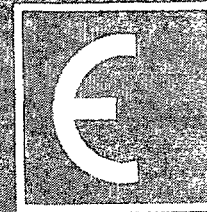


Europe information Development

Commission
of the European
Communities
Directorate-General
for Information



DE 50

THE EEC AND INDUSTRIAL COOPERATION WITH THE DEVELOPING COUNTRIES

X/116/84

August 1984

Free reproduction authorized, with or without indication of source. Voucher copies would be appreciated.

This approach remains essential if we are to tackle the problems which the international community is bound to encounter during the second part of the decade. By the same token, the goals and objectives of the strategy remain valid.

(c) There is no doubt that the scope and complexity of the world economic crisis were underestimated in 1980. People did not expect annual growth to follow a constant and regular rhythm. But the fall which occurred was not a slight deviation from a general growth path. It was a recession of an intensity and a duration unparalleled since the war; and it affected all countries, particularly the developing ones.

And the results which we see today fall in general far short of the objectives stated in the strategy.

The economic performance of the developing countries since 1980 has been very different from the growth scenario envisaged in the strategy. For the developing countries, taken as a whole, production per capita has fallen in each of the three first years of the decade. Developments in their external payments position have been generally unfavourable. In particular, earnings from the export of primary products have declined, reflecting in particular the substantial drop in commodity prices. In a number of developing countries external payments difficulties have been exacerbated by extremely heavy debt servicing obligations. Against this background many developing countries have been obliged to constrain expenditure considerably, resulting in cuts in social programmes which have had a very negative effect, in particular on the position of the poorest sections of the population.

Nevertheless one can discern points on which there has been progress towards the objectives of the strategy. In the social arena rates of school attendance have gone up as has life expectancy. The rate of population growth has slowed.

In many parts of the world available food per capita has continued to increase. Furthermore, agriculture is a sector in which there has been marked progress in many countries even if it has not quite reached the objectives stated in the strategy.

(d) All in all, the gravity of the situation in the developing world should not be underestimated. It is true that developments and problems vary greatly by region and country group. The countries of South and South-East Asia as well as those of North Africa have stood up better than others to the consequences of the recession and have maintained significant rates of growth. Latin America on the other hand has produced results much below those of the preceding period. Sub-Saharan Africa, for its part, has not yet succeeded in overcoming handicaps both structural and conjunctural - and this requires the urgent attention of the international community. In Africa in particular food stocks per capita are still below the levels prevailing at the start of the last decade; and with the spread of drought the spectre of famine is more real than ever.

(e) This diversity is testimony to the complexity of the factors which must be taken into account when one analyses the somewhat disappointing results obtained since 1980.

A number of the affected countries have been able to attenuate the effects of the recession by the policies which they have adopted. Some for example, have had less difficulty over external payments in the recent past because they benefited from policies applied over the years aimed at improving food self-reliance or expanding local energy production. Others, essentially exporters of manufactured products, have increased their export earnings through the adoption of export promotion policies.

(f) It is true that the freedom of action of individual countries is considerably reduced in a world marked increasingly by economic interdependence. The developing countries have found themselves confronted by exogenous developments reflecting an international environment deeply affected by certain developed country policies; and one which remains characterised by structural imbalances which threaten development. In this respect a fuller implementation of the measures foreseen in the strategy - relating to financial flows, trade problems, stabilisation of commodity markets or food supply for example - would certainly have altered the results achieved by the developing countries.

Due account must therefore be taken of the complexity and interdependence of the world today in framing the policies to be carried out in the second half of the decade.

(g) The necessary consolidation of the economic upswing which has begun in the industrialised countries calls for concerted action. There are encouraging signs. All the indicators confirm that the major industrial economies are in general back on the growth path, and one which is the healthier for the successes achieved in the fight against inflation.

