

41st meeting

Thursday, 15 July 1982, at 10.40 a.m.

President: Mr. Miljan KOMATINA (Yugoslavia)

E/1982/SR.41

In the absence of the President, Mr. Kamanda wa Kamanda (Zaire), Vice-President, took the Chair.

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments
(continued)

1. Mr. STANOVNIK (Executive Secretary, Economic Commission for Europe) said that, since he would soon be leaving his post as Executive Secretary of ECE, which he had held for 15 years, he would take the opportunity to review the Commission's work and to refer to the problems confronting it against a broader background than that normally adopted in reviewing the past year.
2. From the point of view of region-wide co-operation,

the Commission today was faced with a dual challenge, at once political and economic. The political problem was understandable, since the region was particularly sensitive to the slightest deterioration in political relations between the member countries. The economic difficulties, although not the same in the socialist countries and in the market-economy countries, occurred simultaneously and therefore had a more than proportional effect on the entire region. In his opinion, those difficulties were of a structural and not a cyclical nature, and accordingly they called for different remedies than the simple traditional measures of adjustment. It might well be that at present the member countries of ECE would have to consider fundamental measures of reorganization and adaptation. For that reason, it would be well to analyse the difficulties in question in their historical context.

3. Over the 1970s, the Commission had known its "finest hour"; in 1967, at the commemorative meeting to celebrate its twentieth anniversary, it had adopted a declaration which had marked the beginning of a new era in multilateral co-operation, after a prolonged period of rather cool relations. Shortly afterwards, the process of "detente" had begun, resulting in the middle of the 1970s in the organization of the Conference on Security and Co-operation in Europe, which in its Final Act had explicitly assigned to the Commission the role of a privileged forum for multilateral co-operation in the fields of economics, technology and the environment.

4. Co-operation had been most intensive in the economic field, and it was in East-West trade in particular that progress had been most tangible and growth had been most dynamic in both directions; the value of East-West trade had increased from less than \$3 billion in 1955 to nearly \$100 billion at present. No doubt the share represented by inflation had to be included in that increase, but the volume of Western exports to Eastern countries had nevertheless increased during the 1970s by nearly 8 per cent annually, whereas total Western exports to market-economy countries had increased by about only 6 per cent annually during that period. The increase undeniably owed much to the very many trade agreements which had been signed; at the present time, there were 288 of them in all.

5. Region-wide co-operation had also intensified in two fields which during the same period had given primary cause for concern: the environment and energy. With regard to the environment, mention should be made of the signature in 1979 of the Convention on Long-range Transboundary Air Pollution, and the adoption of a Declaration of Policy on Prevention and Control of Water Pollution, including Transboundary Pollution, and a Declaration of Low and Non-waste Technology and the Re-utilization and Recycling of Wastes. In the field of energy, co-operation of the traditional type in sectors such as gas, coal and electric power had been extended to the general problems of energy, and since 1980 the countries of the region had been exchanging information and carrying out joint projects, in particular for energy conservation. East-West trade in energy and energy carriers had also increased considerably, and at the

present time they accounted for 15 per cent of the total volume of energy imports from Western Europe. New agreements were being negotiated, and that type of trade would continue to develop.

6. In the field of transport, the past 15 years had been devoted to the establishment of a truly region-wide infrastructure. The negotiations carried out within the framework of the Commission had resulted in the adoption of many conventions and many regulations relating to road signs and signals, safety standards, the transport of dangerous goods, motor vehicle construction, the Customs Convention on the International Transport of Goods under cover of TIR carnets (TIR Convention) and the North-South Trans-European Motorway (TEM) project. Similarly, multilateral co-operation in the Commission had led to the adoption of a common language in the field of statistics.

7. To sum up, the 1970s had been characterized by the establishment of a solid region-wide co-operative infrastructure. East-West economic relations were no longer of a marginal or sporadic nature; they were much less sensitive to variations in the political climate. Moreover, it could now be stated that the links of economic co-operation forged between the countries members of the Commission were actually strong enough to resist a certain cooling in political relations.

