute the Buenos Aires Platform (TD/285) adopted by the Ministerial Meeting of the Group of 77 in April 1983, and analyzed in SM/83/189.

The final results of the negotiations fell short of the expectations of many participants. This was especially true in the case of the developing countries, which had hoped the Conference would adopt a comprehensive program for the reactivation of the development process. At the final Plenary, the spokesman for the Group of 77 expressed deep disappointment over the outcome of the Conference and stated that the discussion of the issues would be pursued in other fora.

Although the Conference did not contribute any major initiative to the North-South dialogue, it reiterated support for several programs approved at previous UNCTAD sessions, such as the Generalized System of Preferences (GSP), the Integrated Programme for Commodities (IPC), and the Special New Programme of Action (SNPA) for the least developed countries. Moreover, the Conference reaffirmed, and to some extent broadened, the mandate of the UNCTAD Secretary-General to review the implementation of these programs and to continue working in other important areas such as trade in goods and services, transfer of technology, shipping, and economic cooperation among developing countries (ECDC).

This report summarizes the general debate in the Conference and the discussions on items of particular interest to the Fund, viz., the world economic situation, commodity issues, international trade issues, monetary and financial questions, and debt problems.

2. The general debate (agenda item 7)

At the opening of the Conference, the Secretary-General of the United Nations noted that the meeting was being held at a moment when international economic affairs had reached a critical juncture unparalleled in recent times. While the world economy, he said, appeared to be undergoing a transition after the severest recession since the Second World War, the growing interdependence of the North and South made it impossible to foresee a healthy world recovery without the participation of the developing countries. In this context, he felt that the Conference should adopt urgent measures to arrest the decline of economic activity in the developing countries, including a strengthening of their liquidity position through a special allocation of SDRs and an increase in aid flows, the stabilization of commodity markets, and a rollback of protectionism. These measures, he went on to say, should be supplemented by appropriate domestic policies in all countries. At the same time, *the basic framework of international economic relations, especially the trading and monetary and financial systems, should be reformed.*

The Secretary-General of UNCTAD stated that the Conference had to work out a response to the immediate economic crisis, to reflect on the longer term processes of economic cooperation and development, and to provide orientation for the future. It should be the occasion for reaching decisions to strengthen the process of recovery in the industrialized countries and to reactivate development in the Third World. Turning to specific issues on the Conference agenda, he placed special emphasis on the need to enlarge resource flows through the multilateral financial institutions and on an early allocation of SDRs.

The representatives of developing countries endorsed the Platform adopted by the Group of 77 at its Ministerial Meeting in Buenos Aires in April 1983. Most of them felt that the incipient recovery in some industrial countries could not gain momentum without a vigorous reactivation of the development process. The world economic environment had led not only to an inordinate accumulation of external debt by developing countries but also to a severe reduction in their import capacity. They called upon the industrial countries to adopt more expansionary policies, to speed up their own structural economic adjustment, and to roll back the protectionist measures introduced in recent years.

In their view, the current world economic crisis was not just a cyclical downturn, but reflected fundamental defects in the existing international trading and financial systems, and noted in this regard the limited participation of the developing countries in the decision-making process of the Bretton Woods institutions, and the meager results of the recent GATT Ministerial Meeting. A few speakers suggested that the response of the Fund to the liquidity problems of developing countries had been tardy and inadequate.

While several Group of 77 representatives endorsed the suggestion of the New Delhi Summit Meeting of the Non-Aligned Countries for the convening of a conference to reform the international monetary system, many emphasized the need for immediate improvements in the Fund's modus operandi, since they recognized that the preparations for a world monetary conference were bound to be time consuming. They felt that the size of the Fund's financial support was not commensurate with the needs of the developing countries, that in adjustment programs excessive emphasis was put on the contraction of aggregate demand, and that the timeframe for adjustment was too short. A number of speakers also criticized the lack of special Fund facilities for the least developed countries. All these criticisms were put forward with particular force by the representative of Tanzania.

In concluding their formal statements, most speakers from the Group of 77 reiterated their desire to engage in a constructive dialogue with other regional groups. They expressed the hope of reaching agreement at the Conference on a program of concrete actions to achieve the principal goals included in the Buenos Aires Platform.

Representatives of Group B stated that noninflationary economic recovery was under way in the major industrial countries, and was bound to lead to economic reactivation in the developing countries. In particular, they argued, the recovery should create an appropriate climate for the dismantling of protectionist measures introduced in recent years, enable commodity prices to recover, and ease balance of payments and external debt difficulties of the developing countries. In this connection, they noted that the recent Williamsburg Summit had injected new confidence into prospects for the recovery and reaffirmed the major industrial countries' commitment on financial assistance to developing countries.

As regards trade problems, Group B speakers agreed on the importance of maintaining an open multilateral trading system. They stressed, however, that UNCTAD and GATT should not interfere in each other's field of competence. Several speakers proposed that more developing countries should accede to the GATT. The representative of the United States reiterated his Government's proposal for the prompt initiation of a new round of trade negotiations under GATT auspices, with special emphasis on reducing barriers to North-South trade. A number of speakers called upon state-trading countries to increase imports from developing countries and welcomed the efforts currently under way to increase trade among developing countries themselves.

Regarding commodity matters, almost all Group B speakers reaffirmed their support for the Common Fund and urged countries which had not yet ratified the Agreement to do so as soon as possible. Views on commodity arrangements, however, were more varied. Representatives of the European Communities reaffirmed support for formal international commodity agreements (ICAs), but expressed doubts about the suggestion by the Group of 77 regarding the conclusion of interim arrangements for commodities not governed by ICAs. Regarding the compensation of fluctuations in commodity export earnings, they called attention to STABEX and said that it might be extended to include more countries, especially the very poor. The representative of the United States had doubts on the efficacy of any kind of individual commodity arrangements in reducing wide swings in commodity prices, and said that, while his country would consider participating in formal ICAs on a case-by-case basis, it saw only a limited role for such agreements. He believed that export earnings shortfalls should be recognized as part of the general balance of payments problems of developing countries, and would be more effectively dealt with by the compensatory financing facility of the Fund.

On monetary and financial issues, Group B urged the developing countries to adopt more adequate domestic adjustment measures promptly. They emphasized the importance of private direct investment in the development process, and the policy environment conducive to an increase in such investments. Collectively they opposed the generalized rescheduling of official and officially guaranteed debt of developing countries, as had been proposed in the Buenos Aires Platform, and stressed that the existing institutions, particularly the Paris Club, were capable of dealing flexibly with emerging debt problems in each particular case.

Group B also fully agreed that the Bretton Woods institutions had played a very effective role in difficult circumstances and that their field of competence and autonomy should be preserved. Many representatives defended the Fund's lending policy against criticisms of the Fund's conditionality. All speakers welcomed the recent decision on increased Fund quotas, but some of them considered the increase inadequate in the present circumstances. In this context, the representative of Sweden proposed that the Ninth General Review of Quotas be undertaken earlier than at the end of the next five-year period, while the representative of Norway expressed the view that the Fund's resources should be augmented by borrowing on international capital markets. Without entering into specifics, the representatives of Australia, Austria, France, Italy, and the Netherlands also called for a further increase in Fund resources.

The representatives of several countries, including France, the Netherlands, and the Nordic countries, supported the idea of a new, substantial allocation of SDRs. The representative of France reiterated his Government's call for preparatory work on a high-level international conference, including all countries belonging to the Bretton Woods system, to establish a new monetary order. The Prime Minister of New Zealand devoted his entire statement to the need for a new Bretton Woods-type conference.

Representatives of Group D disassociated themselves from any responsibility for the recent world economic crisis and stressed that their economies had continued to expand at a satisfactory pace even though they had also been adversely affected by the economic disorder in the capitalist world. They supported several of the proposals included in the Buenos Aires Platform, particularly as regards the strengthening of the developing countries' control over the processing, marketing, and distribution of commodities and the need to dismantle the protectionist measures recently introduced by the developed market economy countries. They also stated that a strong link existed between the preservation of world peace and disarmament and the development process. Finally, they reiterated their support for the launching of Global Negotiations under the aegis of the United Nations and for a democratization of the decision-making process in existing international institutions.

The representative of China gave full support to the proposals in the Buenos Aires Platform. He stated that a comprehensive and integrated solution was required for the developing countries' difficulties and that any attempts to force them to adopt adjustment policies not suited to their conditions would be detrimental to the development process and to the recovery of the world economy. He also said that China fully supported the efforts aimed at reforming the existing international monetary and financial system with the view of making it consistent with the New International Economic Order.

3. The world economic situation (agenda item 8) 1/

The views of the regional groups on this item diverged widely. The representatives of the Group of 77 and China emphasized the severity of the world economic crisis, particularly for the developing countries, and considered that it was largely due to fundamental structural problems in the world trading and financial system. 2/ On the other hand, representatives of Group B felt that these difficulties were of a cyclical nature and would be promptly alleviated by the economic recovery already under way in major industrial countries. They also stressed that all countries should adopt prudent domestic macroeconomic and structural adjustment policies, whereas representatives of the Group of 77 considered that the burden of the adjustment effort should fall on the developed countries.

1/ The full title of the agenda item was "The world economic situation with special emphasis on development: approaches to the current world economic crisis and perspectives for the 1980s, including issues, policies, and measures relevant to the attainment of a New Economic Order."

2/ TD/L.223.

The working group dealing with this issue failed to produce an agreed text until the final hours of the Conference, and the resolution finally adopted closely resembled the original Group of 77 text. ^{1/} It emphasized the severity of the recent recession and its impact on the developing countries, downplayed the importance of the recent signs of recovery in some major developed countries, and noted that the adjustment efforts of the developing countries had been undertaken at a considerable cost. It stressed the need to launch an integrated set of short-term measures in favor of developing countries and long-term changes designed to achieve a New International Economic Order.

Upon adoption of the resolution, many Group B members expressed reservations or issued interpretative statements. The representative of the United States disassociated his country from the resolution, on the grounds that it was biased and ideological. The United Kingdom representative, speaking on behalf of the Federal Republic of Germany and Japan, said their views remained those expressed at the OECD Ministerial Meeting and the Williamsburg Summit. The delegations of Australia, Belgium, Denmark, New Zealand, and Switzerland also expressed reservations.