But this upswing will not be maintained if the problems of very high interest rates, of currency instability and of protectionism are not settled. Nor will the upswing last and pull the rest of the world economy in its train unless we can be sure of greater policy convergence between the major industrialised countries - and that means reducing budget deficits and striking a better balance between savings and consumption.

(h) In an interdependent world, the upswing in the North will benefit the South; but even so a renewed take off of the development process cannot be considered an automatic consequence of the upswing in the industrialised countries. It is therefore

indispensable that we continue to promote the development process through intensified development co-operation in particular for the poorest countries.

At this stage, the developing countries have already undertaken a remarkable adjustment effort. This is beginning to bear fruit - witness the drop in the current account deficit of developing countries in 1983. This progress should continue.

This adjustment process must be accompanied in the most effective manner possible by international co-operation designed to help both the transition between adjustment and renewed growth and development. In this connection priority areas calling for action include, obviously, food and agriculture; money and finance; international trade; commodities; and aid flows particularly to the LLDCs.

II. Evaluation and Recommendations for Action, treated sectorally

A. International Trade

1. Liberalisation of Trade

All countries reaffirm their support for the open and multilateral system founded on the principles of the GATT. They undertake to support the efforts of the international community to improve its functioning. This system is at the root of dynamic international economic relations and constitutes an effective brake on protectionism.

(b) The fact that protectionism damages trade and development is recognised by all countries. It is essential therefore to carry out existing commitments to respect the standstill on protectionism and to roll back existing protectionist measures. These undertakings, notably those adopted at the GATT ministerial meeting in November 1982 and at UNCTAD VI (in resolution No 159(VI)) should be effectively carried out and in all their parts.

(c) It is in the interest of all that those countries which have not yet done so subscribe to the various agreements which have emerged from GATT multilateral trade negotiations.

(d) Note is taken with satisfaction of the decision of the European Community to accelerate, subject to certain considerations, the tariff reductions foreseen in the framework of the MTN, and to eliminate to the maximum extent possible quantitative restrictions relating to the LLDCs.

(e) The importance of the agreement reached recently within UNCTAD on a work programme on protectionism and structural adjustment must also be underlined.

(f) There is an intrinsic link between a sustained upswing in world economic activity and the expansion of international trade. Trade liberalisation in particular can make a favourable contribution to growth and development. Freer trade cannot but benefit from a lasting upswing. Favourable economic conditions in each developed country can thus assist the process of reducing and eliminating quantitative restrictions and analagous measures.

2. Generalised System of Preferences

We note with satisfaction that certain preference-giving countries have, since the strategy came into force, decided to renew, modernise and extend the coverage of their system.

(b) It is important that all preference-giving countries recognise the need for stability and continuity in this area; and that they therefore renew their preference schemes, bearing in mind their non-discriminatory and non-reciprocal character. Such countries should similarly improve their preference schemes in accordance with the provisions of UNCTAD resolution 159(VI), notably by paying particular attention to products of interest to the least developed countries.

3. Services

As recognised in UNCTAD resolution 159(VI) in particular, the service sector has growing importance in international trade. Developing countries have particular concerns in this regard. UNCTAD and the GATT as well as other international organisations can play a useful and complementary role, particularly in deepening understanding of the problems involved, notably those linked to the development process.

4. Commodities

(a) Common Fund. The international community as a whole should draw conclusions from the fact that the Common Fund is considered a key instrument towards the objectives agreed in the integrated programme. UNCTAD resolution 153(VI) gave a new impulse towards the entry into force of the Common Fund. All states which have

not signed and/or ratified the agreement creating the Fund are invited to do so without delay in order that the Fund may come into full effect as early as possible in 1984.

It is encouraging to note that certain developed countries have agreed to pay the subscription of certain LLDCs to the capital of the Fund.

Appropriate measures should be adopted to encourage the association of existing commodity agreements with the Common Fund as soon as it enters into force, in order that the Fund may serve effectively as the principal instrument of the integrated programme.

