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Held at the Palais des Nations, Geneva,
on Wednesday, 21 July 1999 at 10 a.m.

President: Mr. WIBISONO (Indonesia)
(Vice-President)

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REGIONAL COOPERATION

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In the absence of Mr. Fulci (Italy), Mr. Wibisono (Indonesia),
Vice-President, took the Chair

The meeting was called to order at 10.10 a.m.

REGIONAL COOPERATION (agenda item 10) (E/1999/14 and Add.1-3 and 15-20;
A/54/97-E/1999/52)

Dialogue with the executive secretaries of the regional commissions

Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe (ECE)) said that a number of events had left their mark on the region over the past year: the crisis in Russia, the introduction of the Euro and the conflict in the Federal Republic of Yugoslavia, among others. They had affected the economic situation in various ways and accentuated existing economic divisions. The economies of the European Union and the United States of America had been barely touched, however. Projections of 2 per cent growth for the former and 3 per cent for the latter had remained unchanged. A soft landing for the United States, given significant internal and external imbalances, required a preventive hardening of monetary policy. Growth might be slightly higher in western Europe in the second half of the year owing to lower short-term interest rates, the relative depreciation of the Euro and the recovery in eastern Asia. The main uncertainty lay in how the overpricing of shares would be resolved.

Central Europe, and particularly the Baltic countries, had been hit hard by the Russian financial crisis of August 1998 and the drop in demand from the West. Growth had slowed down and unemployment had risen in most countries. They were, however, managing to weather the storm and foreign direct investment (FDI) had increased over the first months of 1999. The situation in the Russian Federation had deteriorated less than initially expected. Predictions of the fall in gross national product (GNP) for 1999 had been revised upwards from -10 per cent to -1 per cent, partly because the rouble devaluation had improved the market for domestic products and partly because of the recent rise in oil prices. Russia's economic problems remained a cause of considerable concern, nonetheless, and would require both an extremely systematic reform programme and foreign assistance to deal with the burden of debt. Most of the countries of the Commonwealth of Independent States (CIS) had also seen their exports fall dramatically and would experience negative growth.

The south-east European countries had been in serious difficulties even before the conflict in Yugoslavia: whereas, in 1989, per capita income had been 85 per cent of that of the central European countries, it had fallen to 50 per cent. The effect of the conflict would be to exacerbate the situation still further. Whereas central Europe had seen a recovery, there had been none in the south-east European countries, which had not carried out sufficient reforms, engaged in regional cooperation or been properly integrated with the rest of Europe. Not only had they had to cope with an influx of refugees, but they had lost the Yugoslav market, the price of exports to and imports from the rest of Europe had risen, income from tourism had fallen by between 10 per cent and 50 per cent and credit was dearer. The International Monetary Fund (IMF) had estimated their losses at US\$ 1.7 billion, \$0.9 billion of which was attributable to a worsening current account deficit.

The international community had so far undertaken to pay \$0.6 billion - \$0.4 billion in the form of loans - but payment was very slow in coming and there was, consequently, a real danger of rising tension. A long-term strategy of institutional reform was required, within the framework of the Stability Pact. It was for the countries themselves to set the process in motion, but support should be provided by the international community.

One suggestion had been to set up a free trade area, linked with the Euro. There would be obvious benefits in terms of stability, but the experience of the past 10 years had shown that rapid trade liberalization could destroy production capacities without spontaneously creating new ones where comparative advantages existed. Moreover, there was a difficult balance to maintain between development and a rigorous monetary policy to limit inflation, a balance that a link with a strong currency did not automatically ensure. The strategy could be successful if a programme of reform and investment was undertaken over several years, tailored to the needs of each country and with external financial support.

Over the past year, in line with the Council's recommendations, there had been more cooperation between ECE and the United Nations agencies in Europe, the other regional commissions and other regional organizations. The United Nations agencies had met and agreed to undertake a joint assessment of the structural problems and priorities for the countries with economies in

transition and to identify joint projects where necessary. As a result of the conflict in the Federal Republic of Yugoslavia and the need for each agency to respond to immediate needs, the assessment had been delayed, however. With the Organization for Security and Cooperation in Europe (OSCE) the Commission enjoyed excellent cooperation. It regularly contributed to the OSCE annual economic forum and, over the past year, had organized a seminar on the economic dimension of the Charter on European Security.

In response to the Secretary-General's request, the Commission had held regional hearings in preparation for the Millennium Assembly. Over 100 non-governmental organizations (NGOs) and government representatives had attended and the following conclusions had emerged: first, restoring the primacy of the United Nations and respect for the Charter was essential for peace and stability. To achieve that end, the United Nations should have the courage to engage in debate on how to reconcile respect for Articles VI, VII and VIII of the Charter with the prevention of egregious human rights abuses. Secondly, the implementation of existing principles, conventions and standards should take precedence over the negotiation of new ones. Thirdly, changes in the relative powers of Governments, NGOs and business organizations as a result of globalization involved a closer involvement by the United Nations in such activities. Lastly, United Nations resources were grossly inadequate if Governments wanted conventions they had signed and standards they had endorsed to be effectively implemented.