4. Commodity issues (agenda item 9)

a. Common Fund (CF)

The main issue discussed was how the Secretary-General of UNCTAD could help accelerate the pace of ratification of the CF Agreement to meet the target date of January 1, 1984. ^{2/}

Representatives of the Group of 77 considered that the slow pace of ratification reflected the financial constraints facing many developing countries in paying their capital contributions to the CF. While they recognized that the offers made by the European Communities, Norway, and the OPEC countries ^{3/} to pay the least developed countries' contributions had somewhat alleviated the problem, they urged the Secretary-General of UNCTAD to explore ways and means to provide other countries with the necessary financial resources. ^{4/} Representatives of Group B welcomed the offers made by the European Communities, Norway, and the OPEC countries, but did not support the involvement of the Secretary-General in seeking other offers. The text, adopted at the final Plenary by consensus, expressed the hope that prompt ratification of the CF Agreement would be facilitated by the offers already made and "any similar offers that may be forthcoming," and it requested "the Secretary-General of UNCTAD to use his good offices in this regard if necessary." ^{5/}

^{1/} TD/L.260 (Annex II).

^{2/} At the beginning of the Conference, 92 countries had signed the Agreement and 49 countries had ratified it, as against the required 90 ratifications for its entry into force. A further 17 countries signed the Agreement and 6 countries ratified it during the Conference.

^{3/} The offers by Norway and the OPEC countries were made public during the Conference.

^{4/} TD(VI)/C.1/L.1.

^{5/} UNCTAD 153(VI) (Annex II).

b. Commodity markets

A consensus emerged promptly on a number of proposals of the Group of 77, 1/ namely, that all governments reaffirm their commitment to UNCTAD Resolution 93(IV) on the IPC, and that the UNCTAD Secretary-General convene, at an early date, negotiating conferences on ICAs for commodities on which preparatory work had reached an advanced stage, and expedite the preparatory work on the other commodities covered by the IPC.

At the same time, the views of the regional groups sharply differed on a number of other proposals tabled by the Group of 77. The contentious areas included: whether the developed, but not the developing, countries should be urged to refrain from applying internal policies that could destabilize commodity markets and discourage efficient producers; whether, without prejudice to continued efforts to conclude formal ICAs, countries should be invited to negotiate provisional arrangements on a temporary basis on commodities of particular interest to developing countries; whether the UNCTAD Secretary-General should explore potential sources of finance for such interim arrangements including borrowing through the CF, a "liberalized buffer stock financing facility of the IMF, structural adjustment loans of the World Bank and the regional development banks as well as trade levies;" and whether hides and skins should be included in the list of IPC commodities. The compromise finally reached was that countries should refrain from applying policies that could destabilize commodity markets, that the UNCTAD Committee on Commodities should examine the feasibility of provisional arrangements for commodities of particular interest to developing countries not covered by ICAs, and that the UNCTAD Committee on Commodities should be the forum for the preparation of arrangements on hides and skins within the IPC. 2/

On the related subject of the possible resumption of negotiations on a new international wheat agreement, the resolution finally adopted urged all governments concerned to consider within the International Wheat Council at its next session the early resumption of the UN Conference on Wheat. 3/

c. Processing, marketing, transportation,
and distribution of commodities

After protracted discussion, the Conference adopted by consensus a resolution reaffirming the need for greater developing country participation in the processing, marketing, and distribution of their commodity exports, and instructed that a special session be convened of the UNCTAD Committee on Commodities to elaborate the elements of a framework for international cooperation in this field. 4/ The Conference also approved a resolution on the strengthening of the International Trade Centre's role in the provision of technical assistance to developing countries in market research, development, and promotion in the commodity area. 5/

1/ TD(VI)/C.1/L.2.

2/ UNCTAD 155(VI) (Annex II).

3/ UNCTAD 154(VI) (Annex II).

4/ UNCTAD 156(VI).

5/ UNCTAD 158(VI).

d. Compensatory financing

The draft resolution submitted by the Group of 77 on this topic called on the Secretary-General of UNCTAD to convene, not later than December 1983, a preparatory meeting for a negotiating conference on a complementary compensatory financing facility designed to compensate for export earnings shortfalls in real terms on a product-by-product basis, without reference to balance of payments need. Pending completion of these negotiations, the draft resolution urged the Fund to undertake a substantial expansion and liberalization of its compensatory financing facility to provide developing countries "with prompt, full, and automatic compensation of their shortfalls without imposing conditionality." In addition, it urged the Fund to provide special arrangements for the least developed countries under the compensatory financing facility, including "total subsidization of interest charges and the establishment of a longer term repayment period than for other developing countries." 1/

Most members of Group B questioned the desirability and feasibility of a complementary compensatory financing facility, and considered it inappropriate for UNCTAD to make detailed recommendations for changes in the Fund's compensatory financing facility. After a lengthy debate, a compromise resolution was adopted referring the study of the complementary facility to a group of experts and inviting the Fund to complete expeditiously its forthcoming review of its compensatory financing facility and "to consider the establishment of special arrangements for the benefit of the least developed countries."

The representative of the United States, however, stated that his delegation had serious difficulties with this text, on grounds that the possible establishment of a complementary facility should be reviewed in the Development Committee of the Bank and the Fund rather than in UNCTAD, and that the latter should not make any recommendations which might be construed as interfering with the Fund's decision-making process. The resolution was finally passed in the last Plenary of the Conference by 91 'yes' votes, 1 'no' vote (United States), and 10 abstentions (Australia, Canada, New Zealand, and Group D countries). 2/

5. Trade in goods and services (agenda item 10)

The work on this item in committee was slow because the draft proposals tabled by the various regional groups 3/ diverged widely on all the areas under discussion--i.e., protectionism, structural adjustment, an improvement of the GSP, and trade in services.

As regards the first issue, the Group of 77 proposed the adoption of time-bound action programs by developed countries to eliminate protectionist measures that adversely affect exports of developing countries, the suspension of investigations in developed countries of alleged cases

1/ TD(VI)/C.1/L.4.

2/ UNCTAD 157(VI) (Annex II).

3/ TD(VI)/C.2/L.1, TD(VI)/C.2/L.2, and TD(VI)/C.2/L.3.

of subsidization and dumping by developing countries, and the immediate initiation of negotiations on an improved multilateral safeguard system, based on the principles of GATT, which would give priority to the use of adjustment assistance measures to deter resort to restrictive trade measures. None of these proposals were acceptable to Group B countries. While they agreed that protectionist measures had harmful effects on trade and development and should be rolled back, they rejected a time-frame for their removal because they felt the economic recovery would facilitate the process of trade liberalization. They therefore proposed to dismantle progressively trade restrictions and trade-distorting domestic measures as the recovery proceeds. In this regard, they drew attention to the importance of implementing the decisions and work program adopted at the GATT Ministerial Meeting in November 1982. They also argued that the Group of 77's definition of protectionist measures was too wide, including such internationally sanctioned measures as anti-dumping and countervailing measures. Finally, they stressed that the developing as well as the developed countries should assume obligations regarding trade liberalization, and should progressively be more effectively integrated into the open multilateral system of the GATT.

With respect to structural adjustment, the Group of 77 requested the developed countries to adopt domestic measures designed to facilitate structural adjustment without recourse to protectionist measures. This was rejected by Group B on the grounds that structural adjustment was a global and ongoing phenomenon dependent on the workings of free market forces, and that therefore there was no clear need for the implementation of specific action programs by governments in this field. In any event, they added, if such programs were nevertheless necessary, they should be adopted by all countries and not by the developed countries alone.

On the GSP, the Group of 77 called for further improvements in the existing scheme, including the requirement of consultation with developing countries before any modification of the scheme. This request was opposed by Group B, which proposed to continue to hold consultations with developing countries in accordance with agreed international procedures.

On trade in services, the Group of 77 proposed that, on the basis of a comprehensive study to be undertaken by the UNCTAD secretariat, the Trade and Development Board (TDB), at its twenty-ninth session in 1984, adopt a comprehensive program of action. The Group B members, for their part, referred to ongoing work on the subject in the GATT, stressing the need to avoid duplication of work between GATT and UNCTAD; they proposed that the TDB consider its future work programs taking account of the existing studies and the work under way or planned elsewhere.

The draft proposal of the Group of 77 also requested the TDB to formulate principles in the agricultural field with a view to enlarging the export markets of the developing countries; to facilitate the transfer of agro-industries from developed to developing countries; to undertake a study of production and concentration of economic power in such industries; and to elaborate a new set of rules and principles on trade in agriculture. Group B rejected all these proposals on grounds that they would result in UNCTAD infringing on GATT's area of responsibility.

The resolution finally adopted mentioned all the substantive issues, but with the language of the Group of 77's original proposals significantly toned down. ^{1/} As regards protectionism, the text recognized its harmful effect on trade and development, and reaffirmed the commitment by the developed countries to implement the standstill provisions, noting their intention to work systematically toward reducing and eliminating quantitative restrictions and measures having similar effects in accordance with the resolution on trade matters adopted at UNCTAD V (Conference Resolution 131(V)). The resolution called on the developed countries to review their existing legislation relating to antidumping and countervailing duties in order to assure themselves that there were no unjustifiable impediments to trade. It also noted the results of the GATT Ministerial Meeting in November 1982, and invited the TDB to follow closely the work undertaken in GATT on an improved and more effective safeguard system.

The text stressed that structural adjustment is an ongoing phenomenon which should be facilitated with a view to ensuring optimum overall growth and to achieving better resource allocation.

On the GSP, the text stipulated that developed countries should improve this scheme and ensure adequate consultation with developing countries on any difficulty that may arise. Finally, it gave the Secretary-General a mandate to continue studies on trade in services.

At the final Plenary, the United States requested a separate vote on the part of the resolution dealing with trade in services. However, these paragraphs were adopted by a show of hands, with the United States casting the only negative vote. The rest of the resolution was adopted by consensus.

6. Money and finance (agenda item 11)

a. International monetary issues

Discussion of the numerous requests put forward by the Group of 77 in the area of international monetary issues was complicated by the differences of view among participants as to the competence of UNCTAD in this field. While the members of the Group of 77 considered it appropriate that UNCTAD address its recommendations on monetary issues to the Fund, many Group B countries objected to such procedures on the grounds that they infringed on the Fund's field of competence. After lengthy discussion, an understanding emerged that UNCTAD was entitled to make recommendations to its members regarding monetary questions, but that such recommendations should be drafted in general terms as they referred to highly technical matters which could only be profitably pursued through the detailed knowledge and expertise available within the Fund.

^{1/} UNCTAD 159(VI) (Annex II).

After protracted discussion on various substantive points raised by the Group of 77, the text of a resolution was approved by consensus at the final Plenary, 1/ but, immediately after its adoption, Group B issued an interpretative statement which stressed that all recommendations to the Fund on its work program should be interpreted in the light of Article IV of the Relationship Agreement between the United Nations and the Fund. 2/

The discussions which led to the adoption of this resolution centered on five specific points: SDR allocation, Fund resources, access by Fund members to these resources, conditionality, and surveillance.