8. Nevertheless, there was still a certain imbalance which was the cause of the present difficulties and, if not resolved, might represent an obstacle to the further expansion of co-operation. In particular, East-West trade was unbalanced because the demand for imports was greater in the East than in the West. The result of that was a considerable debt burden for the socialist countries. Debt servicing alone was at present absorbing one fourth of the foreign currency possessed by the socialist countries, which placed a severe limitation on their importing capacity.

9. The composition of East-West trade too was insufficiently diversified, in so far as the Western countries imported mainly commodities, whereas the Eastern countries imported mostly manufactured articles. That was a weakness whose effects were already being felt and which would have to be remedied in the years to come. It should be possible to develop trade immediately in highly technology-intensive goods which did not seem to suffer as much as the other production sectors from the ups and downs of the market. At the present time, Western Europe and North America possessed 80 per cent of the world's technological and scientific resources, which opened up wide prospects for that kind of trade.

10. In his statement at the opening of the Council's second regular session of 1982 (30th meeting), the Secretary-General had referred to the assistance which the regional commissions should give to every programme for global recovery, and it was an approach of that kind which he himself would like to see in East-West economic co-operation. The countries members of ECE should join together in an effort to bring about a structural adjustment of the world economy and not just of the European economy. That economic strategy

implicitly contained a political dimension. In the 1970s, the consolidation of economic relations had been encouraged by the political climate. Today, those relations were based on solid foundations, and by restoring the necessary confidence, economic co-operation could create a more propitious political climate for widespread recovery.

11. Fifteen years earlier, addressing the Council for the first time in his capacity as Executive Secretary of ECE, he had observed that in the last analysis the destiny of Europe was inseparable from that of the whole world and vice versa. He had gone on to say that Europe should abandon a passive attitude, commit itself to direct action and behave as a fully-fledged member of the world community. Fifteen years later, reviewing the Commission's successes and failures, he had expressed the opinion that the Commission could have and should have done more for the developing world. No doubt the Commission was only regional in scope, but, within the framework of the Council, it was also called upon to assist in the solution of world problems. However, East-West problems and North-South problems were closely connected, as were those of disarmament and development. In order to work usefully for the establishment of a more just world, those basic links must be understood and recognized. He would continue to promote that understanding.

12. The PRESIDENT, speaking on behalf of the Bureau, paid a tribute to the Executive Secretary of ECE, who at the end of his term of office had just addressed the Council with his usual lucidity, relevance and frankness. Within the framework of ECE, the Executive Secretary had contributed towards consolidating East-West relations. In the General Assembly, where, in his capacity as representative of Yugoslavia, he had done a great deal to encourage the creation of UNCTAD, he had been a devoted champion of North-South co-operation. If he had not completed all the work he had had in mind, he had at least shown the way.

13. Mr. AL-ATTAR (Executive Secretary, Economic Commission for Western Asia) said that regional developments could not be seen in isolation from the current international order, which was now facing a severe crisis at the economic and political levels, from which the countries of the ECWA region had not escaped.

14. Faced with the rising prices of manufactured articles produced in the developed countries, the non-oil-producing countries and the least advanced countries had had increasing difficulties in financing their imports, and above all in purchasing the goods and equipment needed for their development. As a result, their balance-of-payments deficits had become more serious. Moreover, spiralling interest rates had increased the cost of borrowing and consequently jeopardized the implementation of those countries' development plans. The ECWA oil-producing countries had invested a large portion of their surplus oil revenues in financial and other assets in the developed countries, where poor economic performance had adversely affected those investments. In

addition, they had felt the direct effects of the glut on the international oil market which had emerged in 1981. The OPEC countries had expressed their determination to put an end to the glut by reducing production, but if the recession persisted in the developed countries, the reductions might prove to be insufficient. The corresponding decrease in revenue could then have very serious effects on the development prospects of the whole region, since the non-oil-producing countries of the region would experience a decrease in the spill-over from oil revenue and in the financial aid they were receiving. In that respect, it should be mentioned that, in spite of the decrease in oil revenues, a gradual increase could be observed in financial aid in the countries of the third world; the ECWA region itself and the entire Arab world were continuing to absorb a large part of the financial aid coming from the region, but the share going to beneficiaries in other regions of the world had increased rapidly during the past few years. Moreover, the ECWA countries had intensified their participation in measures and plans aimed at improving the functioning of the present international financial system.