Mr. MOOY (Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP)) said that the impact of the Asian economic and financial crisis had been much deeper and more widespread than anticipated. While seven of the relatively large economies had suffered significant output contractions in 1998, as compared to only one in 1997 and none in 1996, the growth in output of the developing economies of the region had almost stagnated in 1998, in stark contrast with the nearly 6 per cent growth in 1997 and 7 per cent in 1996. It was the worst performance of the region's developing countries over the past two decades. Moreover, it had led to a social crisis of major proportions in several countries, with large segments of the population plunged into poverty and destitution almost overnight.

There had, however, been some encouraging signs. Exchange rates and stock markets had substantially recovered, foreign exchange reserves had risen significantly, inflation had been generally moderate and interest rates were on a downward trend. There were also signs that consumer and investor confidence were returning. Those indications suggested that the worst of the crisis was over and that growth could resume during the second half of 1999. Optimism had, however, to be tempered by a number of uncertainties in both the domestic environment - including banking and corporate restructuring - and in the external economic environment, particularly the prospect of Japan's recovery.

Individual countries clearly had the responsibility of managing the liberalization process, but it was also for the international community to assist them in sustaining the recovery process and preventing the recurrence of future crises. The impact of the Asian crisis had been far deeper than that of the Mexican crisis and the process of recovery had been much longer. The crisis had unequivocally demonstrated the need to improve the architecture of the international financial system if more serious crises were to be avoided. Reforms required careful thinking, but the existing system was ill-equipped to prevent the highly destabilizing impact of rapid capital movements on individual economies.

A number of issues deserved urgent attention. As in national financial systems, a lender of last resort facility was needed to counteract a pervasive lack of investor confidence. An agreed framework for debt workouts was required. The development of a role-based system encompassing arrangements for overseeing and, if necessary, regulating cross-border capital flows also merited consideration.

At the regional level, a common framework of managing the financial sector was needed. That would include the establishment of common prudential standards, a more uniform classification of non-performing loans, the development of monitoring and surveillance mechanisms to contain the contagion effects and the establishment of a quick-disbursing fund to provide emergency assistance.

It had been clear from discussions at the fifty-fifth session of the Commission that continued efforts towards structural reform by Governments were important and that the process of liberalization should be managed

carefully. Above all, growth with equity needed to be maintained at all times. While the top priority in the short term was the provision of social safety nets through emergency programmes, in the medium term developing countries should establish an effective framework for social protection: a matter that had been overlooked for a considerable period. Regional and subregional cooperation was also necessary. The Commission had also noted that, despite the rapid growth in the region, there was still much poverty, the region was home to about one billion of the world's poor, and that poverty reduction remained the single most important task.

The Commission had stressed the role that it could play in bringing the countries of the region together to share experience and know-how, including tripartite forms of cooperation. It had also emphasized the importance of measures to protect the environment in order to promote sustainable development and the need for priority to be given to human resources development.

The Commission had endorsed the preparations for the forthcoming Second Ministerial Conference on Space Applications for Sustainable Development in Asia and the Pacific, to be held at New Delhi in November 1999, and the Fourth Ministerial Conference on Environment and Development, to be held in Japan in 2000.

Several subregional organizations had been established. Some were at the fledgling stage and needed assistance in programme development and technical assistance. Special emphasis should be placed on promoting South-South cooperation and on strengthening inter-subregional cooperation in human resources development, trade and infrastructure development and industry, if the potential of a vast and diverse region was to be fulfilled.

Mr. OCAMPO (Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)) said that some of the countries in the region had suffered severely from the effects of both natural disasters and the international financial crisis. The impact of the latter had been more significant than expected, but a recovery was under way, starting in Mexico and Argentina and followed by the rest of the region. Growth had risen in 1994 and 1997, but those had been the only instances of higher growth than in the 1950s. Growth had continued during the first half of 1998 but a full recession had set in at that point and had continued into the first - and

possibly the second - quarter of 1999. There were some encouraging signs of recovery but, following the fall to 2.2 per cent growth in 1998, the outlook was probably one of stagnation or a slight downturn.

There were regional variations: performances had been generally better in Central America and the Caribbean, which exported more to the United States of America and had been less affected by capital movements. Mexico had been helped by growth in the United States and by prudent management. Generally speaking, the larger countries in the subregion were likely to enjoy higher growth in 1999. The situation in South America was less good, although most countries there seemed to be holding their own, with the exception of Bolivia, which was still in recession. The bulk of negative growth was likely to be in South America.

The employment situation had been poor throughout the decade. According to estimates by the International Labour Organization (ILO), 85 per cent of the employment generated in the region was informal. In 1999, open unemployment would probably reach 8.5 per cent over the region. The incidence of poverty had dropped in 1990-1997 and the proportion of poor households had fallen from 41 per cent to 36 per cent. Absolute poverty was still around 200 million, however, and that figure was expected to rise.