(1) SDR allocation

The Group of 77 proposal called for an immediate substantial allocation of SDRs of no less than SDR 15 billion annually, and for an additional allocation to allow the developing countries to meet their subscription payments under the Eighth General Review of Quotas. Group B rejected this request on the grounds that some of its members were still doubtful about the need for a further allocation of SDRs, and that in any event a decision on this matter should be left to the Interim Committee of the Fund in accordance with the agreement reached in that body in February 1983. The compromise resolution stressed the importance of an adequate supply of liquidity for world economic growth; noted the agreement reached in the Interim Committee that the Fund's Executive Board review the question of an SDR allocation before the next meeting of the Interim Committee; enumerated the various factors to be considered before arriving at a decision on the appropriateness of an SDR allocation in the Fourth Basic Period; and invited the Fund to take these factors into account in the forthcoming deliberations "to make it possible for the Managing Director of the IMF, if the judgment is positive and the other prescribed criteria are met, to make a specific proposal to the next meeting of the Interim Committee."

(2) Fund resources

The Group of 77 emphasized that the decision to increase Fund quotas to SDR 90 billion had fallen short "of the current and evolving requirements of the Fund's developing country members," and requested that the date for the Ninth General Review of Quotas be advanced so that it could be completed by the end of 1984. Group B argued that it was

1/ UNCTAD 162(VI) (Annex II).

2/ This Article states:

1. The United Nations and the Fund shall consult together and exchange views on matters of mutual interest.

2. Neither organization, nor any of their subsidiary bodies, will present any formal recommendations to the other without reasonable prior consultation with regard thereto. Any formal recommendations made by either organization after such consultation will be considered as soon as possible by the appropriate organ of the other.

too early to decide on an advance date for the Ninth Review, as much work remained to be done regarding the Fund's liquidity position after the Eighth General Review of Quotas, and that in any case whatever the decision about a date for the Ninth General Review of Quotas, this review could not be completed physically by the end of 1984. The text which was finally included in the compromise resolution on this topic urged members of the Fund "to continue to recognize the need for the Fund to be adequately provided with resources in order to fulfill its role in meeting its members' financing and adjustment needs," and in this context invited the Fund to keep under consideration timely quota increases, activating the General Arrangements to Borrow, and recourse to other resources.

(3) Access to Fund resources

The Group of 77 proposal urged that the access of members to the Fund's resources under the tranche policy expressed as a multiple of quotas should be increased, and that anyway there should be no reduction in the existing multiple. Group B countries rejected this proposal on the grounds that the liquidity position of the Fund should be taken into account as well as the balance of payments needs of members in deciding on the level of access to the Fund's resources, and that therefore it was not necessary, a priori, to rule out a reduction of the members' access to Fund resources under the tranche policy in terms of a percentage of quotas. The same applied, they added, to access under the compensatory financing facility. The text finally included in the compromise resolution on this topic merely emphasized the importance of maintaining an adequate level of access to Fund facilities in the light of the current constraints on the external borrowing position of many members, and invited the Fund to complete expeditiously the forthcoming review of the policy on enlarged access and of the compensatory financing facility.

(4) Conditionality

In their draft proposal, the Group of 77 had suggested that the Fund should immediately revise its conditionality under the credit tranches so as to place greater stress on supply-side factors, to make greater use of multi-year programs, and to take fully into account the economic and social priorities of the developing countries. Group B countries argued that the emphasis should be put on timely recourse to Fund assistance rather than on a relaxation of conditionality. They also noted that, in adopting new guidelines on conditionality in 1980, the Fund itself had recognized the importance of supply-oriented policies in adjustment programs, and had agreed that these programs should take fully into account the members' domestic, social, and political objectives.

After considerable discussion, the compromise resolution encouraged countries to consult with the Fund at an early stage of emerging difficulties, invited the Fund to keep under review its conditionality, and underlined that, besides sound management policies, emphasis should also be placed on measures to improve supply conditions and strengthen the

productive base of the economy. The agreed text also called on "the Fund to maintain its fundamental principle of uniformity of treatment of its members, paying due regard to members' domestic, social, and political objectives, economic priorities and the circumstances of members including the causes of their balance of payments problems, among them factors attributable to external developments beyond the control of members."

(5) Surveillance

There was little discussion on this topic. The resolution adopted called for cooperation among member countries of the Fund to ensure an effective and symmetrical surveillance of exchange rates and economic policies, took note of the commitments entered into in this connection by several major industrialized countries at the Williamsburg Summit, and invited the Fund to continue to give close attention to exchange rate policies, "particularly those of major economies which have wide-ranging impact."

(6) Other items

A number of other points were also raised by the Group of 77, such as the establishment of a link between an SDR allocation and development finance, revival of the Trust Fund, the establishment of a low-conditional medium-term facility, and special adjustment of small quotas below SDR 10 million. No agreement emerged on these issues, however, and the resolution merely noted the interest of developing countries in their further study. The issue of long-term reform of the international monetary system was not mentioned in the approved resolution.

b. External debt

This was also a difficult issue on which a consensus resolution emerged only after a protracted debate; adoption of the resolution was followed by an extensive interpretative statement by Group B. ^{1/} As could be expected, the discussion centered on three key issues which had already been discussed at length for several years in various UNCTAD bodies, namely, the implementation of TDB Resolution 165(S-IX) Section A on converting ODA loans into grants for the poorer developing countries, the possible rescheduling of official and officially guaranteed loans for other developing countries, and the improvement of existing institutional arrangements to deal with the developing countries' debt problems.

Regarding the first issue, the Group of 77 reiterated its complaint that creditor countries had not applied Resolution 165(S-IX) Section A uniformly, and in particular that some of them had not extended the benefit of the conversion of ODA loans into grants to all least developed countries. ^{2/} Group B replied that, under that Resolution, each creditor country was allowed to draw up a list of beneficiaries for the adjustment

^{1/} UNCTAD 161(VI) (Annex II)

^{2/} TD(VI)/C.3/L.1.

of the terms of ODA loans. It was finally agreed to include in the compromise resolution a provision which (i) urged all developed countries to implement rapidly Resolution 165(S-IX) Section A without any form of discrimination with respect to all poor developing countries; and (ii) called upon developed countries to respond positively to requests from least developed countries for debt consolidation into grants, "taking into account the particular circumstances and the requirements of the situation of the debtor countries."

With respect to the issue of debt rescheduling, the Group of 77 proposed that amortization payments on those bilateral ODA loans to developing countries other than the least developed countries, which fall due in the period 1984-85, should be postponed to the end of the *scheduled repayment period*. In addition, it *proposed that official and officially guaranteed export credits to all developing countries should be consolidated over ten years with a five-year grace period*. Group B strongly objected to this proposal on the grounds that it did not take account of the diverse situations confronted by debtor countries. The final text of the resolution merely invited "the developed countries to consider measures of immediate effect to alleviate the debt service of developing countries resulting from official and officially guaranteed loans, on the basis of specific analysis and of the difficulties being faced by debtor countries whenever they are raised, taking into account the requirements of the situation of the countries concerned."

On the third issue, the Group of 77 complained that the guidelines for debt restructuring included in TDB Resolution 222(XXI) had not been fully implemented by the creditor clubs, and that the modus operandi of these clubs should be improved to enable any interested developing country, prior to the renegotiation of its debt, to convene ad hoc meetings of official bilateral and multilateral creditors and relevant private creditors to consider its economic situation and medium-term development objectives and prospects. Group B argued that no judgment could yet be passed on implementing this Resolution since the TDB had not yet reviewed it; moreover, that the convening of the kind of meetings suggested by the Group of 77 would unduly delay the conclusion of the renegotiations. It *was finally agreed that the compromise resolution on debt should invite the UNCTAD member governments "to continue to improve the effective functioning of official creditor clubs in response to debtor countries in acute debt servicing difficulties," and in addition should "request the UNCTAD Secretary-General to consult with the chairman of the Paris Club, relevant multilateral organizations, and governments, with a view to examining the basis for the review of the implementation of Resolution 222(XXI)." In interpreting this provision, the Group B spokesman stated that his members did not consider that such a compromise extended the UNCTAD mandate in the field of multilateral debt rescheduling operations.*

The debt resolution approved by the Conference also emphasized the desirability of debtor countries approaching the Fund in the early stages of emerging debt difficulties, and stressed the desirability for the competent multilateral institutions to improve information concerning capital market operations and other financial flows.

c. Multilateral development institutions

While the draft proposal of the Group of 77 included a number of recommendations regarding World Bank operations, ^{1/} the discussions centered on three points: the need for a possible expansion in World Bank lending activities and its capital base; liberalization of the Bank's conditionality; and the size of the Seventh IDA Replenishment.

As regards the first topic, the Group of 77 called for the Bank's five-year regular lending program for the period 1982-86 (US\$60 billion) to be disbursed over four years, and for a major increase in the Bank's capital base. Group B wanted the Conference to invite the World Bank to consider an expansion of its lending program of 5 percent per annum in real terms. With respect to World Bank conditionality, the Group of 77 requested that the share of program loans in total Bank lending be raised and that the share of local cost financing be increased. It also called for a revision of the conditions attached to structural adjustment lending. However, Group B suggested that the Bank should simply give consideration to increasing the scope for program lending and local cost financing. As regards IDA, the Group of 77 requested that the Seventh Replenishment should provide for a substantial increase in real terms, while Group B wanted the Replenishment to be "at an adequate and equitably shared level of funding."

The compromise text finally approved by consensus ^{2/} invited the World Bank to pursue its study of a possible 5 percent expansion per annum in real terms of its lending program beginning in 1985, and noted in this regard "that the specific proposal for a selective capital increase following and in line with the Eighth General Review of Quotas in the IMF is to be presented shortly." It also invited the World Bank to consider increases in program lending and local-cost financing and to continue designing structural adjustment loans "to give due consideration to the burden of adjustment carried by the disadvantaged in recipient countries." Finally, it stressed the need for the Seventh IDA Replenishment "to occur at a substantial level, taking account of the need to accommodate an expanded recipient community and the desirability of reversing negative growth rates in IDA's most distressed borrowing countries."

d. Official Development Assistance

A consensus promptly emerged that developed countries reaffirm the commitments they had undertaken on the 0.7 and 0.15 percent targets under the International Development Strategy and the SNPA for the least developed countries, respectively. The question of the measures to be adopted to improve the effectiveness of aid was somewhat more controversial, as the Group of 77 felt that the proposal of Group B on this matter put excessive emphasis on the policy measures that recipient countries should adopt to ensure that aid resources were used to maximum advantage.