15. The international community, aware of those structural imbalances in the world economy, had continued its efforts to redress the balance. In that respect, mention should be made of the Cancún summit meeting, which had at least offered a political umbrella for launching new global negotiations, and the United Nations Conference on the Least Developed Countries, which had culminated in the adoption of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. The Commission had closely followed that development in the international situation. It had expressed its complete willingness to participate in and contribute to those efforts, at both the global and the regional level. Currently, it was providing all assistance possible to the least developed countries of the region in order to facilitate the implementation of the Substantial New Programme of Action.

16. Although closer economic relations between the countries of Western Asia were being forged only slowly, some progress had recently been made. At the sub-regional level, the Gulf Co-operation Council had been formed to guarantee the security and stability of the subregion. Its implications for economic co-operation in the region could not be minimized, in view of the economic power represented by its members. In addition, attention should be drawn to the adoption by the Arab Economic and Social Council of a new convention for facilitating and developing trade between Arab States, and to the progress made in joint ventures among ECWA countries. Five important industrial joint venture projects had been launched in the Gulf region during 1981. Similar projects had also been started in the banking sector, and the Arab banking institutions were providing a major stimulus to the Bahrain Banking Centre, which had begun to recycle a sizeable, though still small, portion of the oil revenue surpluses of the ECWA countries.

17. The economy of the ECWA region had continued to grow in 1980 and 1981, but at a slower rate than in 1979

because of slower increases in oil prices together with a reduction in output, and because of inflation and the economic recession in the developed countries. The growth rates of the non-oil-producing countries had increased, thanks to favourable domestic economic conditions, especially in Jordan and the Syrian Arab Republic. On the other hand, there had been a setback in the least developed countries, mainly due to deterioration in the domestic agricultural situation.

18. In addition to the annual results, two major issues continued to face the countries of the region: labour shortage and human resources development. The oil-producing countries had a steadily growing need for manpower for their development, especially in the highly skilled categories, and the number of migrant workers had reached 2.3 million in 1981, or 10 per cent of the labour force and some 3 per cent of the total population of the region. Human resources development was therefore still an area of major concern in the ECWA region and was among the major objectives of the development plans of all the countries in that region.

19. The Commission had held its ninth session at Baghdad, where the ECWA secretariat now had its permanent headquarters. Before the session, an *Ad Hoc* Intergovernmental Expert Committee had met to study the medium-term plan for the period 1984-1989. It had identified priority areas in line with the International Development Strategy for the Third United Nations Development Decade, the recommendations of the Symposium on the Arab World in the Year 2000, held in Morocco in 1980, and the decisions of the Eleventh Arab Summit Conference, held at Amman in the same year. In addition, the participants had recommended the establishment of the first subsidiary body of ECWA, the Standing Committee for the Programme. Resolution 114 (IX) adopted by the Commission on that subject was being submitted to the Council for consideration and appropriate action. Another resolution (107 (IX)), concerning international assistance to the flood-stricken areas of Democratic Yemen, also called for action by the Council. Moreover, the Commission's report on its ninth session (E/1982/22) contained a summary account of its deliberations on other issues.

