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- General - 1984 - Volume 1

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Mr. Richard H. Frank, Managing Director

The World Bank Group

Remarks to the Consultative Meeting of the
Group of 77 and China

January 13-15, 1997
San Jose, Costa Rica

**Mr. Richard H. Frank, Managing Director
The World Bank Group**

**Remarks to the Second Consultation Meeting of the Group of 77 and China
South-South Conference on Trade, Investment and Finance**

I. Introduction

Thank you Mr. Chairman. [Acknowledge VIPs, including: President Figueres of Costa Rica, Gus Speth (administrator, UNDP), Mauricio de Maria y Campos (Director General, UNIDO), Rubens Recupero (Secretary General, UNCTAD)].

We are very happy you invited us to participate in this important meeting.

Congratulations to you, Mr. Chairman, and to all those who organized this event. A major feat to bring together representatives of so many countries.

I would like to convey Mr. Wolfensohn's warm greetings, who could not be here with us today. What I will say today, however, very much reflects what he would say: a message to deepen our partnership and to learn from you in what ways we can better pursue our common goals.

From the very beginning of his Presidency, Mr. Wolfensohn has made a major effort to strengthen partnerships within the UN family. We are also reaching out to all the stakeholders in the development process to build a stronger relationship based on shared resources and experiences.

This Conference is occurring at a crossroads in political and economic history. Never before has there been such strong growth in the emerging economies and the opportunity to both increase national prosperity and lift living standards of the poor.

Consider :

- In the past 25 years, per capital incomes in developing countries have doubled. We expect that the developing country economies will continue to grow at an average rate of 5-6 percent a year into the next century, double that of the major industrial economies;
- Developing country trade has grown at 8 percent per annum since 1990, and we expect that it will continue at that rate until at least 2005;
- These countries' economies already represent 20% of the world's GDP and will reach 30% in 10 years at the current differential growth rates;
- A very significant contribution to this growth is international private investment which for the developing countries has increased from US\$44 billion in 1990 to around US\$232 billion in 1996.

As all of you here are aware, the growth in prosperity has reached many countries and regions but is not yet universal. As the Declaration states, there are meaningful experiences showing that countries that have adopted sound macro-economic policies, created pro-market regulatory frameworks, sold off money-losing state enterprises, invested in the health and education of their people, and promoted trade are doing well.

But we all know that there is a lot to be done to counterbalance some negative socio-economic trends and conditions. In particular, over 3 billion people -- more than half the world's population -- live in poverty; and 1.3 billion of them live on less than US\$1 dollar a day. In Sub-Saharan Africa, 40 percent of its 550 million people live below this threshold of absolute poverty -- and this is surely a source of the conflict, epidemic disease and political instability that plague Africa. People in rural areas (where over 70 percent of the poor live), women and children, and minority populations are particularly susceptible to poverty.

The challenge we face is clear -- unprecedented opportunity on the one hand, and a formidable task to take full advantage of the opportunity on the other -- is at the center of your concerns at this meeting. Meeting this challenge through international partnership and a focus on people is recognized, and in fact, forms the core of the draft *San Jose Plan of Action*.

Today, I would like to address a number of issues, but given our time constraints, I will focus on three key dimensions raised in the *San Jose Plan of Action*.

These are:

- The role of the private sector in the expansion of investment and financing for development;
- The importance of the social agenda to achieve sustainable and just development; and,
- Enhancing the South-South Investment, Finance and Trade prospects.

II. Building Vibrant Private Sectors and Promoting Investment

A central concern of the Plan of Action is how developing countries can build their private sectors and attract investment. It has been well recognized in the deliberations that need for a higher rate of investment in education and health of people; in physical infrastructure -- telecommunications, power, transport -- which are at the heart of global competitiveness; and in the productive enterprises that will allow countries to enter the global economy, create jobs and provide the basis for national prosperity.

Official Development Assistance can no longer handle these demands alone. ODA is at its lowest point in 20 years. In 1996, the net private capital flows were almost 6 times the level of official assistance flows! Clearly, it is this private investment (both local and foreign) that is going to play the determining role in providing investment for the

emerging economies. With private capital flowing in, these countries can make the essential investments that will generate growth – that will bring a return to hope.

An important dimension should be noted: that the turning to private investment to provide many services, which the public sector has been provided in the past, will open fiscal space, and it will free up public funds for the vital investments in people that need to be made.

This brings to our attention the importance of the public sector role, government. We all agree that for private sector to function there is a need for a strong and efficient public sector.

Let me focus on a number of programs that map a number of the elements in the Action Plan:

Enabling Environment - Legal and policy framework. We are working throughout our client countries to help them build the legal and policy framework that will make them attractive to investors and allow real competition. India provides a good example. Beginning in 1991 we supported India's initiative to implement a number of economic reforms such as investment deregulation, trade liberalization, financial reforms and tax reforms that have transformed the environment for private investment. New rules for foreign portfolio investment have made it a lot easier to participate in stock markets. As a result, foreign direct investment went from US\$165 million in 1990 to more than US\$600 million in 1994. Portfolio investment went from next to nothing in 1990 to more than US\$4 billion in 1994.

Heavily Indebted Poor Countries (HIPC). A critical step in building creditworthiness and attracting investors is to reduce the burden of unsustainable debt in highly-indebted countries. As you know, this HIPC is the first debt-reduction initiative for the poorest countries that is comprehensive – that includes both multilateral and bilateral creditors. It provides an exit strategy from unsustainable debt burdens for the poorest countries that have a strong track record of performance.

Expanding IFC's reach. As you know, IFC is part of the World Bank Group that works directly with the private sector. Last year alone, IFC mobilized more than US\$8 billion in support of projects worldwide with investments in infrastructure, emerging stock markets, improved regulatory environments and much more. And IFC is extending its reach to a new set of countries and companies. Starting this year, it will begin operations in 16 nations where it has never worked before – and which foreign investors have perceived as too risky to help companies considered to be too small for most financiers.

Private sector assessments. In many countries, the structure of the private sector and the constraints to its development are not well known. Since 1992 we've been carrying out private sector assessments, and these are forming the basis of dialogue with government on joint work in policy and institutional reform. We have jointly done

over 30 of these in countries as diverse as Ghana, Indonesia, India, Poland and Egypt; and we have a half dozen more being done this year. Carrying forward the concept of the PSA's to operational reality, we are now preparing Private Sector Strategies for specific countries to ensure that the efforts of all of the Bank Group institutions IBRD, IDA, IFC and MIGA are synchronized and consistent with our ultimate objective of poverty reduction.

Investing in infrastructure. As the *San Jose Plan of Action* recognized, improving infrastructure is key to improving the environment for market led growth; and private financing is critical for building infrastructure [in fact, private financing of infrastructure in developing countries reached US\$35 billion last year]. It is all the more vital to help developing countries build appropriate market structures and economic regulations for infrastructure. We facilitate private financing of infrastructure through loans and guarantee programs [From 1988-96, 138 Bank loans and credits; since 1994, 8 guarantees] that support policy improvements, fund direct investments in infrastructure, and catalyze private funding for public sector projects. An example of this is the **Asia Infrastructure Fund**, which IFC launched with private sector partners in 1994. By the end of September 1996 it had approved 14 investments, and committed US\$689 million in power, transportation and telecommunications projects in China, the Philippines, Indonesia and India. The total investment which has been catalyzed by the Fund has been several times its own investment.

Building financial institutions. Financial sector development is at the core of building a business-friendly environment to make South-South cooperation much more action oriented. In this respect, we are lending in support of both policy reforms and building the technical capacity of financial institutions to handle systemic shocks like the Mexico and Argentina crises. For example, in China, we launched a program of technical assistance to the Central Bank in 1992, which assists with regulation and supervision of the financial system, a more efficient payments system, the setting of accounting standards, and strengthened capacity of the Central Bank to set monetary policy. I should add that at our Annual Meetings at the beginning of October, Mr. Wolfensohn and Mr. Camdessus announced that the Bank and the IMF would be launching a joint initiative to strengthen financial sector, particularly banking in the developing countries.

Building portfolio investment funds. In 1984, IFC helped catalyze the emerging markets portfolio industry when it launched the Korea Fund. Two years later IFC helped launch the Emerging Market Growth Fund, the first global fund targeted at emerging markets [starting with US\$50 million, by 1994 the EMGF had net assets of US\$5.5 billion]. These early successes kindled the interest of investors worldwide. Since 1986, IFC has underwritten or invested in over 30 other portfolio investment funds. For each dollar that IFC has invested in funds, other investors have provided an average of US\$6.80 [i.e., IFC's own commitments of US\$806 million have been associated with US\$6.3 billion at initial fund capitalization].

Increasing information to investors. Finally, we are designing an information system that investors need to enter new markets with adequate levels of comfort. The

emerging Markets Data Base, produced by IFC, has gained international recognition as the world's premier source of reliable and comprehensive information on stock markets in developing countries [it covers 44 of them]. It is the basis for The IFC Investable Indexes (IFCI), which have become the principal benchmark for emerging markets used by institutional investors. Four years ago, virtually no emerging markets investments were made on a "passive" indexed basis. Now nearly US\$10 billion is managed by index. Roughly three-quarters of this is based on IFC indexes.

Portfolio flows from institutional investors represent over half of the US\$232 billion net private capital flow. And I expect they will continue to grow. On average US pension and mutual funds have less than 2% of their portfolios invested in the emerging economies. Based on an ideal risk diversification and return expectations, they would like to raise their portfolios shares in the emerging economies to 3-4%.

Providing advice to our clients. Our Foreign Investment Advisory Service (FIAS) is a joint venture of the Bank and IFC which for 11 years has advised governments [in about 100 countries] on investment laws and regulations, taxation, and ways to attract investors; it also helps governments establish investment promotion agencies. Tomorrow, a FIAS officer will present and discuss a paper with this forum on the role and benefits of FDI in development and what emerging economies can do to attract greater levels of foreign investment.

III. The World Bank's Social Agenda

Mr. Chairman, let me now come to some key components of the Bank's social agenda. At our Annual Meetings, Mr. Wolfensohn discussed several changes in the World Bank's approach, in particular a new social agenda which we are placing at the core of the Bank's work. In his speech he said that "at the end of the day, people make policies and projects work. Social, cultural and institutional factors are key to success and sustainability." Mr. Wolfensohn and the World Bank firmly believe that without social advance, there can be no sustainable economic advance.

Poverty reduction remains at the heart of everything we do. And we are fully aware that market-led growth is a necessary condition, but it is clearly not enough. To really root out poverty, we all have to attack it head-on, and we have channeled US\$5.4 billion directly to projects that directly target poverty last year.

Developing financial markets and create the enabling environment for micro-enterprises development. We are also trying to increase the access to credit by the poor strata of the population. We have worked with several micro-finance institutions like the Grameen Bank in Bangladesh and are building on its example to increase microcredit programs in all regions. Furthermore, we have taken the lead in forming the Consultative Group to Assist the Poorest, which provides help to small enterprises just getting started in developing countries. And we are providing training for start-up entrepreneurs [example: the Kenya Micro and Small Enterprise Training and

Technology Project -- a training fund for upgrading skills for low-income entrepreneurs, especially women].

Mainstreaming poverty reduction and social issues into macro-economic management. We are placing poverty reduction at the core of our country assistance strategies through the mechanism of *poverty assessments* [carried out thus far in 62 countries covering 80-90 percent of world's poor], which will be incorporated into our country strategies.

We are also carrying out *social assessments* [70 in the past 2 years] which are designed to make sure that our projects include the participation of local stakeholders and make sure that they are feasible in the local social context. For example, our social assessment of the Turkey Basic Education Project got input from parents which caused us to change the design from adding more schools to improving the quality of existing schools. In our very recent Russia Coal Sector Restructuring Project, the social assessment showed us how mine closing affected not just miners, but entire communities. As a result, plans to relocate miners were dropped and the emphasis shifted to developing community specific responses and retraining.

We should not forget the demographic and gender dimension of poverty. We are fully committed to make investments and to promote programs that particularly benefit women.

Investing in human development is central to our social agenda. In the past decade, we have increased lending for human capital development 5-fold, and we are now the world's largest provider of resources for social investment. Over the last decade our lending for *population, health and nutrition programs* has more than quadrupled from US\$200 million to US\$1.2 billion. To give some examples, in Senegal we are supporting reproductive health interventions, AIDS prevention, women's associations, income generating activities and literacy programs for women. In Brazil we are supporting a mass media public education programs designed to alert women - who are the major victims of HIV and sexually-transmitted disease infections - about how to prevent their transmission.

In the same period **education** lending went from US\$940 million to US\$2.2 billion. We are working towards having 60% of our lending for education going directly to girls' education. *Last year, we lent US\$554 million in direct support of girls' education, and in the current year our goal is US\$600 million.*

Social safety nets are also critical to our social agenda. We now support 19 social safety nets [about US\$2 billion in FY95] designed to help the sick, the disabled and the elderly; as well as to absorb economic shocks. Job creation is the goal of a large proportion of our safety net programs. For example, through out **AGETIP** (see **attached**) programs - public works and employment projects - in several West African countries, we have been quite successful in creating labor-intensive employment in public works projects. In Latin America and in Africa, a great deal of our support goes

to social funds [8 in LAC region, 16 in Africa], which help communities with construction of schools, clinics, water supply, minor roads, and so forth.

IV. The World Bank Group and G-77 & China Working Together - Expanding South-South Trade and Investment

The World Bank Group is working closely with most of the countries represented here. We are expanding our efforts to jointly develop programs of assistance that address the priorities, opportunities, and constraints faced by each country — programs of assistance that will help create the enabling environment needed to attract foreign direct investment, improve the domestic business environment, to develop needed infrastructure, and to build strong capital markets. All of these elements are essential for expanded trade and investment.

The Bank Group is also being asked by your authorities to play a larger role in supporting regional projects. While most of our projects are country specific, the number of multi-country projects is growing reflecting a strong worldwide trend. These projects range from power sharing in Central America to helping develop multi-country oil and gas pipelines in Central Asia to a power exporting project from one southeast country to another. Among the other regional projects we are exploring are a telecommunications project in the Africa Regional, a solar energy investment in the Africa region, the Brazil/Bolivia gas pipeline, the Chad/Cameroon pipeline, a gas trade project between Mozambique and South Africa, and a grain handling project between Romania and Bulgaria.

We are expanding our catalytic role in the leveraging financing for these projects through the use of the World Bank's guarantee instrument, IFC's syndicated loans, and MIGA political risk guarantees.

South to South Investment Links

The IFC has created Asian network of venture capital - APEX based in Singapore, helped establish a regional leasing operation out of Hong Kong and was the founding shareholder of Bladex, the Export Credit Bank for Latin America based in Panama.

IFC has also helped promote south-south investment by bringing together its clients doing to work joint ventures in other developing countries.

- KDLC - from Korea to set up the first leasing operation in Egypt

The Bank Group is also working to promote investment in emerging markets by making it easier to get information on investment opportunities in those countries.

MIGA's IPAnet is an internet-based global investment marketplace linking investors and investment information. Key players in the investment community can share

investment-related information, identify partners and clients with matching interests, market and communicate at negligible costs, and announce events and news.

The Bank Group's Business Partnership Center is also working with Chambers of Commerce throughout the developed and developing world to increase knowledge among the international business community of the Bank Group's many products and services as well as in the future, the products and services of companies from developing countries.

V. Conclusion

In conclusion Mr. Chairman, we find a large number of areas where we can all join hands to further the proposed development agenda.

But the acid test will be measured by at least three "yardsticks":

- Results on the ground.
- Choice of partnerships.
- Countries ability to sustain policies and institutional change.

We fully endorse the call for country responsibility and accountability, both in planning and development implementation.

As quoted by President Figueres, the Declaration on its paragraph 15 states that:

"No one will do for us what we ourselves are not willing to do".

We fully agree with the centrality of such a statement as:

- It confirms that sovereignty of nations is a sine-qua-non condition to attain a higher development path; and
- It underscore the importance of a public commitment to attain the aims and targets of such a development process.

Mr. Chairman, we came to San Jose not only to participate in the debate, but to see how we can become an integral part of implementing the goals of the Group of 77 and China.

Thank you very much.

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SAN JOSE DECLARATION

1. We, the Member States of the Group of 77 and China (G-77), have gathered in San Jose, Costa Rica from 13 to 15 January 1997, with the aim of starting the process of accelerating the implementation and updating of the Caracas Programme of Action adopted by the High-level Conference on Economic Cooperation among Developing Countries, held in Caracas from 13 to 19 May 1981, in the context of the developments and changes that have taken place since 1981.
2. The Caracas Programme of Action identified South-South cooperation as an integral part of the collective action of the Group of 77 and China to renew, accelerate and strengthen cooperative efforts and solidarity among developing countries.
3. The historical circumstances out of which the Caracas Programme of Action emerged have changed considerably ever since. Developments of significant importance have taken place in the last decades, introducing new trends and reshaping central aspects of the international agenda.
4. We reaffirm the continued relevance as well as the increasing importance of South-South cooperation in the current international situation. We also recognize the great potential for furthering this cooperation. In this context, we resolve to strengthen cooperation among the developing countries on the basis of equality and mutual benefit, complementarity and common development. We emphasize that a more dynamic economic cooperation will significantly contribute to the strengthening of South-South cooperation in other fields.
5. The goals and aspirations of South-South cooperation continue to be valid. While many countries and regions of the South have followed differentiated patterns in terms of economic growth, there is a widely accepted perception in the Group of 77 and China that the advantages of cooperation and economic integration among the countries of the South constitute a promising strategy to foster their development. Therefore, we reiterated that South-South cooperation constitutes an important element of international economic cooperation and viable strategy for greater collective self-reliance for national, regional and global development.
6. There is also a firm conviction that South-South cooperation is not a substitute to, but rather a complement for North-South cooperation. Therefore, it should be actively pursued and vigorously strengthened, without abandoning the North-South dialogue through which the countries of the North are called upon to fulfill their international commitments.

7. The member countries of the Group of 77 and China adhere to the principle that no one can do for us what we do not do for ourselves. In this regard, we recognize that there has not been adequate awareness about the unexplored or unutilized capacities in the South for all possible avenues of mutual cooperation that no doubt exist among the developing countries of Africa, Asia, Latin America and the Caribbean.

8. The member countries of the Group of 77 and China also believe that the realization of the full potentials of and opportunities offered by South-South cooperation is inextricably linked to a favourable external economic environment which enables the developing countries to play a more active role in international policy decision-making processes, improves their terms of trade and access to international markets, promotes their commercial and industrial competitiveness, provides a durable solution to their external debt problem, and supports their efforts in achieving sustained economic growth and sustainable development.

9. Globalization and the revolution in information technology have increased economic interdependence. These two factors are, among others, the phenomena which most deeply have characterized the economies of the world in the recent years. They are also forces that increasingly promote the liberalization of trade, finance, and investment, intensifying the competitive and efficiency demands on developing countries' economies.

10. The different levels of economic development at which countries enter the processes of globalization and liberalization constitute a reality that must be addressed in pursuing the implementation of South-South cooperation so as to accelerate development and enhance the capacities to deal with the challenges posed by globalization and liberalization.

11. The Governments, while strengthening their function as guiding agents of the economy and guarantors of the indispensable stability for such activity to take place in an inductive environment, have been exerting greater efforts in the promotion of market-oriented policies and the participation of the private sector in the development of the national economies.

12. From this perspective, it would be desirable to develop and strengthen a partnership relationship among the different actors involved in the economic and cooperative processes from which the public and private entrepreneurial sectors cannot be absent, including the different organizations of civil society at the national and international level.

13. This partnership should optimize the economic capacity and the collective self-reliance of the countries of the South, in the context of a globalized and increasingly interdependent world economy. It is also important to keep a proactive attitude towards the development and strengthening of initiatives and enterprises in those regions in which the development of the private sector is still nascent.

14. South-South cooperation deserves adequate international support so as to enable the developing countries to evolve into a genuine partnership with developed countries for the common purpose of fostering and strengthening the global economy.

15. We note that the evolutionary and tripartite approaches, whose effectiveness have already been demonstrated, should be intensively explored and implemented so as to facilitate and further promote South-South programmes and projects.

16. South-South cooperation constitutes an important priority of the activities of the United Nations Development Programme. It is therefore vitally important to maintain the separate identity and financial autonomy of the Special Unit for TCDC of UNDP and the Regional Economic Commissions. The same should hold for UNCTAD, UNIDO, FAO and other bodies and agencies of the United Nations System.

17. Reaffirming the central role of the Intergovernmental Follow-up and Coordination Committee (IFCC) in monitoring and advancing the implementation of the Caracas Programme of Action and bearing in mind the importance that the G-77 and China attaches to regional consultations, it is critical that the process of accelerating the implementation of the Caracas Programme of Action through concrete and practical forms and modalities of South-South cooperation, be pursued purposively by the Chairmanships of the Group of 77.

18. We therefore recommend the inclusion in the work programmes of the Chairmanship of the Group of 77 and China, the holding of regional consultations on South-South cooperation in the fields of Trade, Investment and Finance, and the harmonization and integration of the results of the consultations, together with the recommendations of sectoral meetings, for subsequent submission to the Annual Ministerial Meeting of the Group of 77 and China through the Intergovernmental Follow-up and Coordination Committee (IFCC).

19. The consultation processes would benefit if the Group of 77 and China had an independent institutional base of its own that could guarantee the continuity of the initiatives and the implementation of the recommendations emanating from the Ministerial Meetings, as well as coordinate, to the maximum extent possible, the analytical capabilities of the South Centre, UNCTAD, UNIDO, UNDP, FAO and other bodies of the United Nations System.

20. We, in the spirit of true partnership for development, call on the developed partners, as well as relevant international institutions, particularly international and regional financial institutions, to provide concrete support to the efforts by the developing countries to strengthen South-South cooperation.

6-77

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: January 10, 1997 12:18pm EST

TO: DONNA DOWSETT-COIROLO

(DONNA DOWSETT-COIROLO@A1@WBHQB

FROM: SHAHLA TORABI, LADCR

(SHAHLA TORABI@A1@CORICA)

EXT.:

SUBJECT: Latest on G77

Donna,

In the absence of any finalized agenda, this is the latest information I have got informally.

Ricahrd Frank will speak Monday afternoon, at 5.00 pm, at the same session as Iglesias. This would be general World Bank, partnership for development, etc.

Tuesday morning, Benjamin Rowland, will speak on Foreign Investment. We don't know what time.

Alfredo Younis from New York, is also coming to attend some of the sessions which is great.

Sunday night there is a reception for Mr. Speth. Which Mr. Frank is invited and Alfredo will also come with me.

Monday, there will be a luncheon by President Figueres. He would also like to meet with Mr. Frank at one point. We will know then.

Monday evening a reception for all the participants.

Tuesday Evening, reception by the Chambers of Commerce and Industry of the Group of 77 and the Costa Rican Private Sector. I think Mr. Rowland should go to that.

Hopefully, we will get the confirmed agenda by the end of today.

As I had mentioned earlier part of these delays are I think because they are trying to get Mr. Kofi Annon to come for the opening session. And they still do not know.

best regards shahla

CC: MOINA VARKIE
CC: VALERIE WINN
CC: JUDITH MCGUIRE
CC: MARCELA CORTES

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**EXTERNAL AFFAIRS
OFFICE OF THE VICE PRESIDENT**

DATE.: January 10, 1997

PAGES: (6)
(Including cover sheet)

TO : Ms. Moina Varkie

FAX NO.: 522-2138

FROM: Ms. Judith Maguire
External Affairs
1818 H Street, NW, Washington, DC, 20433
United States of America

FAX NO.: 202/522-2646

PHONE: 202/473-1833

SUBJECT: South-South Conference on Trade

MESSAGE: See second page of the schedule -- 5 p.m.

Judith

**SOUTH-SOUTH CONFERENCE ON TRADE, FINANCE AND INVESTMENT
G-77 AND CHINA - UNITED NATIONS
SAN JOSE, COSTA RICA - JANUARY 12, 13, 14 AND 15.**

TENTATIVE PROGRAMME

I.- January 12 (Sunday)

- 1.- Arrival of the participants.
- 2.- Meeting of the Executive Commission of the Chamber of Commerce and Industry of the Group of 77. (Hotel Herradura)
- 3.- Delegates Registration. (Hotel Herradura Convention Center)

II.- January 13 (Monday)

First Plenary

1.- 9:00 a.m.-9:30 a.m.

Opening Ceremony

- a) Welcome remarks by Dr. Fernando Naranjo, Minister of Foreign Affairs, Costa Rica.
- b) Ambassador Daudi Ngelaniwa Mwakawango, Chairman of the Group 77 and China 1997, United Republic of Tanzania.
- c) Mr. Tariq Sayeed, President of the G-77 Chamber of Commerce and Industry, Pakistan.
- d) Ambassador Razali Ismail, President of the United Nations General Assembly, Malaysia.

2.- 9:30 a.m.-10:00 a.m.

Election of the Bureau of the Conference.

3.- 10:00 a.m. -10:30 a.m.

Statement by the Honorable Jose M. Figueres, President of Costa Rica,

4.- 10:30 a.m.-10:45 a.m.

Coffee break

5.- 10:45 a.m.- 11:30 a.m.

Round Table: "The Perspective of the United Nations on South-South Cooperation".

- a) Mr. James Gustave Speth, UNDP Administrator.
- b) Ambassador Rubens Ricapero, UNCTAD Secretary-General.
- c) Dr. Mauricio de Maria y Campos, UNIDO Director-General

6.- 11:30 a.m.- 12:30 p.m.

General Debate on the Issues of the Round Table.

7.- 12:30 p.m.-2:30 p.m.

Lunch

8.- 2:30 p.m.- 5:30 p.m.

First meeting of the Drafting Committee (San José Declaration and Plan of Action)

Second Plenary

9.- 2:30 p.m.-3:00 p.m.

Keynote address by Dr.Enrique Iglesias, President of the Inter-American Development Bank (IDB).: "South-South Cooperation: the perspective of the Regional Financial Institutions."

10.- 3:00 p.m.- 5:00 p.m.

General Debate (the list of speakers is open)

11.- 5:00 p.m.- 5:30 p.m.

Keynote address by Dr. Richard Frank, Managing Director of the World Bank: "The role of the World Bank on South-South Cooperation."

12.- 7:30 p.m.- 9:30 p.m.

Reception given by host country, "Pueblo Antiguo".
(transportation begins at 7:00 p.m. from the hotels)

III.- January 14 (Tuesday)

1.- 9:30 a.m.- 12:30 p.m.

Presentation of Technical and Background Papers and General Debate:

1.- Office of the Chairman (1996):

a) Paper SSC/BD/1 by Consultant Dr. Marcus Vinicius Pratini de Moraes, Brazil.

b) Paper SSC/BD/2 by Consultant Dr. V.R. Panchamukhi, India.

2.- Institutions:

- a) UNCTAD: "Cooperation Among Developing Countries in a Globalizing Economy: issues and actions proposals"
- b) UNIDO: "Industrial Development in the era of globalization: competitiveness and south-south cooperation."
- c) WORLD BANK- Foreign Investment Advisory Service: "The role and benefits of foreign direct investment in development, and how to get more of it."
- d) INTERAMERICAN DEVELOPMENT BANK (IDB) : "Transportation Infrastructure in Latin America."
- e) UNDP- Regional Bureau for Latin America and the Caribbean : "Judicial System Reform and Economic Development in Countries of the South"
- f) SOUTH-CENTRE: "Regional and sub-Regional Integration and Economic Cooperation Groupings: A driving Force to South South Cooperation."

2.- 9:30 a.m.- 12:30 p.m.

Second meeting of the Drafting Committee (San José Declaration and Plan of Action)

3.- 12:30 p.m.-2:30 p.m.

Lunch

4.- 2:30 p.m.- 3:30 p.m.

Demonstration of the advantages of the New Technologies and their relationship to trade and development. (UNCTAD-UNIDO).

5.- 3:30 p.m.-3:45 p.m.

Coffee Break

Third Plenary

6.- 3:45 p.m.- 5:45 p.m.

General Debate (continued): Presentations by the Delegations, according to the list of speakers.

7.- 2:30 p.m.-5:45 p.m.

Third meeting of the Drafting Committee (San José Declaration and Plan of Action).

IV.- January 15 (Wednesday)

1.- 9:30 a.m.-10:30 a.m.

Joint Session (Representatives of the public and private sector)

2.- 9:30 a.m.-12:30 p.m.

Final meeting of the Drafting Committee (San José Declaration and Plan of Action).

3.- 10:30 a.m.- 10:45 a.m

Coffee break

Fourth Plenary

4.- 10:45 a.m.- 12:45 p.m.

General Debate (continued).

5.- 12:45 p.m.-2:30 p.m.

Lunch

Fifth Plenary

6.- 2:30 p.m.- 4:30 p.m.

a) Report of the Drafting Committee.

b) Adoption of the San José Declaration and Plan of Action.

7.- 4:30 p.m.-4:45 p.m.

Coffee Break

8.- 4:45 p.m.- 5:30 p.m.

Closing Ceremony of the Conference.

a) Ambassador Fernando Berrocal, Chairman of the Group of the 77 and China, 1996, Costa Rica.

b) Ambassador Daudi Ngelautwa Mwakawago, Chairman of the Group of the 77 and China , 1997, United Republic of Tanzania.

c) Dr. Fernando Naranjo, Minister of Foreign Affairs, Costa Rica.

9.- 7:00 p.m.-9:00 p.m.

Closing Reception at Hotel Herradura.

V.- January 16, (Thursday)

Departure of Delegations

G-77

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: December 27, 1996 02:34pm

TO: MARK MALLOCH BROWN
TO: Jane Armitage

(MARK MALLOCH BROWN @A1@WBWASH)
(JANE ARMITAGE)

FROM: Alfredo Sfeir-Younis, EXTUN

(ALFREDO SFEIR-YOUNIS)

EXT.:

SUBJECT: The G-77 Meeting in Costa Rica
January 13-15, 1997.

Mark and Jane:

This morning, I had long conversations with Therese Belot (assisting Richard Frank) and Shahla Torabi, Res.Rep. in Costa Rica, regarding some of the necessary arrangements for The G-77 event. Ms. Torabi has spoken to the Minister of Foreign Affairs, and advisors, to make sure that Richard Frank is given the status he deserves and that his presentation is scheduled at a plenary with Enrique Iglesias. Of course, nothing can fully guarantee that the requests will be granted, but the probability seems very high at this point. She will continue steering in the said direction and will brief us on monday.

We agreed that this is an important event, where we in EXT may need to think very rapidly about our own participation. In many respects we will be the principal beneficiaries of this conference (or the ones affected), as the political decisions agreed upon in San Jose will clearly set the tone for the future debate here at the UN. Within this context, it may prove useful that I attend such an event. This would imply that I will not attend Wolfensohn's dinner with Mr. Diouf (FAO). Let me know what you think.

Given the short time left for preparation, I feel that, in addition to what we have already done in EXTUN, we could only provide marginal inputs. However, we could assist in the selection of documents that were prepared during and after the Annual Meetings which could be distributed to the delegates and the press. Perhaps, a few insights from existing briefs (e.g., ECOSOC, ACC, UNHCR) may prove useful to Mr. Frank.

It is important to note that most of the relevant actors will be in DC not before January 6 and that the event in San Jose begins the morning of January 13!! I write this note, so the situation does not put us in an impossible trajectory.

Your advise is welcomed!.

Many thanks,

Alfredo

CC: Therese Belot
CC: SHAHLA TORABI
CC: Judy Grayson
CC: Lisa Pachter

(THERESE BELOT)
(SHAHLA TORABI @A1@CORICA)
(JUDY GRAYSON)
(LISA PACHTER)

G-77

A L L - I N - 1 N O T E

DATE: 27-Dec-1996 10:55am

TO: MOINA VARKIE (MOINA VARKIE @A1@WBWASH)

FROM: Therese Belot, EXC (THERESE BELOT)

EXT.: 33219

SUBJECT: G-77 Conference in Costa Rica (January 13-15) Preparation for
World Bank Group Participation

Moina :

Here is an update on our preparation. I also would like to thank all of our colleagues who are pulling together in this exercise.

1. Planned WBG Participation:

JDW has suggested the G-77 that Mr. Frank attend the conference in his place since he had prior commitments (letter was faxed on Dec. 23). At this point, and although we have not received an official reply from the G-77, we are preparing for Mr. Frank's participation. Shala Torabi, Manager of the Bank office in Costa Rica, has discussed it with the Minister of Foreign Affairs of Costa Rica, Mr. Naranjo.