^{1/} TD(VI)/C.3/L.2.

^{2/} UNCTAD 165(VI) (Annex II).

Group B finally accepted a resolution which stated that both donor and recipient countries "should seek together to ensure that aid is provided in support of development objectives and used with increasing effectiveness." The resolution also indicated that ODA should be provided in a more flexible form suitable to both the development and short-term needs of the recipient countries. 1/

7. Other items

The Conference also adopted a number of resolutions dealing with the SNPA for the least developed countries; 2/ UNCTAD assistance for landlocked and island developing countries; 3/ UNCTAD activities in the fields of shipping 4/ and transfer of technology; 5/ and ECDC. 6/

All these substantive resolutions, as well as three resolutions regarding UNCTAD assistance to Lebanon, the Yemen Arab Republic, and the Sudano-Sahelian region, were approved by consensus. A resolution condemning the use of coercive economic measures, and two other resolutions dealing with UNCTAD assistance to the Palestine Liberation Organization and the Peoples of Namibia and South Africa were adopted by a majority vote.

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- 1/ UNCTAD 164(VI) (Annex II).
2/ UNCTAD 142(VI).
3/ UNCTAD 137(VI) and UNCTAD 138(VI).
4/ UNCTAD 144(VI).
5/ UNCTAD 143(VI).
6/ UNCTAD 139(VI).

Policy papers prepared by the UNCTAD secretariat
for consideration of UNCTAD VI

TD/271	Development and recovery: the realities of the new interdependence
TD/272	The current world economic crisis and perspectives for the 1980s Item 8 - policy paper
TD/272/Add.1	The current world economic crisis and perspectives for the 1980s Annex Growth and external financing for development under conditions of uncertainty: a preliminary analysis
TD/273 & Corr.1 & Corr.2	Commodity issues: a review and proposals for further action Item 9 - policy paper
TD/274	Protectionism, trade relations and structural adjustment Item 10 - policy paper
TD/275	International financial and monetary issues Item 11 - policy paper
TD/276	Progress in the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries Item 12 - policy paper
TD/276/Add.1	Basic data on the least developed countries Note by the UNCTAD secretariat
TD/277	A strategy for the technological transformation of developing countries Item 13 a - policy paper
TD/277/Add.1 & TD/277/Add.1/Corr.1	UNCTAD activities in the field of technology A strategy for the technological transformation of developing countries: comments by Governments on document TD/277 at the fourth session of the Committee on Transfer of Technology
TD/278 & TD/278/Corr.1	UNCTAD activities in the field of shipping Item 13 b - policy paper

- TD/279(Part I) Specific action related to the particular needs
and problems of land-locked developing countries:
issues for consideration
Item 13 c - policy paper
- TD/279(Part II) Specific action related to the particular needs
and problems of island developing countries:
issues for consideration
Item 13 c - policy paper
- TD/280 Trade relations among countries having different
economic and social systems and all trade flows
resulting therefrom
Item 13 d - policy paper
- TD/281 &
TD/281/Corr.1 Economic cooperation among developing countries:
review of activities in the major programme areas
and proposals for future work
Item 13 e - policy paper
- TD/282 UNCTAD assistance to national liberation movements
recognized by regional intergovernmental organizations
Item 13 f - policy paper
- TD/283 Institutional matters
Item 13 g - policy paper
- TD/284 Work programme of UNCTAD in the development and
transfer of technology
Item 13 a - policy paper
- TD/284/Add.1 UNCTAD activities in the field of technology
Work programme of UNCTAD in the development and
transfer of technology: interregional linkages
towards the implementation of strategies for the
technological transformation of developing
countries

UNCTAD 153 (VI) Common Fund for Commodities

Date: 2 July 1983 Meeting: 200th Agenda item 9
Resolution adopted without dissent. Document: TD(VI)/CG/
CRP.3/Rev.1

The United Nations Conference on Trade and Development,

Recalling General Assembly resolutions 35/60 of 5 December 1980, 36/143 of 16 December 1981 and 37/211 of 20 December 1982 on the signature and ratification of the Agreement Establishing the Common Fund for Commodities,

Recalling also General Assembly resolution 37/133 of 17 December 1982 on the identification of the least developed among the developing countries,

Reaffirming the importance of the Common Fund as a major element of the Integrated Programme for Commodities,

Bearing in mind that the period for the fulfilment of the requirements for entry into force of the Agreement Establishing the Common Fund for Commodities has been extended until 30 September 1983, pursuant to article 57, paragraph 1, of that Agreement,

Taking note of the progress report of the Secretary-General of UNCTAD on the signature and ratification of the Agreement,

Expressing concern at the slow pace of progress in the signature and ratification of the Agreement,

Welcoming the pledges already announced for voluntary contributions to the Second Account of the Common Fund,

Noting with appreciation the offer made by the States members of the Organization of Petroleum Exporting Countries, as well as by Norway and the European Economic Community, to pay the full capital subscriptions of least developed countries and a number of other developing countries concerned,

Recalling the provisions of the Agreement regarding the financing of international buffer stocks and internationally co-ordinated national stocks through the First Account,

Reaffirming the provisions of article 18, section C, paragraph 3 (c), of the Agreement, which envisages that the operations of the Fund in the Second Account may take the form of loans and grants to, inter alia, a Member of the Fund designated by an international commodity body for projects in conformity with the other pertinent provisions of that article,

Emphasizing the importance of the early entry into force of the Agreement and of the early beginning of operations of the Fund,

1. Reaffirms its support for the Common Fund for Commodities and for the entry into force of the Agreement without any further delay;

2. Expresses its appreciation of the prompt action taken by those States members that have already ratified the Agreement;

3. Urges all States that have not yet done so to sign and ratify the Agreement without any further delay;

4. Urges that all efforts be made in order that the operations of the Fund begin as soon as possible after the Agreement enters into force, and preferably by 1 January 1984;

5. Expresses the hope that least developed countries and other developing countries whose ratification of the Agreement Establishing the Common Fund for Commodities has been delayed by their inability to pay their capital subscriptions to the Fund may now be able to ratify the Agreement by taking advantage of the offers made by the States members of the Organization of Petroleum Exporting Countries, Norway and the European Economic Community, and any similar offers that may be forthcoming, and requests the Secretary-General of UNCTAD to use his good offices in this regard, if necessary;

6. Invites Governments parties to international commodity agreements or arrangements providing for either international buffer stocks or internationally co-ordinated national stocks to consider as soon as possible ways and means of associating their international commodity organizations with the Common Fund for the purposes of the First Account;

7. Invites all countries, particularly developed countries, which have not yet announced specific pledges of contributions to the Second Account of the Fund to do so at an early date, with a view to meeting the agreed target for voluntary contributions;

8. Invites Governments members of intergovernmental bodies which may meet the eligibility criteria for international commodity bodies referred to in the Agreement to consider projects appropriate for financing through the Second Account, in order that appropriate decisions can be taken as soon as possible after the entry into the force of the Agreement;

9. Requests the Secretary-General of UNCTAD to submit, in conformity with paragraph 7 of General Assembly resolution 37/211 of 20 December 1982, a report on the progress made towards the Agreement's entry into force to the thirty-eighth session of the General Assembly;

10. Requests the Preparatory Commission for bringing the Common Fund into operation to finalize expeditiously its work on administrative, legal, procedural, operational and financial matters.

UNCTAD 154 (VI) United Nations Conference to negotiate an
International Arrangement to replace the
International Wheat Agreement, 1971, as extended

Date: 2 July 1983 Meeting: 200th Agenda item 9
Resolution adopted without dissent. Document: TD(VI)/CG/CRP.6

The United Nations Conference on Trade and Development,

Recalling its resolution 126 (V) of 3 June 1979 on the United Nations Conference to Negotiate an International Agreement to Replace the International Wheat Agreement, 1971, as extended,

Noting the on-going co-operation between producers and consumers in the International Wheat Council,

Recalling the decision by the International Wheat Council to extend the International Wheat Agreement, 1971, to 30 June 1986 upon its expiry on 30 June 1983,

Noting the commitments of various donor countries under the Food Aid Convention,

Noting with concern the rapidly increasing reliance of developing countries on imports of cereals, particularly wheat,

Urges all Governments concerned to consider within the International Wheat Council, at its next session, the early resumption of the United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended, in order to conclude as soon as possible a new agreement that will contribute to the efficient operation of the international wheat market, taking into account the interests of developing countries.

UNCTAD 155 (VI) Implementation of the Integrated Programme for
Commodities in the area of stabilization and
strengthening of commodity markets

Date: 2 July 1983 Meeting: 200th Agenda item 9
Resolution adopted without dissent. Document: TD(VI)/CG/
CRP.5/Rev.1

The United Nations Conference on Trade and Development,

Recalling its resolutions 93 (IV) of 30 May 1976 and 124 (V) of 3 June 1979
on the Integrated Programme for Commodities,

Concerned that progress made so far in the preparatory meetings and
negotiations on many of the commodities under the Integrated Programme for
Commodities has been limited, while noting the conclusion of the agreements on
natural rubber and jute and jute products, and of the renegotiated agreements on
tin, coffee and cocoa,

Convinced of the importance of establishing commodity agreements or
arrangements containing provisions on price stabilization and/or developmental
measures, wherever appropriate, in the light of the characteristics and problems
of each commodity,

Concerned that, while some international commodity agreements have had
mitigating effects on the recent fall in commodity prices, others have not fully
attained their objectives because inter alia of the absence of sufficiently
effective price stabilization measures as well as the limited participation in
these agreements,

Concerned that many commodity markets remain vulnerable to the effects of
sudden shifts in demand and supply, causing disproportionately large fluctuations
in prices and in the earnings of developing countries,

Reaffirming the need to expedite the implementation of the Integrated
Programme for Commodities,

Noting the work already accomplished in UNCTAD within the context of the
Integrated Programme for Commodities with regard to the preparation of draft
project proposals on a number of commodities of particular export interest to
developing countries,

Recognizing that activities aimed at co-ordinating the positions of
producing and consuming countries in international discussions on commodities
constitute an integral part of negotiations under the Integrated Programme for
Commodities,

Taking note of the report by the UNCTAD secretariat submitted to the Conference,^{1/}

1. Urges all Governments to reaffirm their commitments in adopting Conference resolution 93 (IV) on the Integrated Programme for Commodities, and in particular to reiterate their firm commitment to the objectives and measures contained therein;

2. Urges producers and consumers to adopt measures that will contribute to achieving stable conditions in commodity markets in accordance with the objectives of the Integrated Programme for Commodities, keeping in mind the over-all balance of benefits they are likely to derive from such measures;

3. Urges that countries should refrain from applying policies that could destabilize commodity markets and discourage efficient producers;

4. Urges the Governments concerned which have not yet done so to consider joining existing commodity agreements with a view to strengthening the effectiveness of those agreements;

5. Requests the Secretary-General of UNCTAD, in consultation with interested producing and consuming countries, to convene at an early date negotiating conferences on commodities on which preparatory work has reached an advanced stage, with a view to the early conclusion of international agreements or arrangements for these commodities, containing provisions on price stabilization and/or developmental measures;

6. Requests that the preparatory work on the other commodities should be finalized expeditiously, with a view to proceeding to the stage of negotiations of international agreements, arrangements or other instruments of international co-operation, as appropriate, in conformity with the objectives of the Integrated Programme for Commodities;

7. Requests the Committee on Commodities to take appropriate action to provide a forum for interested producer and consumer Governments to consider the preparation or elaboration of project proposals or other arrangements on hides and skins within the context of the Integrated Programme for Commodities.