20. He had just arrived from Beirut, overwhelmed by the tragedy of a city which had been under siege for a month, was lacking in absolutely everything, and unfortunately did not seem to be receiving the assistance from the world which it so greatly needed. He himself had supervised the evacuation of the 40 members of the ECWA secretariat who had still been in Beirut; it had been extremely difficult, since he had had to negotiate in trying conditions with the various opposing forces. He thanked the Lebanese Government, which had extended its hospitality to the ECWA secretariat for several years and had not been sparing in its assistance and aid so that it could carry out its functions in favourable conditions. He also thanked the Iraqi Government, which had facilitated the transfer of the secretariat and had also furnished all the assistance and support needed.

21. Mr. IGLESIAS (Executive Secretary, Economic

Commission for Latin America) said he would like first to inform members of the Council about the effective work carried out by the Caribbean Development and Co-operation Committee, which periodically brought the member States of the region together to promote co-operation. Specially action-oriented programmes should be envisaged in the present very difficult period for the economies of those countries, some of which were very young. Secondly, he wished to draw the Council's attention to the implementation of the first integrated horizontal co-operation programme between Africa and Latin America. The first joint meeting of government experts from Africa and Latin America, held at Addis Ababa in June 1982, had led to the preparation of an extremely interesting programme of joint activities. The Executive Secretaries of ECLA and ECA considered the reaction of the African and Latin American countries to be very encouraging.

22. The world was undoubtedly going through a structural economic crisis. Declining economic growth in the industrialized countries, persistent unemployment, and above all the new phenomenon of the rise in interest rates, had given rise—particularly in the developing countries—to a climate of uncertainty which was prejudicial to the preparation of their policies and obviously had an impact on all the countries on the periphery of the world economy.

23. That situation affected the countries of the region in many ways. First, weak demand in the industrialized countries, and particularly the drop in investment rates, had had a considerable impact on the terms of trade of non-oil-exporting countries in Latin America, which had declined by 30 per cent between 1978 and 1980 and by a further 11 per cent in 1981. The prices of products that were important to the Latin American countries, such as copper and many others, were lower than they had been for 40 years, as a result of the decline since the previous year, those countries had lost or transferred abroad \$5 billion. Secondly, since the countries in the region were heavily in debt, every time interest rates went up by one point, the Latin American countries had to transfer about \$1 billion in supplementary interest abroad. Thirdly, the restrictive policies practised by the developed countries had led to a contraction in grants of public aid which was very serious for the countries in the region, heavily dependent as they were still on public financial flows. Fourthly, as already emphasized by the representatives of several countries in the region, the resurgence of protectionism had renewed the danger of a trade war which would be disastrous not only for the industrialized world but also, and indeed above all, for the countries which, like those of Latin America, had adopted an active, dynamic and outward-looking policy.

24. As a result of the foregoing, 1981 had been the worst year for the Latin American countries since the Second World War, and perhaps even since the depression of the 1930s. The gross product *per capita* had declined in 1981 and the overall product had increased by 1.7 per cent, as compared with 6 per cent in the previous year. As a result of the worsening terms of trade, the balance-of-payments

deficit had risen from \$28 billion in 1980 to \$38 billion in 1981. Latin America's total external debt had reached nearly \$240 billion. All that was obviously extremely disturbing for the region, where the social situation in several countries had worsened.

25. The immediate prospects were not very clear. According to some estimates, there could be a recovery in economic activity by the end of the year, but according to others, the recession would continue until 1983. However, the situation of the Latin American countries was entirely different from what it had been in 1973. Firstly, the current recession had not been accompanied by a rise in commodity prices, as had been the case in 1973, and secondly, the external debt of the Latin American countries, which had stood at \$40 billion at the beginning of the 1970s (30 per cent more than their total exports) had reached \$240 billion in 1981 (over double their exports for that year).

26. The options open to the countries of the region were largely dependent on a recovery of demand in the industrialized countries, a drop in interest rates and the development of protectionist trends. In any case, the Latin American countries should take measures at the world-wide, regional and national levels.