As per our discussion with Ambassador Gutierrez (Costa Rica Delegate to the UN) on December 10, Benjamin Rowland (FIAS) has agreed to present a paper on FDI issues. Ben will send us shortly his paper. Shala Torabi in Costa Rica, will also attend the conference.

2. How We Are Pulling Together:

Shala is playing an increasing role in coordinating our participation with the organizers in Costa Rica, especially as the conference organization seems to have largely shifted from the G-77 office in New York to the Ministry of Foreign Affairs. As of today, the program has not been finalized and it is not clear how the sessions, round-table, etc. will be organized. Shala is following up closely but this is largely complicated by the holiday season. More specifically, she is :

i. Coordinating with the Ministry to ensure appropriate level of political representation. Mr. Frank's intervention should be at the same session where Enrique Iglesias is speaking. The current program however includes a Round-Table on MDBs on Tuesday, but EI is only planning to be there on Monday. FIAS presentation should normally take place on Tuesday.

ii. Coordinating with our office (Valerie Winn) the logistical arrangements for Mr. Frank's visit in Costa Rica. In addition, Shala will provide a briefing to Mr. Frank on his arrival and can assist him during the conference. The briefing will include salient points of the Bank program in Costa Rica (the conference will be hosted by the President of Costa Rica). Sally Zeijlon, on the Bank side, and Hugh Henry-May, IFC, are also giving us briefing material on Costa Rica.

Mr. Anthony Ody has played a catalytic role in connecting and informinmg the different parties (LAC, EXT, EXC) about this event.

EXT's UN Office is providing valuable information and insights on the UN debate and advice for our participation. Alfredo Sfeir-Younis in his EM yesterday provided substantive input on this G-77 conference. He is stressing its political significance and feels that the Bank should make a strong political statement on this occasion. This would help to provide the framework for the new UN development agenda as well as to strengthen the Bank's image as a partner with the UN in the development arena. Alfredo offered to help prepare Mr. Frank's statement and suggested that parallel activities, such as a press conference may be worth considering if Mr. Frank's schedule permits.

Monday is my last day at the office before I, in turn, take some vacation. I have informed our colleagues that you would be kindly taking over this preparation with them.

With Best Season's Wishes to all.

Therese

CC: SHAHLA TORABI	(SHAHLA TORABI @A1@CORICA)
CC: Donna Dowsett-Coirolo	(DONNA DOWSETT-COIROLO)
CC: VALERIE WINN	(VALERIE WINN @A1@WBWASH)
CC: Alfredo Sfeir-Younis	(ALFREDO SFEIR-YOUNIS)
CC: BENJAMIN ROWLAND	(BENJAMIN ROWLAND @A1@WBWASH)
CC: Sally Zeijlon	(SALLY ZEIJLON)
CC: HUGH HENRY-MAY	(HUGH HENRY-MAY @A1@WBWASH)
CC: Judy Grayson	(JUDY GRAYSON)
CC: Lisa Pachter	(LISA PACTHER)
CC: Anthony Ody	(ANTHONY ODY)
CC: Karalee Rocker	(KARALEE ROCKER)

G-77

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: December 26, 1996 11:01am

TO: Therese Belot (THERESE BELOT)

FROM: Alfredo Sfeir-Younis, EXTUN (ALFREDO SFEIR-YOUNIS)

EXT.:

SUBJECT: Richard Frank Attendance at G-77 Meeting in Costa Rica

Therese:

I understand you have had initial contacts with Judy on the above related matters. In my view, this is a very important meeting as it sets both the development and the political agenda for the next few years, here at the UN and at similar fora.

As you requested, this note focuses on considerations regarding the format of the meeting, the content of reports and a few suggestions regarding the possible content of Richard Frank's speech.

II. The Format of The Meeting

First, the background materials include four basic documents:

1. "Draft San Jose Declaration",
2. "Draft Plan of Action",
3. "Tentative Programme of Activities and Agenda", and
4. "II Progress Report".

All of them are important to read (they are relatively short) as these would provide you with significant insights regarding expectations and possible themes for Richard to touch upon.

Second, and more mandane, it is essential that Richard be given the proper status. The progress report mentions that an invitation was made to Mr. Wolfesohn. I assume that if Mr. Wolfensohn would have accepted the invitation, he would have been given a very prominent slot in the program. However, the tentative agenda gives the Bank a slot in one of the roundtables and not in the Plenary!. Am I right?. This needs to be checked.

In this context, you should note that the speakers from UNIDO, WTO and UNDP are given more prominent slots (if my interpretation of the program is correct). In my view, Richard should speak at one of the key plenaries.

Third, as the meeting will be organized around discussion sessions, it would also be important the Bank positions itself in

a way to get the most benefit out of these sessions. Given Richard's position, I would assume he would feel much more comfortable in a round table on the private sector, although I know he can address practically any topic!. Would there be other Bank staff members participating in the roundtables?

Fourth, it may be useful if the Bank prepares a special brochure (and brings other publications) with a statement regarding lending and other development services provided to the G-77 countries plus China. In our experience, delegations to the UN have very little understanding of our contribution. Remember they are from the ministries of foreign affairs, or development cooperation, and not from the ministries of finance or economy.

A "reality check" regarding our contribution might be an important element of the overall debate (see below). Something like this was done for the "Summit of The Americas" and it really paid off. The important ingredient is to look into the declaration and the plan of action, and map their scope and substance into our activities (e.g., trade, finance, investments,...)

Finally, the progress report states that the Bank has been asked to prepare one of the main reference documents covering an "analysis of obstacles and problems for foreign investment in developing countries". Who is preparing the document?; what is its status?; could we have a copy as soon as it is made available?. Clearly, such a document could also be used to make other points!

II. On The Substance of the Meeting

a. The facts:

Primo, there are a number of themes that are repeated over and over again in the declaration and in the plan of action. This may give a good basis for a speech outline.

Secundo, the meeting is taking place to revise the old agenda for development agreed upon in Caracas a decade ago. The argument for a change in the agenda: several of the conditions in the world economy have changed since and, thus, there is a need to recognize those changes within the framework of a new development/political agenda.

The presentation of the changed conditions, is rather obscure, though a number of elements are singled out: trade liberalization, globalization, expansion of capital markets and technology development.

Tertio, the Bank is mentioned in the said documents a few times, while the IMF is never mentioned explicitly (unless as a Bretton Wood Institution)!. References to the Bank are broad and formatted in a tame way. UNDP is mentioned several times,

including its funded South-South Cooperation Program (a small component compared to the real challenges)

Cuarto, globalization, opening to trade and adjustment are accepted as "good things"; always with a caveat that there are important negative (distributional) effects which need to be contained. While the report does not go in much depth to treat some of the key issues, we need to review carefully some of the actions proposed and determine the extent to which they are in line (or not) with Bank policies and practices.

Quinto, believe it or not, it is recognized that some LDCs have been economically successful through the adjustment process! The speech needs to capitalize on this as the Bank is often criticized for its role on adjustment. Also, you should read what is said on trade barriers as there is a very strong pitch for elimination of non-tariff barriers, including those from environmental labeling. The issue of improved competitiveness comes very strong everywhere, but it need to be linked to sustainable development and other issues.

Sexto, the report mentions the debt issue but it does not give any recognition to the Bank's recent initiatives. The speech should outline the latest on the Bank Debt Initiative. The same applies to private sector participation, institutional development, trade financing, credit, etc.

Septimo, South-South cooperation is sought as one of the most important activities to be undertaken in such areas as trade, technology transfer, sharing development experience and seeking financing. Many of the malaises outlined in the reports are expected to be solved with South-South cooperation. Examples of where the Bank has assisted in this type of cooperation would be useful. Using the case of Africa will show Bank's critical involvement.

Octavo, the declaration gives the flavor that the least developed countries (Africa in particular) are in deep trouble. For them globalization, liberalization and the like are not beneficial unless a number of conditions are met (lots of technical assistance; explicit mentioning of the role played by UNCTAD and UNIDO, but no reference to the Bank). Our trade related initiatives in Africa should be outlined.

Noveno, the role of the private sector is explicitly recognized but the discussion of its role vis-a-vis the public sector is not well presented.

Decimo, regional integration is a recurrent theme --either as the solution to many problems or as the new way to expand trade and industries. This is important in the context of the DEC critic of MERCOSUR. They expect the Bank to join other regional Banks to support these regional integration efforts. We need to highlight our join programs with ADB, AfDB, IADB,...

Onceavo, there is too much emphasis on industrial development, and very little or nothing on the role that agriculture will play, the challenges associated to the goals and objectives of sustainable development, the imperatives linked to poverty alleviation, the impacts of rapid urban development,... This is a major flaw in the Plan of Action. Thus, if one is to interpret their development paradigm, it would look pretty close to a new form of industrialization. The Agricultural Action Plan could be presented and show the critical role that agriculture will play in the next decades; use Africa and the least developed countries as an example. The same applies to the management and conservation of natural resources.

b. An opinion:

The reports are relatively weak on substance and, at times, full of generalities. I assume, this reflects the nature of the meeting and the attempt to find the least common denominator for consensus building.

The identification of what has really changed since Caracas is not made explicit, and one should suspect that the debate will go all over the place. The pendulum will swing from a recognition that liberalization, globalization, and all the "ions" are good, BUT,..., protection is needed, least developed countries should have spacial programs,... Something very similar to the resolutions that are signed here at the UN.

III. On Richard's Presentation

1. Richard's presentation should be very much to the point and with no apologies.

The Bank's records on debt relief, poverty alleviation, financing and investments, technical assistance, partnerships with civil society,...should be clearly presented.

2. It is important to outline the Bank's views and programs in a way that Richard could clearly show that the Bank has thought about the above mentioned issues--i.e., that we are not on the side lines-- and that we have discussed them with each of the government represented in Costa Rica (e.g., Consultative Group Meetings, Public Investment and Expenditure Reviews, Country Assistance Strategy).

3. The latter point is extremely important as they must get the message that any action/programs they propose must be inserted within the on-going discussions/agreements with the Bank and other development institutions. This is a moving train!!.

4. The presentation should include a very good overview of the development paradigm of the year 2000 and beyond as conceived by

the Bank, outlining the main elements of such a paradigm, showing how are these changing, and presenting where is the World Bank in all of this.

5. I would "push" the delegations to think about the value system embodied in the new paradigm. For most of the delegations, the declaration of the Social Summit is the "new deal", although, almost nothing is reflected in the declaration or the plan of action. The human dimensions of the paradigm are absent. Thus, one could present the key elements of that human value system and offer some ideas regarding where do the UN delegations fit in the enriching process of those values.

6. A description of the lending program for the G-77 and China, as compared to the total Bank lending, will be very revealing to them! It will show the major commitment the Bank has to their group. This should be accompanied with a statement of project performance, using the sentence in para 15 of the Declaration: "No one will do for us what we ourselves are not willing to do".

Overall, the tone should be firm, but the message extremely humane and compassionate. The substance should be clearly spelled out, and our role delineated with critical details. The projected messages have to be full of strong values, including cooperation and partnerships with the UN. They need to hear about how committed the Bank is to partnerships with the UN. Included in this dimension of Richard's presentation, there should be a good set of arguments explaining why and independent World Bank is the best asset they have to ensure their economic future. To show why a strong Bank is an essential ingredient to attain the objectives they have set for themselves.

On a final note, it may be important to consider inviting at Bank expense, some of the key Bank ED's --who represent the ministries of finance. They may provide an interesting contribution to the roundtables where most participants have a very different expertise. This "exchange" may prove extremely useful to project a more realistic framework for the development agenda, and it may certainly help the Bank in the deliberations.

Therese, let me know if we can be of any further assistance to you and Richard. Many of the materials and backgrounders prepared by EXT will prove very useful.

Alfredo

CC: MARK MALLOCH BROWN
CC: Jane Armitage
CC: Judy Grayson
CC: Lisa Pachter

(MARK MALLOCH BROWN @A1@WBWASH)
(JANE ARMITAGE)
(JUDY GRAYSON)
(LISA PACTER)

G-77

10 Lisa Pachter

522-2401

From Sally Zeijlon

10 pages

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: December 13, 1996 05:50pm EST
TO: Guillermo Perry (GUILLERMO PERRY)
FROM: Anthony Ody, LACVP (ANTHONY ODY)
EXT.: 82344
SUBJECT: G-77 and China Conference: Costa Rica, January 13-15.

Guillermo,

Per our discussion, I have been trying to discover what commitments the Bank may or may not already have made to the organizers of this Conference. As the story involves several parts of the organization, I cannot be certain I have it all correct -- any recipients who have different information may wish to supplement this version!

As far as I can tell, the organizers' main contacts have been with Mr Frank's office and FPD, not the LAC Region. Mr Frank asked Ms Therese Belot (FPDVP) to serve as liaison between the Bank and the organizers. Ms Belot in turn contacted FIAS for assistance, and in a letter of December 10, Mr Bergsman (FIAS) committed FIAS to (a) provide a paper on FDI, and (b) send Mr Benjamin Rowland to the conference to speak to the paper.

In a progress report of December 10, prepared by Ambassador Gutierrez (the conference coordinator), the above paper is the only reference document said to be expected from the World Bank. I thus suspect this FIAS paper may be the paper which Mr Koch-Weser referred to in his discussion with you.

In addition, the Costa Rican hosts have indicated that they hope to have Mr Wolfensohn attend and lead a Round Table with representatives (?Presidents?) of the Regional Banks. As far as I can discover so far from EXC, it is not clear a formal invitation for Mr Wolfensohn has been received. Neither the Region nor FPD seems to consider such attendance recommended, and the basis for the claim that Mr Wolfensohn is expected seems likely to have been, at most, a lunchtime chat between president Figueres and Mr Wolfensohn at the time of the Annual Meetings.

To summarize:

(a) I think the commitment to a paper is taken care of;

(b) an invitation to Mr Wolfensohn to take part in a round table can presumably be expected (which he is not expected to do), with as yet no clear strategy as to who might undertake the latter if, as you mentioned, your own schedule might rule out

your own attendance...

CC: Gobind T. Nankani
CC: CAIO KOCH-WESER
CC: Therese Belot
CC: Catherine Kleynhoff
CC: Donna Dowsett-Coirolo
CC: SHAHLA TORABI
CC: RICHARD FRANK
CC: ATSUKO HORIGUCHI
CC: JOEL BERGSMAN
CC: BENJAMIN ROWLAND

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THE GROUP OF 77

New York
Office of the Chairman

Winters
(Trade)

TO: ECONOMIST : VIOLETA ROSENTHAL
World Bank
(202) 676-1464

FROM: NICOLE TALLEY 
SOUTH-SOUTH CONFERENCE ON TRADE, INVESTMENT AND
FINANCE
TEL: (212) 963-3223
FAX: (212) 963-3224

DATE: 17 DECEMBER

PAGES: 8

Dear Mrs. Rosenthal,

Thank you for your interest and support of the South-South Conference on Trade, Investment and Finance scheduled to be held in San José, Costa Rica during the 13-15 of January 1997. I herewith attach the tentative agenda for the Conference. As of present, the documentation is being revised and I will keep you informed of the final plan of action and agenda. I am also enclosing the Registration Forms for perspective participants. If you have any questions please do not hesitate to call me at the number listed above.

Thank you again for your patience.

Attentively,



FLIGHT AND HOTEL RESERVATION FORM

DELEGATION _____		
NAME _____		
POSITION _____		
NUMBER AND TYPE OF PASSPORT _____		
PLACE AND DATE OF ISSUE _____		
CREDIT CARD # EXPIRATION DATE _____		
COMPLETE ADDRESS _____		
TELEPHONE _____		FAX _____
ARRIVAL DATE _____		TIME _____
AIRLINE _____		FLIGHT # _____
DEPARTURE DATE (*) _____		TIME _____
AIRLINE _____		FLIGHT # _____
HOTELS (**)		
HERRADURA (***)	SINGLE/DOUBLE	\$ 80 + 18.45% TAX /___/
	SINGLE/DOUBLE DELUXE	\$ 95 + 18.45% TAX /___/
MELIA CARIARI	SINGLE/DOUBLE	\$ 90 + 18.45% TAX /___/
	EXECUTIVE DELUXE	\$100 + 18.45% TAX /___/
MARRIOTT	SINGLE	\$150 + 18.45% TAX /___/
	DOUBLE	\$170 + 18.45% TAX /___/
GOLF RESIDENCE	SINGLE	\$ 68 + 18.45% TAX /___/
	DOUBLE	\$ 73 + 18.45% TAX /___/
SPECIAL DIETARY REQUIREMENTS _____		

(*) FOR THE RETURN FLIGHT FROM SAN JOSE TO NEW YORK, RESERVATIONS HAVE BEEN MADE WITH LACSA AS FOLLOWS: 80 SEATS FOR JANUARY 16, 40 SEATS FOR JANUARY 17, 40 SEATS FOR JANUARY 18 AND 20 SEATS FOR JANUARY 19.

(**) THE CONFERENCE WILL TAKE PLACE AT THE HERRADURA CONVENTION CENTER. THE MELIA CARIARI AND THE GOLF RESIDENCE ARE LOCATED WITHIN 1 KILOMETER OF THE HERRADURA HOTEL AND CONVENTION CENTER. THE MARRIOTT HOTEL IS LOCATED 5 KILOMETERS FROM THE HERRADURA HOTEL.

(***) ROOMS AT THE HERRADURA HOTEL AND CONVENTION CENTER HAVE BEEN BOOKED FOR HEADS OF STATE AND HEADS OF GOVERNMENT, AMBASSADORS AND MEMBERS OF OFFICIAL DELEGATIONS.

IN ORDER ENSURE THE MOST CONVENIENT HOTEL RESERVATION AND DATE OF RETURN FLIGHT TO NEW YORK, PLEASE FAX THIS FORM ONCE COMPLETED TO:

OFFICE OF THE CHAIRMAN OF THE GROUP OF 77 AND CHINA
ATT. MS. LILIANA HERNANDEZ, MINISTER COUNSELLOR
FAX (312) 963-3224
NEW YORK, NEW YORK



ACCREDITATION FORM

COMPANY	_____
NAME	_____
POSITION	_____
NUMBER AND TYPE OF PASSPORT	_____
PLACE AND DATE OF BIRTH (D/M/Y)	_____
NATIONALITY	_____
COMPLETE ADDRESS	_____
TELEPHONE	_____ FAX _____
SPECIAL DIETARY REQUIREMENTS	_____

SPACE TO BE COMPLETED BY THE HOST COUNTRY ACCREDITATION OFFICE

ACCREDITATION # _____	RECEIVED BY _____
DATE DELIVERED _____	DELIVERED BY _____
HOTEL _____	ROOM # _____

DATE _____ SIGNATURE _____

PLEASE FAX THIS FORM ONCE COMPLETED TO:

OFFICE OF THE CHAIRMAN OF THE GROUP OF 77 AND CHINA
ATT. MS. LILIANA HERNANDEZ, MINISTER COUNSELLOR
FAX (212) 963-3224
NEW YORK, NEW YORK



SSC/WD-3

**Consultative Meeting of the Group of 77 and China on the South-South
Conference on Trade, Investment, Finance and Industrialization
New York, December 10-13 1996**

**South-South Conference on Trade, Investment, Finance and
Industrialization**

Document No.3

Tentative Programme of Activities and Agenda

**OFFICE OF THE CHAIRMAN OF THE GROUP OF 77 AND CHINA
NEW YORK**

Saturday, January 11 and Sunday, January 12,

Arrival of the participants

Sunday, January 12

11:00 a.m. Meeting of the Executive Committee of the Chambers of Commerce and Industry of the Group of 77 and China.

5:00 p.m. Informative Meeting for the Heads of Delegation in San José, to get familiarized with the Agenda and the Programme of Work.

Monday, January 13

9:30 a.m.-10:15 a.m. Inauguration of the South-South Conference
Election of authorities

10:15 a.m.-10:45 a.m. Statement by the President of the Republic of Costa Rica
H.E. Ing. Jose Maria Figueres

10:45 a.m.-11:00 a.m. Recess and coffee break

11:00 a.m.-12:30 p.m. **I Plenary Session**
-Adoption of the Agenda and the Programme of Activities.
-Integration of the Draft Open Ended Working Group on the Declaration and Plan of Action.
- Organization of work.
-Beginning of the general debate on South-South Cooperation.

12:30 p.m.-2:30 p.m. Luncheon

- 2:30 p.m.-3:30 p.m. **Round Table I**
Perspectives from the United Nations Agencies
 -UNDP
 Administrator, Mr. James Gustave Speth
 -UNIDO
 Director General, Mr. Mauricio de Maria y Campos
 -UNCTAD
 Secretary General, Mr. Rubens Recupero
- 2:30 p.m.-5:30 p.m. **First Working Session of the Draft Open Ended Working Group on the Declaration and Plan of Action**
- 3:30 p.m.-3:45 p.m. **Recess and coffee break**
- 3:45 p.m.-5:30 p.m. **General Debate and exchange of views with the UNDP, UNCTAD and UNIDO**
- 7:30 p.m.-9:30 p.m. **Reception hosted by the Government of Costa Rica at "Pueblo Antiguo", National Amusement Park (Departure from the hotels at 7:00 p.m)**

Tuesday, January 14

- 9:30 a.m.-11:00 a.m. **II Plenary Session**
 Continuation of general debate on South-South Cooperation.
- 9:30 a.m.-12:30 p.m. **Second Working Session of the Draft Open Ended Working Group on the Declaration and Plan of Action.**
- 11:00 a.m.-11:15 a.m. **Recess and coffee break**
- 11:30 a.m.-12:30 p.m. **Demonstration of UNCTAD and UNIDO on the use of new electronic technologies and information networks.**
 Parallel Activity
- 12:30 p.m.-2:30 p.m. **Luncheon**

- 2:30 p.m.-3:30 p.m. Presentation on new marketing modalities and trade strategies.
Parallel Activity
- 2:30 p.m.-5:30 p.m. Third Working Session of the Draft Open Ended Working Group on the Declaration and Plan of Action
- 3:30 p.m.- 5:30 p.m. Alternative a-
Round Table on Financial and Investment Aspects,
(subject to confirmations of the Regional Financial Institutions and the World Bank)
- Alternative b-
Development of subsequent panels in the following areas:
- 1) Trade and services
 - 2) Investment and Finance
 - 3) Regional and Sub regional experiences (SELA, ASEAN, MERCOSUR, SADEC, among others)
- Note: On alternative b-the panels will begin with a short presentation of the Reference Documents, according to the subject being discussed, by a consultant or by a representative from the institutions participants. It is the case of the papers prepared by Dr. Pratini de Moraes, Dr.Panchamukhi, and the reference documents prepared by UNCTAD, UNIDO, World Bank, Interamerican Development Bank, South-Centre and the UNDP-Regional Office for Latin America. After the presentation the floor will be open for a general debate.
- 7:30 p.m.-9:30 p.m. Ceremony of signature of cooperation agreement between the Chambers of Commerce and Industry of the Group of 77 and UNCTAD.
Reception hosted by the Chambers of Commerce and Industry of the Group of 77 and the Costa Rican Private Sector.

Wednesday, January 15

- 9:30 a.m.-11:15 p.m. III Plenary Session
Continuation of general debate
- 9:30 a.m.-11:15 p.m. Conclusion of the deliberations of the Draft Open Ended Working Group on the Declaration and Plan of Action

11:15 a.m.-11:30 p.m.	Recess and coffee break
11:30 a.m.-12:30 p.m.	<u>IV Plenary Session</u> Consideration of the Report of the Draft Open Ended Working Group on the Declaration and Plan Action.
12:30 p.m.-2:30 p.m.	Luncheon
2:30 p.m.- 4:00 p.m.	<u>Continuation of the IV Plenary Session</u> Adoption of the Declaration and Plan of Action
4:00 p.m.-4:15 p.m.	Recess and coffee break
4:30 p.m.-5:30 p.m.	<u>Closing Ceremony</u> Turnover Ceremony of the Chairmanship of the Group of 77 and China: Costa Rica (1996) to the United Republic of Tanzania (1997)
7:30 p.m.-9:30 p.m.	Reception hosted by Costa Rica as Chairman of the Group of 77 and China (1996) Herradura Hotel (swimming pool area)

Note:

- a) The Conference Rooms and meeting schedules will be announced before the inauguration of the South-South Conference
- b) There will be interpretation services in Spanish, English and French
- c) Secretarial services, printing of documents, as well as, all the logistic facilities for the Development of the Conference will be available.

G-77

A grouping of developing countries, formed in 1967, whose numerical designation has persisted, although its membership has increased to 132 countries. The group functions as a caucus as well as the negotiating arm of the developing countries, particularly in the United Nations fora on international development.

Questions and Answers, World Bank, Fall 1996

Group of 77 (G-77)

Islamic State of Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, The Bahamas, Bahrain, Bangladesh, Barbados, Belize, Benin, Bhutan, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalem, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, China, Colombia, Comoros, Congo, Costa Rica, Cote d'Ivoire, Cuba, Cyprus, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Gabon, The Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Islamic Republic of Iran, Iraq, Jamaica, Jordan, Kenya, Democratic People's Republic of Korea, Republic of Korea, Kuwait, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Socialist People's Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Federated States of Micronesia, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Romania, Rwanda, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somalia, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tanzania, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Uruguay, Vanuatu, Venezuela, Vietnam, Western Samoa, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe; *Palestine Liberation Organization (PLO)*

World Bank Annual Meetings Delegation List, 1996



THE GROUP OF 77

New York
Office of the Chairman

No.E.19/5/92.

File: 687
(WA-general)
Group of 77
77
February 25, 1992

Dear Mr. Secretary General,

The Group of 77 have desired me to convey to you the warm congratulations of the Group on your assumption of your important office at this eventful and critical moment in the history of the United Nations. The Group of 77 has the fullest confidence in the success of your mission, and will extend to you the total cooperation of the Group in the fulfillment of the important tasks that lie ahead.

The Group of 77 also wishes me to convey to Your Excellency its appreciation of the bold and imaginative measures that you have already undertaken in the first phase of the restructuring of the United Nations Secretariat, and extends its support to Your Excellency in an exercise designed to streamline the Organization in order to better achieve the objectives enshrined in the Charter of the United Nations.

It is in this spirit, Mr. Secretary General, that the Group of 77 wishes me to call your kind attention to some issues which are matters of particular interest and concern to the Group:

- (a) Developing countries attach great importance to the United Nations as a forum for discussing development issues at the political level.
- (b) Recent political changes favour a more active UN role. The Secretariat needs to be strengthened at a time when Governments wish to enhance the UN role through revitalization of ECOSOC, including convening ministerial meetings to discuss economic and social questions.
- (c) The Group of 77 are concerned that the reversal of General Assembly resolution 32/197 that established the Office of the Director-General (DIEC) might jeopardize gains achieved in the field of coordination, and could imply the dismantling of a structure carefully crafted by the developing countries to assist them in addressing their concerns.
- (d) The Group of 77 is particularly concerned about the impact of these decisions on the relationship with the specialized agencies and coordination we believe that the Bretton Woods

Institutions cannot replace the work of the United Nations in the economic and social sectors. The UN is an unique forum where economic and social matters come together with political and security concerns, and it thereby provides alternative and unbiased perspectives on global issues.

- (e) There is an apprehension that the elimination of the post of the Director-General may weaken UN capacity to provide policy guidelines thereby affecting the resident coordinator system.

The Group of 77 welcomes the appointment of Mr. JI CHAOZHU (China) as Under Secretary General in the Department of Economic Development, and looks forward to a fruitful collaboration with him, in a streamlined Department which will be both responsive and action oriented in its approach to the massive economic issues which are of immediate concern to the Group of 77.

Mr. Secretary General, I shall be grateful if you could provide an opportunity, at your convenience, to meet with a small delegation from the Group of 77 in order to discuss these issues, and to ascertain avenues and methods for efficient collaboration between the Secretariat and the Group of 77.

Please accept, Mr. Secretary General, the assurances of my highest consideration.

Yours sincerely,



(Jamsheed K.A. Marker)
Ambassador & Permanent Representative
of Pakistan to the UN
Chairman of the Group of 77

His Excellency
Dr. Boutros Boutros-Ghali
Secretary General of the United Nations,
New York.

67-677 (annex)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Geneva Office
54 rue de Montbrillant
P.O. Box 104
CH-1211 Geneva 20
SWITZERLAND

Telephone: (41-22) 733 2120
Facsimile: (41-22) 733 2617
Telex: 414113 IBRD CH

FACSIMILE TRANSMITTAL FORM

DATE: November 4, 1991

TO: Maureen McDonald

FAX:

FROM: Diana Cunningham

PAGES: 2 (including this page)

SUBJECT: Group of 77 Ministerial Meeting

Re my fax of 1 November, please find enclosed a copy of our reply.

Regards

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Geneva Office

54 rue de Montbrillant

P.O. Box 104

CH-1211 Geneva 20

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Telephone: (41-22) 733 2120

Facsimile: (41-22) 733 2617

Telex: 414113 IBRD CH

The Geneva Office of the World Bank presents its compliments to the Permanent Mission of the Republic of Cuba to the United Nations Office and other International Organizations in Switzerland, and requests that H.E. Mr. Ricardo Cabrisas Ruis, Minister of Foreign Trade of the Republic of Cuba, be informed that the World Bank will not be able to participate as an observer at the Seventh Ministerial Meeting of the Group of 77, to be held in Teheran from 16-23 November 1991.

The Geneva Office of The World Bank avails itself of this opportunity to renew to the Permanent Mission of the Republic of Cuba the assurances of its highest consideration.

Geneva, 1 November 1991

The World Bank
54 rue de Montbrillant
P.O. Box 104
1211 Geneva 20 CIC

A L L - I N - 1 N O T E

DATE: 01-Nov-1991 10:25am

TO: MAUREEN M. MCDONALD

(MAUREEN M. MCDONALD @A1@VAX12)

FROM: Diana Cunningham, PREGE

(DIANA CUNNINGHAM AT A1 AT PARIS

EXT.: (41-22)7332120; tieline 5-86-201

SUBJECT: Ministerial Meeting - Iran

Reference your fax to Mr. Baneth, we will reply to the invitation.

Regards

CC: Jean Baneth

(JEAN BANETH AT A1 AT PARIS)

THE WORLD BANK/IFC/M.I.G.A.
Headquarters: Washington, D.C. 20433 U.S.A.
Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423
FACSIMILE COVER SHEET AND MESSAGE

DATE: October 30, 1991

NO. OF PAGES: 5
(including this sheet)

MESSAGE NUMBER: \

TO

Name: Mr. Jean Baneth, Director
Organization: World Bank

Fax Tel. No. 733-2617
City: Geneva
Country: Switzerland

FROM

Name:  Maureen McDonald
Dept./Div. EXTIE
Room No. T8-108

Fax Tel. No. 676-0576
Dept/Div No. \
Tel. No. 473-1771

SUBJECT: Group of 77 Ministerial Meeting

MESSAGE:

Attached is the invitation to this meeting in Teheran, November 16-23. Callie advises that you are not planning on attending and that no one from Headquarters will either. Please let me know if you would like to respond to the invitation or if you would prefer that it is done here. Many thanks.

Regards.

Transmission authorized by: Maureen McDonald

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

ELECTRONIC LOGGING AND ROUTING SYSTEM

Routing and Action Transmittal Sheet

Priority : NORMAL

Monday, 21-Oct-1991

Item No : 911021-NOKTG, [EXTIE]

TO: ==> MAUREEN M. MCDONALD, EXTIE

FROM: EXTIE

DOCUMENT Reference:

Original Sender : Ricardo Cabrisas Ruiz
Original Recipient : World Bank
Document Date : 07-Oct-1991

SUBJECT : Inv. to attend the 7th Ministerial Mtg. of the G-77
November 16-23, 1991, Teheran, Iran

ACTION Requested:

Due Date

☒ Please handle
☐ For Information
☐ Review & Recommend
☐ Prepare Response for _____ Signature
☐ Approval/Signature
☐ Forwarding To _____
☐ Discuss With _____
☐ OTHER _____

04-Nov-1991

REMARKS:

RECEIVED

EXTIE

'91 OCT 21 AM 11 13

REPÚBLICA DE CUBA

MISIÓN PERMANENTE ANTE LA OFICINA

DE LAS NACIONES UNIDAS Y LOS

ORGANISMOS INTERNACIONALES CON SEDE EN SUIZA

The Permanent Mission of the Republic of Cuba to the United Nations Office and other International Organizations in Switzerland presents its compliments to the International, Regional, Subregional and Other Organizations included in the list established in document PC/77/VII/1(Part I), and has the honour to convey on behalf of H.E. Mr. Ricardo Cabrisas Ruiz, Minister of Foreign Trade of the Republic of Cuba, in his capacity as President of the Sixth Ministerial Meeting of the Group of 77, the invitation to participate as Observers in the Seventh Ministerial Meeting of the Group of 77, to be held in Teheran, Islamic Republic of Iran, from 16-23 November, 1991.