(b) International commodity agreements. The importance for developing countries of greater stability in commodity markets is undeniable. Most existing agreements have shown their value. This is particularly true of recent agreements on natural rubber, coffee and tin.

As for agreements which do not contain economic provisions, we greet with satisfaction two recent ones concerning jute and tropical timber respectively.

Negotiations aimed at new agreements on sugar and cocoa should be concluded rapidly.

Efforts should be pursued towards the conclusion of a new international wheat agreement containing appropriate economic provisions, which would contribute to stabilisation of the international market and improve food security for the developing countries.

Governments should lend their total support to preparatory work already in hand on products in the indicative list of the integrated programme, with a view to achieving the conclusion, before the end of the third United Nations Development Decade,

and in one form or another, of international agreements or arrangements or other appropriate instruments of international co-operation, as appropriate.

Commodity stabilisation should be accompanied by international action aimed at assisting developing countries to diversify production.

(c) Processing, marketing and distribution. With particular reference to UNCTAD resolution 156(VI) the Committee recommends governments to take the necessary measures to develop and establish elements of a framework of international co-operation for processing, marketing and distribution including the transportation of commodities.

(d) Compensatory financing for shortfalls in export earnings. The establishment of mechanisms for the stabilisation of export earnings has particular importance for the economies of many developing countries. The compensatory financing facility of the International Monetary Fund and the EEC's STABEX system are positive contributions in this area - and the STABEX has been improved since the adoption of the strategy.

UNCTAD resolution 157(VI) recognises the need to study the problems posed for many LDCs by shortfalls in export earnings. Particular attention should be given to the outcome of the work of the group of independent experts constituted under UNCTAD auspices; and to the recommendations which the group may make to governments in this area.

B. Industrialisation

(a) Despite the inadequacy of the available statistics it is clear that since the adoption of the strategy progress in third world industrialisation has been extremely slow. However this judgment needs some shading to take account of very marked disparities between the developing countries and regions concerned.

(b) Industrialisation of the third world is an area of very particular importance in intergovernmental co-operation, in particular through a framework favouring the development of activity conducted between partners in the private sector. Industrialised countries should endeavour to make use of all the instruments at their disposal to strengthen the technological infrastructure of developing countries.

(c) The system of consultations set up under UNIDO auspices at the time of the Lima conference is useful. The hope has been expressed that we shall see better use of the possibilities offered by these consultations.

(d) UNIDO IV which is to take place shortly in Vienna will constitute a particularly important opportunity for establishing a picture of progress by the international community and UNIDO itself in relation to the objectives previously defined; and for reflecting on the reasons for the often disappointing performances by certain developing countries. UNIDO IV should steer this work towards the formulation of recommendations in the field of industrialisation in global but also regional terms.

It will be appropriate at the right moment to integrate the agreed results of UNIDO IV into the strategy.

(e) The necessary measures should be undertaken to bring about as soon as possible the transformation of UNIDO into a specialised agency of the United Nations, bearing in mind the principle of universality and the need to ensure the financial viability of the new institution.

C. Food and Agriculture

(a) The importance attributed by the strategy to the development of food and agriculture is confirmed. Very many countries now give this sector priority importance. Beyond remedies for emergency situations, it is necessary to seek solutions of a longer term character leading to more balanced development of the

developing countries and to resolve the appalling problem of hunger in the world. The development of food and agriculture goes hand in hand with the struggle against poverty in the third world.

(b) Given the objectives contained in the strategy we have noted a certain number of positive results particularly in relation to increases in world food and agriculture production and the level of world cereal stocks.

A greater concentration of external aid on the development of food and agriculture, particularly in the poorest countries, has contributed in part to this result. In line with the recommendation of the strategy, the IMF's compensatory financing facility now extends to the financing of cereal imports by developing countries.

(c) But these considerations should not make us forget that the situation of many developing countries is cause for extreme concern.