27. At the world-wide level, the economy of the Latin American countries was very much open to the rest of the world and therefore extremely vulnerable. Economic recovery in the large industrialized countries was thus of capital importance. It must also be borne in mind that the Latin American countries were very large importers of products from the developed countries and that their trade momentum could make a substantial contribution to the recovery of the world economy. Latin America was well aware that it had to work in the common interest and should not seek to solve economic problems on a purely national basis without taking into account the problems of other countries. It therefore attached great importance to the global negotiations which should be held under the auspices of the United Nations. In that respect, two questions were of vital interest to it: the maintenance of private and public financial flows and the struggle against protectionism, which could create serious problems for the Latin American countries, in that their import capacity was dependent upon their export capacity. Lastly, the importance of co-operation among developing countries at the world level should be stressed.

28. At the regional level, co-operation among Latin American countries now made sense, because it could help to counteract the international recession. Domestic markets in the Latin American countries accounted for \$1 billion, and imports and exports both exceeded \$200 billion. The regional market therefore had great potential, but, in order to use it, specific political agreements must be concluded, appropriate export promotion measures must be adopted, and the public and private sectors must be encouraged to take new initiatives.

29. Finally, at the national level, the Latin American countries would have to continue to borrow during the coming years, but it should be noted that, however heavy

their external debt burden might be, borrowing was an extremely useful instrument in a critical period. They should, however, show good judgement and prudence in that area. Many Latin American countries used tariff policies to protect their industries, but it was obvious that those policies should be adapted to the international economic situation and the economic policies of the industrialized countries on the one hand, and to other domestic economic policies on the other. Furthermore, it was essential to maintain realistic rates of exchange, particularly in order to foster international competition. Public expenditure could also be very helpful in counteracting the effects of the international recession. In that respect, it should be borne in mind that, during the 1930s, the Latin American countries had made considerable social investments, which had enabled them to strengthen the region's economic and social infrastructure during that difficult period.

30. In conclusion, as the Secretary-General had said in his opening statement (30th meeting), it was essential to implement a co-ordinated programme for economic recovery which was not inflationary and would help to alleviate the impact of the crisis on the economies of the developing countries. In that context, flexible and pragmatic policies must be adopted. Some lessons could be learned from recent experience. First, domestic adjustments should not be subjected to the free play of international market forces. Next, the struggle against inflation, although very important, should not be the only objective. The Latin American countries must, for example, endeavour to cope better with international competition.

31. The future did not look bright, but exaggerated pessimism should be avoided. As the participants at the nineteenth session of ECLA, held at Montevideo in May 1981, had stressed, the Latin American countries had all the elements required to implement a dynamic economic policy and achieve their development objectives, provided that the world economy was relaunched and effective measures were taken at the regional and national levels. Domestic policies and regional co-operation would play a decisive role in that regard.

32. Mr. KIBRIA (Executive Secretary, Economic and Social Commission for Asia and the Pacific) recalled that the Asia-Pacific region was the most heavily populated, the most deeply impoverished and the largest of all the regions. Only three of the 39 countries, members of ESCAP ranked as developed, and in more than 20 of the others manufacturing accounted for less than 10 per cent of GDP. A large part of the population lived in abject poverty and suffered from hunger, and the situation was worsened by the rural exodus and rapid urbanization. Male life expectancy was only 40 years in 8 countries and had reached 60 years in only 12 countries. Children suffered the most tragic fate: child mortality was 20 times higher and life expectancy 20 years shorter than in the developed countries. Malnutrition brought sickness which often went untreated, because doctors and health services were lacking in most of the rural areas.

33. The situation was undoubtedly dramatic, but it was

not desperate. Several countries were trying to promote the development of their impoverished hinterlands. Most of the countries of South Asia had made remarkable strides towards feeding their populations and expanding their industrial base. China had recently made progress in reducing poverty, lowering the birth rate and increasing food output. The countries of eastern and South East Asia, like the States members of ASEAN, the Republic of Korea, Hong Kong and Singapore, had continued their economic momentum despite unfavourable external conditions, while the developed countries of the region, with Japan in the forefront, were also showing strong vitality.