The Permanent Mission of the Republic of Cuba avails itself of this opportunity to renew to the above-mentioned Organizations the assurances of its highest consideration.



World Bank



MISSION PERMANENTE
DE LA REPUBLIQUE ISLAMIQUE DE L'IRAN
AUPRES DE L'OFFICE DES NATIONS UNIES
ET DES AUTRES ORGANISATIONS INTERNATIONALES

28, CHEMIN DU PETIT SACCONE
1209 GENEVE / SUISSE

In The Name Of God, Almighty.

No.620-1-3/3748

The Office of the Permanent Representative of the Islamic Republic of Iran to the United Nations Office and to other International Organizations in Geneva, presents its compliments to H.E. Mr. Ricardo Cabrisas Ruiz, Minister of Foreign Trade of Cuba, in his capacity as President of the Sixth Ministerial Meeting of the Group of 77 and has the honour to convey through him the invitation of the Government of the Islamic Republic of Iran to the International Regional and Sub-Regional Organizations in accordance with the list established in document PC/77(VII)/(Part III), to participate in the Ministerial Meeting of the Group of 77 which will be held in Tehran from 16 to 23 November 1991 as observers.

The Office of the Permanent Representative of the Islamic Republic of Iran to the United Nations Office and to other International Organizations in Geneva, avails itself of this opportunity to renew its highest considerations to the President of the Sixth Ministerial Meeting of the Group of 77.



His Excellency
Mr. Ricardo Cabrisas Ruiz,
Minister of Foreign Trade,
Havana, Cuba.

DRAFT PROVISIONAL AGENDA FOR THE SENIOR OFFICIALS MEETING
16 - 18 November 1991

1. Opening of the Meeting by the representative of the host country of the Sixth Ministerial Meeting
2. Election of the Chairman of the Meeting
3. Election of other officers
4. Adoption of the agenda and rules of procedure
5. Organization of work
6. Information on the regional group meetings
7. Report by the Chairman of the Preparatory Committee
8. Consideration of the substantive items of the provisional agenda of the eighth session of UNCTAD:

Strengthening national and international action and multilateral co-operation for a healthy, secure and equitable world economy.

Evaluation of challenges and potentials presented by long-term structural changes for sustainable development and expansion of international trade in an interdependent world economy. Promoting economic growth, technological capabilities and accelerated development in the developing countries: adoption of sound national and international policies and measures, good management and structural reforms in both developed and developing countries to achieve the effective and efficient allocation, use and mobilisation of human and economic resources and a more favourable international economic environment. Towards this end, issues in the following interrelated areas would be addressed: Resources for development; International Trade; Technology; Services; Commodities.

9. Future activities on economic co-operation among developing countries
10. Organizational matters of the eighth session of UNCTAD
11. Other business
12. Adoption of the Final Document

DRAFT PROVISIONAL AGENDA FOR THE MEETING OF MINISTERS
19 -23 November 1991

Inaugural session

1. Opening of the Meeting
2. Address by the Head of State of the host country
3. Address by the President of the Sixth Ministerial Meeting
4. Messages received from Heads of State or Government

First plenary

5. Election of the President of the Meeting
6. Adoption of the rules of procedure
7. Election of the Vice-Presidents and the Rapporteur-General
8. Adoption of the agenda and organization of the work
9. Reports by the Presidents of the regional Ministerial Meetings
10. Statement by the President of the Conference of Heads of State or Government of Non-Aligned Countries
11. Statement by the Secretary-General of UNCTAD
12. General debate: general statements by Heads of delegation and special guests
13. Report by the Chairman of the Senior Officials
14. Consideration of the report of the Senior Officials dealing with the substantive items of the provisional agenda for the eighth session of UNCTAD
15. Future activities on economic co-operation among developing countries
16. Organizational matters of the eighth session of UNCTAD
17. Other business
18. Adoption of the Final Document of the Meeting



file 97

977

DECLARATION OF THE MINISTERS FOR FOREIGN AFFAIRS
OF THE GROUP OF 77

I

1. The fifteenth annual meeting of the Ministers of Foreign Affairs of the Group of 77 was held in New York on 30 September 1991.

2. The Ministers welcomed the admission to membership of the United Nations of the Democratic People's Republic of Korea, the Republic of Korea, Federated States of Micronesia and the Republic of the Marshall Islands, as well as Estonia, Latvia and Lithuania. The admission of these new members strengthens the ideal of universality of the United Nations.

The Ministers took note with appreciation of the results of the Tenth Ministerial Conference of the Non-Aligned Movement held in Accra, Ghana, from 2 to 7 September 1991.

4. The Ministers welcomed the Special High-level Meeting of the Economic and Social Council held in Geneva on 4 to 5 July 1991 on the subject: "Impact of the recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries, as well as on international economic cooperation", and the useful contribution to the preparation of this meeting from the Colloquium held in Algiers from 4 to 6 May 1991. The Ministers noted with satisfaction the assurances given by the developed countries and multilateral financial institutions that assistance given to the Eastern European countries would not be at the expense of the developing countries.

5. The Ministers expressed grave concern over the continuing deterioration of the economic and social situation in most developing countries, which is due largely to the adverse international economic environment. The Ministers also noted with concern that the inadequate fiscal and monetary policies of the major industrialized countries continue to have a serious adverse impact on the prospects for growth and development in the developing countries. They urged that the tendency towards the marginalization of the developing countries should be reversed and that conditions be created to spur growth and development on a wide front, particularly in developing countries.

6. The Ministers reiterated that recent developments in the international political and economic scene have strengthened their resolve to implement the goals and objectives of the Group of 77 as enunciated in past Ministerial Declarations, in particular the Caracas Declaration of June 1989.

7. The Ministers expressed concern at the concerted effort being made to introduce conditionalities - political, social and economic - in redefining the basis for international economic cooperation. The Ministers stressed that the development path followed by a country is a product of a complex interplay of historic, social, geographic and cultural factors. Each country has to define for itself its national goals, objectives and priorities in its struggle to eradicate poverty and accelerate growth and development, in the full exercise of its sovereign rights. The Ministers stressed that the role of international cooperation is to support and supplement the national efforts of developing countries. In this connection, the Ministers questioned the assumptions underlying the methodology of a recent development publication of a United Nations agency which seeks to impose a uniform perspective of growth and development oblivious to the diversity and uniqueness of each country.

8. The Ministers underlined the importance and relevance of the landmark resolutions adopting the declaration of the Eighteenth Special Session of the General Assembly on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and the International Development Strategy for the Fourth United Nations Development Decade. They reiterated the need for political will on the part of developed countries for the effective implementation of their commitments embodied in these resolutions.

9. The Ministers reiterated that in an increasingly interdependent world the goals of sustained economic development of developing countries is overwhelmingly dependent on a favorable international economic environment. The Ministers expressed their view that the emerging global economic order should provide for more equitable economic opportunities for all nations, important features of which should be the strengthening of a free, open and non-discriminatory multilateral trading system, effective macroeconomic coordination, and fiscal discipline to ensure stable conditions conducive to development in the world economy. In this context, the coordination of international macroeconomic policies should be broadened to take into account the concerns of all countries, in particular developing countries. Such coordination should be directed towards global economic growth and social development so as to achieve equitable distribution of the fruits of progress through an expanded world economy.

10. The Ministers recognized that economic and social development is a goal which is also an essential element for ensuring lasting peace and security. Noting the recent changes which have occurred in the international political situation, they stressed that the economic development of developing countries has become more urgent than ever in order to achieve an

equitable and universal new international economic order. In this connection, they reaffirmed that there is an urgent need to resume the North-South dialogue on a constructive basis as an instrument for the promotion of the economic growth and development of developing countries.

11. The Ministers welcomed the proposal of the Secretary-General of the United Nations for an international conference on the financing of development and expressed the hope that this proposal would be given concrete shape during the forty-sixth regular session of the General Assembly.

12. The Ministers noted the role of the United Nations in the promotion of peace and security and emphasized the need to make the United Nations system more responsive to the development needs, objectives and priorities of the developing countries.

13. The Ministers took note of the measures for reform and restructuring of the United Nations in the economic, social and related fields and reiterated the important role of the United Nations in international economic cooperation in promoting the development of developing countries and resolved to strive to make the United Nations more democratic, effective and efficient to enable the Organization to meet new challenges. In all its intergovernmental structures the United Nations must promote a more equitable and balanced representation of its members to reflect its increased membership and the ideal that its decision-making process be made more democratic and transparent.

14. In regard to the agenda item of the United Nations General Assembly on the strengthening of coordination of humanitarian emergency assistance, the Ministers stressed that the discussion and outcome should be based on a clear definition of the types of emergency situations, on respect for the fundamental principles of national sovereignty, on the basis of the request and consent of the affected country, on the allocation of new and additional financial resources for this purpose, taking into consideration the existing structure within the U.N. system in this field, and bearing in mind United Nations General Assembly resolutions in this regard. To this end, they stressed the need for a concerted effort by the developing countries to coordinate and harmonize their position on this item.

II

15. The Ministers emphasized that the problem of the external debt and debt servicing of developing countries continues to impose severe constraints on their economic growth and development. The servicing of this huge external debt has drained badly needed resources for investment. It has also led to a situation where every year there is an increasing net transfer of resources from developing to developed countries.

The response of the international community to the debt problem has been sporadic, piecemeal and inadequate. The Ministers stressed that only a comprehensive and durable solution to the external debt problem which would take into account the need to significantly reduce the stock and service of all types of debt to all types of debtor countries and include anticipatory measures to prevent the proliferation of the debt problem, would lead to the alleviation of this burden on the developing world. In the absence of such measures the efforts being made by developing countries for their accelerated development would be thwarted and bring in its wake the greater risk of social and political turmoil. In this respect, the Ministers emphasized that a durable solution must include strengthening and liberalization of the international trading system as the most important source of real growth and development and, therefore, of the resources necessary for debtor countries to face their financial obligations. They also took note of recent debt reduction measures and initiatives as an important step towards a durable solution of the external debt problem, and emphasized the need for similar arrangements to be extended to all indebted developing countries. At the same time they reiterated the advisability of seeking innovative and creative ideas for the solution of the external debt problem in an International Advisory Commission on Debt and Development under the aegis of the Secretary-General of the United Nations.

16. The Ministers emphasized that concessional finance is vital for developing countries. They urged developed countries to work towards realizing their commitment of attaining the internationally agreed target of 0.7% of GNP as official development assistance.

17. The declining flow and scarcity of resources, the Ministers reiterated, was a matter of grave concern. In this connection, they noted that commercial financial flows to developing countries have virtually come to a halt. Moreover, the flow of foreign direct investment to developing countries has declined and in the past decade foreign direct investment has been predominantly directed towards the triad - EEC, Japan and North America. While a large number of developing countries have taken important measures for reform and liberalization of their economies, these efforts have not been matched by a corresponding increase in the level of foreign direct investment in these countries.

18. The Ministers reiterated that the present international monetary system which is based on the dominant role of the major developed countries is in need of reform. They expressed serious concern over the lack of progress in efforts to effect meaningful reform and to restructure the international monetary and financial system. The International Monetary Fund should ensure efficient multilateral surveillance particularly over balance of

payments trends and exchange policies of the major developed countries. They called for a broadening of participation in the process of coordination of global economic and monetary policies.

19. The Ministers reiterated their conviction that a free, open and nondiscriminatory international trading system is necessary for the economic prosperity and development of all countries especially the developing countries. They noted with concern that world trade with regard to the products exported by developing countries continued to be characterized by market instability, a sharp and continuous decline in prices of those products, restricted access to the markets of developed countries, and upsurge of protectionism, unfair competition, production and export subsidies by developed countries and in some cases price-fixing by some transnational corporations. The Ministers agreed that international trade will function best in an environment of growth and dynamism in the world economy. There is a need for policies and measures to be directed in the first place to arresting and reversing negative trends particularly those apparent in the last decade. International organizations in the field of trade should be strengthened to play their part in the achievement of these objectives. The strengthening of the trading system also requires the resolution of a number of ongoing issues, some of which are of special interest to developing countries and are crucial to the development process.

20. The Ministers reaffirmed their commitment to a successful conclusion of the Uruguay Round of trade negotiations within the GATT so as to avoid the negative consequences of failure which would surely fall upon developing countries. Only an early, fully comprehensive and balanced outcome of the negotiations, taking into account the interests of all parties, specially the needs and concerns of developing countries can ensure a new era of growth for the world as a whole. To that end, they particularly urged the developed countries to comply with the commitments undertaken in the Punta del Este Declaration and at the Ministerial Meetings of Montreal and Brussels, and called upon all developing countries to strengthen their mutual understanding and solidarity in the negotiating process of the Uruguay Round.

21. The Ministers reaffirmed the important role of UNCTAD, with its universal character and its development mandate, in international economic cooperation and in forging multilateral solutions in the interconnected areas of money, finance, trade, commodities and development. The Ministers expressed concern that the commitments undertaken in the Final Act of UNCTAD VII have not been adequately implemented. They noted that UNCTAD VIII, to be held in Colombia, in 1992, will take place at a singularly complex juncture, involving both opportunities and challenges for advancing international cooperation for

development. UNCTAD VIII, with its development oriented agenda, will provide a privileged opportunity to restore a fruitful dialogue on development taking into account global political, economic and technological changes of the recent past and the close interrelationship between inter alia trade, investment, technology and sustainable development. The Ministers strongly hoped that their partners from the developed world would use the unique opportunity of UNCTAD VIII to achieve a maximum positive action-oriented outcome. The concrete results of the Conference will breathe new life into the development dialogue, give a much needed impetus to multilateral economic cooperation and impart fresh vigor to UNCTAD's work on national and international policy-making. The Ministers reaffirmed the continuing validity of the UNCTAD mandate and considered that the strengthening of UNCTAD in its three basic functions - global analysis, conceptual innovation, policy coordination; negotiations; and technical assistance - will be instrumental to the revitalization of the development process of the developing countries.

2. The Ministers expressed their concern that the persistent commodity problems caused by the deterioration in the terms of trade and increased protectionism have adversely affected commodity-exporting developing countries. They stressed the exceptional importance that international trade in commodities have for the world economy and in particular their dominant influence on the development of the majority of developing countries. They stressed the need for the international community to support developing countries in their efforts to improve processing, marketing, distribution and transportation of commodities so as to continue the process of diversification and restructuring of their economies.

23. The Ministers reaffirmed the importance of the Integrated Programme of Commodities and to this end noted the commodity development programmes of the Common Fund for Commodities, which is a long way in facilitating technological innovation to meet the challenges of substitution and competitiveness posed by the rapid achievements of science and technology. The Ministers called upon all countries that have ratified the Agreement establishing the Common Fund to ensure that both accounts of the Common Fund become fully operational as soon as possible. They also urged those countries who have not yet ratified the Agreement to rethink their position. The Ministers called upon the international community to increase funding for the Common Fund for Commodities.

24. The Ministers observed that only one international commodity agreement is in force in economic terms. The Ministers called for an early renegotiation, reactivation and revitalization, as appropriate, of international commodity agreements to enhance price support measures for developing countries dependent on the export of commodities.

25. The Ministers stressed that science and technology is crucial for the promotion of economic growth and development of developing countries. The benefits of science and technology can be optimized by jointly promoting and strengthening endogenous capacities of developing countries and by evolving effective modalities for the access to and transfer of technology on concessional and preferential terms. The Ministers expressed concern at the increasing trend to hinder the free flow of technology to developing countries. These measures, whether unilateral or multilateral, widen the chasm between developed and developing countries and are contrary to the principles of free trade and not in consonance with the basic aim of promoting development in the developing countries by increasing efficiency and competitiveness.

26. The Ministers noted that no significant progress has been made in the implementation of the Vienna Programme of Action on Science and Technology for Development adopted in 1979. In this context, they called on all countries, especially developed ones as well as on the international development institutions, to seriously consider the establishment of a United Nations financing system for science and technology for development as envisaged in the Vienna Programme of Action.

27. The Ministers reaffirmed that food and agriculture, inter alia, adequate production and food security, have special importance in the development of developing countries. They highlighted the importance of ensuring developing countries' access to markets in the context of a full liberalization of agricultural trade and the supply of the inputs necessary for production, taking into consideration the interests of the net food importing developing countries. They also stressed that an increase in agricultural production in developing countries can be a basis for industrial growth and diversification of their economic structure. The Ministers called upon the international community particularly the Food and Agriculture Organization of the United Nations, to closely monitor further development in the global food situation with a view to responding adequately and timely to the needs of developing countries. The Ministers called on all donor countries to ensure the maintenance of food assistance and to increase its share of aid channeled through the World Food Programme to enable the Programme to continue its activity in support of development and in meeting emergency food needs of developing countries. The Ministers reaffirmed that the right to food is a universal human right and should be guaranteed to all people and should not be used as an instrument of political pressure.

28. The Ministers reiterated that the adequate supply of energy is vital to the acceleration of growth and development of the developing countries. The Ministers called upon all countries to

assist the developing countries in developing their energy resources. The international community should explore ways and means of overcoming the adverse effects of energy price fluctuations on developing countries. In view of their crucial importance for all countries, it is necessary to develop new and renewable sources of energy in accordance with the objectives of the Nairobi Programme of Action.

29. The Ministers expressed deep concern over the continued deterioration of the economic and social situation in the least developed countries. They further noted that over the past decade most of the least developed countries have experienced negative growth rates and suffered from inadequate international development assistance to implement their programmes of economic development and structural transformation. The Ministers expressed their appreciation to many developed and other countries and to international organizations for their contribution to mitigating the exceptionally grave situation in the least developed sub-Saharan countries, and emphasized that this drive should be continued and expanded. Referring to the serious vulnerabilities of the least developed countries, the Ministers reaffirmed the special needs of these countries and called for full implementation of the Programme of Action for the Least Developed Countries for the 1990s as well as other concrete measures in specific areas considered important to spur growth and development in these countries on a sustained basis.

30. The Ministers reaffirmed that people are central to all development activities and that human resource development is an essential means of achieving economic and social development goals. They urged that the development of human resources should be undertaken in an overall, well conceived and integrated approach, taking into account such areas as health, nutritional improvements, education and training as well as creating more opportunities for employment. In this regard, human resource development should be designed for purposes of realizing the potential capabilities, skills and self-reliance to meet the growing manpower requirements of the developing countries.

31. The Ministers emphasized the importance of achieving adequate levels of industrialization in developing countries as one of the main ways to assure the reactivation of their economic growth and development. They pointed out the necessity to properly assist the different stages of industrialization of developing countries. They noted that the target established at the Lima Conference of 25% of world manufacturing value added is far from being achieved by the developing countries. They called for the application of the principle of comparative advantage for the phasing out of industrial units in the developed countries in areas in which the developing countries' industries are more efficient and to this end called upon developed countries to

eliminate protectionist measures in support of their uncompetitive industries.

32. The Ministers expressed concern over the continued deterioration of the economic situation in most African countries. They noted that Africa's dependence on few commodities for its export income, the declining terms of trade for commodities and the mounting debt burden have created a vicious circle from which it has become very difficult for Africa to extricate itself. Africa's external debt has increased considerably since 1982 and currently stands at over \$270 billion dollars. The Ministers drew the attention of the international community that five years after the adoption of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) by the U.N. General Assembly, the economic crisis facing African countries presently has not significantly been any different from what it was. In view of the critical economic situation in Africa, the Ministers appealed to the international community to give adequate support to the implementation of a new agenda of international economic cooperation with Africa for the 1990s, designed to achieve the accelerated transformation, integration and growth of the African economies based on measurable goals and targets within a well-defined time-frame and with built-in monitorable performance criteria.

33. The Ministers recalled all previous decisions of the Group of 77 concerning the land-locked developing countries and noted with concern that the measures taken so far have not been sufficient to tackle the serious problems faced by these countries. They reiterated the need to address the specific problems of these developing countries with regard to reducing the costs of their access to and from the sea and world markets. They stressed the need for the international community to assist and improve the quality, efficiency and reliability of transport facilities, diversify their economies and increase financial resources and technical cooperation to promote the above-mentioned activities. In this context, the Ministers stressed the need and importance of cooperation between landlocked and transit developing countries.

34. The Ministers recognized the acute problems faced by island developing countries arising from their small size, remoteness, high exposure to natural disasters, limitations in transport and communications, great distances from market centers, limited availability of fresh water, heavy dependence on imports, depletion of their non-renewable resources and shortage of administrative personnel. They noted that the specific problems of island developing countries and the growing incidence of natural disasters retarded their growth and increased their susceptibility to the hostile economic environment, and expressed the need for the international community, particularly the donor

countries and the United Nations system to address the specific problems of these island developing countries.

35. The Ministers reaffirmed the principles of universality, multilateralism, voluntary/grant nature, neutrality, non-conditionality and flexibility in meeting the technical cooperation requirements of developing countries. The Ministers pointed to the importance of meeting increasing resource needs of developing countries in regard to the operational activities for development. They stressed that the way to achieve this objective is through substantial and urgent increase in real terms of the overall level of resources for operational activities for development of the United Nations system on a continuous, predictable and assured basis bearing in mind the special needs of the LDCs. They further stressed that the developing countries should assume full responsibility for the execution of projects funded by the United Nations system in order to ensure that they are managed in an integrated manner, to strengthen national capacities and to ensure the long-term sustainability and wide impact of projects in the development process. In this connection, greater flexibility should be allowed the developing countries in their selection of executing entities. Moreover, the Ministers emphasized that the programming of operational activities must be in full accord with the priorities, objectives, national plans and development strategies of developing countries, who are solely responsible for their definition. In this regard, the Ministers stressed the need for the full implementation of General Assembly resolution 44/211.

36. The Ministers noted that rapid population growth in developing countries may be a constraint on their development efforts. The international community should support the national policies and programmes of all countries, especially developing countries, taking into account the sovereign right of all countries to formulate, adopt and implement their population policies, mindful of their culture, values and traditions, as well as their social, economic and political conditions. Such population programmes should be accompanied by improvements in the quality of human resources and expansion of job opportunities. In this regard, the Ministers welcomed the convening of the International Conference on Population and Development in 1994.

37. The Ministers noted with great concern the refusal of Israel to comply with U.N. resolutions to put an end to its occupation of Arab territories in Palestine, Syrian Golan and parts of Southern Lebanon, and the continuation of the Israeli occupation authorities in establishing settlements in those territories and bringing in new Jewish immigrants depriving the indigenous people of their land and sovereignty over their natural resources, thus impeding their economic and social development and the peace

process in the Middle East. In this context, the Ministers affirmed the urgent need to see the termination of this occupation. Taking into account the recent developments on the Middle East question, the Ministers called for a halt to these settlement activities and the removal of these settlements from all occupied Arab territories.

38. The Ministers noted the evolving situation in South Africa which has so far led to the repeal of some major apartheid laws. Taking into account the on-going efforts to end violence in South Africa, the Ministers called for more initiatives to address the undemocratic constitution that is now in place. In this regard the Ministers supported the call to speed up the process of negotiations through the establishment of appropriate interim measures to oversee the period of transition to a democratic South Africa as well as the convening of a democratically elected Constituent Assembly to draft a new constitution. The Ministers, noting that the current level of changes in South Africa are not yet profound and irreversible, further noted the necessity of maintaining pressure against South Africa in order to expedite the initiation of real negotiations. The Ministers further called for continued assistance to the democratic forces in South Africa.

39. The Ministers called upon the international community to adopt urgent and effective measures to eliminate the use of coercive economic measures, in particular against developing countries, as a means of forcibly imposing the will of one state on another, a trend which persists and has taken new forms, as evident in blockades, embargoes and the freezing of assets of developing countries. The Ministers noted that these coercive measures have not been authorized by the relevant organs of the United Nations.

40. The Ministers expressed their support for resolution 13/2 adopted at the thirteenth session of the Commission on Human Settlements and endorsed at the second regular session of the Economic and Social Council in 1991, that it is highly opportune to convene, possibly in 1997, a United Nations conference on human settlements (HABITAT II) to review past policies and decide on a strategy and guidelines for future action. Planning and development of human settlements can greatly enhance social and economic development, and thereby contribute to alleviating poverty and promoting sustainable development.

41. In the context of the restructuring and revitalization of the United Nations in the economic, social and related fields, the Ministers welcomed the establishment of the new United Nations Drug Control Programme and expressed their desire that the programme be strengthened.

42. The Ministers reiterated the importance of social matters within the system of the United Nations. They stressed the need for a concerted effort by developing countries to coordinate and harmonize their positions in this area. In this regard, the Ministers welcomed the possibility of convening a world summit for social development.

III

43. The Ministers stressed the historic importance of the United Nations Conference on Environment and Development to be held in Rio de Janeiro, Brazil, in June 1992. The holding of this Conference has raised expectations, particularly in developing countries, that environmental issues and development will be treated in an integrated manner, and the hope of all citizens on our planet for a sustainable lifestyle in a clean, safe and healthy environment.

44. The Ministers reaffirmed the provisions, which include commitments, principles and objectives, contained in General Assembly resolution 44/228 and stressed that these should be integrated in the outcome of the United Nations Conference on Environment and Development. They reiterated that international cooperation should support and supplement national policies and efforts of developing countries in pursuance of their sustainable development. Any meaningful participation of developing countries in international efforts regarding the protection and enhancement of the environment is dependent upon the revitalization of their growth and development.

45. The Ministers highlighted the strains to the environment being imposed by unsustainable patterns of production and consumption in the developed countries. The developed countries have the main responsibility for environmental degradation and must take remedial action accordingly.

46. In this regard, the Ministers emphasized that new and additional financial resources should be made available to the developing countries and that environmentally sound technologies must be transferred to them on preferential and non-commercial terms to enable them to address environmental concerns.

47. The Ministers stressed the importance of the final stages of the preparatory process for UNCED, in particular PREPCOM IV, which should reach final decisions on all issues for recommendation to UNCED 1992. They expressed the hope that the outcome of the Conference, embodying a declaration of principles, programme of action, a framework convention on climate change, a convention on biological diversity and suggestions for institutional arrangements, would be balanced and match the expectations, particularly in developing countries, raised by this Conference.

IV

48. The Ministers stressed that in addition to efforts undertaken by developing countries to promote economic and technical cooperation among themselves, the objectives set forth by the Caracas Programme of Action on ECDC need to be further pursued and accomplished. In this context, they called upon the donor countries as well as the United Nations organizations in all their programmes to extend their support to these efforts to strengthen the collective self-reliance of the developing countries. The Ministers also stressed the importance of urgent consideration of the implementation of the recommendations contained in the South Commission report "The Challenge to the South".

49. The Ministers took note of the postponement of the Eighth Meeting of the Intergovernmental Follow-up and Coordination Committee on ECDC (IFCC-VIII) which was scheduled to take place in September 1991. In this connection, the Ministers requested the Chairman of the Group of 77 in New York to immediately undertake the necessary consultations with Member States to find a host for the meeting. In the event that no offer to host the meeting is received by the end of April 1992, the Chairman of the Group of 77 is expected to undertake the necessary measures for convening IFCC-VIII at a suitable date, preferably in August 1992 in one of the regional commissions or in New York.

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OINFO

-SUBJECT: G77 CARACAS MEETING
-DRAFTED BY: MMCDONALD
-AUTHORIZED BY: MCARTER
-CC: MESSRS. WILLIAMS AND LOOS

EXT: 33382

USA 3770000 =

-G77, NEW YORK, USA

-ATTN: AMBASSADOR RAZALI ISMAIL, CHAIRMAN, GROUP OF 77

BT

WASHINGTON D.C. 15-JUN-1989

REYURLET OF MAY 15 INVITING WORLD BANK TO ATTEND AS OBSERVER PLENARY MEETINGS OF SPECIAL MINISTERIAL MEETING TO COMMEMORATE 25TH ANNIVERSARY OF GROUP OF 77 IN CARACAS, VENEZUELA FROM JUNE 21-23. PLEASED TO INFORM YOU MR. AUBREY WILLIAMS, INTERNATIONAL RELATIONS OFFICER, INTERNATIONAL ECONOMIC RELATIONS DIVISION, IS NOMINATED TO REPRESENT BANK ON THIS OCCASION. REGARDS, MICHAEL CARTER, CHIEF, INTERNATIONAL ECONOMIC RELATIONS DIVISION, STRATEGIC PLANNING AND REVIEW DEPARTMENT, INTBAFRAD.

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IN DROP/COPY OF: RDRR

NNNN

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MC:

yes.

I think we should
accept. Maybe
Callie or Zoos.
Do you have views?

m.

CB (OK)

Let me know who you
think should go.

MAR

31.5

MC / ✓

yes - with

Dana or Callie

sent



THE GROUP OF 77

New York
Office of the Chairman

L-0305/89

15 May 1989

Dear Mr. Conable,

As You are aware, this year will mark the 25th year of the creation of the Group of 77. In commemorating the 25th Anniversary of the creation of the Group of 77, a Special Ministerial Meeting of the Group of 77 will be held in Caracas, Venezuela from 21-23 June, 1989.

On this occasion, on behalf of the Group of 77, I have the pleasure as the current Chairman of the Group of 77, to extend our warmest invitation to World Bank to attend the Plenary Meetings of the Special Ministerial Meeting to commemorate the 25th Anniversary of the creation of the Group of 77 as an Observer.

Please accept, Sir, the assurances of my highest consideration.

AMBASSADOR RAZALI ISMAIL
Permanent Representative of Malaysia
to the United Nations
Chairman of the Group of 77
New York

Mr. Barber B. Conable
President, World Bank
1818 H. Street N.W.
Washington, D.C. 20433

G7 Group of 77

Reports

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JOURNAL OF THE GROUP OF



GENEVA NAIROBI NEW YORK PARIS ROME VIENNA WASHINGTON

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COMMENT

After 14 long months of complex closed-door negotiations, the UN's Special Commission entrusted with the task of reviewing the inter-governmental machinery, as well as the Secretariat structure, in the economic and social fields failed to reach consensus on how best to improve the existing system.

With the UN's financial crisis continuing to deteriorate, the Special Commission had the added responsibility of recommending reforms in this regard to prevent the world body from the brink of an impending disaster.

But the intransigence of certain developed countries-- prompted perhaps by attempts to protect "vested interests" in the present system --precipitated the collapse of the entire exercise.

As the Chairman of the Commission, Abdel Halim Badawi of Egypt, pointed out the Commission was successful in diagnosing the symptoms afflicting the world body but was unable to agree on the remedy for the ill.

Although no country was singled out by name by any delegate, the accusing finger was directed towards the North.

As one Third World delegate argued, the Group of 77 could console itself with the fact that the 14-month long exercise was certainly not an "unmitigated failure". The G-77, he said, should not lose whatever ground was covered in the ongoing reform process.

If it is to be dismissed as a failure, it was only a political failure. The unsuccessful exercise was an integral part of--a bigger and more complex issue, namely, the reform of the financially-ailing UN system.

The Group of 77 arrived at the negotiating table armed with concrete proposals to bring about far reaching changes in the UN's inter-governmental structure in the economic and social fields.

But some developed countries were obviously taken aback by the meaningful and radical reforms suggested by the Group. As the Chairman of the G-77, Ambassador Ahmed Ghezal, said: "When we talk of reforms, we cannot accept cosmetics".

But some of the countries of the North were obviously not willing to go beyond cost-cutting and cosmetics.

The Group of 77 was willing to get down to serious business in an exercise designed not merely to trim the fat but also to strengthen the central coordinating role of ECOSOC while maintaining the prerogatives of the General Assembly in economic matters as the supreme organ of the UN? But how much of willingness was there on the part of the North.