It is in sub-Saharan Africa that the agricultural and nutritional deficit has been and remains the most striking; and that the progressive drop in food and agricultural production per capita over many years poses the most immediate threat to food security. These facts are the more deplorable seen against the enormous potential of the African continent in food production.

(d) As far as the developing countries are concerned the positive approach adopted in the last few years should be continued.

Governments of developing countries should give greater importance than in the past to the development of food and agriculture in order to strengthen their food self-reliance. Efforts should be focused on revitalisation of the rural economy, concentrating in particular on small farmers and the rural poor. Similarly, efforts should be pursued towards an appropriate balance between food and export crops, increased soil productivity, the spread of appropriate technology and the training of personnel

with the ability to manage and plan production. The importance of research in the agricultural field has been underlined in this context. The drawing up and launching of national food strategies permits these various elements to be taken into account in the framework of an integrated approach.

(e) Government policies should aim at improving the economic and social infrastructure of the rural areas and at offering farmers more incentives to produce - something which often calls for certain policy improvements: realistic pricing policies and policies regarding the structure of agriculture, the introduction of export crops, transport systems, marketing, the provision of agricultural inputs, etc.

(f) The higher the population growth rate, the more difficult the solution of food problems.

(g) The efforts of the developing countries have to be underpinned by the international community. It is necessary to increase external resources devoted to agriculture. In this connection developing countries and many developed countries have expressed concern about the financial capacity and prospects of help from multilateral organs whose role, as in the case of IDA or IFAD, is essential for the development of food and agriculture in the developing countries.

Food aid can constitute an important supplement to local production; but this should be integrated into the food strategies of the recipient countries and contribute to the development of local food production. The establishment of triangular operations can also help usefully to improve the food situation of the developing countries.

Again, there is a close link between the problem of food security and the efforts which need to be pursued towards the conclusion of a new international wheat agreement containing appropriate economic provisions.

(h) Co-ordination between donors must be improved. In this respect it is right to underline the co-ordination efforts undertaken by seven donor countries in the framework of a joint initiative for Africa. By the same token efforts towards better co-ordination of the various programmes within the United Nations system need to be pursued.

D. Finance for development

(a) The trend of financial resources available for development since the start of the decade is cause for anxiety.

Notwithstanding the fact that ODA from the DAC countries increased by 3.7% annually in real terms between 1980 and 1982, flows in this area have fallen well behind the objectives contained in the strategy and behind the needs of the developing countries, particularly the poorest, for whom taking account of their limited access to capital markets ODA is an essential source of finance. Total ODA from the DAC countries - which represents 75% of world ODA - amounted to 0.38% of GNP in 1982. It should be noted however that certain DAC countries have already reached and even surpassed the target of 0.7% of GNP. Others have taken special measures aimed at increasing their ODA significantly.

Serious concern has been expressed regarding the resource prospects of such multilateral organisations as IDA, IFAD and UNDP.

At the same time there has been reduction in bank lending to the developing countries.

(b) The ODA objectives (0.7% of GNP and 0.15% for the LLDCs) should be respected and commitments in this matter confirmed. In this context we recall the provisions of UNCTAD resolutions 164(VI) and 165(VI) as well as statements made when these resolutions were adopted.

In particular, it is necessary to endeavour to preserve in real terms the level of resources transferred to the low income countries.

A ceiling on IDA resources at the present level of the 7th replenishment would result in an important reduction in IDA's commitments. We call on donor countries as a whole not to resign themselves to this. It would be equally desirable to furnish the World Bank with the means for its operations.

It would also be appropriate, in conformity with UNCTAD resolution 164(VI), that the aid which is furnished should meet the purposes of development and be used with greater efficiency; that it should take a more flexible form; that its modalities and quality should be improved; that it should be placed on an increasingly assured, continuous and predictable basis; and that it should be, to the maximum extent possible, untied. In this respect, the favourable trend in the proportion of grant in DAC countries' ODA has been noted. Furthermore co-ordination between donor and recipient countries should be encouraged.