34. Although many countries appeared to be moving forward, that was not the case with the least developed, land-locked and island countries, which needed massive external assistance to overcome their difficulties, due frequently to geographical obstacles, and to strengthen their infrastructure.

35. ESCAP considered that top priority should be given to assistance for the poorest inhabitants and the most disadvantaged countries of the region. Although its extrabudgetary funds were generally double its regular budget, its resources were still insufficient, given the extent of the task. Development problems in the region were further complicated by the persistent inequities in international economic relations and the heightened trade barriers characteristic of the world economic recession. Protectionism curbed the vital export trade of many countries and prevented them from obtaining sufficient funds, not only to deal with the serious problems of poverty and rural development but also to continue their industrialization. Many oil-importing countries found it very difficult to service their debts because of declining terms of trade, worsening balance-of-payments deficits, further aggravated by the increase in oil prices in 1979-1980, rising interest rates, galloping inflation, and dwindling international aid.

36. In order to achieve economic progress, the countries of the third world must have access to foreign markets, so as to utilize their comparative advantages fully. Thus, it was essential to combat protectionism, which hampered their development. Moreover, structural reforms were urgently needed to establish a new international economic order. At the thirty-eighth session of ESCAP, held at Bangkok in March/April 1982, the member States had adopted a resolution calling for an early launching of global negotiations under United Nations auspices. Those countries were growing impatient about the current impasse.

37. It was clear that energy and free trade were powerful agents for modernization. In the poor countries, the modern sectors of the economy were invariably energy-consuming, dependent on oil, coal or natural gas. The developing countries had no alternative but to intensify their efforts to increase their energy supplies, either by exploiting traditional sources of energy or by a more vigorous development of renewable sources of energy. ESCAP was the first regional commission to have organized a meeting as a follow-up to the Nairobi

Programme of Action on New and Renewable Sources of Energy: that Regional Expert Group Meeting, held at Colombo in March 1982, had promoted activities in the field of energy and in a number of related sectors.

38. ESCAP played a catalytic role in regional development, as a result of its information activities, research, technical assistance and advisory services. In the energy sector and in several other fields, it also played a leading role as an interagency co-ordinator and executing agency. The Commission was working in close co-operation with UNDP, which provided it with vital financial support. However, progress had been very slow in the area of the overall co-ordination of United Nations activities in the Asian and Pacific region.

39. Despite its limited resources, ESCAP intended to continue taking the initiative in cases of urgent economic and social need in areas where its broad-based experience and multidisciplinary character gave it a pivotal capability. In that context, the participants at the thirty-eighth session of the Commission had adopted resolution 226 (XXXVIII), calling upon the secretariat to carry out detailed studies on regional and subregional food supply and on intersectoral aspects of trade and agricultural investment promotion. In 1981, the secretariat had completed the preliminary studies, which were both timely and necessary, in view of the widespread hunger and poverty in the region. ESCAP hoped to continue that work with the full co-operation of other United Nations bodies, particularly FAO, which, at the Sixteenth Regional Conference for Asia and the Pacific, held at Jakarta in June 1982, had devoted much of its time to the issue of food security in the region. The constructive decision taken by the FAO Regional Conference to create an institutional framework to deal with food problems should be welcomed. The Commission would co-operate fully with FAO, in order to achieve the joint objectives for the countries of the region. The ESCAP food supply study would certainly be very useful to the Commission on Food Security which had been set up by FAO at the Jakarta Conference.

40. Another important issue to be considered by the Council at the current session was the question of priorities in the United Nations medium-term plan for the period 1984-1989. ESCAP had spared no effort to ensure that its work responded to the needs of its member States, which belonged to a poor and populous region in which development problems were particularly complex. At the request of the member States, ESCAP had reassessed the programme priorities established in 1974, which had not worked well in shaping the work programme. A new approach to establishing priorities had been adopted. Instead of identifying six priority sectors, as had been done in 1974, a set of criteria was formulated and 17 priority subsectors were identified with a view to preparing the work programme and selecting projects. The criteria dealt with the Commission's role and capabilities, the need for increased assistance to the weaker sections of society and the more disadvantaged countries, and the need to promote regional and subregional co-operation. Those criteria and priorities,

on which the Commission was to take a final decision at its March 1983 session, had been specifically designed with the member countries of ESCAP in mind, and he hoped that the Council would take that into consideration when it sought to determine subprogramme priorities for the medium-term plan.