8. Decides that, without prejudice to the continued efforts to conclude commodity agreements containing both price stabilization and developmental measures, the Committee on Commodities shall examine, in the area of commodities of particular export interest to developing countries which are not covered by international commodity agreements or arrangements, the feasibility of provisional agreements or arrangements, as appropriate, which could be applied on a temporary basis by interested producing and consuming countries with the objective of mitigating sudden collapses in prices. Such examination should include, inter alia, consideration of the objectives, elements, sources of finance, economic viability, and the legal aspects of such agreements or arrangements.

^{1/} TD/273 and Corr.1-2.

9. Reaffirms that commodity agreement, as independent international instruments, can only be revised according to their respective provisions and by member countries in their own forums; and requests the Trade and Development Board to convene a special session of the Committee on Commodities to examine, in close co-operation with the commodity councils concerned, the role of international commodity agreements or arrangements negotiated or re-negotiated within UNCTAD in attaining the objectives of the Integrated Programme for Commodities;

10. Requests all producer and consumer countries to participate actively in the negotiation of a new International Sugar Agreement so as to arrive at undertakings allowing the world market in this product to be effectively stabilized;

11. Urges that negotiations on an international tropical timber agreement be finalized as soon as possible;

12. Requests multilateral and bilateral sources, including UNDP, to consider sympathetically the provision of finance for the elaboration into full projects of the summary project proposals on developmental measures approved by preparatory meetings under the Integrated Programme for Commodities and invites the Secretary-General of UNCTAD to undertake appropriate actions in this regard;

13. Requests multilateral and bilateral sources to consider sympathetically the financing of activities such as seminars and workshops designed to promote the objectives of the Integrated Programme for Commodities;

14. Urges all Governments to avoid or minimize disruptions of international commodity markets when they dispose of Government-held non-commercial reserves and stockpiles, bearing in mind decision 4 (V) of 17 July 1970 of the Committee on Commodities, and requests the Committee on Commodities at its next regular session to review the problems involved in the implementation of that decision and to report thereon to the Trade and Development Board.

UNCTAD 157 (VI) Compensatory financing of export earnings shortfalls

Date: 2 July 1983 Meeting: 200th Agenda item 9
Resolution adopted by roll-call. Document: TD(VI)/CG/CRP.8/
For: 90; Against: 1; Abstentions: 10 1/ Rev.1 and Rev.1/
Corr.1

The United Nations Conference on Trade and Development,

Recalling its resolution 93 (IV) of 30 May 1976 on the Integrated Programme for Commodities and particularly its section I, paragraph 2, and section III, paragraph 2 (f),

Recalling also its resolution 125 (V) of 3 June 1979 on a complementary facility for commodity-related shortfalls in export earnings,

Reaffirming the objective of improving and sustaining the real income of individual developing countries through increased export earnings and of protecting them from excessive fluctuations in export earnings, especially from commodities,

Taking note of the measures to improve and enlarge compensatory financing facilities for stabilization in response to the changing circumstances affecting the export earnings of developing countries, notably the IMF Compensatory Financing Facility and the Lomé Convention's STABEX, and taking further note of the forthcoming review by the IMF of the operation of the Compensatory Financing Facility,

Taking note of the relevant studies prepared by the UNCTAD secretariat^{2/} and of the consideration of these issues in other international forums,

1/ For: Algeria; Angola; Argentina; Austria; Bangladesh; Belgium; Botswana; Brazil; Burma; Burundi; Central African Republic; Chad; Chile; China; Colombia; Cuba; Democratic People's Republic of Korea; Denmark; Dominican Republic; Ecuador; Egypt; Ethiopia; Finland; France; Gabon; Germany, Federal Republic of; Ghana; Greece; Grenada; Guinea; Holy See; India; Indonesia; Iran (Islamic Republic of); Iraq; Ireland; Israel; Jamaica; Japan; Jordan; Kenya; Liberia; Libyan Arab Jamahiriya; Luxembourg; Madagascar; Malaysia; Malta; Mexico; Morocco; Mozambique; Nepal; Netherlands; Nicaragua; Nigeria; Norway; Pakistan; Panama; Papua New Guinea; Peru; Philippines; Portugal; Qatar; Republic of Korea; Romania; Rwanda; Sao Tome and Principe; Senegal; Singapore; Somalia; Spain; Sri Lanka; Sudan; Suriname; Sweden; Switzerland; Syrian Arab Republic; Thailand; Tunisia; Turkey; Uganda; United Kingdom of Great Britain and Northern Ireland; United Republic of Cameroon; United Republic of Tanzania; Upper Volta; Uruguay; Venezuela; Viet Nam; Yugoslavia; Zambia; Zimbabwe.

Against: United States of America

Abstentions: Australia; Bulgaria; Canada; Czechoslovakia; German Democratic Republic; Hungary; Mongolia; New Zealand; Poland; Union of Soviet Socialist Republics.

^{2/} Reference is made, inter alia, to TD/B/C.1/234; TD/B/C.1/237 and TD/B/C.1/238.

Taking note also of agreed conclusions 19 (S-I) of the Committee on Commodities and of the report of the Committee on Commodities on its tenth session,

Conscious of the particular and urgent needs of the least developed countries, especially in the context of their heavy dependence on commodity exports for their foreign exchange earnings,

1. Invites the International Monetary Fund to complete expeditiously the forthcoming review by the Executive Board of the Fund's Compensatory Financing Facility, and to consider the establishment of special arrangements for the benefit of the least developed countries;

2. Requests the Secretary-General of UNCTAD to convene, after consultation with interested governments, an expert group on the compensatory financing of export earnings shortfalls;

3. Instructs the expert group to consider, without prejudice to an eventual decision on appropriate follow-up action that may be taken in accordance with paragraph 6 below:

(a) The need for an additional complementary facility to compensate for the export earnings shortfalls of developing countries, bearing in mind the needs of those countries which are most dependent on commodity exports, particularly the least developed among them;

(b) The nature of an additional complementary facility;

(c) Sources of finance for an additional complementary facility;

(d) The operational rules and modalities of an additional complementary facility; and

(e) The relationship of an additional complementary facility to existing facilities and intergovernmental organizations.

In conducting its analysis the expert group should examine, inter alia, the nature and causes of export earnings instability, the role and impact of existing facilities, the impact of export earnings stabilization on commodity markets, the financial and economic costs of stabilizing export earnings, and the possible stabilizing influence of commodity agreements and the Common Fund for Commodities. It should, in so doing, take due account of relevant studies and suggestions made by the UNCTAD secretariat, other competent intergovernmental organizations, and interested Governments, as well as previous intergovernmental consideration of the issues involved, particularly the discussions in the Committee on Commodities. The expert group may wish to draw upon the expertise of the staff of the IMF and of other international bodies;

4. Invites member countries to transmit to the Secretary-General of UNCTAD, prior to 31 December 1983, any suggestions and proposals they may have concerning the above and related issues;

5. Instructs the expert group to complete its work not later than 30 September 1984;

6. Requests the Secretary-General of UNCTAD to transmit the report of the expert group to a special session of the Trade and Development Board, not later than 31 December 1984, and instructs the Board to decide upon requisite follow-up action, including the convening of a possible negotiating conference for an additional complementary facility.

UNCTAD 159 (VI) International trade in goods and services:
Protectionism, structural adjustment and the
international trading system

Date: 2 July 1983 Meeting: 200th/ Agenda item 10
Resolution adopted without dissent. Document: TD/L.259*
and Corr.1

The United Nations Conference on Trade and Development,

Recognizing the importance of the role of international trade in economic growth and development, in particular that of developing countries, and the links between the promotion of industrial production and international trade as well as between international trade and the solution of balance-of-payments problems, including the indebtedness of developing countries,

Recognizing the harmful effects of the world economic crisis, especially on the economic development of developing countries, and accordingly affirming the importance of achieving a sustained world economic recovery and ensuring rapid expansion of international trade that is supportive of economic growth and development, in particular that of developing countries,

Stressing the close relationship between the process of structural adjustment, trade liberalization, an effective international trading system, issues of money and finance and the growth and development of all countries, and the need to strive individually and collectively for an improved, strengthened, open and expanding international trading system so as to restore and reinforce confidence in its capacity to provide for a stable and predictable trading environment and to enhance harmonious trading relations.

Reaffirming the importance of structural adjustment for the containment of protectionism and for an effective international division of labour and for the attainment of the development objectives of the developing countries and recognizing the need to adopt effective policy measures to promote the economic growth and development of developing countries, particularly countries where the level of industrialization is very low, bearing in mind that the operations should be carried out within the framework of a dynamic international division of labour, bearing in mind, inter alia, the target of developing countries of a 25 per cent share of world production by the year 2000 as set out in the Lima Declaration and Plan of Action,

1/ A separate vote was taken on paragraphs 22 and 23, which were adopted by a vote of 95 in favour, 1 against, and 1 abstention.