All members of the international community should play their part in the common effort and should endeavour to give more information, and ensure greater transparency, in relation to all aspects of development assistance.

(c) We have also seen a steady drop since 1980 in the internal savings of the developing countries. The rate of internal saving as a proportion of GNP will, according to the report of the Secretary-General, have been no more than 20% in 1983.

This trend does not conform to the Strategy. The latter insists on the effort to be made by the developing countries to mobilise their financial resources for development goals. The effects of the world economic upswing could be such as to help the developing countries in this direction.

(d) Alongside aid and other financial flows, the role of direct investment has been underlined for the part it too can play in contributing to general financial equilibrium and the transfer of technology to the benefit of developing countries. It is important to reverse negative tendencies in this: developing countries wishing to attract foreign direct investments should manage to create and maintain a climate favourable to these activities in the framework of their national policies and plans.

E. International monetary and financial questions

1) Developing countries debt

- a) - The problem of growth in developing country debt is a central preoccupation both of developing countries and developed countries. The problem has acquired a new and critical dimension since the adoption of the Strategy.

The origin of the problem is to be found in certain debt management policies and in the attitude of the banking system, but also in the recession, the increase in interest rates, the fall in export revenues and the excessively high level of certain exchange rates.

- b) - Some solutions have already been implemented, in particular through rescheduling operations this accompanied by the remarkable adjustment efforts of numerous debtors countries aimed at better adapting their increasing external debt to their debt service capacity.

- c) - The international community is called upon to continue these efforts in particular in view of the serious difficulties which could arise in 2 or 3 years time when repayments of capital and interest will weigh particularly heavily on the economies of certain developing countries.

d)- It is generally accepted that only a differentiated and multifaceted approach can deal effectively with the breadth of indebtedness in developing countries and provide appropriate solutions.

In this respect a broad degree of confidence has been expressed in the performance of the competent ad hoc bodies. These should continue to pursue and strengthen their action in favour of those countries whose situation requires reorganisation of their external debt with the flexibility and pragmatism which have characterised their interventions hitherto.

In this context, the agreed conclusions of the Trade and Development Board of UNCTAD on the occasion of its recent examination of the application of the "features" contained in its resolution 222 (XXI) have been welcomed, including the recognition of the importance of examining the situation of debtor countries in the light of their longer term preoccupations, with the aim of finding appropriate responses.

The wish has been expressed that such a long term approach should henceforth also be adopted in the reorganisation of commercial debt.

The recent adjustment efforts by debtor developing countries must also be accompanied by action at the international level. A number of factors can contribute to reducing the burden of debt: a spread of the international economic recovery, a downward trend in real interests rates and an increase in financial flows, including flows from the commercial banking sector'

In this respect, the driving role of the IMF and the World Bank group should be pursued, in particular through cofinancing. In addition, it is particularly desirable that there should be an increase in direct investment in developing countries and more generally in any kind of financing which does not weigh excessively on debt service obligations.

2. The international monetary system

- a) - A stable international monetary system contributes in itself to balanced economic development, whether by promoting some degree of regularity in short term flows, greater symmetry in adjustment between surplus and deficit countries, the surveillance vis-a-vis role of the IMF, vis-a-vis all countries, or an exchange rate system which is at the same time stable and flexible. A certain number of developed countries have indicated that they will continue to approach the question of the evolution and strengthening of the system in this spirit.

- b) Notable and effective adjustment efforts have been undertaken by numerous developing countries in conjunction with the IMF. In this context, the usefulness of IMF programmes which permit this adjustment to be carried out in an orderly fashion with the financial support of the international community has been emphasized. The continuing assistance of the international community including the IMF and the World Bank, is necessary to ensure that these countries will be able to undertake adjustments permitting a revival of growth and development. This assistance is in particular essential

for countries which have limited potential of production and of basic resources. In fact, as a number of countries have emphasised, the necessary action on demand in the short term must be accompanied by in depth action aimed at reinforcing productive capacity, and assuring the recovery of economic growth and living standards. In this context, the question of conditionality in the operations of the IMF is considered as particularly important. The evolving nature of this concept has moreover been noted.