(3)

As Chairman Badawi summed up: "Had a genuine willingness to reach a compromise existed, it would have enabled the Special Commission to bridge the gap between the various positions."

But in the final analysis, the Commission failed because instead of building bridges it ended up constructing walls.

GROUP OF 77 MADE SINCERE ATTEMPT AT UN REFORM PROCESS, SAYS CHAIRMAN

NEW YORK-- The UN's Special Commission, which was expected to recommend far reaching changes in the intergovernmental machinery and the Secretariat structure in the social and economic fields, failed to reach agreement because of a deadlock between some of the developed countries and the Group of 77.

As a result, a report of the Commission spelling out the divergent views of the various groups of member states will go before the summer session of the Economic and Social Council (ECOSOC) scheduled to be held in Geneva July 6-29.

While the Commission concluded its mandate in early May, the matter will also go before the General Assembly next September.

The Commission was established by ECOSOC at its organizational session in February 1987 with a specific mandate.

Asked to single out some of the basic reasons for the breakdown, one Third World diplomat said that some of the developed countries wanted to emasculate the General Assembly on the one hand and oppose the universalization of ECOSOC on the other.

Looking at the brighter side of things, the Chairman of the G-77 Ambassador Ahmed Ghezal of Tunisia, said the reform process in the UN system was a continuous process.

"We made some important proposals for the reform of the system", he said, "We worked very hard to prepare a balanced and realistic package to be negotiated with the other groups".

"We have completed one phase and we will begin the other", he said referring to a possible resumption of negotiations after the second regular session of ECOSOC in July this year.

At a meeting of the G-77, several delegates congratulated the chairman for his "firmness" in safeguarding the interests of the Group in his negotiations with other groups.

The G-77 showed genuine willingness, the chairman said, to bring about radical changes in the economic and social fields bearing in mind the UN's ongoing financial crisis.

The crisis, he said, was caused primarily by certain countries which refused to meet their financial obligations towards the world body.

He said the G-77 believed that in order to strengthen ECOSOC it should be a universal body open to all 159 members of the UN.

The Group, he said, was of the view that the elimination of certain intergovernmental/expert bodies as suggested by some of the developed countries, as well as by the G-77, must be considered on the basis of agreed criteria.

No elimination should be contemplated that could result in hampering the development process of developing countries, particularly in sectors of such importance as science and technology, energy, development or food and agriculture.

The G-77, he said, was willing to cooperate with other groups so long as there were sincere efforts towards genuine reforms aimed at truly increasing the efficiency of the Organization and enhancing its role in economic and social fields.

SPECIAL COMMISSION DIAGNOSED SYMPTOMS BUT FAILED ON REMEDIES

NEW YORK-- The Chairman of the UN's Special Commission Abdel Halim Badawi of Egypt said that the Commission which had been entrusted with the job of doing an in-depth study of the intergovernmental machinery of the UN in the economic and social fields had done a useful task during the last 14 months.

The Commission, he pointed out, had diagnosed the symptoms but it was unable to agree on the remedy.

In his closing statement, he said it was not the failure to identify the divergences and the issues to be addressed which obstructed a consensus.

"Rather it was the fear that some elements of a package could compromise vested interests", he said.

He added that vested interests have not been limited to the political dimensions. "They have transgressed those bounds into the realm of preferences".

Within this spectrum, he argued, trends ranged from converting ECOSOC into an economic and social general assembly even if such an arrangement detracted from the powers and responsibilities of the General Assembly as enshrined in the Charter, to having a strengthened and hopefully more effective ECOSOC with universal membership.

A third trend, he said, opted for introducing minor changes by trimming down a few intergovernmental bodies while adhering to the saying that "whatever is, is right".

Badawi also said that had a genuine willingness to reach a compromise existed, it would have enabled the Special Commission to bridge the gap between the various positions.

"There was a necessary prerequisite that everyone should rise above narrow interests and engage into dialogue on the merit of each element of a package of measures", he noted.

Outlining the initial difficulties facing the Commission, he said that at the beginning of the exercise, the residual fear, suspicion, mistrust and lingering resentment spilling over from the 41st regular session of the General Assembly and the spectre of the financial crisis tarnished the atmosphere in the Special Commission.

However, he said, on balance the work of the Special Commission, in his assessment has been very useful. The commission has managed to conduct the in-depth study entrusted to it.

On the positive side, he outlined several areas in which there was a convergence of views among the members of the Commission. These included:

-- That the review of the functioning of the UN should be seen as a continuing process aimed at bringing about appropriate reforms to enhance the capacity of the organization to meet the changing needs of its members

-- That there was a reaffirmation of the principle that the General Assembly should function as the principal forum for policy-making and for the establishment of overall strategies, policies and priorities of the system as a whole in respect of international cooperation in the economic, social and related fields, in accordance with the provisions of the Charter

-- That in order to enable ECOSOC to fully and effectively carry out its charter responsibilities, particularly in the field of co-ordination, governments should harmonize their positions in the various governing bodies of the organs, organizations and bodies of the UN system

-- That the strengthening of ECOSOC and its functioning is of crucial importance to the effective functioning of the UN system in the economic and social fields. It was the common feeling that ECOSOC is the weakest link in the chain and that the enhancement of this effectiveness is a major objective

-- That measures to strengthen ECOSOC must include specific steps which would enhance its authority and credibility, improve its role in policy overview and coordination in order, inter alia, to improve harmonization of actions and promote an integrated approach in the social and economic fields, and improve the interrelationships and the modalities for dialogue among intergovernmental bodies of the UN system in the economic and social areas, particularly in the context of operational activities for development of the UN system.

THIRD BIENNIAL MEETING OF NATIONAL TECHNICAL COOPERATION AGENCIES

NEW YORK-- The Group of 77 is seeking the assistance of member countries willing to host the upcoming Third Biennial meeting of the heads of National Technical Cooperation Agencies.

The meeting is entrusted with the follow-up, monitoring and evaluation of TCDC activities undertaken in the context of the implementation of the pertinent decisions adopted by ministerial meetings of the G-77 and meetings of the Intergovernmental Follow-up and Coordinating Committee (IFCC).

The primary objective of the exercise is to promote and strengthen technical cooperation among developing countries.

In a letter to G-77 members, Ambassador Ghezal says he would greatly appreciate their willingness to host the meeting scheduled to take place later this year. A June 15 deadline has been set for any responses from members.

At its meeting in Havana last September, the IFCC expressed its regrets that the Third Biennial meeting was not held as scheduled in 1986.

The Havana meeting also recommended that the Chairman of the G-77 undertake the necessary consultations in order to facilitate the holding of this meeting prior to IFCC-VII and ensure its adequate preparation.

The original decision to hold biennial meetings of heads of national technical cooperation agencies goes back to the Caracas Program of Action (CPA) adopted in Venezuela in May 1981 at the High Level Conference on ECDC.

The Conference reaffirmed the role of technical cooperation among developing countries as an instrument for the promotion and implementation of ECDC.

The Conference also recommended a biennial meeting for the specific purpose of ensuring the follow-up, monitoring and evaluation of the recommendations in the field of TCDC adopted in the Conference in the areas of trade, technology, food and agriculture, energy, raw materials, finance and industrialization.

EXPERT GROUP VIENNA MEETING ON RAW MATERIALS RESCHEDULED FOR AUGUST

NEW YORK-- A meeting of a group of experts on raw materials, originally scheduled to be held in June, is to take place August 22-26 in Vienna. (see JOURNAL, May 15)

The meeting, which is being held in cooperation with the UN Industrialization Organization (UNIDO), will be followed by a meeting of the Action Committee on Raw Materials (ACRM), to be held early next year in Nigeria.

The primary objective of the two meetings is to explore the possibility of increasing South-South cooperation in the exploitation, processing and utilization of raw material resources in order to promote self-reliance and enhance export.

The list of raw materials to be covered by the Expert Group meeting include minerals, shrubs/tree crops, trees, root crops, grains, animal products and fruits and vegetables.

A further breakdown includes items such as cocoa, coffee, jute and jute manufactures, sugar, oranges, coal, copper, manganese, phosphates and iron ore.

INDIA TO HOST CONFERENCE ON NEW & HIGH TECHNOLOGIES IN OCTOBER

NEW YORK-- India will host the first conference of developing countries on new and high technologies.

The conference, originally scheduled to be held in New Delhi in May, will now take place somewhere in October this year.

A developing country making vast strides in high technologies, India has formally invited 25 Third World nations to participate in the conference.

The invitations, largely on the basis of the interest shown by these countries in contributing to this exercise, however do not preclude other developing nations from attending the conference.

India has decided that the conference will be open ended so that any member of either the Group of 77 or the Non-Aligned Movement wishing to participate may do so.

The list of 25 countries includes some of the newly emerging Third World industrial nations such as Brazil, Singapore, South Korea, Malaysia, Indonesia, Argentina and North Korea.

Described as the First Inter-governmental Consultative Conference of Experts of Interested Non-Aligned and other Developing Countries on New and High Technologies, the meeting is being held in pursuance of a decision made by the ministerial meeting of the Non-Aligned Movement held in New Delhi in April 1986.

The five areas of new and high technologies to be discussed at the conference are: (1) informatics and telecommunications (2) micro-electronics and computer software (3) bio-technology (4) renewable sources of energy and (4) new materials technology.

One of the primary objectives of the conference is to strengthen the technology of the South so that it may meet the challenges posed by the new technological revolution.

"This is reshaping fundamentally patterns of production, trade and communications worldwide, with major implications and potentials for the developing world", says India in a letter circulated to members of the Group of 77 in New York.

The draft agenda of the conference includes South-South cooperation, joint programmes and frameworks for cooperative multilateral science and technology projects in new and high technologies.

Secondly, the agenda calls for policy options, technological management and planning in developing countries. The conference will also discuss technology forecasting, technology assessment, technology acquisition and transfer and technology absorption.

Thirdly, the agenda calls for exchange of experiences/information in regard to North-South transactions in new and high technologies: their acquisition, transfer and absorption.

Finally, the draft agenda also includes modalities for implementation and follow-up action.

The Conference is expected to consider the establishment of an open-ended inter-governmental group which could associate as appropriate representatives from the scientific community and industry and meet annually on a rotation basis among the member countries.

The evolution of a Technology Pool of the South could also be one of the other objectives of the conference.

This could consist of some of the following:

-- A specialized information/data network on new/high technologies between specialized national networks and their development -- eventually a data bank of the South

-- Joint research, development and application of new technologies and "blends"

-- Promotion of linkages between research and industry and eventually promotion of joint industrial ventures in new/high tech areas

-- The sharing of consultancy services and experts (and perhaps a consultancy consortium)

In a note circulated to members of the G-77, India has requested governments to submit national papers well in advance of the October meeting.

These papers, says India, could outline developments, policy objectives and plans of participating countries, to form the basis for a matching of capacities and requirements.

The national papers, India points out, should specifically focus on expertise it can offer or absorb within the South in new and high technologies as well as individual experiences of each country in its technology transactions with the North.

OAU MARKING 25TH ANNIVERSARY CALLS FOR CONFERENCE ON GLOBAL DEBT

ADDIS ABABA-- The Organization of African Unity (OAU), which celebrated its 25th anniversary at a summit meeting in the Ethiopian capital of Addis Ababa last week, called for an international conference of developed and developing nations to resolve the world's growing debt crisis.

In its final declaration, the summit categorically stated that world economic growth and stability cannot be achieved without a lasting solution to Africa's economic crisis.

Africa's share of the global \$1 trillion debt has exceeded \$200 billion.

The declaration, described as the Addis Ababa declaration, expresses disappointment "at the inadequate support given by the international community for the implementation of the UN programme of action for African economic recovery and development".

Under the four-year programme agreed in 1986, the international community undertook to provide adequate resources to support and supplement African development efforts.

"The magnitude of our external debt and the heavy debt service burden have been one of the major contributing factors to Africa's economic crisis", the declaration adds.

Last November, the OAU held an extraordinary session devoted exclusively to the African debt crisis and adopted a common position on some of the principles for resolving the debt crisis.

These included cooperation, continuous dialogue and shared responsibility-- given the interdependence between debtor and creditor countries.

The OAU leaders believe the debt crisis "will only be solved through the adoption of a global and equitable approach within the framework of an integrated, cooperative, development-oriented strategy that takes into account particular characteristics of the debt crisis in Africa".

The declaration once again urges Africa's creditors to accept the convening of an international debt conference to reach agreement on short-, medium- and long-term measures to ease the debt burden.

However, the OAU leaders reiterated in their declaration that the socio-economic development of the continent, which remains their principle objective, "is primarily the responsibility of our governments and peoples"

They said that through relentless efforts, they had demonstrated a determination to make economic cooperation and integration the pillar of economic development.

To this end, sub-regional economic groupings were created in the past 25 years as the cornerstone for the establishment of the African economic community.

These groupings include, among others, the Economic Community of West African states, the Economic Community of central African states, the Preferential Trade area of Eastern and Southern African states and the Southern African Development Coordination Conference.

By strengthening these economic groupings, the OAU leaders said they were optimistic the African community could be achieved to translate into reality their will to take up the serious challenges facing the continent.

According to the Addis Ababa declaration, the current crisis in African economies is due to structural constraints and certain development policy shortcomings on the one hand, and the continuation of the unjust and inequitable international economic order on the other.

G-77 EXTENDS SUPPORT FOR SPECIAL ECONOMIC PLAN FOR CENTRAL AMERICA

NEW YORK-- The Group of 77 has extended its whole hearted support for a Special Plan of Economic Cooperation for Central America.

The \$4.3 billion plan, urging the international community to increase technical, economic and financial cooperation with the central American countries, was adopted without a vote at a special session of the UN General Assembly in mid-May.

The Assembly emphasized the need to provide the five countries, namely Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, with financial resources on concessional and favourable terms.

Speaking on behalf of the G-77, Ambassador Ahmed Ghezal of Tunisia said the people of central America had, since the signing of the peace accords last August in Guatemala, manifested their will to work together to meet the challenges confronting them.

(11)

The Group of 77, he pointed out, was convinced that, while peace was a pre-condition for development, it was not the only criteria.

Lack of economic progress caused political instability. The group, he said, was determined to give the Plan its whole hearted support and hoped the rest of the international community would also do the same.

He said the central American countries laboured under the same economic constraints suffered by other Third World countries, particularly in Africa.

Economic recovery in those countries required the restructuring of international economic relations and the eradication of all forms of economic backwardness, he said.

Meanwhile, the Assembly called on the Secretary-General to promote, coordinate and monitor the Special Plan, while the UN system was asked to take immediate steps to mobilize additional financial resources towards the fulfilment of the Plan and participate actively in its implementation.

The JOURNAL OF THE GROUP OF 77 is published in collaboration with Inter Press Service and under the editorial supervision of the Chairman of the Group of 77 in New York.

Contributions to the JOURNAL, specifically on South-South cooperation, are welcome and should be addressed to the Editor/Coordinator THALIF DEEN, Office of the Chairman of the Group of 77, JOURNAL OF THE GROUP OF 77, P.O. Box 20, New York, N.Y. 10017.

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****COMMENT****

The JOURNAL OF THE GROUP OF 77 makes its debut this month in conformity with the Report of the Committee of Experts of the Perez-Guerrero Trust Fund as approved at the sixth meeting of the Intergovernmental Follow-up and Coordination Committee (IFCC VI) in Havana last September.

The JOURNAL will be a professional product published twice monthly and released simultaneously in all six chapters and delivered at the doorstep of every country member of the Group of 77 in Geneva, Nairobi New York, Paris, Rome and Vienna.

Focusing on issues relating to the Group of 77, specifically ECDC/TCDC activities, the Journal will utilize the services of the Third World news agency Inter Press Service (IPS) and its string of correspondents worldwide to keep the chapters abreast of some of the more significant economic developments in the developing world.

In an age where information is synonymous with power, a continuous flow of such information has been identified as one of the basic prerequisites for strengthening the negotiating capacity of the Group of 77 in all multilateral fora.

The Journal, in its own little way, hopes to make a positive contribution in providing for the planned and systematic exchange of information among the chapters in order to redress some of the current inadequacies.

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THIRD WORLD NATIONS TO MEET IN MOROCCO TO DISCUSS \$1 TRILLION DEBT

NEW YORK-- Against the backdrop of a hefty \$1 trillion global foreign debt, a group of Third World experts are due to meet next month to discuss the world's spreading financial crisis.

The Second Consultative Experts Meeting on "The External Debt of Non-Aligned and other Developing Countries" is scheduled to be held in Morocco, February 22-24.

The meeting, which is being hosted by the Moroccan government, is expected to be attended by financial experts and representatives of central Banks and finance ministries of the Non-Aligned countries and the Group of 77.

A similar consultative meeting -- the first of its kind on the same subject -- was held in Lima, Peru, in November 1986. A new item on the agenda in Morocco will cover issues related to Economic Cooperation among Developing Countries (ECDC) -- specifically monetary and financial cooperation between developing countries.

The sixth meeting of the Intergovernmental Follow-up and Coordination Committee (IFCC VI) on ECDC held in Havana last September recommended that delegations to the meeting in Morocco should include high ranking officials because of the nature of the gathering and the importance of the debt issue to Third World nations.

Meanwhile, in a report to the 42nd session of the General Assembly last year, UN Secretary General Javier Perez de Cuellar warned that the problems posed by the indebtedness of developing countries did not seem much nearer to a solution now than a year ago.

The size of the external debt continued to increase, he cautioned, and had in fact reached an estimated \$1 trillion. Of this, about \$700 billion was owed to private creditors, mostly banks, and the remainder to official creditors, including international financial institutions.

VENEZUELA TO OFFER \$1.2 MILLION TO SOUTH COMMISSION SECRETARIAT

GENEVA-- Venezuela reportedly has offered \$1.2 million to the Geneva-based secretariat of the newly-established South Commission. Operating on an initial budget of about \$5 million, the Commission is expected to be financed through voluntary contributions, mostly from developing countries.

Meanwhile, the Intergovernmental Follow-up and Coordination Committee (IFCC VI), at its meeting in Havana last September, welcomed the establishment of the South Commission under the chairmanship of Dr. Julius K. Nyerere of Tanzania and his appointment of members of the Commission "as a positive development in the field of South-South cooperation".

The IFCC also expressed confidence that the South Commission will make a valuable contribution to South-South cooperation and urged all developing countries to give their unswerving support to the work of the Commission.

Meanwhile, the 11th ministerial meeting of the Group of 77 held in New York last October urged the Chairman of the G-77 in New York to establish as appropriate the necessary consultations for cooperation with the South Commission.

CHAMBERS OF COMMERCE CALL FOR SOUTH-SOUTH INFORMATION/DATA BANK

RIO-- A meeting of representatives of Chambers of Commerce and Industry of developing countries has called for the establishment of an information/ data bank on businesses, products and services in the Third World.

The meeting, the first of its kind, was held in Rio, Brazil, December 8-11 and was attended by representatives from more than 60 countries.

"For a meeting organized at relatively short notice, there was surprisingly large attendance", a spokesman for the G-77 said last week.

The primary objective of the meeting was to bring non-governmental organizations (NGO's) into the sphere of South-South activities.

A follow-up meeting is expected to be held in New Delhi later this year. A 10-member Steering Committee, representing the various geographical regions, has also been appointed to prepare a report.

The meeting also welcomed an offer by the Confederation of Zimbabwe Industries to host a trade fair of G-77 countries sometime in 1989.

A programme of work approved for the future includes:

-- The creation of an information/data bank to exchange news and views on South-South trade and industry. The UN Development Programme (UNDP) and the UN Conference on Trade and Development (UNCTAD) will be requested to prepare a project report on the proposed data bank which is expected to utilize the latest available communications technology.

The promotion of South-South trade through, inter alia, the exchange of concessions defined in the Global System of Trade Preferences (GSTP) project, reduced costs of physical distribution such as shipping and handling costs, the availability of better financing, banking and insurance terms, the organization of trade fairs, and the creation of joint business councils.

-- The promotion of technology and industrial cooperation through, inter alia, the maximum utilization to mutual benefit of technology currently available within developing countries.

-- The initiation of joint research and development efforts with regard to the development of unique products of particular interest to developing countries.

-- The creation of a favourable climate of investment between developing countries through, inter alia, the selection of priorities of investment, the identification of overcapacity of investment in certain sectors, and the aggressive promotion of joint investment within and between G-77 member countries.

-- The development of a managerial and technical training programmes within G-77 member countries.

-- The strengthening of national federations of chambers of commerce and industry in G-77 countries in a manner that would enable them to promote more fully the possibilities of South-South trade and participate in multilateral interactions in this regard.

-- The creation of a Third World network of world trade centres and the utilization of existing centres in developed countries for the greater promotion of South-South trade and finally

-- The establishment of an institutional mechanism for enhancing cooperation among G-77 Chambers of Commerce and Industry.

Addressing the gathering, the chairman of the G-77 Ambassador Fernando Andrade Diaz-Duran, said that in a real sense, a meeting such as this should have been held long ago.

"While the role of governments was self-evident in the promotion and implementation of ECDC/TCDC, specially in its stage of infancy, the importance of NGO's was always recognized", he said.

Further, he added that it was accepted that in order to be authentic, the ECDC process must enfold within itself all the actors on the economic stage who have a legitimate role to play.

The Secretary-General of UNCTAD Kenneth Dadzie emphasized the significant role of the enterprise sector in the collective efforts of developing countries to promote their own development

The success of South-South cooperation, he said, cannot be assured unless the entrepreneurs of the South feel and act as one with other economic and social sectors of the Third World in the mobilization of its development potential and its collective bargaining power.

Speaking on behalf of the UNDP, S.M.S.Chadha, Director Special Unit, TCDC, offered the services of his agency in support of ECDC/TCDC, as it relates to cooperation among enterprises and service organizations of developing countries.

LATIN AMERICAN DEBT RISES TO NEW HIGH OF \$410 BILLION BY YEAR END

SANTIAGO-- The mounting Latin American debt, which was around \$400 billion early last year, reached the \$410 billion mark by the end of 1987, according to the latest figures released by the Economic Commission for Latin America and the Caribbean (ECLAC).

In a report released last month, ECLAC said that in 1987, the slow rate of growth of the Latin American external debt continued for the fourth consecutive year. Its growth is thus estimated at more than 4 percent: a rate similar to that recorded in 1986.

Nevertheless, says the report, as the rate of inflation of the industrialized countries was approximately 3 percent, the debt expanded by barely 1 percent in real terms.

The report also points out that the year 1987 saw the worsening of the severe economic crisis which Latin America has been experiencing since the onset of this decade.

"Not only did the rate of economic growth decline", the report argues "but the inflation again accelerated markedly and, although the results achieved by the external sector were more favourable, they were concentrated in a very small number of countries".

The gross domestic product (GDP) of the region increased by 2.6 percent: a rate which is lower than that recorded in the three preceding years and which did not allow the per capita product to grow by more than 0.5 percent -- 5.5 percent lower than its growth in 1980 (the year preceding the crisis) and equivalent to the growth achieved back in 1978.

UN MEMBER STATES RESPOND TO S-G's APPEAL FOR ADVANCE PAYMENTS

NEW YORK-- At least nine UN member states have responded to an appeal by Secretary-General Javier Perez de Cuellar urging advance payments on 1988 assessed contributions.

At the time of this writing, seven countries have paid their 1988 dues in full: Canada, Denmark, Finland, Iceland, Norway, Sweden and Ireland.

Canada's payments totalled \$22.1 million, Ireland's amounted to \$1.3 million and the collective Nordic contribution was \$22 million.

Last December, Britain announced it would make an early payment of \$9 million as part contribution on its 1988 assessment. Singapore also announced a payment amounting to \$700,000.

A spokesman for the S-G told a UN press briefing last week that the total cash flow required by the Organization was about \$60 million to \$65 million per month.

GENERAL ASSEMBLY STRENGTHENS COMMITTEE ON PROGRAMME AND COORDINATION

NEW YORK-- On the recommendation of the Economic and Social Council (ECOSOC), the General Assembly last month decided to increase the membership of the Committee on Programme and Coordination (CPC) from 21 to 34.

The Committee, which plays a significant role in the UN's budgetary process, is elected for three-year terms on the basis of equitable geographical distribution. The African states will hold nine seats, the Asian, Latin American and West European states seven seats each and the remaining four will be held by East European countries.

The proposal to increase the CPC, initiated by Third World nations seeking equitable representation, was opposed strongly by the United States. The final decision was taken by a vote of 152 in favour to one against (the US) with no abstentions.

WESTERN NATIONS REFUSE TO GO ALONG WITH G77 RESOLUTIONS ON INFORMATION

NEW YORK-- The UN Committee on Information, scheduled to meet sometime in June this year, is expected to debate two G-77 draft resolutions being disputed by Western nations led by the US.

The two drafts, which were expected to be adopted by consensus at the Special Political Committee (SPC) last year, were forced to a vote mostly because of the eleventh hour opposition and reservations expressed by the West.

The first draft resolution, containing 48 recommendations on matters relating to information and communications, was adopted by a vote of 109 to one (the US) with 15 abstentions.

The second resolution, on the International Program for the Development of Communications (IPDC), was adopted by a vote of 111 to one (the US) with 11 abstentions.

Reacting to the vote, the G-77 expressed its "profound regrets" at the disagreement surrounding the two drafts.

Under the draft resolution, the Committee on Information recommends, inter alia, that the developing countries be given access to communications technology, including communications satellites, modern electronic information systems, informatics and other advanced information and communications facilities with a view to improving their own information and communications systems in accordance with the specific conditions prevailing in each country.

The draft also calls for the elimination of "existing imbalances" in the dissemination of news: a field traditionally dominated by Western news agencies. Further, it calls on the organizations of the UN system to provide assistance to developing countries to meet their needs in the field of information.

A knowledgeable Third World diplomat told the JOURNAL that compared to 1986, the two drafts last year were in a way more favourable to the West. But still, he said, most of the Western nations chose to abstain on the two drafts.

"The actual fact is that the G-77 was prepared to negotiate. Our view was that we should have accepted this document as a basis for negotiations. But some Western countries were trying to bring in amendments to the draft very late in the day," he argued. "We were receiving confusing signals from them."

He also pointed out that this was not a responsible way to negotiate. "First", he said, "as a group they reject the draft, and second, as individual countries, they come up with amendments."

This only jeopardizes serious, business-like negotiations, he added. In June, he said, the Committee on Information has a good chance of bridging the gap. But this will depend to a great extent on how serious the Western nations are in their negotiations.

UN COMMON FUND FOR COMMODITIES MAY BECOME A REALITY LATER THIS YEAR

GENEVA-- With the Soviet Union becoming the 99th state to ratify the agreement, the UN Common Fund for Commodities may become a reality later this year.

The head of UNCTAD's Liaison Office in New York, Chandra Patel, said the Agreement would come into effect when 66.67 percent of the signatories ratified it.

The ratification by the USSR last December brought the ratio upto 66 percent and with an additional two or three more countries ratifying, the Agreement would come into force sometime this year.

As of now, there are only two commodity agreements, one on cocoa and the other on natural rubber.

Kenneth Dadzie, Secretary-General of UNCTAD, the organization under whose auspices the Agreement was negotiated, has stressed the importance of completing the process of ratification with the shortest possible delay as the Fund's operation could stimulate international action to address the continuing depressed state of commodity markets, particularly in the Third World.

The 99 ratifying countries account for 85 percent of the world's population, 80 percent of world merchandise trade and two thirds of global gross domestic product (GDP).

UNDP FACES SITUATION OF CRISIS PROPORTIONS, WARNS REGIONAL DIRECTOR

NEW YORK-- The UN Development Programme (UNDP), the organization which provides the largest quantum of technical assistance to developing countries, is facing a situation of "crisis proportions."

The Assistant Administrator and Regional Director for Asia and the Pacific, Andrew Joseph, says the UNDP is trying to cope with an alarming problem and was in danger of not being able to recruit necessary personnel.

Speaking before the Fifth Committee, he said that about 85 percent of Resident Representatives posted overseas had reported that remuneration problems had hampered the carrying out of necessary programmes in the field.

There had been a loss of experienced technical personnel, who had resigned to take better paying jobs with other organizations. There was also a decline in the quality of technical expertise, he added.

Morale, he said, has also declined, as UNDP staff inevitably compared their compensation levels with those of personnel working for other agencies. He added that severe pay cuts of 20 percent and more had been taken in dollar terms.

Joseph also pointed out that about 2,000 staff members had received negative post adjustments in the field. While pay might be frozen in New York, it had declined in US dollar terms at other duty stations.

GENERAL ASSEMBLY DEFERS ITEM ON GLOBAL NEGOTIATIONS FOR 1988 SESSION

NEW YORK-- A proposal to launch global negotiations aimed at restructuring the international economic system was shelved once again --- for the umpteenth time.

The agenda item, which has been gathering dust at the General Assembly since 1977, was deferred for the 43rd session of the Assembly later this year.

Speaking on behalf of the G-77, Francis Aguilar-Hecht of Guatemala told the assembly that the Ministers of the Foreign Affairs of the G-77 had recently reiterated the view that the UN was the most appropriate instrument for such negotiations: a contention strongly opposed by Western nations led by the US.

The Third World ministers, he said, had regretted that the international community had failed to reach agreement on the holding of such negotiations because of the position of certain developed countries. He emphasized, however, that such negotiations were important for the economic restructuring of developing countries.

GENERAL ASSEMBLY TO RE-CONVENE TO DISCUSS UN'S FINANCIAL CRISIS

NEW YORK-- The General Assembly, which approved a UN regular budget of \$1.77 billion for the biennium 1988-1989, is expected to reconvene early this year to discuss the growing financial problems facing the world body.

The only other scheduled event for the adjourned GA this year is the third Special Session on Disarmament (SSOD) to be held in New York May 31 to June 25.

Meanwhile, under a resolution submitted by the Non-Aligned countries, the Assembly called on all 159 member states to pay their assessed contributions "timely and fully" as a means to resolving the mounting economic problems of the UN secretariat.

In a report to the Assembly, Secretary-General Javier Perez de Cuellar warned he had proposed an "extremely tight budget" for 1988-1989. The proposed reductions in expenditures, which he deemed necessary to maintain the "bare solvency" of the Organization, would result in an intolerable reduction of programmes which member countries had asked for, and of the staff and structure of the Organization itself.

BRIEFS ON ECDC/TCDC...

Since it was founded in 1976, the 44-member Islamic Development Bank (IDB) has approved about \$7.24 billion in total development financing, IDP President Dr. Ahmad Mohamed Ali said recently. He also pointed out that while \$1.13 billion had been channelled into development projects, about \$5.2 billion had been provided to member countries to finance foreign trade. The IDB has also provided some \$185 million in non-refundable grants to educational and health projects for Muslim communities in non-member countries...

Sri Lanka and Iran have agreed to cooperate in agriculture, fisheries and oil exploration. The Iranians have agreed to sell crude oil to Sri Lanka in exchange for Sri Lanka's primary export commodity, tea. Iran has said that since its Islamic Revolution in 1979, its trade with developing countries has increased from 4 percent to 26 percent...

Vietnam is expected to receive about \$14.6 million from the Kuwait Fund for Economic Development. The money will be used to finance a water logging control project in Vietnam. The total cost of the project, which is expected to be completed in early 1990, is about \$25.8 million...

The fourth Arab Energy Conference is scheduled to be held in the Iraqi capital of Baghdad March 14-17. The acting Secretary General of the Organization of Arab Petroleum Exporting Countries (OAPEC) Dr. Abdul Aziz al Wattari said last week that the conference would discuss major topics relating to Arab energy resources, power-generating and oil industries...

Tanzania plans to enter into joint film production with China, the Tanzanian news agency Shihata reported last week. The Minister of State Anna Makinda was quoted as saying that Tanzania needs to train technical personnel and China may be able to provide the necessary assistance. She thanked the Chinese government for all its past assistance and expressed a desire to open new areas of cooperation between the two nations...

Pakistan is expected to receive about \$30 million from the Jeddah-based Islamic Development Bank specifically for the import of palm oil from Malaysia, one of the world's major producers of oil...

Jordan and Iraq reportedly have set a \$900 million target for two way trade this year. Meanwhile the Iraqi-Jordanian Industrial Company is expected to prepare feasibility studies for the joint production of trisodium phosphates, sodium carbonates and agricultural insecticides...

PUNCHLINES...