41. While the reassessment of priorities would give positive new direction to the Commission's work programme, it should be stressed that an enormous imbalance still remained between the resources available to ESCAP and the tasks at hand. ESCAP was currently far too dependent on extrabudgetary sources. It was the main general economic and social development centre for the region of Asia and the Pacific, and the current period was one of testing and transition for a region in which poverty was widespread. The colonial structures had long since disappeared, political independence was an accomplished fact, and many countries had already achieved impressive economic growth. However, the vast majority of people in Asia and the Pacific had not yet tasted the fruits of progress, and ESCAP must do its utmost to ensure that they enjoyed not only freedom but also a better life.

42. Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa) said that, after a decade of declining growth rates in the economies of the developed countries, accompanied by high interest rates, significant inflationary pressures and alarming levels of unemployment, the international economic system was in a state of disarray unequalled for half a century. There now appeared to be a consensus that the present economic crisis was neither cyclical nor transient but structural in nature, and that it therefore called for fundamental reforms.

43. The continuing international crisis posed a tremendous threat, as well as a great challenge, to the African economies. Africa, as the economically least developed continent, with 21 countries on the list of the least developed countries and 5 other countries to be added to the list if the recommendation of the Committee for Development Planning was approved by the Council and afterwards by the General Assembly, and as the continent most dependent on the industrialized market economies and therefore the most vulnerable, had been the worst hit by the international crisis. Indeed, Africa faced four debilitating crises simultaneously. First, there was the food crisis, the outcome of the 10 per cent decline of *per capita* agricultural production over the past decade, as well as the persistence of drought in the Sudano-Saharan countries and the spread of drought to eastern and southern African countries. There was also a commodity prices crisis, and a balance-of-payments crisis which had led to a reduction in oil consumption and a cutback in the procurement of spare parts, with adverse effects on industrial production. Finally, there was a crisis in respect of the external debt, which was now approaching \$48 billion. In 1981, the cost of debt servicing had accounted for 14 per cent of the value of exports of goods and services, and the percentage had grown even higher because of the need to borrow for shorter periods and at

very high interest rates. Thus, as the African continent struggled to cope with the essential needs of its population, in addition to its development needs, it was beset by a number of obstacles both endogenous and exogenous, the latter exercising a stronger influence than the former. The problem was rooted in the nature of the relationship between Africa and the developed world, and unless it was tackled at once, the particularly fragile African economies might continue to be vulnerable, both individually and collectively, and continue to depend on the vagaries of the developed economies.

44. In those circumstances, the African countries might choose to regard the present situation, by no means a transient one, as a challenge, and to take advantage of the crisis to lay the foundations of a self-reliant, endogenous and self-sustaining African economic system. Such a course of action was in conformity with the objectives defined by African countries for themselves in the Monrovia Strategy for the Economic Development of Africa, the Lagos Plan of Action for the Implementation of the Monrovia Strategy, and the Final Act of Lagos, to which they remained committed.

45. Over the past year, ECA had given priority attention to the implementation of the Lagos Plan of Action and the Final Act of Lagos. The Secretary-General of OAU and the Executive Secretary of ECA would submit the first progress report thereon at the forthcoming OAU summit meeting at Tripoli.

46. The most significant achievement of the year had been in the field of regional economic co-operation and integration. In December 1981, after four years of intensive negotiations under the auspices of ECA and its Multinational Programming and Operational Centre at Lusaka, Zambia, the heads of State and government of the 18 countries of eastern and southern Africa had met at Lusaka to consider the possibility of establishing a preferential trade area for the subregion. The Treaty on the Establishment of the Preferential Trade Area for Eastern and Southern African States had now been signed by 12 countries. By the Libreville Declaration of 18 December 1981, the 11 Central African heads of State and government had committed themselves to the establishment of an Economic Community of Central African States. ECA believed regional and subregional economic co-operation and integration to be the prerequisite for the economic survival of African countries.