(c) The level of resources available to the international monetary system should be adequate. In this respect, important decisions have recently been taken concerning the increase of IMF quotas and the enlargement of the General Agreement to Borrow. Complementary credit facilities in favour of the IMF with the support of countries of the North and the South have been implemented; however, it has been regretted that all industrialised countries did not judge it possible to participate in this action.

(d) As to the question of an SDR allocation, several factors must be taken into consideration in determining whether or not there exists a long term global need to supplement existing reserve assets, which is the decisive criterion for an allocation. On the one hand the growth of global reserves has been sharply reduced, the proportion of SDRs in reserve assets has fallen, the reserves of many developing countries have dropped to very low levels while the gains on inflation have reduced the risk of an allocation in this field. On the other hand, world reserves are again growing and at the present juncture of the world economy, the overriding need is for credible adjustment efforts by debtor countries supported, as far as the Fund is concerned, by conditional financing.

Certain developed countries including the Member States of the European Community have indicated that they will take a position on the possibility of an allocation of SDRs on the basis of developments concerning these factors.

(e) In order to obtain the best results from their assistance, the IMF and the World Bank should explore all available avenues for reinforcing their co-operation while preserving the distinction between their respective responsibilities. In particular, the stabilisation programmes negotiated with the Fund should continue to take account of the need to restore the productive base of the economies concerned; technical assistance provided by the Fund and the Bank should be reinforced; and, in parallel with adjustment programmes, the Bank should have increased responsibility in the field of multilateral and bilateral assistance aimed at covering long-term financing needs of certain developing countries.

In this respect, the importance of the implementation of the special assistance programme agreed by the World Bank in 1982 has been emphasised as well as the adjustment assistance provided by a number of bilateral donors in particular in collaboration with the World Bank.

F. Technical co-operation (operational activities)

In conformity with the recommendations of the Strategy, a greater importance has been accorded to the very important role played by technical co-operation in the development process, in particular in the development of human resources.

The relative importance attributed to technical co-operation as an element in development assistance, in particular in bilateral assistance, has increased during the first years of the decade. The international community is nevertheless concerned by the apparent decline in financial support for the technical assistance activities of the United Nations system, and in particular of UNDP, whose central role in the financing and co-ordination of these activities must be preserved. Even though the results of the United Nations Pledging Conference for operational activities appeared to show some improvement in 1984, this needs to be maintained and strengthened during the rest of the decade in particular in endeavouring to expand the basis of financial support for these activities.

The pursuit of better co-ordination both between institutions and at the level of individual recipient countries, of technical assistance activities of the United Nations system should moreover permit a reinforcement of the system's intervention capacity in this area, while avoiding duplication and assuring efficient use of available resources. In this respect, the role of the resident co-ordinator is important.

More systematic utilisation of evaluation procedures must also be encouraged. Voluntary contributions of an adequate level should be provided for the UNCTAD/GATT International Trade Center in order to reinforce its activities, particularly in the field of commodities, in conformity with UNCTAD resolution 158 (VI).

G) Science and technology for development

A start has been made in implementing the Vienna Programme of Action for Science and Technology for Development adopted in 1979 and reaffirmed in the Strategy, in particular through the decision taken by the Intergovernmental Committee for Science and Technology for Development. The efforts must be maintained.

In particular, the efforts of the international community should be pursued in the most appropriate way, but jointly by all parties as far as the financing of the system is concerned.

Moreover, UNCTAD VI adopted by consensus a resolution (143 (VI)) on the technological transformation of developing countries. The provisions of the resolution concerning coordination and cooperation between UNCTAD and other competent bodies of the United Nations system deserve particular attention.