Stressing the positive role that developing countries have played in the world economy by providing dynamic markets for exports, and the positive role developed countries can play by improving access to their markets for exports from developing countries to enable the latter countries to expand their purchasing power and import capacity,

Noting that developing countries with, inter alia, the implementation of the GSTP, would be adopting and strengthening policies that would permit them to continue to expand trade among themselves and thus to further their economic growth and development, to increase their purchasing power and to further contribute to world economic growth,

Recalling General Assembly resolutions 3201 (S-VI), 3202 (S-VI), 3281 (XXIX), 3362 (S-VII), 163/31, 196/33, 56/36, 145/36 and Conference resolutions 21 (II), 96 (IV), 131 (V) and the Lima Declaration and Plan of Action,

Noting the importance of the Generalized System of Preferences (GSP) for increasing export earnings, promoting industrialization and accelerating rates of economic growth of developing countries,

Stressing the plight of the least developed countries and the need for significant measures to increase their participation in the world economy,

Agrees:

I. PROTECTIONISM AND STRUCTURAL ADJUSTMENT

A. Protectionism

1. It is recognized that protectionism is harmful to trade and development, in particular to that of developing countries, and it is agreed that it should be resisted. The developed countries commit themselves to halt protectionism by fully implementing and strictly adhering to the standstill provisions they have accepted, in particular concerning imports from developing countries;

2. The developed countries agree to work systematically towards reducing and eliminating quantitative restrictions and measures having similar effect, in accordance with Conference resolution 131 (V), in particular paragraph 7, and periodically to review progress with a view to maintaining impetus to this process;

3. The developed countries recognize the role which trade liberalization, inter alia, can play in helping to achieve economic growth and development and that the process referred to above may be accelerated by favourable economic conditions in individual developed countries;

4. The developed countries should effectively fulfil their commitments in the field of international trade. They should effectively fulfil their commitments to provide differential and more favourable treatment to developing countries in the field of international trade;

5. The developed countries should review their existing trade legislation, regulations and procedures relating to anti-dumping and countervailing duties, in order to assure themselves that there are no unjustifiable impediments to the trade of other countries, in particular to that of the developing countries, and to take remedial action as appropriate;

6. The Trade and Development Board, in its annual review of protectionism and structural adjustment in accordance with Conference resolution 131 (V) and Board resolution 226 (XXII) and decision 250 (XXIV), should:

(a) monitor the implementation of this resolution and, where necessary, formulate appropriate recommendations concerning the general problems of protectionism;

(b) continue its work relating to non-tariff barriers in pursuance of paragraph 6 of Conference resolution 131 (V). The Board should address questions relating to definitions and to the dissemination of the results of the inventory;

7. Countries should take note of the results of the GATT Ministerial session held in November 1982 and in particular of the decision to carry out an examination of the prospects for increasing trade between developed and developing countries;

8. In view of the need for an improved and more efficient safeguard system, work under way in the GATT on a comprehensive understanding to be based on the principles of the GATT should be continued actively, with consideration being given to the possibility of participation of all interested countries and with a view to reaching concrete results within the agreed time-frame. The Trade and Development Board should follow closely the work with a view to assisting developing countries to participate in this process fully.

9. The special problems of the least developed countries should be kept in view while undertaking the tasks mentioned above and special attention should be paid to their needs;

B. Structural Adjustment

10. All countries agree that structural adjustment is a global and ongoing phenomenon which should be facilitated with a view to ensuring optimum overall growth, including the development and diversification of the economies of developing countries and an effective, equitable and dynamic international division of labour enabling developing countries to secure an increase in their share in world production and trade in processed goods and in manufactures. They also recognize the role which, inter alia, a liberal trade regime can play in the successful achievement of structural adjustment, as well as the role which effective structural adjustment can play in facilitating the achievement of a more liberal trade regime and the connection between structural adjustment, economic growth and development and a reversal of protectionist trends. The developed countries, in line with Conference resolutions 96(IV) and 131(V), should follow policies to facilitate structural adjustment based on a dynamic pattern of comparative advantage. Industrial collaboration arrangements, including international subcontracting, could also be employed in this regard;

11. The Trade and Development Board should, pursuant to Conference resolution 131(V), Trade and Development Board resolution 226(XXII) and decision 250(XXIV), continue annually to review patterns of production and trade in the world economy, and in this regard:

- (i) provide a forum for exchange of information and discussion of the experience of all members with regard to structural adjustment, inter alia, with a view to fostering greater transparency;
- (ii) review and monitor trade developments and, where appropriate, make general policy recommendations, inter alia, with a view to encouraging factors of production to move progressively into lines of production where they are internationally competitive in the light of the dynamics of comparative advantage and to the attainment of optimal over-all economic growth, including the development and diversification of the economies of the developing countries and an effective international division of labour;

12. The Sessional Committee of the Trade and Development Board should review progress on structural adjustment and make appropriate recommendations to the Board if necessary;

13. Particular attention should be paid in the above regard to the special problems of the least developed countries ;

II. INTERNATIONAL TRADING SYSTEM

14. The Trade and Development Board should review and study in-depth developments in the international trading system. The Board could, while fully respecting the principles of MFN and non-discrimination, make recommendations on principles and policies related to international trade, and make proposals as to the strengthening and improvement of the trading system with a view to giving it a more universal and dynamic character as well as to making it more responsive to the needs of developing countries and supportive of accelerated economic growth and development, particularly that of developing countries;

III. GENERALIZED SYSTEM OF PREFERENCES

15. Developed countries should make improvements in their schemes in accordance with the role, objectives and character of the generalized system of preferences,

as determined by Conference resolution 21 (II), in particular as to its generalized, non-discriminatory and non-reciprocal character, and as set out in the agreed conclusions of the Special Committee on Preferences and noted by the Board in its decision 75(S-IV). With respect to product coverage, special attention should be given to products not adequately covered by existing schemes in both the agricultural and industrial sectors and to the products of interest to the least developed countries. The relevant interests of those developing countries enjoying special advantages and the need for finding ways and means for protecting their interests should be taken into account ;

16. Any preference-giving country taking action to modify its scheme shall afford adequate opportunity for prompt consultations, upon request, with respect to any difficulty or matter that may arise ;

17. The Trade and Development Board should study the operation of the GSP in order to assess its stability and effectiveness ;

18. The rules of origin should be further liberalized and harmonized and their operation should be simplified. The rules for cumulative origin should also be improved ;

19. The United Nations Development Programme is invited to continue to support the UNCTAD/UNDP technical assistance programme beyond 1983 in order to permit developing countries to benefit adequately from the schemes ; the scope of the programme should be expanded to cover other laws, regulations and procedures of the preference-giving countries which affect the exports of developing countries ;

20. Special attention should be given to the particular problems of the least developed countries in undertaking the tasks mentioned above, with a view to providing the fullest possible duty-free treatment;

IV. SERVICES

21. Trade in services is recognized as a growing phenomenon worldwide, and an activity in need of further study and understanding;

22. The importance of the activities which international organizations can undertake in the area of services is recognized. In this connection, the Secretary-General of UNCTAD will continue his studies of the issues involved and UNCTAD will, inter alia, consider the role of the services sector in the development process. The special problem of the least developed countries should be kept in view;

23. The Trade and Development Board at its twenty-ninth session is invited to consider appropriate future work by UNCTAD on services.

UNCTAD 161 (VI) External debt

Date: 2 July 1983 Meeting: 200th Agenda item 11
Resolution adopted without dissent. Document: TD(VI)/CG/CRP.10

The United Nations Conference on Trade and Development,

Recalling its resolution 94 (IV) of 31 May 1976 on the debt problems of developing countries and Trade and Development Board decision 149 (XVI) of 23 October 1976,

Recalling further Trade and Development Board resolution 132 (XV) which, inter alia, established the convening of ad hoc meetings to assess the over-all economic situation of interested developing countries with debt problems,

Recalling also Trade and Development Board resolution 165 (S-IX) on debt and development problems of developing countries,

Recalling further Trade and Development Board resolution 222 (XXI) and noting the steps taken to implement it,

Noting with concern that the debt servicing difficulties faced by many developing countries adversely affect their development prospects,

1. Urges those developed countries which have not yet done so to implement fully and rapidly the commitments undertaken in pursuance of Trade and Development Board resolution 165 (S-IX), section A, without any form of discrimination with respect to qualified debtor countries as determined according to paragraph 5 thereof;

2. Calls upon developed countries to respond in a positive manner to requests from individual least developed countries, taking into account the particular circumstances and the requirements of the situation of the debtor country, for an alleviation of their debt burden resulting from ODA loans provided by the developed country concerned;

3. Invites the developed countries to consider measures of immediate effect to alleviate the debt service of developing countries resulting from official and officially guaranteed loans, on the basis of specific analyses of the difficulties being faced by debtor countries, whenever they are raised, taking into account the requirements of the situation of the country concerned;

4. Invites, within the context of the commitment to implement resolution 222 (XXI), ~~section B~~, with particular reference to the agreed features, which are an integral part of that resolution, member governments to continue to improve the effective functioning of official creditor groups in response to debtor countries in acute debt-servicing difficulties;

5. Requests the Trade and Development Board to undertake at its twenty-eighth session a review of the implementation of the guidelines contained in its resolution 222 (XXI);

6. Requests the Secretary-General of UNCTAD to prepare a report on this issue to the twenty-eighth session of the Trade and Development Board; and, in this respect, invites him to consult with the Chairman of the Paris Club, the relevant multilateral organizations and Governments with a view to augmenting the basis for the review of the implementation of resolution 222 (XXI);

7. In pursuance of the commitment to implement resolution 222(XXI) as envisaged in paragraph 4 above:

(a) Stresses that debt restructuring operations should aim at contributing to debtor countries' efforts to re-establish their creditworthiness and therefore regain access to financial resources on appropriate terms and conditions, thereby restoring their development momentum and establishing a sound basis for long-term economic development;

(b) Stresses further the need for continued collaboration between all parties involved in dealing with debt-servicing problems, taking into account the requirements of the situation of the country concerned, and in this respect notes the results which have been achieved through co-operation between debtors, official and private creditors and multilateral institutions;

(c) Invites bilateral and multilateral donors to ensure that their actions in favour of the debtor countries are based upon an adequate assessment of the economic situation and medium-term development objectives and prospects of the country concerned, and are supportive of, and as far as possible, consistent with, rescheduling and refinancing operations by official creditors in furtherance of the adjustment and development objectives of the country;

(d) (i) While recognizing the sovereign right of every member State to determine in accordance with its own national priorities the timing of its approach to the IMF for a drawing, emphasizes the desirability of a debtor country approaching the IMF in the early stages of emerging debt difficulties so as to examine its problems in order that effective adjustment measures can be undertaken without jeopardizing its medium-term development objectives and prospects;

(ii) And in this context, in the interest of encouraging early corrective action, invites the IMF/World Bank to continue to respond positively and pragmatically within, so far as the IMF is concerned, the framework of its principle of uniformity of treatment, to evolutions in the nature of the adjustment problems faced by countries, especially developing countries, in respect of their lending activities so as to ensure that their financial support is available on a suitable basis for the adjustment period in prospect on a basis of relevant conditionality;

(e) Urges all bilateral official creditors to facilitate debt rescheduling operations, on a basis which is fully equitable as between all official creditors;

8. Stresses the desirability for the competent multilateral institutions to improve information concerning capital market operations and other financial flows so as to provide greater transparency and be of assistance to debtor and creditor countries, and invites debtor countries to continue to collaborate with the competent multilateral institutions to improve the data on external debt;

9. Invites the relevant multilateral institutions to respond favourably to requests of interested developing countries for technical support, including technical assistance, in dealing with debt situations.