"Often when representatives of developing countries meet, they get drowned in their own verbiage and in the preparation of the documentation and the final report of the meeting. The nuances of linguistics and syntax, the weightage of one word against another, the appropriateness of this phrase against that, becomes the overwhelming preoccupation. It is essential that this meeting does not make this mistake. Those attending the present meeting are the actual agents of trade and industry; it is only normal if the meeting allows them to get down to the core of their pursuit: what can we sell, or what can we buy, or what know-how do you need and what project can I supply" -- The Chairman of the Group of 77 in New York Ambassador Fernando Andrade Diaz-Duran speaking at a meeting of representatives of Chambers of Commerce and Industry of developing countries, in Rio, Brazil.

"The South is tired of being the world's taker -- whether of import and export prices; of interest rates and political conditionality for financial and commercial transactions; of technology; of ideology and self-interest advice; and even of charity and benevolence. It is also tired of having its agenda set for it. It is therefore proposing to set its own agenda for its own action."-- The Chairman of the South Commission Dr. Julius K. Nyerere.

"The existing global and communication system is asymmetrical; it is a system dominated by a few news agencies and communication conglomerate who, through their resources and technology, determine what is news to the five billion people in our global village. Such an unequal global system of information is patently undemocratic because it concentrates power in the hands of a few information and communications giant. Like the classic oligopolists, those who control the technology of information have immense power and influence. The power has been used to promote exclusively the interests of those who control the means of communication. Their coverage of news in the developing countries is slanted to mock developing countries and their peoples, to ridicule and severely criticise their developmental efforts and to mould negative public opinion in developed countries"--Ambassador M.O. Onoaiye of Nigeria speaking before the Special Political Committee.

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HAVANA MINISTERIAL MEETING OF THE GROUP OF 77
SETS PRIORITIES FOR FUTURE ACTION ON ECDC

For the sixth time since the first United Nations Conference on Trade and Development (UNCTAD) in 1964, the countries members of the Group of 77 met at the ministerial level in Havana, Cuba from 20 to 25 April 1987 in preparation for the forthcoming seventh session of the Conference scheduled to take place in Geneva from 9 to 31 July 1987. The Ministerial Meeting in Havana was preceded by high-level regional meetings in Dakha, Bangladesh (9-16 March), Addis Ababa, Ethiopia (9-21 March) and San Jose, Costa Rica (16-21 March).

Although the Ministerial Meeting dealt principally with the four agenda areas of UNCTAD VII, namely resources for development, commodities, international trade and the problems of the least developed countries, it also accorded separate consideration to the latest developments relating to economic cooperation among developing countries (ECDC). This resulted in the adoption of a Ministerial Statement on future activities in the area of ECDC.

The Ministerial Statement noted with serious concern the negative impact that the global financial and debt crisis is having on the ability of developing countries to intensify and give greater content to South-South economic relations, particularly in the fields of trade, monetary and financial cooperation. Recognising the important role and relevance of ECDC in achieving their development goals, the Ministers highlighted some measures and activities pursued by the developing countries to promote ECDC in the face of the adverse global economic situation:

(a) The increasing recourse by countries facing severe payments problems and shortage of reserves to bilateral agreements and, in particular, compensatory instruments including countertrade;

(b) The launching of the negotiations on the establishment of the GSTP which is the first major proposal for interregional cooperation that has matured to the stage of actual and concrete negotiation. The Ministerial Meeting held in New Delhi in July 1985 provided a major impetus to the GSTP process. The Ministerial Meeting held in Brasilia in May 1986 was a historic landmark in ECDC in that it launched the First Round of Negotiations on the exchange of concessions within the GSTP;

(c) The establishment of the Association of State Trading Organizations to promote trade among developing countries through direct trade measures such as long-term contracts and countertrade;

(d) The efforts made by some of the payment and credit arrangements to raise external funds to re-launch or extend payments cooperation as well as the sustained periodic review and consultations in the Coordination Committee on Multilateral Payments Arrangements and Monetary Cooperation among Developing Countries on ways and means of reinforcing the operations and activities of these arrangements;

(e) Holding of the first Consultative meeting on foreign debt of non-aligned developing countries in Lima in November 1986;

(f) The adoption of the Cairo Declaration by the Cairo High-level Meeting on ECDC which emphasized that perceived economic benefits must be the basis of ECDC, so that it could become self-sustained, self-generating and self-financing;

(g) Establishment at the Cairo High-level meeting of a committee of six experts for the utilization of the Pérez-Guerrero Trust Fund for ECDC/TCDC.

The Ministers were of the view that the ability of South-South cooperation to grow and expand would be greatly enhanced if a scale of priorities was delineated on the basis of Conference resolutions 139 (VI) and resolutions 2 (III) and 3 (IV) adopted by the Committee on Economic Cooperation among Developing Countries of UNCTAD. The following "core" of activities in the fields of trade, commodities, finance and exchange of information was thus given high priority:

(a) Trade

(i) All participants in the GSTP should give high priority to concluding the negotiations of the First Round of the GSTP within the agreed time-frame with a view to making the GSTP operational at the Ministerial Meeting in Yugoslavia in September 1987;

(ii) As a means of expanding trade among developing countries the encouragement of other forms of trade, including countertrade was called for;

(iii) Reactivation of the trade liberalization and other integration and cooperation processes of developing countries at the subregional and regional levels, including cooperation at the level of the State and non-State enterprise sector;

(iv) Particular attention should be paid to the possibilities for expanding South-South trade through coordination of plans and programmes of the developing countries to maximize their economic complementarities and to regional trade liberalization which will help reduce dependence on the outside world;

(v) Greater efforts should also be made to promote the establishment of multinational enterprises and joint ventures of developing countries for production and trade. Cooperative action should be carried out in order to neutralize, inter alia, operations by the transnational corporations which might have an adverse effect on ECDC;

(vi) UNCTAD should also continue to support the State Trading Organizations of developing countries in cooperation with the Association of State Trading Organizations of Developing Countries (ASTRO). Respective governments of developing countries should invite and encourage their STOs to join the ASTRO and collaborate in its work.

(b) Commodities

(i) Emphasis should be given to strengthen cooperation among developing countries in the field of commodities in their primary and processed forms in order to improve the conditions of trade and ensure increased earnings from exports. In this regard, greater priority should be given to the extension of existing and the creation of new producers' associations, especially among developing countries, to undertake various measures including trade promotion programmes, exchange of information and statistics on the market situation, production, stocks and product developments and also to undertake supply rationalizations measures with a view to bringing stability to the commodity field. The existence of producers' associations would also give developing countries a stronger bargaining position in their negotiations with developed countries on commodity matters;

(ii) Further emphasis should also be given to strengthening cooperation among developing countries in areas of processing, marketing and distribution of commodities.

(c) Finance

(i) Increased attention should be given to further cooperation among developing countries in the field of money and finance. The trade financing requirements for the prospective expansion of trade among developing countries should be explored. In this regard the participation of financial institutions interested in expanding credit, including the subregional and regional development banks and other financial institutions, should be explored;

(ii) There is need to re-launch the clearing and payments schemes at regional and subregional levels: to pursue further, within the framework of the Coordination Committee on Multilateral Payments Arrangements and Monetary Cooperation among Developing Countries the study of the possible linkage of operational subregional and regional clearing arrangements with the associated institutional framework to include also the participation of other interested countries which are not members of existing clearing arrangements, to consider the creation of an interregional clearing arrangement and an interregional reserve fund for interested developing countries;

(iii) In the context of economic cooperation among developing countries and in the spirit of collective self-reliance, developing countries in a position to do so, should continue to provide assistance to the African and other least developed countries within the means available to them.

(d) Exchange of information

(i) The exchange of information on all aspects of ECDC is of the utmost importance for developing countries. In this regard, priority should be given to the implementation of the Multisectoral Information Network Project, as recommended and reiterated by previous IFCC meetings and the High-level Meeting on ECDC.

The Ministerial Statement also welcomed the appointment of H.E. Mr. Julius Nyerere, former President of the United Republic of Tanzania, as Chairman of the Geneva-based Non-governmental and Independent Commission of the South on Development Issues. Finally, it took note of the convening of the first Extraordinary Ministerial Meeting on South-South Cooperation of the Movement of Non-Aligned Countries in Pyongyang from 9 to 13 June 1987.

EXCERPTS FROM THE ADDRESS BY THE CHAIRMAN OF THE GROUP OF 77
IN NEW YORK, H.E. AMBASSADOR FERNANDO ANDRADE OF GUATEMALA,
AT THE EXTRAORDINARY MINISTERIAL CONFERENCE OF NON-ALIGNED
COUNTRIES ON SOUTH-SOUTH COOPERATION, PYONGYANG, 9-13 JUNE 1987

Mr. Chairman, Excellencies, Friends:

...The Harare Summit of the Non-Aligned Movement in September 1986, took note of the joint report submitted in New York by the Chairman of the Coordinating Bureau and the Chairman of the Group of 77 and called upon the two Chairmen to continue their efforts to ensure that the implementation of both programmes was mutually supportive and achieved the necessary complementarities. Very briefly the main elements of this joint report were that the Action Programme of Economic Cooperation (APEC) and the Caracas Programme of Action (CPA) should:

- schedule their calendar of meetings in a manner so as to avoid duplication;
- they should make the fullest use of functioning organisations/projects under them;
- they should utilise their existing facilities for the widest possible dissemination of information of each others activities;
- they should ensure the exchange of relevant reports and documentation;
- they should both come up for harmonious and coordinated implementation by National Focal Points and finally that
- with a view to forging a coordinated and unified position of developing countries in multilateral forums, the Chairmen of the two Groups in concerned chapters should consult well in advance of multilateral meetings.

...Less than a year ago...in August 1986, the Group of 77 met in Cairo for a High-level Meeting to deliberate an agenda very similar to that under consideration in this Non-Aligned Ministerial forum, namely "Review of ECDC and Ideas for Future Strategy". ...The conclusions of the Cairo meeting could be considered with advantage during the deliberations of this high forum. In particular, I would like to highlight one of its basic recommendations that in pursuing our goals in South-South Cooperation we should be imbued with the highest political will, but equally, a sense of realism, that would allow us to set a relevant scale of priorities. The Cairo Report underscored this point by stating and I quote: "Economic cooperation among developing countries needed to liberate itself from the

paralysis of excessive thrust. Limited but sure progress was a better formula for increasing South-South Cooperation than absolute goals that remained unimplemented."

...Along with not trying to do everything all together, it is important...that what we do, we do well. To cite...the Theme Paper of the Cairo Meeting, and I quote: "It must be recognised that in making any ECDC meeting, programme, project or scheme meaningful the key element is the optimum use of expertise. The stating of goals without the detailing of practical measures to achieve them will be unproductive. The nuts and bolts of identifying issues and questions, complementarities and benefits, financial costs, infrastructural requirements, technical support mechanisms, time frameworks and the concrete modality of implementation cannot be glossed over...". It is precisely this requirement which the guidelines approved in Cairo of the ECDC Trust Fund, now renamed the Perez-Guerrero Trust Fund for ECDC/TCDC, recognise. The basic intention behind the guidelines is to utilise the Fund -- the annual interest generated by it is around US\$400,000 to 500,000 -- to finance the professional underpinning of ECDC projects. In accordance with the guidelines, a committee of six experts, two from each region of the Group of 77, has been established. The Latin America and African regions have already named their experts, and I am in active consultations to see that the Asian region does so as expeditiously as possible. The task of this committee of experts shall be to prepare a list of projects, in sequence of priority, in respect of which the interest generated by the Fund shall be used to finance pre-investment/feasibility reports to be prepared by professional consultancy organisations available in developing countries. The report of the committee of experts is to be approved at the next IFCC meeting in Havana in September, 1987. In this way, in a time bound framework, the Trust Fund would be able to provide the requisite seed money for the promotion of projects of relevance to developing countries and enable them to have the necessary professional and technical back-up. I am happy to say that the Government of Venezuela has conveyed its kind agreement to host the meeting of the Committee of Experts, and they are expected to meet in early August this year.

...South-South Cooperation cannot really take off if it confines itself only to broad ideological propositions which are unable to translate themselves into a concrete sign of hope in the context of the actual burden and crisis being faced by our millions of people. It is true that our basic problems cannot be resolved until the international economic crisis abates. But, in the interim, we have to see what concretely we can do among ourselves. Can we, for instance, in the sector of commodities, use the modality of South-South cooperation, to contribute in

such areas as processing, storage, marketing, transport and distribution? Or, can we not, work towards strengthening existing Producers' Associations, and identify the possibility of creating new ones? Similarly, in the area of financial liquidity, can we not do much more in the fields of payment unions, currency clearing arrangements, and trade financing? Mr. Chairman, what we do in these crucial areas may not be grand or spectacular...but even a small step, if it is of direct relevance, and is one in which our nations perceive actual economic benefit, is a significant step and can generate in time bigger steps with greater success.

...Mandates for ECDC exist within the UN system. We have to identify and highlight them. Often, in the implementation of our projects, we lack the availability of technical expertise on an institutional and continuous basis. We need here to tap the UN system. Some of our very important projects such as the GSTP and ASTRO have benefited from such support. I may mention...that the GSTP is one of the most important projects of the Group of 77, and we are optimistic that it will come to early fruition. Other projects, such as the MSIN, can also fruitfully ride piggy-back on relevant infrastructures within the UN system, while fully retaining their own separate identity. Such a course is often the most cost-effective methodology, given our own scarcity of resources. There are some forums within the UN which have expressly been created for South-South Cooperation. One such is the High-level Committee on TCDC of the UNDP. This forum, drawing its mandate from the Buenos Aires Plan of Action, is the only forum to carry out an intergovernmental review of TCDC within the UN system. We have to remain vigilant against any attempt to erode this forum. Indeed, ...we have to remain vigilant against any attempt to erode the mandates of the UN system itself...

...I think it is essential that South-South Cooperation, in addition to utilising fully the UN system for its goals, also makes greater use of all the productive sectors available to it within developing countries themselves. I speak here of the need for non-governmental organisations to be brought into the mainstream of South-South activity. Chambers of Commerce and Industry, end-user enterprises, the private sector in countries where it exists -- all of these need to be made more aware of the potentialities of South-South Cooperation, and given opportunities to translate this enhanced awareness into action. In this context, I propose to pursue the possibility of convening later this year a Conference of Chambers of Commerce and Industry of developing countries.

My last point...relates to the question of National Focal Points. A dynamic international network of National Focal

Points is a sine qua non for South-South Cooperation to acquire resilient foundations. This was envisaged by the CPA, and at IFCC-I in Manila, the Group of 77, prepared a paper on General Guidelines for National Focal Points. Unfortunately, today, the National Focal Point structure is in great disarray. Any attempt to galvanise it, apart from dealing with matters such as structures and the need for uniformity, must also squarely grasp the fact that National Focal Points can play a truly meaningful role only if they have emerged as part of a national planning process in which the concept of ECDC has been fully integrated. This...is in essence a matter of political will, and this Conference cannot be better placed to provide the required momentum. In the Group of 77, at the next IFCC meeting in Havana in September 1987, we have put the need to galvanise the National Focal Point structure as a separate agenda item. We hope something concrete will emerge.

...I cannot conclude without emphasising, that however great the strength of our own resolve, our actual ability to promote South-South Cooperation is significantly influenced by the magnitude of the global economic crisis. Developing countries are in the grip of an international debt crisis of unprecedented proportions... In this scenario, to pursue the goals of South-South Cooperation is not an easy task. But perhaps, it is precisely because of this, it is precisely because whatever we have achieved and can achieve is under serious threat of being overwhelmed, that we must redouble our efforts to preserve and continue what we know we can do with benefit among ourselves. This is the historic challenge of South-South Cooperation today. I remain confident that, given the proven solidarity of the Non-Aligned Movement and the Group of 77, we shall emerge from this challenge victorious.

We must not forget, Mr. Chairman, that in the context of an ever changing and interdependent world peace and development, freedom and democracy, are fundamental prerequisites for the full realization of the individual as human being. Indeed, this is the highest aspiration of all peoples and the reason behind all our efforts.

SIXTH MEETING OF THE INTERGOVERNMENTAL
FOLLOW-UP AND COORDINATION COMMITTEE ON ECDC
(IFCC-VI)

Havana, Cuba, 7-12 September 1987

Provisional agenda

1. Opening ceremony
 - Address by the representative of the host country
 - Address by the Chairman of the Group of 77
 - Address by the representative of the Chairman of the Non-Aligned Movement
2. Election of the bureau
3. Adoption of the agenda and organization of work
4. Sectoral review of the Caracas Programme of Action and guidelines for future work
5. Consideration and approval of the report of the Committee of Experts of the Perez-Guerrero Trust Fund for ECDC/TCDC
6. Consideration of the report of the meeting of the Heads of the National Focal Points for ECDC/TCDC
7. Consideration of the report of the Ninth Meeting of the Chairmen/Coordinators of the Group of 77
8. Mechanisms for coordination, monitoring, follow-up action and evaluation
9. Venue and date of the next IFCC meeting
10. Adoption of the report
11. Closure of the meeting

CHAIRMEN OF THE G-77 IN UN CENTRES TO MEET AT IFCC-VI
TO DISCUSS QUESTION OF IMPROVED COORDINATION AND
PARTICIPATION IN THE IMPLEMENTATION OF THE CPA

The Caracas Programme of Action (CPA) envisages, in the context of ECDC, that the chapters of the Group of 77 in the various UN centres should play a critical role in the Programme implementation, taking into consideration the activities carried out at those UN centres where it has constituted itself: New York, Geneva, Rome, Vienna, Paris, Nairobi and Washington.

The Cairo High-level Meeting on ECDC held in August 1986 recommended in its report that the Chairmen of the G-77 should meet at the next session of the Intergovernmental Follow-up and Coordination Committee (IFCC-VI), to be held in Havana, Cuba, from 7 to 12 September 1987, specifically to discuss the question of improved coordination and to submit their recommendations in this regard for inclusion in the report of the IFCC.

In their Eighth Meeting held in Geneva between 19 and 20 February 1987, the Chairmen of the Group of 77 further agreed to discuss at their next meeting in Havana measures designed to make the participation of each chapter in the implementation of the CPA more effective and to consider the advisability of harmonizing the terms of office of the Chairmen of the G-77 chapters as a means to improving coordination among them.

The meeting of the Chairmen of the G-77 in Havana will be of considerable importance in view of the fact that their recommendations and proposals will be acted upon by the IFCC and in that their meeting has been accorded a separate agenda item. The Office of the Chairman of the Group of 77 in New York, recognizing the importance attached by the Cairo High-level Meeting to the question of improved coordination among the chapters of the G-77, is at present preparing a working paper for the meeting of the Chairmen in Havana, which will include the proposals and views of all the G-77 chapters on this matter.

OPPORTUNITIES FOR COOPERATION IN THE FIELD OF WATER RESOURCES
DEVELOPMENT AND MANAGEMENT DISCUSSED AT EXPERTS MEETING
OF THE G-77 IN ZAGREB, YUGOSLAVIA

An Experts Meeting of the Group of 77 on Water Resources Development and Management in Developing Countries was convened in Zagreb, Yugoslavia, from 10 to 12 December 1986. The Meeting was sponsored by the Government of Yugoslavia and jointly organized by the Zagreb-based Institute for Developing Countries and the International Zagreb Fair. 18 member countries were represented at the Meeting. The representatives of FAO and UNDP were also present.

The report adopted by the Meeting recognized that cooperation among developing countries in this area was particularly fitting since the development of water resources varied widely from one developing country to another, just as their socio-economic and environmental conditions. It highlighted 6 areas of cooperation in this regard:

- Exchange of information
- Cooperation in education and training
- Cooperation in research
- Cooperation among engineering organizations
- Cooperation in the field of production and marketing of equipment
- Financing

The Meeting made the following recommendations for further action in this field:

- i) In order to promote exchange of experience and expertise among the member countries of the Group of 77, a Directory should be drawn up outlining:
 - a) Organizations/institutions engaged in various aspects of water resources development and management
 - b) Institutions having various levels of educational and training facilities
 - c) Research institutes
 - d) Glossary of experts
- ii) With a view to initiating a regular flow of technical information, arrangements for the exchange of technical literature, publications, etc., through identified national institutions should be made;
- iii) In order to ensure greater cooperation, it would be

desirable to hold periodical meetings of experts in the field of water resources and development:

- iv) Various organizations within the UN system, such as: UNDP, FAO, UNIDO, UNESCO, should be requested to play a more active role in assisting developing countries to attain self-reliance in the field of water resources development and management. Towards this end, at least 50% of the experts to be engaged on internationally financed projects should be from developing countries.

The Meeting expressed its appreciation at the offer made by the Institute for Developing Countries to provide assistance to the member countries of the Group of 77 on the actions taken by them to implement these recommendations.

ECDC NEWS

Zambia-Zaire trade

The Zambia-Zaire Joint Permanent Commission met in Lusaka for five days early in May and reached a new trade agreement replacing one signed 20 years ago. It is expected that once the agreement is implemented, both private and state agencies might construct shops at border posts - Sakania, Mokambo, Kasumba-Lesa, Kipushi and Njimbe. Meanwhile, governors from the central banks will look into monetary cooperation.

One notable project in the new protocol is the construction of an oil pipe-line from Ndola in Zambia to Lubumbashi in Zaire. The two governments will seek funds for the venture. The mining industries will benefit from the agreement, and ZCCM of Zambia and Gécamines and Sodimiza of Zaire are likely to enter into direct contracts. The commissioners explored and adopted several new areas of cooperation in the field of energy, transport and communication. Air Zaire and Zambia Airways will meet this year to iron out any outstanding issues. There is an airlink between Ndola and Lubumbashi. (African Business, June 1987)

Tanzania, Kenya and Uganda to form cooperation commission

Ministers from Tanzania, Kenya and Uganda have adopted a draft agreement for the formation of a tripartite joint commission on cooperation among the 3 East African countries. The meeting, which was held early in May in Arusha, Tanzania, agreed on the text of the draft cooperation agreement although details of the content have not been disclosed. During the meeting, the ministers also discussed matters arising out of the mediation agreement reached following the collapse in 1977 of the former East African Community.

A statement issued at the end of the meeting said the ministers examined a number of remaining mediation matters and made specific decisions. It further commended the steps being taken by the three countries to bring together related institutions to work out modalities for future cooperation. (Special United Nations Service, No. 1709)

PTA focus on transport integration

The Eastern and Southern African Preferential Trade Area (PTA) will this year launch a study on the integration of

transportation systems within the region, PTA Secretary-General, Bax Nomvete, recently announced. Integration of rail, road and inland water transport systems of the 15 PTA member states would make them complementary of each other, Nomvete told journalist on arrival in Dar-Es-Salaam for a 3-day consultation with Tanzania government officials last May.

Set up 3 years ago, the PTA groups Ethiopia, Djibouti, Kenya, Uganda, Tanzania, Burundi, Rwanda, Zimbabwe, Malawi, Lesotho, Swaziland, Botswana, Mauritius and Madagascar. The regional organizations aims to promote trade among its members with the ultimate objective of creating a common market. During its short operational period, the Secretary-General said, the PTA has made a 'positive progress' in implementing its programmes in the fields of transport, industry and agriculture. 'But, when you group 15 countries together, your are bound to have teething problems', he pointed out.

Nomvete said the problem facing the PTA concerned ensuring that all its programmes 'are moving simultaneously and reinforcing each other.' In the transport field, Nomvete said the PTA member countries have agreed on national airline cooperation in fixing flight schedules in order to avoid delays at airports within the region. The countries have also agreed on establishing aircraft maintenance centres and the pooling of airline technicians, including pilots. Ethiopia, Kenya, Madagascar and Zimbabwe were designated by PTA members for location of aircraft maintenance centres.

Regarding surface transport, he said the regional body was in a process of standardising motor vehicles and hoped that the programme would be expedited within the next 2 or 3 years. Meanwhile, 11 of the PTA member states have paid up their shares of the capital stock to the PTA bank which is just beginning its operational programme. However, Nomvete declined to disclose countries which had met their payments but said all who acceded to the Charter establishing the Harare-based bank had met their obligations. The PTA Council of ministers is due to elect the bank's first president when it convenes in Addis Ababa in June. Nomvete, who is currently the bank's acting president, disclosed. He said he would discuss the status of the PTA development bank with Tanzanian officials during his tour. Tanzania is not a member of the bank.

On the agenda of his visit to Tanzania, Nomvete said, were a number of issues to be discussed with government officials, including a timetable for achieving zero tariffs for PTA trade, and development of multinational industries for fertilizer, iron and steel as well as engineering industries. Every member of the PTA was honouring the implementation programme as directed

by the last PTA summit meeting held in Addis Ababa last December, he said. Though the pace of the programme implementation differed among the member countries, he said the countries aimed to remove tariff and non-tariff barriers in developing inter-state commerce under the monopoly of 'indigeneous businessmen'. He said the business could be in either public or private sectors because 'our objective could be in either public or private sectors because 'our objective is encouragement and development of self-reliance in practical terms.' (Special United Nations Service, No. 1707)

Establishment of a multinational fertilizer marketing enterprise for Asia and the Pacific under consideration

As reported in the December 1986 issue of the G-77 Bulletin (No. 36), one important recommendation adopted by the Technical Meeting on Cooperation among State Trading Organizations in the Field of Fertilizers, held at Jakarta, Indonesia, from 21 to 24 October 1986, was a proposal to establish a multinational fertilizer marketing enterprise for Asia and the Pacific. The Meeting agreed to set up a technical Working Group to study the proposal in more detail before embarking on the establishment of such an enterprise. The following issues were felt to need further study:

- A) the equity structure, including a study of the question of whether cooperation would mainly be among governments or among private/public enterprises, and;
- B) the economic viability of the proposed enterprise.

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) recently reported that members of the technical Working Group and officials from the Asian Development Bank met to discuss the possibility of the latter's participation in the proposed enterprise's share capital. Moreover, representatives of the Fertilizer Advisory, Development and Information Network for Asia and the Pacific (FADINAP) and members of the technical Working Group have been in contact with selected importers/exporters in the region to solicit support for this enterprise and to encourage the establishment of bilateral and/or multilateral trade agreements which could be channelled through the enterprise.

ESCAP announced in this connection that a meeting between the importers/exporters and members of the Technical Working Group is planned for July 1987 on the occasion of the Fourth Round-table Meeting on Fertilizer Marketing for Asia, which is scheduled to be held at Kuala Lumpur. The meeting is to be

jointly organized by FADINAP and the International Fertilizer Industry Association (IFA).

RNAM involved in the promotion of agricultural mechanization in Asia and the Pacific region since 1977

The Regional Network for Agricultural Machinery (RNAM), a project of India, Indonesia, Islamic Republic of Iran, Pakistan, Philippines, Republic of Korea, Sri Lanka and Thailand, has promoted technical cooperation among developing countries (TCDC) in the area of agricultural mechanization through extensive exchange of information on selection, design and development, adaptation and popularization of agricultural machinery with emphasis on its local manufacture. It has its origin in the former Asian Industrial Development Council (AIDC) which studied the agricultural machinery industry sector from 1968 to 1972 and identified the need for a regional institutional arrangement. The UNDP sponsored missions to the participating countries which resulted into an agreement to create a network of National Institutes to provide close collaboration and extensive exchange of information on various aspects of agricultural mechanization under the coordination of a Regional Office.

The National Institutes in the participating countries were to be strengthened by RNAM to increase their capabilities in organizing and implementing through a National Network of institutions and organizations, the country programmes of design and development, testing and evaluation, manufacture and popularization of improved agricultural machinery which include either manual, animal and mechanical power sources or their combinations compatible with local agro-ecological and socio-economic conditions. Thus, RNAM became the first UNDP-assisted inter-country project based on the concept of a network.

RNAM began operations in 1977 with the support of UNDP which designated the UN Economic and Social Commission for Asia and the Pacific (ESCAP) as the executing agency in association with the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Organization (UNIDO). The technical collaboration of the International Rice Research Institute (IRRI) was also enlisted. The funds for the RNAM Project come from UNDP, the governments of the participating countries and the governments of Australia, Japan and the Netherlands. The RNAM Regional Office is located at the campus of the University of the Philippines at Los Baños, College, Laguna where the Government of the Philippines has been providing host facilities since 1978.

The network evolved on the basis of a set of priority areas identified as immediate concerns in agricultural mechanization by participating countries. These concerns were the improvement of institutional arrangements for the formulation and effective implementation of policies and strategies in agricultural mechanization; design and development of agricultural machinery suitable to local conditions; strengthening of technical manpower through regional trainings and workshops; promotion of local manufacture of agricultural machinery; exchange of information and technical cooperation among participating countries.

The objective of the RNAM Project is to increase agricultural output and labor productivity. At the same time it aims at improving the working conditions and income of farmers in the participating countries. Thus, the immediate objectives of the RNAM Project are: 1) to assist National Institutes (NIs) in the formulation of policies and strategies to promote mechanization of agriculture; 2) to strengthen the capabilities of NIs in design and development; 3) to strengthen the capabilities of NIs in the testing, evaluation and modification of prototype equipment to meet local manufacturing conditions; to promote the local manufacture of agricultural machinery; 5) to popularize the use by farmers, of agricultural machinery and 6) to exchange information on implements and tools, agricultural mechanization programmes and relevant technological developments in the field of agricultural machinery.

At the start of the Project, RNAM recommended and provided guidelines for the establishment of a National Farm Mechanization Committee in each participating country. In response, the countries had established their own equivalent versions of the committee. The Republic of Korea has the most experienced committee which assists in implementing the National Agricultural Mechanization Promotion Law promulgated in 1979. The Committees of India and Thailand have already drafted agricultural mechanization policies and strategies for consideration by their respective higher authorities. Those of other countries are in the process of doing so.

During its initial phase, the Project supplied 3 types of transplanters and 5 types of cereal harvesters to interested countries which tested and modified them. THE IRRI manually-operated rice transplanter is being popularized in Indonesia, Philippines, Sri Lanka and Thailand. The Chinese vertical reaper is already being manufactured in commercial quantities in Pakistan and in promotional quantities in India.

RNAM encouraged and assisted the National Institutes in the design, development, testing, fabrication and popularization

of various types of weeders from local and foreign sources. Many of such weeders for lowland rice, are already in popular use. The manufacture of locally designed cereal threshers and seed-cum-fertilizer drills, both of which are now popular in India and Pakistan, was promoted by the Project. Rice threshers are also popular in the Philippines and Thailand. They are also being popularized in Indonesia and Sri Lanka. Locally designed seed-cum-fertilizer drills or animal-drawn planter-fertilizer applicators are being extended to manufacturers in Indonesia, Philippines and Thailand.

The Project supplied selected testing instruments to improve the testing facilities; provided drawing office equipment to augment design capabilities; and supplied audiovisual equipment, as well as technical books, publications and other reference materials to intensify the information dissemination activities of the National Institutes. The Regional Office produced 78 publications which were disseminated to National Institutes and interested countries. Responding to RNAM recommendations, the National Institutes themselves produced 161 publications.

Overall, in the efforts to promote agricultural mechanization in Asia and the Pacific Region, RNAM has fostered technical cooperation among the participating countries through undertaking of activities which were mutually beneficial and of common interest. Indeed, the foundation for a greater Economic and Technical Cooperation among Developing Countries (ECDC/TCDC) has already been laid out. (ESCAP)

Regional trade stressed at ALADI ministerial meeting

Foreign ministers from 11 Latin American countries met in Montevideo last March on regional integration and agreed to adopt new and specific policies to govern trade between them. The cornerstone of their accord sets broader preferential tariffs for trade in the region, according to representatives of the Latin American Association for Integration, known as ALADI. Area trade will be improved by putting new energy into talks to eliminate some of the restrictions on reciprocal commerce, they said.

As a first step, foreign ministers agreed here to make efforts to correct trade imbalances and to foster a programme for expanding and recuperating trade aimed at benefiting all the ALADI countries.

Representatives from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela

joined in the meeting. Argentina's Norberto Bertaina was appointed Secretary-General of the group until 1990, and will replace Juan Jose Real of Uruguay, whose term just ended.

ALADI's final declaration said, 'the package of measures adopted reflect the political commitment to integration, despite the severe difficulties that afflict the economies of the region's countries.' 'In response to the international economic crisis, the problems posed by foreign debt and, in general, to the obstacles to economic development in the region', the group furthered its commitment to 'deepening the links and common interests and fortify the mechanisms for Latin American coordination' in the economic realm.