It is particularly important to assist developing countries in acquiring the means to put science and technology into practice and to develop appropriate technology for their own specific needs.

One of the most effective means of achieving this is the establishment, on a flexible institutional basis, of highly specialized networks made up of experts, teams and institutions from developing countries and industrialised countries, which have a recognised competence in specific disciplines dealing with research and applied science.

The conclusions of the ad hoc Group, meeting in Lima under the aegis of the consultative Committee for Science and Technology for Development on the "strengthening of links between the activities of research and development and the system of production" have been emphasized.

H. Energy

- a) - The world situation in the energy sector differs today from the situation at the time of the adoption of the Strategy. The general opinion is that, failing serious disruptions, the energy market should remain more or less in equilibrium for the rest of the decade. This situation should avoid the need for the world to face further oil crises such as those which it had to deal with during the preceding decade. This spectacular change in the situation can be attributed in part to the energy conservation efforts undertaken both by developing and developed countries. In OECD countries in particular energy consumption has continued to decline since 1980.

- b) This development in the oil market does not however put in question the need to pursue efforts towards the necessary diversification of energy sources, in particular through implementation of the programme adopted by the Nairobi Conference on New and Renewable Sources of Energy.

In spite of changes in the overall energy balance, energy will remain a constraint on the economic growth of energy importing countries. A critical factor in this respect will be the difficulties of energy deficit developing countries in covering the cost of their petroleum imports.

- c) A number of measures aimed at resolving the problems of energy supply still remain valid : improved efficiency of energy consumption, replacement of petroleum by other energy sources, encouragement of national energy production and promotion of research and development in this area. Special attention should be given to fuel wood, which constitutes the bulk of traditional energy consumption particularly in rural areas, and whose use has had serious consequences for the environment, through deforestation and soil erosion. It is thus indispensable to make full use of the wide variety of possibilities for increasing fuel wood production and ensuring its most effective use.

The importance is recalled of the proposal to establish an "Energy" affiliate of the World Bank which would increase multilateral financial resources to the benefit of the developing countries.

I. Transport

It is recognised that efforts have already been undertaken towards implementation of the programme of action for the Transport and Communications decade for Africa. The Committee also recognises that efforts are under way at the bilateral level, as, for example, action in favour of African countries undertaken by the European Community in the framework of the Lomé Convention. These efforts must be continued.

The Committee also supports the work in progress towards the development of a programme of action for the Transport and Communications Decade for Asia.

In this context, the Committee has recognised the primary importance of the effective functioning (and on occasion, the rehabilitation) of existing infrastructure, in particular from the viewpoint of organisation of management, supply and maintenance, which requires the continuation and intensification of technical work already undertaken.

Particular attention will be given to co-ordination between different methods and networks of transport in order to increase efficiency and reduce costs. In this respect the Committee emphasises the economic and social importance of urban transport.

The development of transport should be seen in the context of the overall policy for land-use planning of developing countries. This requires that investment decisions concerning both future industrial activity and transport infrastructure should be taken in close liaison so as to be mutually reinforcing.

In a broader sense still, it has been recognised that the area of transportation lends itself particularly well to economic co-operation between neighbouring developing countries, in particular where land-locked countries are concerned.

J. Economic co-operation among developing countries.

Great importance is attached to the development of South/South co-operation, which is considered as an integral part of international co-operation. The regional and sub-regional levels are particularly suitable for this kind of activity.

The organs of the United Nations system have a catalytic role in this area. The Strategy provides for the promotion of the economic and technical co-operation among developing countries. The provisions of UNCTAD resolutions 127(V) and 139(VI) adopted by consensus should also be borne in mind.

The Caracas Programme of action adopted by the developing countries in 1981 foresees co-operation in the following areas: trade, technology, food and agriculture, energy, commodities, financial questions, industrialisation and technical co-operation among developing countries.

It is noted with satisfaction that following the work of the Buenos Aires Conference on technical co-operation among developing countries, some concrete progress has already been achieved in this area.