UNCTAD 162 (VI) International monetary issues

Date: 2 July 1983 Meeting: 200th Agenda item 11
Resolution adopted without dissent. Document: TD(VI)/CG/
CRP.11 and
Corr.1 and 2

The United Nations Conference on Trade and Development,

Recognizing the leading responsibility of developed countries in promoting conditions conducive to world recovery, the need for reviving development momentum in the developing countries, and the need for sound policies in both developed and developing countries to restore sustainable development and growth,

Accordingly, urging developed countries to take fully into account the international implications of their policy decisions, including the impact on developing countries,

Recognizing the importance for durable world economic growth, and sustained development in the developing countries, of promoting convergence of economic performance and greater exchange rate stability and a co-operative and stable monetary framework,

Recognizing the responsibility of the International Monetary Fund in the world monetary system,

I. SDR allocations

1. Stresses the importance for world economic growth of an adequate, non-inflationary supply of global liquidity;

2. Notes the agreement that the IMF Executive Board should review the question of allocation of SDRs, on the basis of a review of the latest trends in growth, inflation and international liquidity;

3. Notes the very difficult growth, world trade and payments environment, stagnation in world reserves - the present inadequacy of reserves of many developing economies being of special concern to the Conference - and the declining rates of inflation in several important economies, and further notes, however, that a judgement remains to be made about the global long-term need for supplementary liquidity;

4. Invites the IMF and its members to take these and other relevant factors into account in the forthcoming deliberations on the appropriateness of SDR allocation in the fourth basic period and to make it possible for the Managing Director of the IMF, if the judgement is positive and the other prescribed criteria are met, to make a specific proposal to the next meeting of the Interim Committee;

II. Resources

5. Urges member countries of the IMF to continue to recognize the need for the Fund to be adequately provided with resources in order to fulfil its role in meeting its members' financing and adjustment needs, and in this connection invites the Fund to keep under consideration:

(a) timely quota increases in the light of the objective that the Fund's financial resources should be primarily quota-financed;

(b) activating the General Arrangements to Borrow; and

(c) recourse to other borrowed resources;

III. Access

6. Notes the severe impact of external developments on the balance-of-payments of many members of the IMF, in particular the sharp deterioration in their terms of trade and substantial cyclical shortfalls in their export earnings; the acute strains on the external position of many member countries requiring substantial financing in support of adjustment programmes; and the impact of inflation on the quotas of many members;

7. Emphasizes the importance of maintaining an adequate level of access to Fund facilities;

8. Invites the IMF to complete expeditiously the forthcoming reviews by the IMF Executive Board of the Fund's Compensatory Financing Facility and the Policy on Enlarged Access, taking into account these and other relevant factors, including its available resources and priorities.

IV. Conditionality

9. Encourages member countries of the IMF, when they consider it appropriate, to consult with the Fund at an early stage of emerging difficulties in their balance of payments and invites the Fund to encourage such approaches with a view to establishing how the Fund can help, including, where appropriate, financing in support of a suitable programme designed to restore a sustainable external position and help maintain external confidence;

10. Invites the IMF in its policies on conditionality to continue to keep under review and respond positively and pragmatically to evolutions in the nature and scale of the financing and adjustment problems faced by members, particularly developing countries;

11. Underlines that, besides sound demand management policies, emphasis also needs to be placed on measures to improve supply conditions and strengthen the productive base of the economy, with corresponding emphasis on extended arrangements where appropriate and having regard to the objective of avoiding disruption to the development process of developing countries;

12. Encourages the Fund to maintain its fundamental principle of uniformity of treatment of its members, paying due regard to members' domestic social and political objectives, economic priorities and the circumstances of members, including the causes of their balance-of-payments problems, among them factors attributable to external developments ;

V. Surveillance

13. Urges member countries of the IMF to co-operate fully with the Fund in order to ensure its effective and symmetrical surveillance of exchange rate and economic policies of all members;

14. Takes note in this connection of the commitment of several major industrialized countries to co-operate with the Fund in near-term policy actions leading to convergence of economic conditions in the medium term;

15. Invites the IMF to continue to give close attention to exchange rate policies, to improve its monitoring of exchange rate developments, particularly those of major economies which have wide-ranging impact, and to draw attention to economic policies that should usefully be pursued by members which would reduce exchange rate instability;

16. Notes the interest of developing countries in the following questions and their desire that they be studied further:

- (a) establishing a link between SDRs and development finance;
- (b) reviving the Trust Fund;
- (c) establishing a low-conditional medium-term facility;
- (d) a special adjustment of small quotas below SDR 10 million.

UNCTAD 164 (VI) Official development assistance

Date: 2 July 1983 Meeting: 200th Agenda item 11
Resolution adopted without dissent. Document: TD(VI)/CG/CRP.14/
Rev.1

The United Nations Conference on Trade and Development,

Recalling its resolution 129 (V) of 3 June 1979, particularly section I,
relating to bilateral official development assistance,

Recalling General Assembly resolution 35/56 of 5 December 1980 containing the
International Development Strategy for the Third United Nations Development
Decade,

Recalling further the Substantial New Programme of Action for the
1980s for the Least Developed Countries, adopted in 1981,

Noting that while a number of donor countries have exceeded the
0.7 per cent target for net disbursement of ODA as a proportion of GNP, a
number of others have not reached it,

Noting with concern that net disbursements of ODA by developed countries
as a whole fall considerably short of the 0.7 per cent target,

Recognizing that apart from aid volume, terms of aid, aid quality and aid
effectiveness are important, and that aid should complement the developmental
efforts of recipient countries,

Noting with appreciation the efforts of developing countries in the
context of economic co-operation among developing countries to provide
concessional assistance to other developing countries, and aware that

developing countries in a position to do so are continuing to provide
assistance to other developing countries;

1. Urges that the developed countries reaffirm the commitments they undertook under the
IDS with respect to the target of 0.7 per cent of GNP as official development
assistance and to the achievement of that goal by 1985 and in any case not
later than in the second half of the decade. Developed countries which have
not yet reached the target agree to redouble their efforts to that end. The
target of 1 per cent should be reached as soon as possible thereafter. The
efforts of developed countries should be greater the lower their relative
performance. Individual donor countries should consider adopting interim plans
to increase ODA, e.g., through quantitative ODA targets;

2. Recognizes the importance to the least developed countries that the ODA flows to them be doubled by 1985, as compared to the transfers to them during the period 1976-1980, and urges donor countries, within the over-all context of the SNPA as adopted and of progress towards the 0.7 per cent target, to attain 0.15 per cent of their GNP as ODA or to double their ODA to the least developed countries by 1985 or as soon as possible thereafter;

3. Recognizes also that:

(a) Donor and recipient countries should seek together to ensure that aid is provided in support of development objectives and used with increasing effectiveness;

(b) Official development assistance should be provided in more flexible forms, including programme and quick disbursing aid tailored to both development and short-term needs at both macro and sectoral levels;

(c) Measures to improve co-ordination agreed between donor and recipient countries should be encouraged;

(d) Further efforts should be made to improve the modalities and quality of aid;

(e) Official development assistance from developed to developing countries should be on an increasingly assured, continuous and predictable basis;

(f) Official development assistance loans and grants should be untied to the maximum extent possible;

4. Instructs the Committee on Invisibles and Financing related to Trade, without prejudice to its mandate to examine all resource flows, to carry out the general monitoring and review in respect of the above measures and urges all developed donor countries to provide the necessary information for consideration at the eleventh session of the Committee.

UNCTAD 165 (VI) Multilateral development institutions

Date: 2 July 1983 Meeting: 200th Agenda item 11
Resolution adopted without dissent. Document: TD(VI)/CG/CRP.15/
Corr.1

The United Nations Conference on Trade and Development,

Recalling its resolutions 128 (V) and 129 (V) of 3 June 1979 and General Assembly resolution 35/56 of 5 December 1980 containing the International Development Strategy for the Third United Nations Development Decade,

Recognizing the substantial capital requirements of developing countries and the significant role of multilateral development institutions, as a source of external financing, in providing technical assistance and in assisting developing countries in their development efforts, including structural adjustment programmes, and in mobilizing additional private financing;

1. Agrees that an adequate level of funding of the multilateral development finance institutions is essential so as to provide a sound basis for continuing significant growth in their lending in active pursuance of their increasingly important development role;

2. Invites the World Bank to pursue its study of the scope for an expansion by 5 per cent per annum in real terms of the World Bank's lending programme, beginning 1985 and of the consequent implications for its capital requirements, and urges the Bank's member governments to consider constructively the Bank's proposals on these points. Noting in this connection that a specific proposal for a selective capital increase following and in line with the eighth

General Review of Quotas in the IMF is to be presented shortly;

3. Invites the World Bank to:

(a) Review periodically, preferably every six months, its Special Action Programme of accelerated disbursements;

(b) Consider increases in programme lending, including structural adjustment lending, and in local cost financing;

(c) Continue, in the design of structural adjustment loans, to give due consideration to the burden of adjustment carried by the disadvantaged in recipient countries;

(d) Pursue its efforts to increase co-financing with public funds and the banking sector, on the understanding that such co-financing is additional to, and not a substitute for, the Bank Group's normal lending and does not prejudice any increase in the Bank's resources;

(e) Maintain, consistent with recently reaffirmed Bank policy, priority on investment in energy development, and keep under review institutional proposals for an energy affiliate and other similar arrangements;

(f) Continue to apply flexibility in its policy of graduation, avoiding premature phasing out of developing countries' access to ordinary lending, taking into account the availability of alternative sources of long-term development finance;

(g) Keep under review the permissible margin of preference;

4. Calls on donors to meet their commitments to the sixth replenishment of IDA expeditiously and urges that all contributions to the replenishment be completed in the Bank's financial year 1984;

5. Stresses the need for negotiations on the seventh replenishment of IDA to be completed as soon as possible to ensure that the replenishment becomes effective by 1 July 1984 and for it to occur at a substantial level, taking account of the need to accommodate an expanded recipient community and the desirability of reversing negative growth rates in the Association's most distressed borrowing countries. The replenishment would need to reflect an equitable sharing of burden;

6. Notes the important role of the multilateral regional development finance institutions in the development efforts of their member countries; welcomes their recent capital increase and fund replenishments and urges member countries to take appropriate steps to meet the pledges as previously committed; and encourages these institutions to adopt in the course of 1983 special programmes envisaged to accelerate disbursements, similar to those adopted by the World Bank;

7. Urges governments to provide adequate funding of the UNDP so that it may effectively fulfil its central funding and co-ordinating role in the field of technical co-operation within the United Nations system, in conformity with the consensus of 1970 and General Assembly resolutions 32/197 of 20 December 1977, 33/202 of 29 January 1979 and 35/81 of 5 December 1980, and invites the Governing Council of the UNDP to promptly formulate proposals to ensure such financing over the longer term at a predictable, continuous and increasingly assured level;

8. Invites all member States to commence discussions, as early as possible, on all aspects of a second replenishment of the resources of the International Fund for Agricultural Development, with the aim of providing the Fund with the necessary resources to enable it to fulfil its mandate in helping small farmers and landless in developing countries, whilst taking into account the necessity of completing the first replenishment and the need for effecting all payments due under the initial contributions to the Fund.