In the 2 days of deliberations, the ministers stressed that some countries in the region are less developed than other -- particularly Bolivia and Paraguay - and agreed to take steps to guarantee multilateral advancement. Social development in the region, ALADI members also concluded, must be taken into account when economic issues are discussed, to allow positive moves toward peace and national security among area countries. On the question of area-wide trade, the Association's experts found that 30% of the region's exports are traded among ALADI countries.

Delegates stressed the importance of a resolution which calls on area governments to redirect 30% of exports sent outside the region to commerce in the area. A basic preferential tariff proposed under the resolution would encourage the redirection of exports to neighbouring countries, and experts estimate that by 1989, reciprocal trade will grow by 40% under the policy. Association experts will meet later this year to hammer out the specifics of that programme, and the ministers themselves agreed to come together early next year for ALADI's fourth ministerial meeting.

Delegates on the whole were pleased with the outcome of the week's session. 'ALADI leaves this meeting strengthened,' commented Uruguayan foreign minister Enrique Iglesias, who presided over the gathering in Montevideo. 'Now we have clearer methods to permit us to make the integration process of our countries more dynamic,' he said. Iglesias also expressed his hope that improvements in the region's growth 'internally' would eventually spawn the region's 'external' development as well. (Special United Nations Service, No. 1674)

CONTRIBUTIONS TO THE G-77 BULLETIN SHOULD BE ADDRESSED TO:

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OFFICE MEMORANDUM

File

DATE May 8, 1987

TO Shahid Javed Burki, Director, IRD

FROM Wolfgang Siebeck and Callie Boucher, IRD

EXTENSION 73641

SUBJECT Ministerial Meeting of the G77 Preparatory to UNCTAD VII
— Havana, Cuba, April 20-24, 1987

G7 - G77

We attended this preparatory meeting called by the G77 to develop its negotiating strategy for UNCTAD VII scheduled for July 9-31, in Geneva.

President Fidel Castro opened the meeting with a hard-hitting though somewhat rambling speech which covered an array of G77 concerns. He has come to the conclusion that the development process is at a critical stage, given that progress has never been so hampered by adversity: massive terms of trade deterioration, rising protectionism, burdensome external debt, exchange rate volatility, high real interest rates, dwindling commercial flows, and even negative net transfers. To a large extent, he attributed the difficulties facing developing countries to the "unjust" and "obsolete" international economic order, especially, US economic and monetary policies. He restated his well known position on the debt problem; namely, that current debt obligations can never be met. In this context, he said that Bank/Fund structural adjustment policies serve mainly to facilitate the external debt payments of a select group of countries. His message was that while unity and perseverance will secure increased public support for the just cause of developing countries, they should not wait for the outward impulses from the developed countries to overcome their economic and social crises, but should pursue more vigorously programs of collective self-reliance and economic cooperation among themselves.

The substantive work of the meeting was carried out in a number of working groups to which the multilateral agencies had only limited access. Neither the Bank nor Fund took part in these consultations. The main task of these groups was to harmonize the positions developed by regional ministers (Africa, Asia, and Latin America) on the main agenda items of UNCTAD VII: resources for development, including financial and related monetary questions; commodities; international trade and the problems of the least developed countries.

To the surprise of a number of delegations, Cuba did not try to impose its radical position on the deliberations of the Working Groups. Much of the agreed G77 agenda addresses a

variety of familiar proposals on which there has been little progress since UNCTAD VI. These include an international conference on money and finance; a political dialogue on debt; ratification of the Common Fund; and attainment by donors of the 0.15 percent GNP target as ODA to the least developed countries. Some country and UNCTAD Secretariat efforts to review the feasibility of some of these old proposals (e.g. commodity issues) were unsuccessful. To some extent, this resistance reflected the low expectations held for UNCTAD VII given uncertain US commitment and its likely effect on other major industrial countries.

The ministerial Declaration which was adopted consists of an overview of the world economic situation and an assessment of the economic outlook for developing countries. In addition, it outlines the rationale on which the G77 negotiation position on key issues will be developed. Citing the 1980s as the lost decade for development, the Declaration calls for a meaningful initiative by developed countries at UNCTAD VII to enhance global cooperation for development on the basis of interdependence, equity and shared responsibilities. Its overall tone is conciliatory; to the credit of the G77, the Declaration focuses on technical and economic issues and contains none of the familiar polemics (Namibia, PLO, South Africa) which often hamper fruitful discussion in these fora; in the spirit of compromise, such controversial issues were dealt with in separate resolutions.

Much will now depend on the reactions of the industrial countries, as they begin to prepare their own positions for the conference. There is consensus that the overall situation in developing countries has worsened considerably since UNCTAD VI, and that the implications for the international economy are becoming increasingly worrisome. We believe that a strong Bank message to the conference urging industrial countries, in particular, to take additional actions to spur growth and revitalize the development process will be both relevant and timely.

The G77 agreed to endorse the African Ministers' proposal to ask Mr. Chidzero of Zimbabwe to be Chairman of UNCTAD VII.

cc: Messrs. Botafogo, Shakow, Koelle, Siebeck, Loos

CBBoucher:ek

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FACSIMILE TRANSMITTAL FORM

67 677

DATE : 28 April 1987

NUMBER OF
PAGES : 13 (including this page)

FROM : Wolfgang E. Siebeck, IRDGO

TO : Mr. Callie Boucher, IRDIE

SUBJECT : G.77 Ministerial Meeting, Havana

Attached please find:

- checklist of documents;
- Havana Declaration and Corrigendum.

Please let me know which other documents listed you wish me to fax to you.

24 April 1987 as at 6.00 p.m.

ENGLISH ONLY

CHECKLIST OF DOCUMENTS

TECHNICAL COMMITTEE

77/MM(VI)/TC/CRP.1 and Corr.1	Draft consolidated assessment
77/MM(VI)/TC/CRP.2 and Corr.1	Problems of the Least Developed Countries, bearing in mind the substantial new programme of action for the 1980s for the Least Developed Countries
77/MM(VI)/TC/CRP.3	Resources for development, including financial and related monetary questions
77/MM(VI)/TC/CRP.4	International Trade
77/MM(VI)/TC/CRP.5 and Corr.1	Future activities on economic co-operation among developing countries and organization of the work of the Group of 77
77/MM(VI)/TC/CRP.6	Commodities
77/MM(VI)/TC/L.1	Draft report of the Technical Committee

PLENARY

77/MM(VI)/L.1	Organizational matters of the seventh session of UNCTAD
77/MM(VI)/L.2	Draft report of the Meeting of Ministers
77/MM(VI)/L.3	Draft decision regarding the request of the People's Republic of China to participate in the Global System of Trade Preferences
77/MM(VI)/L.4	Expression of gratitude to the Government and people of the Republic of Cuba

Miscellaneous documents

HAV/Misc.1	Draft resolution on Southern Africa
HAV/Misc.2	Havana Declaration
HAV/Misc.3	Proposal on interdependence of money, finance, debt, commodities, development and trade
HAV/Misc.5	Draft resolution on Assistance to Nicaragua
HAV/Misc.6	Draft resolution on Assistance to Cuba
HAV/Misc.7	Draft resolution on Southern Africa (revised)
HAV/Misc.8	Draft resolution on Occupied Palestinian Territories as transmitted by the Asian Ministerial Meeting held at Dhaka, Bangladesh

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24 April 1987

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Sixth Ministerial Meeting of the
Group of 77

Havana, Cuba

20 April 1987

Drafting Group

DRAFT FOR CONSIDERATION

THE HAVANA DECLARATION

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We, the Ministers of the Group of 77,

Having assembled in Havana, Cuba, from 20 to 24 April 1987,
for our Sixth Ministerial Meeting,

Being convinced of the importance of reviewing and stating
our collective appraisal of the world economic situation and of
the perspectives for the development of our peoples' welfare,

Bearing in mind the Declaration of our three regional groups
at their recent Ministerial Meetings in Dhaka, Addis Ababa and
San José,

Adopt the following Declaration as a basis for concerted
action in our economic relations with the developed countries and
in our mutual economic co-operation and call upon the international
community as a whole to work together for economic and social progress:

1. The 1980s have been the lost decade of development. The world economy is beset by contradictions and faces a crisis. The persistent stagnation of economic growth has severely retarded economic and social progress and, in several countries, has thrown that process into reverse. The inadequacies and inequities of the international economic system have led to adverse results, stifling trade, development and employment, instead of promoting them. Undue risk, uncertainty and unpredictability in the international economic environment have become major obstacles to national efforts to achieve long-term economic and social objectives.

2. While no country has been immune from these phenomena, the developing countries have been hardest hit. In particular the least developed countries and sub-Saharan African countries, have suffered most. The economic situation in these countries still remained critical and its people are under the threat of hunger and starvation. It has become increasingly difficult for any developing country to pursue policies of self-reliant and equitable development, aimed at elimination of poverty, enhancement

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of human capacities, progressive modernization of the productive apparatus and enlargement of opportunities for participation in economic activity and in the benefits derived from it. [Particular difficulties are experienced by the Palestinian people, whose living conditions have been deteriorating as a result of the Israeli occupation and who urgently need to be liberated from their occupation to enable them to develop their national economy; and by the people of Southern Africa, and Namibia, particularly those of the front line States whose painstakingly developed infrastructure and legitimate development programmes are undermined by the south African regime's destabilization policy.]

3. This situation is beset with economic, social and political tensions, within and among countries. It poses a serious threat to democracy, social stability and international peace and security. Its reversal should command the political commitment and co-operation of all nations, who must work together to build an international economic system based on the principles of equity and justice, that would contribute to the establishment of the New International Economic Order.

4. This effort must be founded on the strict observance of the inalienable right of every State to social and economic development, to choose its economic and social system and to promote the welfare of its people in accordance with national plans and policies. It is unacceptable that this right should be constrained by the application by other States of economic measures intended to exert political and economic coercion, [as is the case at present against Cuba, Nicaragua, Libya and others] for purposes incompatible with the Charter of the United Nations and in violation of multilateral and bilateral undertakings and international law.

5. The members of the Group of 77 assume their responsibilities to strive for their own development. They are also determined to continue to strengthen their mutual economic co-operation. They are convinced that the effective solidarity of the Group strengthens its members, in their national development efforts as in their external economic relations.

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6. The members of the Group of 77 expect the developed countries to assume their responsibilities in the present world economic crisis, and to redesign their policies in order to contribute to an external environment more predictable and more supportive of growth and development. Those countries should realize that, by supporting the development process of developing countries, they can contribute effectively to revitalizing the world economy and thus to resolving their own economic problems, including persistently high unemployment.

7. The crisis in the world economy has many dramatic manifestations. For the developing countries, these include:

- the collapse of commodity prices and deteriorating terms of trade, which have deprived them of export earnings needed to sustain their development and to service their debt; also the sharp and persisting decline in the price of oil has affected the ability of oil-exporting countries to continue their assistance to other developing countries;
- the intolerable debt burden which has compelled many of them to adopt, with high social and political costs, adjustment programmes constraining their development potential. The debt cannot be serviced and repaid under present conditions and without sustained economic development;
- the stagnation of official development assistance and the sharp contraction in financial flows, particularly from commercial banks;
- all the previous factors have led to a net transfer of resources from developing to developed countries;

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- the proliferation of protectionist and distortive measures and policies in developed market-economy countries, which are impeding developing country exports and obstructing structural adjustments which would permit the expansion of those exports;
- the erosion of respect for the disciplines of the multilateral trading system, which exposes the developing countries to arbitrary obstacles to their trade and leaves them without redress;
- the aggravation of the structural problems of the least developed countries, especially the land-locked and island developing countries whose unique problems and inherent disadvantages have a particularly negative impact on their development.

8. The manifestations of the crisis in the external environment for development also include volatile and misaligned exchange rates of major currencies; high interest rates in real terms; massive trade imbalances among the major economic powers and consequent tensions in the international trading system.

9. The developed countries themselves are suffering from uneven and slow growth, and high levels of unemployment, resulting in intensification of protectionist measures and contraction of export markets for developing countries.

II

10. The economic crisis is structural in nature. It has been aggravated by the long-term macroeconomic policies of developed countries.

11. Developed countries have maintained policies that negatively affect the international economic environment, weaken demand for developing countries exports, put a downward pressure on commodity prices and aggravate the debt problem. The control of inflation, which is cited as a positive result of their policy stance, has, in fact, been brought about largely through the collapse of commodity and oil prices.

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12. Multilateralism has been on the wane. The stalemate in economic negotiations between developing and developed countries has hardened. The weakening of multilateral co-operation for development has led to a growing asymmetry in burden sharing and adjustment efforts between developing and developed countries. Many developed countries have shown a marked preference for bilateralism in their external economic relations, resorting increasingly to such policies for political purposes.

13. [While developing debtor countries are persuaded or compelled to undertake difficult policy reforms and adjustment programmes, they do not receive the external resources needed to make these reforms and programmes work]. This contradiction is evident in the implementation of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) and more generally in the plight of the least developed countries, whose efforts at domestic resource mobilization will not achieve their development objectives without substantial additional external resources.

14. Such a crisis coexists with important changes in the international economy. New and powerful actors are emerging, producing a multi-polar economic world. There is increasing interaction among countries with different economic systems. The economic interdependence of all countries has been intensified by the increasing share of external trade in national economic activity and by the internationalization of production and capital. Transnational conglomerates have become powerful actors enjoying unprecedented economies of scale and scope. A new wave of technologies is radically altering patterns of demand, production and trade. The concentrated control of these technologies

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is creating new strains in international economic relations. As a result of these changes the world economy is becoming more complex.

15. In the present circumstances the potential for growth in the developing countries cannot be realized. If, however, external constraints are removed and the required systemic changes made, they can contribute to the sustained expansion of world trade and growth in the foreseeable future.

16. The post-war international economic system has ceased to serve adequately its stated objectives of promoting world-wide economic and social progress.

17. There has not been a meaningful and comprehensive policy initiative to enhance global economic co-operation, on the basis of interdependence, equity and shared responsibilities. Instead, a new tendency has emerged in some quarters of the developed countries to downplay the influence of the external economic environment on the development process and to insist on the primacy of domestic policy reform based on the efficacy of spontaneous market forces alone. This approach, not even applied by its major proponents, is inadequate to address development problems, carries the seeds of social and political instability and ignores the complexity of the contemporary world economy. This approach enables the transnational corporations to move freely, goods, raw materials, services, data and capital across national frontiers, at their discretion.

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18. The international community should join its forces and engage in dialogue to work out the characteristics and mechanisms of a comprehensive international economic system, based on the principles of equity, justice, harmony and universality and on the sovereign rights of States. Development, growth, employment and social progress should be its central objectives. The system should give full recognition to the interdependence between money, finance, trade and development.

19. The expansion and diversification of trade, including trade among developing countries and among countries having different economic and social systems, is one of the most important instrumentalities for achieving these objectives. Trade expansion should be based on the principles of multilateralism and non-discrimination and be pursued within a framework of co-operative interaction among States. The ability of developing countries to expand trade presupposes expanded market access for their exports and increased availability of financial resources. Liberalization could only be pursued to advance their development objectives.

20. Such a framework for promoting development, growth and trade must have a sound and equitable counterpart in the monetary and financial spheres. This should facilitate a durable, global and equitable solution to the debt crisis. It should secure a substantial increase in flows of financial resources for development.

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on an assured, continued and predictable basis. Above all, it should lead to a substantially transformed international economic environment, responsive to and supportive of the process of development.

21. Development would be a fragile goal without peace. Peace without development would be unattainable. An international economic system, having as its central objectives development, growth, employment and social progress will promote peace and security. Such a system should facilitate the channelling of resources released by disarmament into productive use and consumption to better the human condition.

IV

22. UNCTAD is an institution born out of the collective will of the international community. Its universal character, its historic development orientation and its unique, cross-sectoral and inter-disciplinary approach make UNCTAD an important link in the chain of international economic relationships. The crucial need for development calls for the enhancement of UNCTAD's effectiveness and its responsiveness to current and future problems, as well as maintaining the integrity of its mandate and its functions and of the means to fulfil them. The seventh session of UNCTAD provides the member States with a signal opportunity to strengthen multilateral co-operation for development and to strengthen the institution itself. The results of UNCTAD VII will have an important influence on the attitude of the developing countries towards other international negotiations and activities.

V

23. Developing countries cannot afford to rely only on external impulses to overcome the serious economic and social crises confronting them. The implementation of the Arusha Programme for Collective Self-Reliance and the Caracas Plan of Action has, therefore, acquired greater urgency. It is imperative to further expand and deepen Economic Co-operation among Developing Countries

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(ECDC) as an integral part of the efforts to promote a restructuring of international economic relations. The Global System of Trade Preferences among developing countries (GSTP) is the most important ECDC activity on which concrete and substantial progress is under way. Effective steps should be undertaken to complete the first round of negotiations under the GSTP at the Ministerial Meeting in Belgrade, as visualized in the Brasilia Declaration.

xxxxx

24. We, the Ministers of the Group of 77, have presented our appraisal of the current international economic situation and outlined our approach towards the harmonious and equitable reconstruction of international economic relations aimed at ensuring development and employment for all. We have done this in the hope that our partners in UNCTAD would share with us their perceptions and approach. We believe that it is possible to further our co-operative search for the stable system of international economic relations, without necessarily compromising on our respective world views.

25. We believe that all the member States of UNCTAD share common interests and objectives. We also believe that we have a common stake in solving the present crisis. We expect our partners, particularly those who have relatively greater economic strength, to muster sufficient political will and seize the opportunity provided by UNCTAD VII. This occasion should be harnessed not only to launch a dialogue in a wider context for longer-range objectives but also to agree upon concrete measures in specific areas of the agenda of the Conference which need urgent solutions.

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25 April 1987

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Sixth Ministerial Meeting of the
Group of 77
Havana, Cuba
20 April 1987

Drafting Group

DRAFT FOR CONSIDERATION
THE HAVANA DECLARATION

Corrigendum

1. Delete the brackets in paragraph 2.
2. Delete the words in brackets in paragraph 4.
3. For the first subparagraph in paragraph 7, read:

-the collapse of commodity prices and deteriorating terms of trade, which have deprived them of export earnings needed to sustain their development and to service their debt; also the sharp and persisting decline in the price of oil has affected the ability of some oil exporting countries to continue their assistance to other developing countries.


4. For paragraph 13 read:

13. Developing countries have not received substantial external resources commensurate with their development needs. This situation is illustrated in the inadequate implementation of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) and more generally in the plight of the least developed countries, whose efforts at domestic resource mobilization will not achieve their development objectives without substantial additional external resources and increased export earnings.

OFFICE MEMORANDUM

DATE January 16, 1987

TO Files

FROM Callie Boucher, IRD 

EXTENSION 73641

SUBJECT G77 - Election of New Chairman

G-7 . G77

Mr. Fernando Andrade-Diaz-Duran, Guatamalan Ambassador and former Foreign Minister, has been elected chairman of the G77, succeeding Mr. Karim Chowdhury, Deputy Permanent Representative of Bangladesh to the UN.

cc: Messrs. Botafogo, Burki, Shakow, Koelle

CBBoucher:ek

FORM NO. 75
(6-83)

THE WORLD BANK/IFC

ROUTING SLIP		DATE: March 27, 1986	
NAME		ROOM NO.	
S. J. Burki			
A. Shakow			
V. J. Riley			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
X	INFORMATION	RECOMMENDATION	
	INITIAL	SIGNATURE	
	NOTE AND FILE	URGENT	
REMARKS:			
FROM: Irfan ul Haque		ROOM NO.: E-806	EXTENSION: 7-3595

OFFICE MEMORANDUM

GATT
UNCTAD

DATE March 24, 1986

TO Gregory K. Ingram, DRDDR

FROM J. Michael Finger, DRDIE

EXTENSION 33969

SUBJECT Back-to-Office Report: Trip to Geneva
March 10 -17, 1986*JM Finger*

✓ 6-77

1. I attended the meetings of UNCTAD, Committee II of the Trade and Development Board. This committee deals with the subject "Protection and Structural Adjustment". I also visited with three members of the GATT Secretariat to discuss primarily the progress of the GATT Preparatory Committee now meeting to negotiate a statement which will be adopted at the September Ministerial Level GATT Meeting. This meeting is expected to formally launch a new round of trade negotiations.

I. CONVERSATIONS AT GATT

2. At GATT I spoke to Mr. William Kelly Jr., Mr. John Croome and Mr. Richard Blackhurst. From them I gathered that the Preparatory Committee's progress to now is about what one might have expected. Positions of countries have been effectively staked out and the GATT staff expects negotiation of a Preparatory Committee statement to begin in early May. The July deadline, they expect, will be met.

3. Past the Ministerial Meeting of September '86, the beginning of substantive negotiation will depend on when negotiating authority is legislated by the US Congress. The schedule which "Geneva" seems to expect is that such legislation will be passed sometime in the first half of 1987 and that substantive negotiation will then begin in late 1987 or early 1988.

4. The GATT staff members indicated that for this round the Ministerial statement is likely to pay significant attention to a standstill agreement on import restrictions, as well as dealing with the topics and content of the next round. One of the GATT staff members remembered earlier hopes that the Ministerial statement would contain more than a list of topics on which the contracting parties had agreed to hold negotiations -- that Preparatory Committee negotiations would proceed to some significant degree toward identifying objectives of the overall negotiations and of specific topic negotiations and perhaps even toward suggesting modalities for the different topic of negotiation. This person now feels that the Preparatory Committee agreement would be limited to a statement on standstill and a listing of topics on which negotiations will take place.

5. As to developing country participation, all of the persons I spoke to expressed optimism (I suppose this might have been "official" optimism.) about developing country participation. India and Brazil are being very tough but, GATT staff emphasized, everyone expected that. Generally, the feeling was that the "Group of 5" hardliners (Brazil, India, Argentina, Yugoslavia and Egypt) were working to establish a strong position from which to negotiate. As to "services" being included in the negotiations, everyone expected that US insistence that they be included would eventually win out, although there were some mention of the possibility that appropriate wording could be found which would leave the services negotiations technically separate from the other negotiations.

6. I questioned Mr. Kelly and Mr. Croome, each at some length, about the possibility of reaching a standstill agreement. Contemporary import restrictions, I suggested, are the outcome of mechanisms which are "petitionable", that start when a firm or industry files a complaint or petition. (the dumping or countervailing duty complaint, a safeguards petition, etc.) Indeed the Tokyo Round codes insist that such mechanisms be petitionable and that they follow established timetables. Thus, a standstill, were it substantive, would require a change of Regulation in the European Community and of Law in the United States.

7. One response to my question was that a standstill would not ask any country or contracting party to give up its "GATT rights". The idea, the response elaborated, is to cut off VERs like those on textiles and more recently, steel and autos.

8. But, I responded, when viewed from the exporters' perspective, what are the advantages of a standstill which eliminates the outcome the exporter sees as the better (least cost) alternative -- a VER or "arrangement", instead of a countervailing duty or dumping duty or formal injury determination?

9. A response that was offered was that "surveillance" has become a popular idea. Thus the standstill agreement might, in its operative parts, be indirect -- an agreement to more international surveillance rather than a direct commitment to impose fewer import restrictions. More extensive listing of new trade restrictions and more frequent discussion of these restrictions might lead indirectly to fewer of them being put in place.

10. Another point made in this discussion was that the Ministerial Declaration which began in the Tokyo Round contained no standstill provision.

II. UNCTAD, TRADE AND DEVELOPMENT BOARD

11. My primary interest at the Trade and Development Board meetings was the Subcommittee on Protection and Structural Adjustment. This sub-

committee did not meet the first day so I was able to attend the plenary session, which featured an address by Mr. K.K.S. Dadzie, the newly appointed Secretary-General of UNCTAD.

Statement by the Secretary-General

12. Mr. Dadzie's speech could be described as optimistic, philosophical and comprehensive. Philosophical, in that it dealt with the general purposes of the UNCTAD rather than with the specifics of its current policy positions, and comprehensive in that it included a mention of every subject area which the UNCTAD has taken up in the recent past.

13. Mr. Dadzie began his review of recent economic trends by recalling that the theme of UNCTAD VI four years ago was "recovery and development". The world economy was then in the midst of a severe recession. Today, world output and trade are again expanding but several details of the current expansion are causing "recovery" to be less supportive of "development" than might have been hoped. For example, commodity prices remain depressed and real interest rates remain high. Domestic fiscal problems in many developed countries are pushing against an expansion of official development assistance and of multilateral lending.

14. Even so, Mr. Dadzie ended his review of current economic conditions on an optimistic note by pointing out that a number of changes have taken place in recent months which could be suggestive of a trend toward a narrowing of differences in policy perceptions. He mentioned a growing governmental awareness that the macroeconomic health of one country is an important determinant of the macroeconomic health of other countries. He also mentioned that a consensus is emerging that resolution of the debt crisis requires structural adjustment and growth spread over several years -- not just discipline.

15. A side effect of Mr. Dadzie's speech being philosophical and comprehensive is that it did not provide an indication of his own preferences for what the UNCTAD should take up in the coming years. His discussion of the seventh UNCTAD, scheduled for next year, emphasized that UNCTAD VII will be an opportunity to renew confidence in the value of multilateralism and in the unity of UNCTAD as a multilateral institution. A unifying theme for the agenda he promised, would provide a criterion for the choice of topics and issues. He talked at some length about a consultation process to develop a theme and an agenda for UNCTAD VII but he seemed to choose his examples carefully so as not to suggest that anything would be left out.

Protection and Structural Adjustment

16. While Mr. Dadzie's statement to the plenary session emphasized UNCTAD as a multilateral institution and referred often to a renewed spirit of international cooperation, the Protectionism and Structural

Adjustment subcommittee meetings took much more the form that one has come to associate with UNCTAD, a bilateral confrontation between the developed and the developing countries. I will summarize below statements made by the Secretariat, by the Group of 77 (the developing countries) and Group B (the industrialized countries).

Introductory Statement, Mr. B.L. Daz, Director,
UNCTAD Manufactures Division

17. Introductory comments. Mr. Daz's opening paragraphs summarized well the gains from structural change and trade. His choice of examples however reflected the assumption (implicit here but becoming explicit later) that the subject matter of the debate is the trade-adjustment policies of the industrialized countries and not the policies of the developing countries. The following quotes are characteristic of this section.

- "The trading system as an instrument has the potential of signaling the need for and conveying the benefits of structural change which leads to increased national and worldwide production."

- "Resistance to change has increased in recent years..... the end result is that by restricting imports and retarding the process of structural change, the burden of adjustment is transferred on to the trading partners - more frequently the weaker of them and too often, developing countries."

18. Protection and resistance to structural change, the section explained, is in the interest of neither the countries following such policies or of the developing countries. It "can have long term effects on the export prospects of developing countries". [Furthermore,] "restrictive trade policies are more likely to redistribute income and employment than to create a new basis for growth."

19. Current policy environment. The following conclusions were presented:

- "There has been no generalized move to halt the spread of protectionist measures through the implementation of and adherence to the standstill or rollback provisions accepted by the developed countries in Conference Resolution 159."

- "While it is noted..... that developing countries use a number of trade intervention measures for balance of payments reasons and infant industry or infant economy purposes, this is in marked contrast with the situation in the developed countries..... Measures in the developed countries..... are often not conceived of as being for transitional or adjustment purposes but tend to establish sectoral systems of protection in certain segments of their economies."

20. On the role of **services**, the position taken was: "For developing countries, it is essential to first develop some critical service activities that on the one hand improve their competitiveness in manufacturing and other activities and on the other hand, improve their net foreign exchange earnings from trade and services."

21. On **agro-industrial production and trade**, the major concern was "the need for developing countries to increase the processing of their products.... The problems in achieving these goals are complex, stem from both internal and external constraints..... and vary greatly between producers and countries."

22. As to **internal constraints**, two were mentioned. "For many developing countries, domestic markets are so small that there is little scope for producing at a cost-competitive level for anything other than the external market." Also, "the supply of basic raw materials.... is frequently fragile and uncertain." There is no mention of developing country policies.

23. As to **external constraints**, "In agricultural sectors in many developed economies we have an aggregation of national policies that constitute a whole plethora of uncoordinated, inequitable and inefficient arrangements that mount international tensions unnecessarily."

24. Structural change. "For developed countries.... structural change is more related to the changing international competitiveness of different sectors within the economy. For developing countries.... what is required is an overall expansion and diversification."

"The structural adjustment message that is being conveyed [to developing countries] from some quarters is that developing countries need to lower overall levels of effective protection and remove disparities in effective protection between sectors.... Implementation will mean increased imports into developing countries in times of growing international uncertainty in protectionism. In the absence of a sure and expanded market access, these increased imports will be translated into a deterioration on the current account of developing countries. Further, such prescriptions need also to be evaluated within the context of the overall national development objectives of developing countries."

25. International cooperation. Again, the statement addressed only how international cooperation might improve the policies of the developed countries.

26. "To avoid tensions internationally, a premise of multilateral policy is that national objectives are best achieved with governments respecting multilateral commitments."

Group of 77 and Group B Statements

27. The introductory part of the Group of 77 statement reviewed previous conference and Trade and Development Board resolutions which:

- "Reaffirm the commitments on standstill and rollback and call upon the developed countries to effectively fulfill their commitments in the field of international trade."

- "Call upon the developed countries to review their existing trade legislation, regulations and procedures relating to antidumping 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."

That aggressive tone was maintained throughout the G77 statement. The Group B statement seemed equally determined not to accept limitation of the discussion to Group B policies. The Group B statement on several occasions suggests that Secretariat documentation should be balanced, i.e. cover developing countries' policies as well as developed countries'. The strategy implicit in the Group B statement turns on the Secretariat's and the Group 77's concern that UNCTAD be a forum for such issues as trade liberalization, services, etc. (which some might argue should be addressed only through the GATT.) The Group B statement suggests the possibility of movement to the position that UNCTAD as a forum for discussion of such topics is acceptable only if both developed and developing countries' policies are reviewed.

The following pages provide contrasting excerpts from the Group 77 and the Group B statements.

Current Economic, Policy Environment

Group of 77

"[Secretariat documentation] clearly brings out the widening hiatus between the commitments made and their implementation. [In particular, the documentation shows that:]

- "Economic recovery in some industrialized countries did not lead to any perceptible abatement of [protectionist] pressures."

- "There has been increasing incidence of antidumping and countervailing duty investigations in major developed countries against the imports originating from developing countries."

- "Increasing resort to 'gray area' measures like voluntary export restraints...."

- "Institutionalized discriminatory restrictions against developing countries and the international trade in textiles and clothing."

Participation of developing countries and agro-industrial production and trade is retarded by:

- "The tariff escalation and the intensification of non-tariff measures in higher stages of processing practised by the developed importing countries."

- "The market access available to developing country exporters of agricultural products has been seriously undermined by continued and heavy subsidization by major industrialized countries of their agricultural production and exports."

Group B

The statement opened summing up the current global trading environment as giving "some cause for optimism" but at the same time being "not without difficulty".

"While a number of countries in the Asian Pacific area have received a strong stimulus from the upturn in economic activity in North America, other economies, including many in Western Europe and large parts of the developing world, have not responded to the same extent.

The commodity sector "has been marked by structural oversupply and low prices." . . . [Hence], for countries dependent on commodity export earnings, . . . this remains an important preoccupation.

Policy Analysis, Recommendations

Group of 77

A coherent and concrete plan of action to implement standstill and rollback commitments in all sectors of trade of particular interest to developing countries is an essential prerequisite for any meaningful exercise on general trade liberalization. . . .

The essential element of such a plan of action [include]:

- "Reaffirmation of "the solemn commitment undertaken by developed countries to halt protectionism."

- "Reaffirmation of "the commitment undertaken by developed countries to work systematically toward reducing and eliminating quantitative restrictions and measures having similar effect in relation to products exported by the developing countries."

- "A short and definite time frame should be agreed upon by developed countries to roll back protectionist measures in all sectors of trade not consistent with or outside the framework of the non-discriminatory and open multilateral trading system."

"The present trade regime in textiles and clothing be liberalized."

"Developed countries should refrain from subsidizing exports of agricultural products....."

"A collective commitment be taken by all to negotiate on a priority basis a comprehensive agreement on safeguards based on the principle of non-discrimination."

Group B

The Secretariat document based on the NTB inventory was described as "the best of the three documents before us and..... an improvement over past years."