47. The Multinational Programming and Operational Centres, which had been established to promote the socio-economic integration of the African region through subregional and regional co-operation, had proved extremely useful, and their activities had recently received a favourable appraisal by joint UNDP/ECA evaluation missions and by the Joint Inspection Unit. He hoped that the Council would endorse the recommendations made by the Secretary-General in his report now before the Council on the financing of the Centres on an established basis (E/1982/70).

48. Food and agriculture, industry, and transport and communications were three crucially important sectors for Africa's economic self-reliance. ECA, OAU and

UNIDO had accordingly made every effort to ensure the success of the Industrial Development Decade for Africa announced by the General Assembly in resolution 35/66B of 5 December 1980. The three organizations had focused on the main priorities in the industrial sector, such as food processing, chemicals, engineering, construction and small-scale industry. The main thrust of the joint programme of the three organizations was directed to the strengthening of intra-African industrial co-operation, taking into account the complementarities and opportunities for specialization, and with the help of the free flow of information on markets, finance, technology and the search for joint venture projects.

49. With a view to mobilizing funds for the Transport and Communications Decade in Africa, four technical consultative meetings had been held: the first at Lomé, Togo, in June 1981, on roads, air transport, telecommunications, broadcasting and postal services; the second at Ouagadougou, Upper Volta, in January 1982, on African railways; the third at Yaoundé, Cameroon, in March 1982, on roads and inland water transport; and the fourth at Abidjan, Ivory Coast, in May 1982, on maritime transport and ports. They had made it possible to secure additional financial resources of approximately \$940 million. A fifth technical consultative meeting on roads, maritime transport and ports for the countries of North Africa, East Africa and the islands of the Indian Ocean was scheduled for the second half of 1983. At present, ECA was actively involved in the preparation of the second phase of the programme for the Decade (1984-1988), in close co-operation with the United Nations specialized agencies and OAU.

50. The Joint Inspection Unit had prepared a detailed report on ECA, concerning regional programming, operations, restructuring and decentralization issues (A/37/119), which was before the Council. The eighth meeting of the Conference of Ministers of ECA had endorsed its recommendations, particularly those concerning the Multinational Programming and Operational

Centres, the methods of decentralizing powers and responsibilities, the provision of adequate resources, and a new management service orientation. He hoped that the Council would endorse those recommendations to the General Assembly.

51. As the Executive Secretary of ECLA had stated earlier, in order to further South-South co-operation, a very successful meeting had been held in June 1982 at Addis Ababa. It had been the first of its kind at which experts from Africa and Latin America had considered several priority areas for co-operation between the two regions in the fields of trade, science and technology and human resources development. ECLA and ECA would arrange to follow up that meeting.

52. At its seventeenth session, in addition to the decisions already mentioned, ECA had adopted a number of resolutions addressed to the Council concerning the proposed new statutes of the Regional Institute for Population Studies at Accra and the Institut de formation et de recherche démographiques at Yaoundé, contained in document A/37/236, demographic data collection and analysis, and desertification control in Africa. Finally, the expansion of the conference facilities of ECA at Addis Ababa was the subject of a preliminary report by the Secretary-General (E/1982/83). He hoped that the Council would take all necessary measures to ensure that the General Assembly at its thirty-seventh session approved the project and made the necessary financial provision so that construction work could begin in 1983.

53. In conclusion, he associated himself with the African Ministers for Economic Development who had appealed to the international community in the Declaration of Tripoli to provide aid and technical assistance to African countries within the framework of the goals, objectives and philosophy of the Lagos Plan of Action and the Final Act of Lagos.

The meeting rose at 12.45 p.m.