All countries should also support efforts currently underway concerning the development of economic co-operation among developing countries, and, in particular, efforts aimed at the development of a global system of tariff preferences provided that these form part of the general framework of international trade rules and that South/South co-operation provides a complement to North/South relations, permitting a growth in trade between developing countries.

K. Least Developed countries.

The worsening of the economic situation of Least Developed Countries, which have suffered especially, in particular as a result of the world economic recession, is a source of serious concern to the international community.

The Substantial New Programme of Action adopted in 1981 at the Paris Conference has a particular importance in dealing with this situation. The commitments made at Paris, both in relation to the policies to be followed at the national level and to the measures of support at the international level, were reaffirmed in UNCTAD resolution 142(VI) adopted by consensus.

Among the positive developments achieved it can be noted with satisfaction that the specific problems of the Least Developed Countries are now taken into consideration in the deliberations and decisions of numerous institutions in the areas of finance and trade in particular. For example, the European Community and its Member States grant special treatment to the least developed countries in the framework of the STABEX system, in the context of the Generalised System of Preferences and in the retro-active adjustment of debt conditions. Mention should also be made in this context of the efforts undertaken by several member states of DAC, of which some have already attained or surpassed the objective of 0.15% of GNP in the provision of Overseas Development Assistance to the Least Developed Countries, and others have taken specific measures with the aim of increasing significantly their aid to these countries. Countries which have not yet attained this objective are called upon to undertake all possible efforts in this respect.

The remarkable efforts achieved by certain international bodies, notably UNDP, in support of the Least Developed Countries, in organising follow up meetings to the SNPA at the national level should also be emphasised. The international community is invited to continue its support for this mechanism.

The forthcoming holding of a third meeting of the multilateral and bilateral financial and technical assistance institutions with the Least Developed Countries should permit an assessment of the value of the round tables and, in the same spirit the preparation of the medium term review of the application of the SNPA, which will take place in 1985. All countries should make active preparations for this extremely important exercise with a view to permitting the achievement of the objectives of the SNPA.

The General Assembly should incorporate the SNPA in the Strategy when and as appropriate, with a view to contributing to its effective implementation.

L. Environment.

(a) The increasing awareness, on the part of all countries, of questions concerning the environment is one of the most notable phenomena of recent years. The Strategy had in fact drawn the attention of the international community to measures necessary both to ensure that development activities did not damage the environment, and to increase the level of financial and technical resources available to this end.

(b) This recognition unfortunately coincided with a deterioration in the economic situation in many developing countries, which has made very difficult the fight against certain ecological problems such as, desertification in particular in sub-Saharan Africa, or the increasing lack of water resources.

(c) The developed countries have attached increasing importance to environmental aspects in the establishment and implementation of projects which they finance.

It is recommended that these problems should in future be given priority attention in the framework of bilateral and multilateral development aid programmes.

M. Social Development.

(a) Some progress has been made towards the objectives of the Strategy in particular in the areas of education and health. It is encouraging that the rate of population growth has declined faster during recent years than during the 1970s. About 60% of developing countries have adopted family planning programmes. The United Nations Population Conference which will meet shortly in Mexico will need to examine these questions and to debate prospects for the future.

(b) Legislative and regulatory measures have also been taken to improve the position of women in developing countries. The forthcoming holding of the United Nations Conference on this subject is of particular importance in this respect.

(c) Nevertheless the majority of the objectives of the Strategy in the area of social development are unfortunately far from being achieved and substantial progress needs to be made in the battles against poverty, sickness, underemployment, illiteracy and social injustice, in particular where distribution of income is concerned.

The combined effects of population growth, climatic conditions and the economic recession explain this situation to a certain extent.

(d) These efforts towards the achievement of the objectives of the Strategy must be actively pursued. In particular it is reasonable to expect that the recovery of world economic activity will create the conditions for a better distribution of income in developing countries.