On services, "We do welcome an attempt to have a discussion on services in the development process and there is agreement that UNCTAD has a role in the context of such a discussion. However, the literature which is surveyed and summarized by the Secretariat in fact, in many cases does not reach the same conclusions as the Secretariat itself in its report."

The Secretariat document on problems of strengthening the position of developing countries in agro-industrial trade "while the subject matter is very important, the paper trots tired old arguments and allegations about transnational corporations and unfortunately does not advance understanding of the issues."

The matter of more balanced treatment — of developing country policies as well as of developed country policies — came up several times.

"There has been an unfortunate tendency within UNCTAD to concentrate one-sidedly on perceived protectionist actions of the developed market economy countries."

Estimates of the effect of the reduction of industrial country protection of developing countries making no changes of their trade policies was commented as follows:

"This analysis may be interesting from an academic point of view but the reality is that unilateral trade liberalization of the kind envisaged by the paper is not attainable."

Another reference to developing countries' policies was the statement, "It is a fact that even in the more difficult recent years, a number of developing countries have achieved good results in international markets by virtue of the right mix of domestic and international policies."

Future Work of UNCTAD

Group of 77

The annual Trade and Development Board review should be augmented as follows:

(a) Establishment of an intergovernmental group of experts to carry out "sector-specific analysis" and to "formulate appropriate recommendations for action."

(b) Based on such recommendations a time frame for implementation of the recommendations should be agreed."

(c)"The annual board session should provide a forum for monitoring and surveillance."

Group B

On the NTB data base: "Group B believes that if the work on the data base is done properly, with full and equal attention to member states belonging to all groups, the exercise could be useful in increasing transparency in the trading system and assisting trade facilitation complementary to similar efforts underway in other international organizations."

"UNCTAD has a role to play in furthering the prospects of growth, and it should do so through balanced analytical work and discussion leading to a deeper understanding of protectionism, structural adjustment and trade liberalization among all of its members regardless of stages of development or dominant economic system."

cc: A.O. Krueger, C. Michalopoulos (VPERS)
Regional Chief Economists
DRD Front Office
DRD Division Chiefs
EPD Front Office
EPD Division Chiefs
J.N. Nogués, B. Balassa (VPERS)
Irfan Haque, IRDIE
DRDIE Staff
Wolfgang E. Siebeck, World Bank Geneva

JMFinger:na/jhm

G-77

February 13, 1986

Dear Mr. Ambassador:

Thank you for your letter of January 16 concerning the activities of the Group of 77.

We have been following these activities with care, and I commend you for the leadership role you have been playing so effectively since Yugoslavia became Chairman in October 1985. I share your commitment to continue the excellent relationship between The World Bank and the G-77, particularly in the area of economic cooperation among developing countries.

With you, I look forward to maintaining this cooperation, and I welcome your suggestion that we meet together as soon as the opportunity arises.

Sincerely,



A. W. Clausen

His Excellency Ignac Golob
Permanent Representative of
Yugoslavia to the United Nations
Chairman of the Group of 77
P. O. Box 20
New York, NY 10017

VJRiley:MH

ECOSOC on African Debt

OECD - General
ECOSOC - General
DAU - General
~~G-77 - General~~
Africa - General

Text of debt clause of Draft ECOSOC Resolution on Africa

Crisis:

"Invites International Community to consider favorably the appeal of African Heads of State for the urgent convening of an International Conference on African external debt which would provide for international creditors, international financial institutions and African borrowers to discuss in a comprehensive manner African external debt with a view to arriving at appropriate emergency, short term, medium-term and long term solutions."

The OECD countries want to change the opening to read:

"Notes the appeal...." but Africans and G-77 consider this totally unacceptable.

Peter says the debate has been very sharp and, at times, heated. He believes it will end late tonight without compromise and with a vote in favor of the G-77 position which would pass over the unanimous (or nearly so) opposition of the OECD countries.

Vincent J. Riley

July 26, 1985

UNCTAD - general

cc. G-77 - general *2/ks*

The World Bank / REPRESENTATIVE TO UNITED NATIONS ORGANIZATIONS - GENEVA
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Mr. Shahid Javed Burki
Director
International Relations Department
The World Bank
1818 H. Street, N.W.
Washington, D.C. 20433

14 June 1985

Dear Javed,

The UNCTAD Trade and Development Board held its 14th Special Session from 10-14 June. The sole item on its agenda was "Compensatory Financing of Export Earnings Shortfalls; Report of the Expert Group convened pursuant to (the Belgrade) Conference resolution 157 (VI)". Dr. Sen Gupta formally presented the report of the experts to the TDB. Mr. Chopra and I attended the Special Session for the Bank.

Mr. McIntyre opened the general debate for UNCTAD. His statement underlined the need for a stronger and more stable commodity economy for most developing countries including those with heavy external debt and the low-income countries of Africa in particular. The state of the commodity sector determines the heartbeat of the economy of most LDCs.

Referring to the report of the experts, Mr. McIntyre emphasized these features of the report. One, unstable commodity supplies are a major factor causing fluctuations in the volume of exports. Two, for a given LDC, fluctuations of export volume are a bigger factor in its instability of earnings than fluctuation of commodity prices. That is why the experts had concluded that attention should concentrate on the supply side of commodity economies.

He felt that, whatever the modalities adopted finally, the focus should be on positive adjustment measures to deal with factors such as: incidence of disease, production cycles, warehousing and storage, availability of inputs and producers' response to price and income variations through investment decisions. Mr. McIntyre expressed the hope that the TDB would examine the need for a new facility to meet these requirements. In his mind, the experts had identified a genuine gap in the financing of adjustment and development programs in the commodity sector. He was hopeful that the TDB would agree with that broad conclusion and that, having decided on the need for a new facility, it would agree on a work program for intergovernmental discussions on that issue.

For the G.77, the delegate of Egypt confirmed that it agreed with the experts on the need for a new facility because existing channels did not adequately meet the needs for compensatory financing in cases of shortfalls in export earnings from commodities. Additional financial flows were

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required to address the basic causes of supply instability. The G.77 believed that a suitable arrangement would be to open a third window in the Common Fund when established. It was therefore urgent for that Fund to be launched as soon as possible.

The G.77 considered that the Board should decide on new international measures to get the process moving without delay. An intergovernmental group should now be established which would further examine the experts' report with the assistance of competent institutions and report to the TDB which would then, in turn, decide on the calling of a negotiating conference to set up the new facility.

The United Kingdom representative, spokesperson for Group B, said that in the eyes of her group, the supply side of the commodities equation was adequately addressed by World Bank and STABEX operations. Many members of Group B were not convinced by the experts' conclusion that a new facility was required. The supply side of the problem was not the only one that development partners should consider. Other important factors would not fall within the purview of the proposed new facility. Furthermore, the TDB could not ignore the existing limitations on resources.

Group B would want to have the views of the Bank and of the IMF concerning the experts' report and their conclusions. Specifically, these institutions should be asked to indicate how stabilization programs could fit into their existing activities. Group B felt that, in any event, further studies were needed before the TDB could move on this issue.

The Swiss representative, arguing that, for many LDCs, instability of earnings was a major handicap for development, believed that some new action was needed and that the proposal for opening a new facility was important. However, a financing facility would have to operate within a precise format. It should not promote overproduction but facilitate diversification. It should be available to certain LDCs only, not to all. Its operations should not be confined to certain commodities only.

For Italy, speaking for the European Communities, the approach adopted by the experts and their conclusions were open to doubt. The focus on the supply side left aside other major components of the problem. The lack of any distinction, in the report, between LDCs was another flaw. And, basically, the EC felt the experts had not provided detailed enough arguments to support the case for a new facility.

Therefore, the EC believed that further discussions were required. The World Bank with its experience could help in those discussions at this session and later. It could give its advice on the proposals made by the experts. Finally, the EC would wish, in considering further the report, to insist on the particular needs of the least developed countries and of those of LDCs most dependent on commodity trade.

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For China, supply instability was not the only element involved in the issue under debate. Existing facilities operated in their own different ways and their role was positive. But because of resource limitations and other constraints, those institutions could not provide what the LDCs needed to face situations resulting from loss of earnings in their exports of commodities.

Therefore, in the view of China, although existing facilities, it was hoped, could be induced to play a larger role in the field considered, it was quite right for the TDB to study the proposal for a new facility which should benefit all LDCs but provide more help to the least developed countries in particular.

The IMF statement gave an account of the operations of the CFF and indicated that, because those operations focussed on short-term balance of payments difficulties and not specifically on the problems addressed in the experts' report, the Fund did not consider that the CFF should be tied in to the type of new facility contemplated in the report.

The Canadian delegate believed that a commodity-specific compensatory facility might not be a rational solution to the problem. It might lead to additional rigidity and would not necessarily assist in the key area of development. The report of the experts had not convinced Canada of the need for a new facility, although the delegation was willing to continue examining the issue. Canada felt that the World Bank and the IMF offered a sound basis for dealing with the issues which the G.77 intended to have fall within the purview of the new facility.

Sweden, speaking for the Nordics, indicated that the experience of the International Commodity Agreements (ICAs) showed that new measures were required to handle the structural adjustment problems. The Nordics welcomed the experts' approach which was to focus on supply instability at country level. Looking at IMF and World Bank operations, the Nordic delegations concluded that a sufficiently specific commodity focus was lacking.

However, it was clear that further investigation was needed before conclusions could be firmed up. For instance, were the unmet needs substantial enough to warrant the use of additional and scarce resources in a new entity? Were the solutions proposed by the experts technically feasible? There was need to clarify such issues as: how would the compensatory funding be released? How could planning for the implementation of the measures suggested be pushed further? What might be the financial implications of the proposals? And what might be the lending criteria to be applied? How would the special problems of the least developed countries be taken into account?

In brief, before political decisions were to be made, the Nordic delegations believed that much technical work still was needed. For that, comments by international financial institutions would be important inputs.

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... Mr. Chopra for the Bank made a statement, copy of which is attached to this report.

At the conclusion of the general debate, the G.77 proposed a draft decision for the TDB, the key paragraph reading that the Board agreed on the need for establishing an additional compensatory facility for commodity-related export earnings shortfalls. The TDB, according to the text, would decide to convene an intergovernmental group of experts to elaborate the operational rules and modalities for establishing the new facility on the basis of future comments by governments and competent organizations. Finally, the text suggested that this group of intergovernmental experts report to the March 1986 TDB session which would decide to convene the negotiating conference to establish an additional international compensatory facility.

In an informal contact group, the delegations discussed this text and other general issues mentioned in the debate.

Canada, for example, expressed the view that the World Bank could handle most of the types of lending mentioned by the experts. It felt that a number of fundamental issues still had to be answered before proceeding further. For example, was it realistic to talk about a new facility focussing exclusively on the commodity supply angle? What impact would this type of financing have on the commodity markets? Canada, in short, still had to be convinced that the need for a new facility had been demonstrated.

For Austria, all was a matter of priorities. The assumption that additional financing of any magnitude would be available was unlikely to be confirmed. Therefore, if more funds were targetted for this new facility, there would be less financial support in other areas.

For Australia, the World Bank attacked the problem under consideration in an adequate fashion. The experts had not made a case for a new facility. Much work was needed before firm conclusions could be reached on questions of trade liberalization, the demand side and on national policies in the commodity area. Finally, for Australia, the IMF role was important and governments needed to make sure that the aims pursued through the IMF/CFF would not be jeopardized through the activities of a new facility of the type considered.

The discussion in the contact group on the draft decision proposed by the G.77 was a dialogue of the deaf. The Group B spokesperson indicated her group would have great difficulty with that text for the simple reason that many countries of Group B were still not convinced that a new facility was needed. They could not go along with a paper which mentioned agreement on such a need. Many issues were still to be discussed before a final conclusion could be drawn and further inputs from experienced sources should be sought in pursuit of a firm conclusion. As far as Group B was concerned, fundamental amendments were required to make the proposal acceptable.

To repeated statements by the spokesman for the G.77 that the report of the experts had conclusively established the need for a new facility and

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that, if such an outcome was not accepted, the TDB would be back to square one as if Belgrade had never happened, Group B reiterated endlessly that the essence of the debate was indeed whether a new facility was needed. Many members of that group disputed that the case for the facility had been made. The experts had not convinced those governments that the work of the World Bank was so lacking that a new entity had to be set up.

I will not summarize the exchange of statements on the other issues in the G.77 proposal except to say that Group B would not agree to anything unless the other party came around to the view that more studies were required before the TDB could accept the report of the experts in its key conclusion on the need for a new facility.

... Through the night of 14-15 June, negotiations were conducted in open and in informal gatherings on a revised text of the G.77 draft decision. This text was itself altered in various ways through the night. I attach the version on which final consultations were taking place at 2.30 a.m. when the Bank observer capitulated and went home. By that time, the plenary meeting to close the session could no longer be held, all conference services having departed. The likelihood which I will check later is that the Special Session will resume on 27 June simply to endorse formally the final text which will have been agreed on 15 June.

It will be noted that the text no longer reads that the TDB agrees on the need for the new facility but refers in paragraph 3 to the difference of opinion on the subject between a majority which is convinced of that need and a minority still to be convinced.

Paragraph 6 invites the Bank (and other institutions) to comment on the report of the experts in light of its activities as they relate to the issue of shortfalls in commodity-related export earnings and to submit its findings on the significance of the supply-related factors in explaining the problem of export earnings instability. The answer from the Bank and others would be expected in time to be considered by an Intergovernmental Group of Experts to be convened in early 1986.

I was asked by several Group B delegates whether the Bank could meet this sort of request and whether it would entail Bank Board consideration. On the second point, I replied in line with the Bank statement that, in view of the wide divergence of views in the TDB, I believed the Bank would prefer to keep its response at the staff and technical level. As for timing, I said I thought we might be able to reply before the end of the calendar year.

It should be noted that the US and Canada (with Australia close to adopting the same stance) stated informally and were going to mention formally that they disagreed with the final decision of the TDB as expressed in the G.77 text, even amended.

I will add a supplemental note to this report once we know precisely what the TDB is to adopt at its next sitting, probably on 27 June. Meanwhile,

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14 June 1985

one of the questions involving the Bank's response to the invitation of the TDB in paragraph 6 of the text is the extent to which it will wish to cover all the issues raised in the experts' report including, for example, the rules and modalities suggested by the experts for the new facility. Before concluding on that and other points, it will be best to await the formal request which will emanate from the UNCTAD Secretary-General and to see how it is worded precisely.

In the meantime, I would submit these few comments.

This unfinished Special Session of the TDB, coming after the failure of the UNCTAD Committee on Commodities to reach any agreement on the subject of International Commodity Agreements (see my report dated 10 June) illustrates again the uselessness of conducting negotiations of the type arranged in UNCTAD on important international economic issues in the absence of some prior understanding between the parties on the key components of the possible outcome of the negotiations.

In this particular instance, none of the parties, except perhaps the Nordics, in Group B was ready to negotiate at this time on the question of the need for the new facility. On the G.77 side, it was felt that the timing would be more favourable next year once the Common Fund for Commodities had been established. The hope among the G.77 is that the USSR and friends will be ratifying the Common Fund convention which would make it effective by next year. In that case, the Third Window of the Common Fund would become a possible home for the new facility and the World Bank option could be dropped.

For Group B, negotiations at this time were not welcome because of the division of opinion within the membership. Not only was there serious divergence of views between, say, the Canadians and the Swedes, but even (according to my information) within several individual delegations on the attitude to take at this time in the TDB.

In short, none of the conditions for meaningful discussions on the conclusions of the experts obtained at this session. The Bank statement was heard with much attention in the hope, for some, that it could offer a basis on which technical discussions might be undertaken. But the reservations of the Canadians, Australians and others were reinforced by our conclusion that, in the absence of greater differentiation between current Bank operations and the proposed activities of a new fund, the case for the new facility was not fully convincing.

Yours sincerely,

(dictated but not signed)

L. Peter Chatenay
World Bank Representative
to
UN Organizations - Geneva

cc: Mr. Marc L. Bazin, New York
Mr. Ram Kumar Chopra, EPDDR
Mr. Vincent J. Riley, IRD

The Trade and Development Board,

1. Appreciates the work done by the Expert Group and takes note of their report as contained in document TD/B/1029/Rev.1, including its annexes, and the views expressed at its fourteenth special session;

2. Notes with concern the instability of export earnings from commodities of the developing countries, and considers that various factors have a bearing on export earnings instability;

3. Notes that a large number of countries are convinced of the need for an additional facility, while a number of others consider that it would be necessary for governments to have further information at their disposal to facilitate continuing intergovernmental discussion of the issues raised in the Expert Group report including the need for an additional complementary facility;

4. Invites States members of UNCTAD, the UNCTAD secretariat, and the United Nations Regional Commissions to submit written comments on the Expert Group's report, including any case studies;

5. Requests the Secretary-General of UNCTAD to transmit the report of the Expert Group to competent international organizations, inter alia, World Bank, IMF, Regional Development Banks, International Commodity Organizations;

6. Invites these institutions to express their views on the Expert Group's report, taking into account their experience with the problem the extent to which their current activities are effectively dealing with it, as well as any empirical findings regarding the significance of supply-related factors in explaining the problem of export earnings instability;

7. Requests the Secretary-General of UNCTAD to convene in early 1986 an Intergovernmental Group of Experts which, in the light of the in-puts requested in paragraphs 4 and 6 above, would continue the analysis of the need for a new facility as well as the rules and modalities of any additional complementary facility, and to complete its work not later than June 1986;

8. Without prejudice to an eventual outcome, requests the convening of a special session of the Trade and Development Board, to be held by the Autumn of 1986, for a period of two weeks, to decide on requisite follow-up action, including the possible convening of a negotiating conference on an additional complementary facility.

Mr. Chairman, Distinguished Delegates

1. I am very pleased to have the opportunity to participate in this special session of the Trade and Development Board. A very large number of developing countries critically depend on commodity export earnings. As Mr. McIntyre has said earlier, many developing countries are faced with heavy indebtedness today and growing and stable export revenues are very important to rebuild their capacity to repay debt and pursue their development goals.

2. The Report of the Expert Group therefore discusses an important topic and covers a wide range of issues related to commodity export earnings shortfalls. After a review of the literature and the empirical evidence, the report analyses the various sources of instability in commodity export earnings. One of its main analytical conclusions is that supply instability is a relatively more important factor in export earnings instability than fluctuations of commodity prices. Policies and mechanisms are therefore needed to reduce the instability of commodity supplies at the individual commodity and country level. The Expert Group feels that existing facilities do not adequately address this issue and hence a new special facility is proposed.

3. Mr. Chairman, as far as the operational policies of the World Bank are concerned, World Bank staff members have participated as observers in many of the meetings of the Expert Group and provided draft statements on World Bank policies for inclusion in the report. Annex VII C. and in particular paragraphs 57 to 66 of that report, provide an accurate summary of World Bank research and operational activities in the area of concern to this special session. There is very little anyone could add to that description, both from the angle of past Bank studies, often in cooperation with the IMF, and from the angle of Bank lending for purposes similar to those which were

addressed by the several decisions made in UNCTAD over the years concerning export earnings shortfalls.

4. I believe it is clear from the experts' report that the World Bank looks at the problems faced by its developing country members, including the problems resulting from a drop in earnings from commodity exports, from the angle of a development financing agency. This means that the continuous dialogue in which the Bank engages with its borrowers individually aims at pinpointing those sectors to which priority should be given for development financing from the Bank. When dealing with the difficulties resulting from instability in export earnings, the Bank has from the very beginning linked any action in this area to a consideration of the effects of export earnings shortfalls on the development process of the country concerned. For the Bank, that is and must be the basic consideration in dealing with the issue.

5. The Bank's non-project lending, including for structural adjustment, was not intended specifically to address problems flowing from commodity price and supply fluctuations and the consequential impact on export earnings, although in a number of cases Bank loans and credits do indeed aim at assisting the borrower overcome problems in their economic development process caused by drops in their export earning capacity.

6. I believe we have also been very clear in indicating that, compared to the number of developing countries which have drawn on the Bank for structural adjustment operations, a much larger number faces precisely those handicaps which SALs are meant to address. But many developing countries find it extremely difficult, despite available technical assistance from the Bank and other sources, to come forward with workable and monitorable adjustment plans, often because the identification and management of

adjustment programs is a very difficult political and administrative task. This is even more true in the low-income countries where public administration is not the strongest and which are precisely the countries in greatest need of reform and adjustment.

7. There is one element in this description of World Bank activities in support of the adjustment process in low-income countries which cannot be omitted. IDA is the sole source of funding for these countries. While they face considerable handicaps, even with external help, in putting together workable reform packages, it is also true that World Bank assistance to them depends entirely on the availability of IDA resources. Therefore, when considering the role which the World Bank could play in helping countries overcome the consequences of grave problems such as a drop in their export earnings, it must never be forgotten that the decisions by contributors on the level of IDA resources is an overriding factor in the Bank's ability to serve that part of its membership in greatest need.

8. Since various delegates have requested the views of the World Bank staff, I would also like to touch on some of the issues raised by the analysis and recommendations of the report. I would like to preface my remarks by saying that since this is the report of an Expert Group and since the World Bank has not yet been asked to give its formal response, my comments should be taken as World Bank staff views rather than a Bank Management position.

9. If I understand the report correctly, the proposed facility is intended to foster the development of commodity sectors to reduce supply instability. Paragraph 107 of the report lists some of the measures that could be taken to achieve this objective. With the exception of some kind of insurance

schemes, these are measures that would call for structural adjustment in the production of the commodity concerned or in the sector involved. Access to the facility would therefore not only be related to the size of the shortfall involved but also be conditional on the progress of implementing the structural reform needed. If that is indeed the intention of the facility, we find it difficult to appreciate the distinguishing features of this facility from a number of ongoing World Bank operations aimed at increasing the efficiency and growth potential of the sectors concerned. To give a few examples: agricultural sector operations, operations which have crop diversification as an objective in the light of changing comparative advantage, irrigation schemes to reduce dependence on the vagaries of weather, operations which seek to improve the productive efficiency of critical inputs like fertiliser. All these ongoing operations not only raise the growth potential of the sector but they also represent examples of measures that need to be taken to reduce supply instability. Unless the nature of the proposed projects to be financed out of the proposed facility can be more clearly distinguished from ongoing Bank operations, the case for a new facility is not fully convincing.

10. Another issue is that focussing on commodity-specific schemes ignores the offsetting trends in different commodities earnings within a particular country. It also carries with it the risk that diversification called for by changing comparative advantage or changes in the long-term international demand/supply balances are not fully taken into account when individual commodities are analysed outside the overall sectoral and macroeconomic framework. Unless the longer-term implications of remedial action at the

commodity-specific level on the relative prices between commodities and between traded and non-traded goods are taken into account in the context of the country's overall development priorities and constraints, commodity-specific interventions can become a continuing drain on the country's budget.

11. On more technical issues, questions arise about the sensitivity to different assumptions of the basic premise of the report that export volume instability is greater than export unit values. Please see Table 3 on page 7 of the report. To avoid trying the patience of this high-level body, let me just give one illustration. The basic premise is sensitive to the choice of threshold level, i.e. the percentage of the commodities export earnings in total export earnings of the country. If we take 2% or 0.1% as the threshold level rather than the 1% chosen, the results for many commodities show that unit value indices are more unstable than export volume indices.

12. Mr. Chairman, although I have raised a number of issues this morning, the subject matter of the report is a very important one for developing countries. Some delegates have indicated during the session this week that they would like the World Bank to continue to be involved in the future. Within our resource constraints and the general mandate of our institution to address priority areas in the overall economic development of our member countries, we would be happy to provide whatever we can. It would facilitate the World Bank staff to respond if this session and the member governments concerned could make a request which is shared by the participants. If a formal Bank position is required on the proposals of the report, the procedure would need to involve the Bank's Management and Board and the response would necessarily take considerable time. If technical reactions

are needed from the World Bank staff, we have already provided some reactions in the drafting stages of the report, during the roundtable organized by the German Foundation for International Development and during this session; we would be happy to respond to other requests that are made as a result of the deliberations of this important forum. We would hope that should requests be made to the Bank, they would be based on further elaboration of the analysis and the proposals as agreed by the governments represented in this session.

Statement of the World Bank representative, Mr. Ram Kumar Chopra, to the 14th
Special Session of the Trade and Development Board
Geneva, 12 June 1985

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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May 6, 1985

Mr. Hermes J. Dorado
Assistant to the Chairman
The Group of 77
P.O. Box 20
New York, N. Y. 10017

Dear Mr. Dorado:

Since our meeting in December, we have given some thought to the areas of further cooperation between the Secretariat of the G.77 and the Bank, and feel that indeed there are a number of ways in which we can keep each other better informed of current developments. To begin with, we have included the G.77 Secretariat on the Bank special mailing list. This should give you access to a great deal of useful information. In addition, we are enclosing a copy of the latest Bank Catalogue of Publications (1985). The Bank offers it papers and publications listed in the Catalogue, and which cover a wide range of issues concerning agriculture, industry, transportation; urbanization, finance and debt, country studies, economic and social data, etc. We will be pleased to make available documents you select from the Catalogue.

I also feel that it might be useful for you and your colleagues to meet with a few of my colleagues at the headquarters to discuss Bank's research and economic work. We will be pleased to make arrangements for a day's visit to the Bank.

As regards the possibility of Bank financial support for the Secretariat's work program, I regret to confirm that the Bank is unable to make any financial contributions for this purpose.

I look forward to hearing from you at your convenience.

Sincerely yours,

Marc L. Bazin
Special Representative
to the United Nations

Yvonne - Pls put this with
the letter to G-77

New Chairman

(A) Money for further studies - NO!

(B) Access to Data Bank -

Eit + Soc Indicators etc

Not good idea to think of Data Bank
for all Dev Countries

maybe G-77 continue for Trade Potential among
themselves. And try to meet to you
You might at least get

(1) Organize Visit

ERS

IRMD / Michael Wachs

Idea of Conf on Money, Fin, Post -

~~in~~ Delhi, Presumably

Conf in Delhi Cancelled

Burki had lunch with Chairman G-77

Suggest -

Who in Bank may might meet.

Report to Brazin about Results

How much to give - money
to help to do it

- Identifying people in the Bank

- We have this

- one identity this one needs

- As can be

- I would like to see that

Should have more of that



*Chairman
20-25 Jan*

THE GROUP OF 77

New York

Office of the Chairman

L-0289/84

18 December 1984

Dear Mr. Bazin,

Allow me to express our deep appreciation for the time you took on 13 December last to discuss with my colleagues, Messrs. Ahmed Darwish and Manuel Mendez and Ms. Arlene Clachar, and myself possibilities of cooperation between the World Bank and the Group of 77 on some priority projects such as the establishment of the Multi-sectoral Information Network (MSIN) and the South Bank. Your willingness to explore the possibility that the G-77 will access documents and computer data banks in World Bank, especially those relating to international tenders for projects is most useful for our MSIN proposal. We are also gratified to note that you are willing to find ways that the World Bank can assist in the completion of the feasibility studies on the proposed South Bank. I trust the updated documents on the MSIN and the South Bank we handed you then will assist you to ascertain the type of assistance that your organization can extend to these two projects.

As I explained at that meeting, the G-77 conceives of the South Bank as both a trade and development bank. As such, it would fill a unique role among the existing intergovernmental banking institutions. As clearly set forth in the South Bank Scheme, it would provide trade financing for South-South trade; provide financial support for intergovernmental payments and clearing arrangements for this trade; in addition, it will provide project financing for related projects. None of the existing intergovernmental financing institutions perform the foregoing functions or cover as universal a geographical scope as is envisaged for the proposed South Bank. As you know, the Group and its Members, in keeping with their joint and individual commitment to the principle of collective self-reliance, have nurtured the idea of such a bank since it was first proposed at the Fifth Conference of Heads of State or Government of Non-Aligned Countries in Colombo, 16-19 August 1976. Several intergovernmental conferences and studies by internationally recognized experts since then have confirmed the need for the Bank and have refined earlier ideas to the point where the Group is now ready to transform the Scheme into a draft legal instrument with the associated cash flow projections on which Members might base a decision on its establishment as recommended by the high-level governmental experts meeting in Caracas and by IFCC-III in Cartagena.

! needs follow-up

In view of the high quality of its expertise, no doubt the World Bank can do much to assist the Group of 77 to set up the South Bank. We are therefore eager to explore possibilities in this regard with appropriate World Bank officials, preparatory to submitting to its President a formal request for Bank assistance and cooperation in line with Mr. Clausen's warm offer of such assistance when our previous Chairman called on him in January last year. One possibility would be for the Bank to finance part of the Group's relevant work programme for the January to September 1985 period, a copy of which is enclosed. For example, the Bank could help finance some of those items reflected in the attached proposed assistance budget.

Bazin
told me
no
money
from Bank

Members of G-77 would directly finance costs not covered in that assistance budget, including salaries and travel costs of their representatives to the various chartering conferences, secretariat services, office space and equipment, postal charges, consultancies for extremely brief periods, and the like.

My colleagues and I are at your disposal to meet with you or any official(s) of the World Bank on the foregoing proposals. We are anxious to do so as soon as possible so that the Chairman of the Group might be ready with a formal proposal on behalf of the Group when he calls on Mr. Clausen in late January 1985.

No
Longer
Planned
since Bank
met w/
Chairman
in December

Thank you again for the warm reception you gave us and sharing your ideas at our meeting. I look forward to your early response.

Yours sincerely,

Hermes J. Dorado
Hermes J. Dorado
Assistant to the Chairman

Mr. Marc L. Bazin
The World Bank
Special Representative to the United Nations
747 Third Avenue, New York, N.Y. 10017

Received
1/25
mg

(Annex 3)

G.77/SOBIG/WP.1/84

SOUTH BANK INTERGOVERNMENTAL INITIATIVE GROUP (SOBIG)

PROGRAMME OF WORK 1984-85

TIME-FRAME	ACTIVITY/OUTPUT	RESPONSIBILITY
Nov-Dec 84	Organize the Intergovernmental Initiative Group (SOBIG) and approve its Work Programme.	Chairman
Nov 84	Organize and activate the Technical Panel of Experts to undertake preparation of documentation	Office of the Chairman, G-77
Nov-Jan 85	Compile the comments on the Caracas Reports by member Governments	Office of the Chairman, G-77
Nov-Feb 85	Preparation of required documentation:	Technical Panel of Experts
	1. Economic and cash flow projections;	Economic Team
	2. Legal and operational aspects:	Legal Team
	a. Paper on basic Bank structure based on elaboration of agreed scheme.	
	b. Paper on capital structure and voting rights.	
	c. Draft Charter of the Bank.	
Mar 85	Meeting of Technical Panel in New York to finalize documentation.	Office of the Chairman, G-77
Apr 85	Transmittal of documentation to SOBIG members for study.	Office of the Chairman, G-77
May 85	Meeting of SOBIG to consider the documentation, including the Draft Charter.	Chairman, G-77
June 85	Transmittal of agreed instruments to all member states and organs of missions to ascertain interest to establish the South Bank.	Office of the Chairman, G-77
Sept 85	Transmittal of the agreed instruments to IFCC-IV and the 9th Annual Meeting of Ministers for endorsement to a Plenipotentiary Conference to negotiate and adopt Articles of Agreement.	Office of the Chairman, G-77

4

Further Work on the South Bank: Proposed Budget*Nov. 1984 - Sept. 1985Experts

Two (2) senior experts, one economic and
one legal, full-time for 9-10 months,
or 20 man months \$ 170,000

Travel

Transportation to and DSA in New York from
capitals for five (5) experts each for
Economic and Legal Teams, total of 10
experts \$ 30,000

Documentation

Printing and translation of documents \$ 8,500

Contingencies

Sundries (telephone, supplies, etc.) \$ 5,000

Total

\$213,500

* Estimates based on prevailing international costs applied to UNDP-funded, OPE-executed projects. Funds to be raised from various sources, including U.N. offices and agencies.

ROUTING SLIP

DATE: January 23, 1985

NAME

ROOM NO.