Distr.
LIMITED

TD/L.260
2 July 1983

Original: ENGLISH

United Nations Conference on Trade and Development

Sixth session
Belgrade, Yugoslavia
6 June 1983
Agenda item 8

REPORT OF THE WORKING GROUP ON ITEM 8

1. At the 191st Plenary meeting on 17 June 1983 the Conference established a working group, open to all participants, to consider and report on agenda item 8 (The world economic situation with special emphasis on development: Approaches to the current world economic crisis and perspectives for the 1980s, including issues, policies and measures relevant to the attainment of a new international economic order).
2. At the same meeting, (after waiving rules 58 and 65 of the Rules of Procedure) the Conference elected Mr. K. Dadzie (Ghana) Chairman of the Working Group.
3. The Working Group held 6 meetings, from 20 to 28 June 1983. In addition, the Chairman of the Working Group held a series of informal consultations concerning the organization of the work of the Group and on the preparation of its report.
4. The Chairman of the Working Group submitted a progress report to the Conference on 24 June 1983 (TD/SR.197). The statement recommended by the Working Group for adoption by the Conference is annexed hereto.

THE WORLD ECONOMIC SITUATION WITH SPECIAL EMPHASIS ON
DEVELOPMENT: APPROACHES TO THE CURRENT WORLD ECONOMIC
CRISIS AND PERSPECTIVES FOR THE 1980s, INCLUDING ISSUES,
POLICIES AND MEASURES RELEVANT TO THE ATTAINMENT OF A
NEW INTERNATIONAL ECONOMIC

Statement annexed to the Report of the Working Group on agenda item 8 */

1. Since 1980, the world economy has been in the throes of the most pervasive crisis since the Great Depression. Most countries have been caught in a spiral of declining production, employment and trade. It is a crisis in which the deeper underlying problems of a structural and systemic nature have been compounded by cyclical factors.
2. The past three years have seen a sharp decline in the rate of growth of world production, reaching in 1982 its lowest figure in three decades. For the first time since the Second World War, world trade was stagnant in 1981, and declined by 6 per cent in real value in 1982. Signs of recovery have recently emerged in some countries, but they appear tentative. If the malaise were to persist, the growth prospects of all countries would suffer even greater damage, with serious implications for peace and stability.
3. While it has left no segment of the world economy untouched, the brunt of the crisis has fallen most heavily on the developing countries, particularly the least developed among them, most of which are located in Africa and which are facing problems of a critical nature. Much of the past achievements of the developing countries has been undermined; their current development efforts have been disrupted; and their prospects for growth have been weakened. Most developing countries have experienced a decline in per capita income during the past two years. Non-oil commodity prices in real terms have slumped to their lowest levels in fifty years. Export markets have shrunk owing to the recession and to protectionist trends in many developed market economy countries. The burden of external debt has been aggravated by the international economic environment: real interest rates on foreign loans have reached unprecedented levels, capital inflows have dwindled and debt service payments have substantially increased. As a result, most developing countries have had to undertake contractionary adjustments, at considerable cost to their economies; their import capacity has been impaired; they have had sharply to curtail investments in agriculture, industry and basic services that are at the heart of the development process; and many of them have had to seek a rescheduling of debt service payments.
4. The effects of recession on developed market economy countries were also severe. In most of these, production was stagnant or declining, unemployment reached levels unprecedented since the 1930s, and capacity utilization likewise fell to a record low. This deceleration of growth fuelled protectionist trends. For their part, the economies of the socialist countries of Eastern Europe were characterized by slower growth than they had experienced over the past twenty-five years due, on the one hand, to external factors and, on the other hand, to changes in their growth strategies.

* The Conference, at its 200th meeting, on 2 July 1983, adopted the report of its Working Group on agenda item 8 (TD/L.260). This statement was annexed to it. The delegation of the United States of America dissociated itself from the statement.

5. Certain economic indicators point to a partial alleviation of the economic situation of some major developed market economy countries. The signs are tentative and it is far from certain that a sustained and durable recovery is under way. If appropriate policy measures, including the necessary structural adjustment measures, are taken to broaden and deepen the incipient upturn in economic activity in these countries, the recovery would contribute to the growth of world output, trade expansion and development. But the recovery of the developed market economy countries by itself would not suffice and it could be aborted unless these policy measures address both the revitalization of the world economy and the reactivation of the development process in the developing world. The reactivation of development in developing countries would in itself be an important element in the revitalization of the world economy.

6. Multilateral economic co-operation, already beset by difficulties, has not escaped the impact of the crisis. The international trade and payment systems established in the aftermath of World War II underpinned international economic relations for three decades. The institutions concerned underwent several adaptations in response to circumstances. Yet, from the outset these institutions were neither universal nor always geared to support the development process. They have not been sufficiently adapted to cope with the changing realities of the world economy and with the shifting interrelationships between issues in its key areas. The functioning of the international monetary system has faced severe problems. The resources at the disposal of the international financial institutions have proved inadequate to respond to the increased demands made upon them. The multilateral trading system has been seriously endangered. The accepted rules and principles of international trade have been eroded. Reinforcement of confidence in international trade relations among all countries requires inter alia that governments abstain from taking restrictive trade measures for **reasons** of a non-economic character which are not consistent with the GATT and the United Nations Charter. It also calls for the proper and effective discharge of internationally agreed obligations. In order to provide firm support for the development process, to ensure adequate participation of developing countries in the decision-making processes and to cope with the consequences of the crisis as well as to prevent its recurrence, the necessary processes of change in the international economic system must be urgently set in motion.

7. The developing countries have now become a significant partner in the international economy. They absorb more than 30 per cent of the exports of the developed countries and account for about 20 per cent of world output. Their **rates** of savings, investment and growth surpassed those of the developed countries in the 1970s. The recession in the developed market economy countries during that period would have been deeper and their levels of unemployment higher without an expansion of developing country imports from them. In addition, developing countries have become an increasingly important factor in international financial markets.

8. The various manifestations of the crisis have brought out the growing inter-linkages between national economies and the close interactions between world economic problems in the different sectors, particularly in the inter-related fields of new materials, energy, trade, development, money and finance, as well as the inter-relationships between current problems and their longer-term structural aspects. Because of these realities of interdependence, no isolated solution in individual sectors or in one group of countries can be adequate or self-sustaining. The strategy for surmounting the crisis must fully recognize the new role of the developing countries as full partners in world development. Similarly, any measures to deal with the crisis through short-term solutions would not suffice. The situation calls for a coherent set of international policies that address both short-term conjunctural problems and longer-term structural problems.

9. In spite of the deterioration in and the uncertainties of the external environment which have exposed the limitations of the domestic economic policies of the developing countries, they continue in their efforts to formulate and put into effect their own programmes for the revitalization of their economies, being conscious that the primary responsibility for their development rests with these countries themselves.

10. The developed market economy countries have seen inflation brought down through counter-inflationary measures and have agreed to pursue economic policies to support economic recovery and promote development, including measures conducive to low inflation, reduced interest rates, higher productive investment, increased employment opportunities and greater stability of exchange rates.

11. The threat that the present crisis poses to the stability of developed and developing countries alike makes it necessary, therefore, for the international community to launch a programme of concerted measures for the reactivation of the global economy and for accelerated growth and development on a sustained basis in developing countries, as well as for strengthening international economic co-operation. Problems of the magnitude and complexity that the world faces today call for a global approach in which all countries must play their part. The reactivation of the growth process in the developing countries will not come about merely as the trickle-down effect of growth in developed countries. What is needed is an integrated set of policies, encompassing short-term measures in areas of critical importance to developing countries and long-term changes relevant to the attainment of a new international economic order.

12. Specific regional problems of developing countries which are dealt with in such regional development strategies as the Lagos Plan of Action will be given adequate attention in the programme for the reactivation of development in developing countries.

13. In an increasingly interdependent world, the economic future and the political stability of all countries, developed and developing alike, are interlinked. Peace and development are closely interrelated. Durable peace can be best assured by narrowing the economic disparity between nations. Sustained global development and a viable international economic order in turn require an atmosphere of peace, harmony and co-operation, the halting of the arms race, and the adoption of disarmament measures that will release sorely needed resources for development.

14. In the interrelated fields of commodities, trade, money and finance and development, the Conference adopted a programme of immediate measures incorporating the elements contained in the resolutions as adopted and mentioned below and providing for urgent action on them:

I. Commodities

- (a) Common Fund for Commodities (resolution 153 (VI))
- (b) Implementation of the Integrated Programme for Commodities in the area of stabilization and strengthening of commodity markets (resolution 155 (VI))
- (c) Implementation of the Integrated Programme for Commodities in the areas of processing, marketing and distribution, including transportation (resolution 156 (VI))
- (d) Compensatory financing of export earnings shortfalls (resolution 159 (VI))

II. Trade

International trade in goods and services: Protectionism, structural adjustment and the international trading system (resolution 159 (VI))

III. Money and finance

- (a) Official development assistance (resolution 164 (VI))
- (b) International monetary issues (resolution 162 (VI))
- (c) Multilateral development institutions (resolution 165 (VI))
- (d) External debt (resolution 161 (VI))
- (e) International Export Credit Guarantee Facility (resolution 163 (VI))

IV. Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries

Progress in the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries (resolution 142 (VI))

15. The revitalization of the development process in developing countries and the accompanying requirement of structural changes in the global economy have to be central to any programme for its reactivation and for the development of developing countries.