Mr. J. Burki

~~BURKI~~

E 808

Mr. Riley

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

CLEARANCE

PER OUR CONVERSATION

COMMENT

PER YOUR REQUEST

FOR ACTION

PREPARE REPLY

INFORMATION

RECOMMENDATION

INITIAL

SIGNATURE

NOTE AND FILE

URGENT

REMARKS:

*Moorti, no spoke.
The G-77 know that the
chance that the Bank would
finance his kind of expenditure
are almost zero. But I see
who in the computer complex
might help them in terms
of access to data base
Report.*

FROM: Marc L. Bazin

ROOM NO.:
N10

EXTENSION:
7 2265



THE GROUP OF 77

New York

Office of the Chairman

18 December 1984

L-0289/84

Dear Mr. Bazin,

Allow me to express our deep appreciation for the time you took on 13 December last to discuss with my colleagues, Messrs. Ahmed Darwish and Manuel Mendez and Ms. Arlene Clachar, and myself possibilities of cooperation between the World Bank and the Group of 77 on some priority projects such as the establishment of the Multi-sectoral Information Network (MSIN) and the South Bank. Your willingness to explore the possibility that the G-77 will access documents and computer data banks in World Bank, especially those relating to international tenders for projects is most useful for our MSIN proposal. We are also gratified to note that you are willing to find ways that the World Bank can assist in the completion of the feasibility studies on the proposed South Bank. I trust the updated documents on the MSIN and the South Bank we handed you then will assist you to ascertain the type of assistance that your organization can extend to these two projects.

As I explained at that meeting, the G-77 conceives of the South Bank as both a trade and development bank. As such, it would fill a unique role among the existing intergovernmental banking institutions. As clearly set forth in the South Bank Scheme, it would provide trade financing for South-South trade; provide financial support for intergovernmental payments and clearing arrangements for this trade; in addition, it will provide project financing for related projects. None of the existing intergovernmental financing institutions perform the foregoing functions or cover as universal a geographical scope as is envisaged for the proposed South Bank. As you know, the Group and its Members, in keeping with their joint and individual commitment to the principle of collective self-reliance, have nurtured the idea of such a bank since it was first proposed at the Fifth Conference of Heads of State or Government of Non-Aligned Countries in Colombo, 16-19 August 1976. Several intergovernmental conferences and studies by internationally recognized experts since then have confirmed the need for the Bank and have refined earlier ideas to the point where the Group is now ready to transform the Scheme into a draft legal instrument with the associated cash flow projections on which Members might base a decision on its establishment as recommended by the high-level governmental experts meeting in Caracas and by IFCC-III in Cartagena.

In view of the high quality of its expertise, no doubt the World Bank can do much to assist the Group of 77 to set up the South Bank. We are therefore eager to explore possibilities in this regard with appropriate World Bank officials, preparatory to submitting to its President a formal request for Bank assistance and cooperation in line with Mr. Clausen's warm offer of such assistance when our previous Chairman called on him in January last year. One possibility would be for the Bank to finance part of the Group's relevant work programme for the January to September 1985 period, a copy of which is enclosed. For example, the Bank could help finance some of those items reflected in the attached proposed assistance budget.

Members of G-77 would directly finance costs not covered in that assistance budget, including salaries and travel costs of their representatives to the various chartering conferences, secretariat services, office space and equipment, postal charges, consultancies for extremely brief periods, and the like.

My colleagues and I are at your disposal to meet with you or any official(s) of the World Bank on the foregoing proposals. We are anxious to do so as soon as possible so that the Chairman of the Group might be ready with a formal proposal on behalf of the Group when he calls on Mr. Clausen in late January 1985.

Thank you again for the warm reception you gave us and sharing your ideas at our meeting. I look forward to your early response.

Yours sincerely,

Hermes J. Dorado
Assistant to the Chairman

Mr. Marc L. Bazin
The World Bank
Special Representative to the United Nations
747 Third Avenue, New York, N.Y. 10017

SOUTH BANK INTERGOVERNMENTAL INITIATIVE GROUP (SOBIG)

PROGRAMME OF WORK 1984-85

TIME-FRAME	ACTIVITY/OUTPUT	RESPONSIBILITY
Nov-Dec 84	Organize the Intergovernmental Initiative Group (SOBIG) and approve its Work Programme.	Chairman
Nov 84	Organize and activate the Technical Panel of Experts to undertake preparation of documentation	Office of the Chairman, G-77
Nov-Jan 85	Compile the comments on the Caracas Reports by member Governments	Office of the Chairman, G-77
Nov-Feb 85	Preparation of required documentation:	Technical Panel of Experts
	1. Economic and cash flow projections;	Economic Team
	2. Legal and operational aspects:	Legal Team
	a. Paper on basic Bank structure based on elaboration of agreed scheme.	
	b. Paper on capital structure and voting rights.	
	c. Draft Charter of the Bank.	
Mar 85	Meeting of Technical Panel in New York to finalize documentation.	Office of the Chairman, G-77
Apr 85	Transmittal of documentation to SOBIG members for study.	Office of the Chairman, G-77
May 85	Meeting of SOBIG to consider the documentation, including the Draft Charter.	Chairman, G-77
June 85	Transmittal of agreed instruments to all member states and organs of missions to ascertain interest to establish the South Bank.	Office of the Chairman, G-77
Sept 85	Transmittal of the agreed instruments to IFCC-IV and the 9th Annual Meeting of Ministers for endorsement to a Plenipotentiary Conference to negotiate and adopt Articles of Agreement.	Office of the Chairman, G-77

Further Work on the South Bank: Proposed Budget*

Nov. 1984 - Sept. 1985

Experts

Two (2) senior experts, one economic and
one legal, full-time for 9-10 months,
or 20 man months \$ 170,000

Travel

Transportation to and DSA in New York from
capitals for five (5) experts each for
Economic and Legal Teams, total of 10
experts \$ 30,000

Documentation

Printing and translation of documents \$ 8,500

Contingencies

Sundries (telephone, supplies, etc.) \$ 5,000

Total

\$213,500

* Estimates based on prevailing international costs applied to UNDP-funded, OPE-executed projects. Funds to be raised from various sources, including U.N. offices and agencies.

December 5, 1984

Dear Mr. Mendez,

Thank you for your letter of November 23, 1984, and for the copies of the South Bank Scheme and related documents. We intend to follow developments in this matter and will keep in touch with you as necessary.

Sincerely yours,

Mahmud A. Burney
Senior Adviser, UN Affairs
International Relations Department

Mr Manuel Mendez
Senior Legal Consultant
Office of the Chairman
The Group of 77
P.O. Box 20
New York, N.Y. 10017

MABurney/rd



THE GROUP OF 77

New York
Office of the Chairman

NRIC

G-77

23 November 1984

Mr. Mahmud Burney
Room E-806
The World Bank
1818 H. Street N.W.
Washington D.C. 20433

Dear Mr. Burney:

In response to your request during our recent telephone conversation, I am enclosing herewith three copies each of the following three documents on the South Bank and IFCC-III:

1. The South Bank Scheme (G.77/ECDC/F-5b/Rpt.1/84); n/att
2. Report on the High-level Governmental Experts Meeting on the South Bank (G.77/ECDC/Rpt.2/84); and "See Reports"
3. Report of the Third Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation Among Developing Countries (IFCC-III/G.77/84/RPT.1). See "Reports"

Our mandate to proceed with the preparatory work on the Bank may be found on page 17 of the third document.

I trust this information will prove useful to you.

Yours sincerely,

Dear Mr. Mendez

Thank you for your letter of November 23, 1984 and for the copies of the South Bank Scheme and of related documents. We intend to follow the developments in this matter and will keep in touch with you as necessary.

Manuel Mendez
Manuel Mendez
Senior Legal Consultant

S.Y

MAB

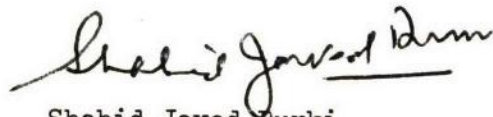
15 novembre 1984

Excellence,

Il y a à peine quelques instants, j'ai dû, pour les raisons que Marc Bazin vous a transmises, renoncer à venir à New York. Je m'empresse de vous dire que je regrette très sincèrement ce contretemps. Pour moi, cette visite aux Nations Unies était une excellente occasion, non seulement de poursuivre avec le Secrétariat et les Missions un dialogue, devenu régulier, sur l'état actuel des grands problèmes de développement, mais aussi de m'entretenir avec vous en votre récente qualité de Président du Groupe des 77, Groupe dont nous connaissons les préoccupations.

Ma visite n'est donc que reportée et je compte bien venir vous voir, aussitôt que notre emploi du temps à l'un et à l'autre nous le permettra. Je demande à Marc Bazin de garder le contact avec vous à ce sujet.

En vous renouvelant tous mes remerciements pour votre aimable invitation à déjeuner, je vous prie, cher Monsieur l'Ambassadeur, de croire à l'assurance de mes sentiments très cordiaux et de ma haute considération.



Shahid Javed Burki
Directeur
Département des Relations Internationales

Son Excellence M. Ahmed Tawfik Khalil
Ambassadeur Extraordinaire et Plenipotentiaire
Président du Groupe des 77
Mission Permanente de la République Arabe d'Egypte
auprès des Nations Unies
36 East 67th Street
New York, N.Y. 10021

World Bank

NATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
NATIONAL DEVELOPMENT ASSOCIATION

Mission to the United Nations/
New York Office
747 Third Avenue
New York, New York 10017

Telephone: (212) 754-8008

G - 24

G - 77 ✓

March 9, 1984

Mr. Shahid Javed Burki
Director
International Relations Department
The World Bank
1818 H. Street N.W.
Washington, D.C. 20433

Dear Javed:

The luncheon today with Ambassador Muñoz-Ledo went very well. The Ambassador is looking forward to meeting with Mr. Benjenk, preferably April 26. (Between March 26 and April 12, Mr. Muñoz-Ledo is scheduled to travel in Europe and in Africa).

As a first step, the best formula in Mr. Muñoz-Ledo's view would be a lunch with representatives of Mexico, Argentina, Brazil, Venezuela, Guyana, Algeria, Senegal, Tanzania, Ghana, India, Bangladesh, Iraq, Indonesia, Pakistan, and Yugoslavia. All these countries are part of a task force of the G.77 for the North/South negotiations. Mr. Muñoz-Ledo has also created another task force responsible for South/South dialogue, which includes: Tunisia, Philippines, Colombia, Cuba, Egypt, Ivory Coast and Saudi Arabia. It would be good if also these countries could participate in the lunch.

Matters of particular concern with the G.77 at the moment include the South-Bank project, on which a group of 15 experts from UNIDO, UNCTAD, and other organizations are scheduled to meet in New York on April 23. A priority theme for global negotiations for the G.77 would be trade.

Based on his conversations two weeks ago in Europe, particularly with OECD and EEC Mr. Muñoz-Ledo feels that trade would be a reasonably acceptable subject to start with. No progress in global negotiations, however, can be envisaged until the U.S.A. Government would, at least, accept the principle or even a preliminary discussion on a global basis. So far, the Ambassador has seen no sign of this. Any assistance that the World Bank could provide in mobilizing some interest on the part of the U.S.A. Government would, according to Muñoz-Ledo, be highly welcomed by the G.77.

The Ambassador is also preoccupied with the need for a "rapprochement" between the G.77 in New York and the G.24 in Washington. He believes that relationships had deteriorated, partly because of divergence of views between Ministries of Foreign Affairs and Ministries of Finance on the very issue of North/South dialogue, partly because of personal misunderstandings in the recent past.

Mr. S. Javed Burki

- 2 -

March 9, 1984

Ambassador Muñoz-Ledo is planning to visit Washington soon to seek an improvement in the relations with the G.24 and better coordination between the two groups.

No substantive progress seems to have been made on the appropriate format for global negotiations, when and if they come. Ideally, the Ambassador would visualize first a global summit at the highest level, which would outline an agenda. It would then be left to the various U.N. agencies to enter into specific negotiations with groups of experts representing the G.77. (In this connection, the Ambassador noted that the Developing Committee is an interesting example of what could be done). Mr. Muñoz-Ledo insisted that the G.77 would approach the summit without a predetermined agenda. An agenda would have to be drawn-up jointly without any preconceived idea on either side, he said.

I would appreciate it very much if you would let me know as soon as possible whether the date of April 26 would be agreeable to Mr. Benjenk. I would then confirm the luncheon with Ambassador Muñoz-Ledo and would start the process of invitations. You may also wish to let me know how you feel about the theme of Mr. Benjenk's presentation, to the group as mentioned above. I told the Ambassador that the Bank is currently involved in a serious thinking about its direction for the future. Where we stand on this at the moment would, no doubt, be of interest to the group, although clearly matters of more immediate concern to them would attract stronger attention.

Sincerely yours,


Marc L. Bazin

BONN: IBRD Says Raised Exports Can Help Resolve Debt Problem.

Today's Handelsblatt reports that the World Bank believes that the danger of the debt crisis for the stability of the world monetary system has been over-emphasized. At the same time, the adverse impact of this crisis on the economic development of the Third World has been ignored. The article says that, according to Nicholas C. Hope, chief of the World Bank external debt division, while restrictions on imports may facilitate the transition to structural adjustment, in the long run the debt problem can only be resolved if the developing countries can have new foreign exchange sources. Exports are a major way of achieving this, Hope is reported as saying.

PARIS: Ledo and Mitterand Meet on North-South Negotiations.

Yesterday's Le Monde, reporting on the visit to France of Munoz Ledo, Mexico's permanent representative to the U.N. and chairman of the 'Group of 77', says that Ledo's talks with French President Mitterand may lead to fresh North-South negotiations. According to the article, Ledo expects the negotiations to move forward under the French chairmanship of the EEC; a French move might be based on some of the conclusions of the 1982 Versailles summit statement on developing countries. However, the 'G-77' thinks that the Versailles summit's insistence on the independence of specialized agencies such as the World Bank, IMF and the GATT is excessive, says the article.

U.S. PRESS DIGEST

"The Hungry Continent" is the title of an opinion article in today's WP (p. A19) asserting that "for years Africa has been a continent that does not feed itself." The writer points to harsh environmental realities but also to government policies as reasons for the crisis in African agriculture. "In the face of famine, governments may have little choice but to change their farm policies."

Indispensable Agencies. The CSM today (p. 16) carries an opinion article by a former FAO officer discussing the relative merits of U.N. agencies and those related to the U.N., calling the World Bank and IDA "almost indispensable" and lamenting the bleak prospects for funding for IFAD.

A Look At Lagos. The CSM (p. 18) carries a report by a staff writer about the problems confronting Nigeria's capital city and focuses on the refuse problem, identified by Owaise Saadat, deputy World Bank representative, as the root of the problem that snarls Lagos.

CSM - Christian Science Monitor, WP - Washington Post.

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Follain, Jean-Luc
E 548

Development News—Daily Summary



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Friday, February 24, 1984.

NEWS ITEMS (From the wires of AFP, AP-DJ and IPS*)

WASHINGTON: Social Tension Building Up In South America.

Ecuador's Ex-President Galo Plaza Lasso warned here yesterday that the "Central American crisis" could spread through South America unless that continent gets help to cope with the world economic recession. The current destabilization of Central America that worries the Reagan administration would be insignificant next to the "explosion of social tension" building up in South America because of austerity measures imposed by the recession, he said at a press conference at the headquarters of the Organization of American States (OAS). South American democracies were better able to cope with the economic crisis than dictatorships, he said. Yet the crisis was being exploited by anti-democratic factions. This was likely to result in more dictatorships unless industrialized nations and international organizations gave more help in refinancing foreign debts, and reducing their interest, he said. (AFP)

PARIS: Optimism Over Nigerian Debt Rescheduling.

Nigerian Finance Minister Onaolope Soleyemi this week continued his talks in Europe on the conditions for a rescheduling of Nigeria's foreign debt that would follow an IMF loan. Official Nigerian estimates put the country's foreign debt at \$15 billion, including \$4.6 billion in arrears, but international finance circles feel the figure should be increased by \$3 or 4 billion. Informed sources expressed optimism over the debt-rescheduling negotiations, which are expected to lead in March or April to an agreement between the new military regime and the IMF on a loan of \$2 billion. This would be immediately followed by a meeting in Paris of representatives of the six main western creditor states. The Nigerian authorities do not want this meeting to take place in an official "Club of Paris" framework. (AFP)

*Agence France Presse, Associated Press-Dow Jones, Inter Press Service

WORLD PRESS DIGEST (From IPS)

STOCKHOLM: Clausen's Conditions For Ways Out of Debt Crisis.

Yesterday's Veckans Affärer carried a lengthy article on the European Management Forum held some weeks ago in Davos, Switzerland. According to the article, World Bank President, A.W. Clausen proposed four main conditions under which the world economy could function normally in the near future: These conditions are permanent economic recovery in the industrial countries, liberalization of international trade, continued international financial flows, and rigorous economic policies in the developing countries.

PHN Section
AFRICA**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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NY - General Offices
file

February 24, 1984

Mr. Shahid Javed Burki
Director
Internal Relations Department
The World Bank
1818 H. Street N.W.
Washington, D.C. 20433

Dear Javed:

Re: Follow-up to Secretary-General's African Initiative
Contact with the G. 77

Will the Secretary-General convene a high-level meeting of U.N. Heads of interested Agencies? What is an interested Agency? When would such a meeting take place? March 5? - March 9? What would be its purpose? Also there already is this Committee composed of Messrs. Essafi, Farah, Saoumah, Ripert, Adedeji. Is their task one of sensitizing donors and recipients to the African crisis? If so, how do they plan to carry it out? Is it going to be divided between each? Why should there be a need to sensitize the Africans in the first place? No clear answer to any of those questions has emerged so far.

One known fact, however, is that there was a meeting on February 16 at the U.N. 300 people (delegations, U.N. staff, representatives of agencies) attended. The Secretary-General spoke (his speech was read by his personal assistant. Mr. Pérez de Cuéllar was not feeling well but it was important that he be present). Mr. Saoumah, also spoke, as well as representatives of the G.77, of donors, and of African countries.

According to Mr. Saoumah, the affected countries range geographically from Cape Verde in the West to Somalia in the East, from Ethiopia in the North to Lesotho in the South. Allowing for normal commercial imports, their food aid needs for the 1983/84 season can be estimated at about 3.3 million tons. Pledges so far would amount to just over two million tons, leaving a gap of 1.3 million tons, which should be filled by additional pledges of food aid. It is not realistic to expect the countries concerned to make additional imports on a commercial basis, in view of the disastrous state of their economies.

The danger-period is the so-called lean season, when last year's crop has been eaten and the new harvest is not yet in. The period is now very close for some of the affected countries, while for others it will occur

Mr. Shahid Javed Burki

- 2 -

February 24, 1984

only later in the year. The delays required for the procurement, transportation and distribution of food aid normally amount to several months. These are thus two problems. The first is to expedite the delivery of the aid already committed, so that it arrives in time. The second is to cover the gap of 1.3 million tons by further commitments of food aid, which should be combined with special measures to reduce the normal delays in the arrival of food aid at its destination.

The resources available to FAO and the World Food Programme are far too modest to cope with the food aid needs of Africa. A number of governments have made substantial increases in their food aid allocations to the area, or are in the process of doing so. In some cases they are also going to great trouble to speed up delivery of their aid. The total figure of known pledges, represents an increase of half a million tons over the corresponding level of the previous year. And the donor governments which have been visited by FAO's Special Representatives in the last few weeks have apparently given a sympathetic hearing to either case for more aid.

Has the Secretary-General regained the initiative? It is difficult to say as press coverage on both the trip and the session was not too good, in my view. Mr. Ripert, however, has been mandated by the Secretary-General to ensure more efficient coordination of assistance to Africa. "There are too many doctors, he says. Africa is a patient which suffers from having too many doctors each with a different prescription. For example, Upper Volta and Burundi have entered into 32 and 26 technical assistance agreements each with Part I countries and international organizations. These poor countries simply cannot be expected to cope with the administrative burden imposed upon them by such a proliferation of agreements. All the more important, therefore, is the need for coordination at the highest operational level of the UN".

Furthermore, Mr. Ripert had visited a number of donor countries, France and Italy. He is planning to continue in the coming weeks. In the meantime, Mr. Adedeji will keep in touch with the African countries to ensure that they maintain and show strong interest for the Secretary-General's initiative.

As to the Bank, we will have to wait whether and when the Secretary-General will ask Mr. Ripert to contact Mr. Clausen for a possible meeting in New York. Hopefully the purpose of such meeting will have been clarified in the meantime.

Regarding an eventual work session with the G.77, Mr. Muñoz-Ledo is away and plans to return in about a week. In the meantime, I have made contact with Mr. Ortega, Minister at the Mexican Mission who was delighted at the idea that Mr. Benjenk and yourself might be able to visit New York

Mr. Shahid Javed Burki

- 3 -

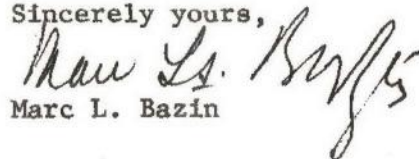
February 24, 1984

for a talk with the group. Mr. Ortega was all the more interested in the possibility of such a visit that, in the past, he said, the lack of concrete follow-up has often been a factor of misunderstanding between the G.77 and other parties.

I will keep you informed of any development. Have you made progress on a possible date? Please let me know as soon as you have decided.

Sincerely yours,

Marc L. Bazin

A handwritten signature in dark ink, appearing to read 'Marc L. Bazin', is written over the typed name.

cc: Mr. Peter Chatenay - Geneva Office

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATIONMission to the United Nations/
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February 13, 1984

Mr. Shahid Javed Burki
Director
International Relations Department
The World Bank
Room E 812
1818 H Street N.W.
Washington D.C. 20433

Dear Javed:

Thank you for your kind letter of February 8. It is a good reflection of our conversation which I also personally found to be open and constructive. The program you outlined is indeed quite something for a one-man operation but the important thing is that we now have a program. No doubt the follow up on the African initiative and the G.77 would be much easier if I had had an opportunity to participate in the preparation for and to attend the meetings with both Messrs. Ripert and Muñoz-Ledo.

As to the work with the African Group, I welcome it wholeheartedly. You may remember that at our first mini-retreat, I spoke about the importance of the African Group (almost 1/3 of the delegations) at the UN and concluded that this group should be made our priority target. Unfortunately, in the minutes of the retreat, there was no mention of the one-year program of work that I had outlined, which may be understandable since there was not much discussion of the plan by the retreat. The main thrust of the plan was to "sensitize" the UN to the Bank and the Bank to the UN. It included a number of actions among which the pursuit of the economic dialogue at the NY level with a group of specific countries, mainly the most influential, visits to NY of Senior Officials of the Bank and vice-versa, a seminar in the Bank on the UN which would have put together the people in the Bank who regularly deal with the UN in the course of their work (EDI, the Cooperative Programs, NY, Geneva not to mention OPS and Vincent Riley). Such a seminar would provide an opportunity for those of our colleagues familiar with the UN to brief the rest of the Bank on the nature, extent and achievements of the cooperation between the Bank and the UN family. Another idea of the plan was the organization of a UN week in the Bank and a Bank week at the UN with photo exhibits, films and lectures.

The part relating to contacts and visits started well.

Mr. Benjenk came very early in 1983 for lunch with more than 20 African Ambassadors and, at your request, Alex Shakow did the same some time later. Unfortunately because of other more pressing priorities in Washington, the series were interrupted. Communications between the NY Office and developed country representatives is very good as well as with Mr. Ripert himself. I now plan to get closer to the staff on a day to day basis.

New York / Geneva

cc Africa

cc Group of 77 ✓

cc EDI

cc UN

cc New Int'l Economic

cc Dev Committee

Mr. Shahid Javed Burki

- 2 -

February 13, 1984

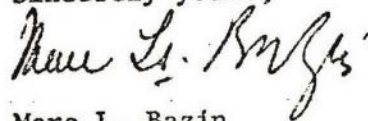
I fully appreciate that in the present international environment the UN is not an easy product to sell. I believe however that, it cannot be in the long term best interests of the World Bank, as an international institution, to be perceived as in fact contributing, by practicing a simple damage control policy, to the disaffection and amused skepticism which seem to surround the UN today. In any case, within the Bank, it is up to IRD to take the initiative and to assume the responsibility to explain and clarify for the Bank what takes place at the UN so as to facilitate a degree of understanding for at least those activities of the UN system which make sense even by our own standards.

With IDA, the S.C.I. UNESCO and IFAD experiencing difficulties of one kind or another, now seems to be a particularly opportune time to reassess our approach to the UN as clearly the traditional distant cousin attitude is no longer appropriate. A more active role for the Bank is called for. One area where we could in particular serve as an honest broker rather than sitting on the bench as a detached spectator is the North/South dialogue. The UN there has reached an impasse. The Bank could contribute a great deal by simply helping put the entire debate in concrete terms. There are other areas where the Bank can be of help to the UN and vice-versa. In fact, I see no natural contradiction between what is being attempted under the Development Committee and what we could undertake to promote better cooperation with the UN. The only thing to decide is how both can be integrated.

We should, as you suggest, have such get together as last Thursday's more frequently.

With warm regards.

Sincerely yours,



Marc L. Bazin

cc: Mr. Munir P. Benjenk

February 8, 1984

Mr. Marc Bazin
747 Third Avenue
26th Floor
New York, New York

Dear Marc:

Flying back to Washington, I had some more time to reflect on the discussion we had in your office this morning. I thought it might be useful for me to put down on paper for your reaction -- and the reaction also of Mr. Benjenk and our colleagues in IRD -- of what we identified as priority areas for your work in New York.

1. Our overall approach to the UN: You are quite right in suggesting that your job would be much easier if we in Washington were able to define in broad terms our approach to the UN system. But this is going to be difficult in view of the political environment in which the UN presently finds itself. I don't know how helpful it would be to you -- or to Peter in Geneva -- if we said that you should keep a watching brief on what is happening in the various parts of the UN system while promising support for those activities which are generally in line with our thinking and priorities and which, in addition, can be of help to us. This is a very broad statement that needs to be augmented a bit with a precise list of priorities. This I have provided below.
2. The Secretary-General's Africa initiative: It would be very useful if we can follow up on our letter to the SG by telling our management the reaction to it from various participants in this initiative. We had some reaction from Mr. Ripert when he saw Mr. Clausen, Mr. Benjenk and other senior managers in the Bank last month. We should also inform our management as to where the SG's initiative is taking the UN system. Mr. Doo Kingue mentioned that the SG will meet this Friday with his colleagues to define the future course of action. We should report to our managers on the outcome of this meeting. What I would look forward from you is a note that covers all of this and anything else that you consider pertinent.
3. G-77: As I indicated to you, Mr. Clausen and Mr. Benjenk were pleased with their meeting with the G-77 Chairman. I have been asked to keep in touch with him and see if we can help him and his colleagues in formulating their own thinking on development issues. Mr. Benjenk thought it

UN (work
Programme)

cc Africa

cc G-77

cc ECOSOC

cc NY/Geneva

February 8, 1984

might be a good idea for us -- Mr. Benjenk and myself -- to meet with the G-77 Ambassadors to discuss with them the development scene and the Bank's role in it. Could you give some thought to the format we should use for this discussion?

4. Developed country representatives: It would also be very useful for us to meet with the developed country representatives to exchange with them our thinking on the role of multilateralism in global economic development. Such a discussion would be very useful to me as the Chairman of the Future Role of the Bank group on "The Bank and the Multilateral Systems." Again, I will need your advice on how to establish contact with this group.
5. Contact with Mr. Ripert's front office: I think it would be very useful for IRD if you could add, to your already excellent contacts, the staff in Mr. Ripert's front office. Maintaining a close working relationship with that staff is of importance for IRD's work.
6. Developing countries representatives to the Second Committee and ECOSOC: As you know, some of these people are interested in knowing the Bank's views on such issues as the Africa situation, the debt problem, prospects for concessional flows, etc. Do you think you could bring together a group of them on an informal basis and have staff from Washington to join you in talking to them.

I know this is a long list for the already crowded agenda of a one-man operation such as yours but I thought it might be useful for me to indicate the areas in which your work in New York could help us in Washington. I will also keep you fully posted as developments take place in Washington concerning IDA VII, Selective Capital Increase, Development Committee agenda for the April meeting, and the ongoing work on the future role of the Bank.

I found our hour together this morning to be very useful; we should have such get together more frequently.

With warm regards,

Yours sincerely,

Shahid Javed Burki



Mr. Clarke Group of 77
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file
jc

TELEX: 377-0000

OFFICE OF
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L-0142/83

20 January 1984

See "Reports" Folder

I am pleased to send herewith a copy of the volume, Report on the SOUTH BANK, The Bank of Developing Countries, jointly published by the Office of the Chairman of the Group of 77 in New York and the International Center for Public Enterprises in Developing Countries (ICPE) in Ljubljana, Yugoslavia. Also transmitted are two preliminary papers prepared by the Office of the Chairman on the background of financial cooperation (G.77/ECDC/F(1+2)/1/83), and and Notes on Further Studies for a Bank of Developing Countries (G.77/ECDC/F-5b/01/83).

The publication contains all the basic documents on the proposed Bank of Developing Countries or the South Bank including the decisions of the Second Meeting of the Intergovernmental Follow-up and Coordination Committee (IFCC-II) held in Tunis 5-10 September 1983. It also contains the Report of the Intergovernmental Experts Meeting for the Study of the Feasibility of a Bank of Developing Countries held in Ljubljana 29 August to 2 September 1983, paragraph 27 of which reads as follows:

"The Meeting invited the Group of 24, in accordance with the provisions of paragraph 73 of the Caracas Programme of Action, to associate itself closely with the efforts to complete the feasibility study of the South Bank."

As will you recall paragraph 73 of the Caracas Programme of Action provides for the active involvement in ECDC of the Group of 24 as follows:

"The Conference, recognizing the valuable work done by the Group of 24 and by the experts of the Group of 77, recommended that this work should continue and in particular that the Group of 24 should give greater attention to the monetary and financial aspects within the programme of ECDC."

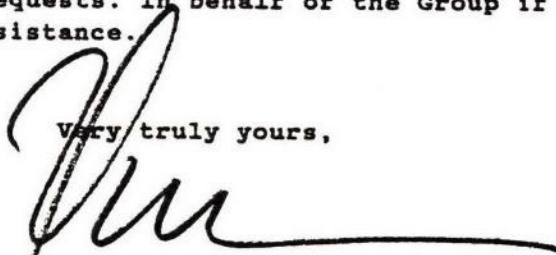
Pursuant to the foregoing mandate, the Twenty-Fourth Meeting of the Finance Ministers of the Group of 24 in Helsinki, 11 May 1982 discussed at length financial cooperation within the context of the CPA and noted the ongoing studies and the follow-up work on the Bank of Developing Countries.

In accordance with the decision of IFCC-II in Tunis to complete the feasibility study on the South Bank by a meeting of high-level Governmental experts, including representatives of Central Banks, not later than June 1984, we hereby request the members of the Group of 24 to give their fullest support in this endeavor. We would be grateful to receive from you or your staff not later than 31 January 1984 concrete suggestions on the preparatory activities for the forthcoming meeting, including the preparation of adequate documentation. It is envisioned that a seminar on 9-13 April 1984 in New York co-sponsored by the Office of the Chairman of the Group of 77 and relevant offices in the United Nations will discuss the technical papers to be prepared by consultants and preferably by members of the Group of 24.

We respectfully invite your attention to two preliminary papers enclosed herewith of the Office of the Chairman which set forth the status of the work on the South Bank within the context of financial cooperation under the CPA.

In the true spirit of solidarity and cooperation, we hope for your early and favorable reply to the foregoing requests. In behalf of the Group of 77, allow me to thank you for your valued assistance.

Very truly yours,



PORFIRIO MUÑOZ LEDO
Permanent Representative of Mexico
Chairman of the Group of 77

Members of the G-24

Group of 77

January 6, 1984

Dear Ambassador Munoz Ledo:

Thank you for your letter of December 20, 1983. I would be very happy to meet with you during your forthcoming visit to Washington. I understand that a meeting on February 3 at 4:00 p.m. would be convenient for you.

The Bank continues to be concerned with the adverse effects of prolonged recession on developing countries. We are encouraged by the recovery in a number of industrial countries but a major challenge facing the international community is how to translate these encouraging signs into renewed growth in developing countries. We are particularly concerned about the critical problems of Sub-Saharan Africa and are making every effort to ensure an adequate level of funding for IDA VII.

I look forward to seeing you on February 3.

Sincerely,
A.W. Clausen

His Excellency Porfirio Munoz Ledo
Permanent Representative of Mexico
to the United Nations
Chairman of the Group of 77, New York
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