A positive factor had been the vigour with which the economic authorities and the central banks had tackled the situation, focusing on maintaining macroeconomic stability. Inflation had been kept below 10 per cent on average, the lowest for half a century. The balance of payments had dropped from 4.5 per cent of gross domestic product (GDP) to 3.5, equal to the 1997 figure. It was, however, a cause for concern that the drop had been due to a fall in imports rather than a growth in exports, as a result of lower commodity prices and reduced intraregional trade within the Andean Community and the Southern Cone Common Market (MERCOSUR). It was a regrettable development, since such trade had increased during the earlier part of the 1990s.

The coming months would be crucial. He believed that capital flows could be down and growth could be up by the end of the year, if not to the high rates of 1997. It was essential that the reform of the international financial system, which seemed to have lost momentum over the past months,

should continue in order to ensure that the financial crises did not recur. There should also be more openness in world trading to enable the developing countries to expand their export markets.

Mr. AMOAKO (Executive Secretary of the Economic Commission for Africa (ECA)) said that the reform process under way since 1996 was virtually complete and operations at ECA had been rationalized in accordance with the relevant General Assembly resolutions. The impact of the Commission's services to its member States had been significantly enhanced.

The ultimate goal of halving poverty in Africa by the year 2015 would require an annual decrease of 4 per cent in poverty rates; that, in its turn, depended on sustained annual growth of at least 7 per cent and investment of more than 30 per cent of GDP.

At its thirty-third meeting at Addis Ababa in May 1999, the Commission had agreed that the priorities for reform were to mainstream population, environment, science and technology and productivity concerns into national development planning and poverty-alleviation policies; to invest in social sectors, including education and health - particularly HIV/AIDS; to implement employment-generating programmes for the poor and to address the feminization of poverty. It was also crucial to ensure that Africa participated fully in the information revolution. A further priority was to integrate Africa into the global economy while furthering intraregional integration and cooperation. Moreover, sustainable systems of good governance must be promoted, including enhanced stakeholder participation in decision-making. It would also be vital to overcome the legacy of conflict through peace-building, and conflict resolution.

The Commission had recently convened a Joint Conference of African Ministers of Economic Planning and of Finance to discuss the challenges of financing development in Africa. In their Joint Ministerial Statement, the participants had urged countries - the G-7 nations in particular - to agree to complete cancellation of bilateral aid debt for the poorest countries and to reduce their remaining debts by at least 90 per cent. Not only should funding for the highly indebted poor countries (HIPC) initiative be increased, but the coverage of the initiative should be extended to more countries. The Ministers had also emphasized the need to foster a new donor-beneficiary relationship with multi-donor programmes focusing on an African-driven agenda.

Moreover, Africa must be adequately represented at all international and intergovernmental bodies established to consider reform of the international financial and monetary systems.

ECA was launching an African Development Forum (ADF) to foster an African-driven development agenda and to facilitate consensus-building and partnership among key stakeholders as well as cohesion of donor support. The annual Forum, the first of which would be held at Addis Ababa in October 1999, would define "time-bound actionable programmes" which African countries would have the capacity to implement.

Africa's economic recovery and development, its effective economic integration and its capacity to become an active player in the world economy were interdependent imperatives which must be pursued in parallel. To further that end, ECA - in cooperation with the Organization of African Unity (OAU) and the African Development Bank - was in the process of fostering further regional cooperation and integration, inter alia by helping to promote implementation of the Abuja Treaty which had established the African Economic Community (AEC). ECA had also reinforced its subregional development centres (SRDCs) to provide technical support to the regional economic communities (RECs) and to strengthen its outreach.

Africa was poised to enter the twenty-first century more committed to meeting its development challenges, including the furtherance of good governance and democracy. The deliberations on African development initiatives during the Council's coordination segment had proved extremely useful. Through the Special Initiative on Africa and annual regional inter-agency coordination meetings, ECA would continue to play its part in fostering coherence towards an enhanced impact of United Nations activities on Africa.

Mr. EL-BEBLAWI (Executive Secretary of the Economic and Social Commission for Western Asia (ESCWA)) said that the Commission had celebrated its twenty-fifth anniversary, marking the occasion with a survey of 25 years of political, economic and social developments in the region. Its member States had also adopted the Beirut declaration which formulated a vision for the region for the twenty-first century. Moreover, ESCWA had been the first regional commission to hold regional hearings in preparation for the United Nations Millennium Assembly. Much of the discussion had centred on the

concepts of sovereignty and globalization, and the participating NGOs had emphasized the need for governments to respect their autonomy and had urged the United Nations to provide them with legal and financial support. Discussion of the role of the United Nations had focused on: the "duplicity" of United Nations standards in the international system; the need for a more democratic Organization; and the ramifications of the existing "unipolar" international system. Other items raised had been the systematic removal of the United Nations from efforts to settle the Arab-Israeli conflict and the need to bolster its role; and the disparity between the permanent members of the Security Council and the other Member States.

Discussion in the area of peace and security had focused on the marginalization of the United Nations by the great Powers. In the area of human rights and governance, participants had referred to the failure of State authorities to respect human rights. In the area of economic and social development, the negative impact of the dwindling role of the United Nations had been raised, as had the undemocratic nature of the State.

The Commission had embarked on substantive reform in 1994, prior to the launching of the system-wide reform initiatives. It continued to implement a wide range of administrative and organizational reforms. The recently established United Nations House in Beirut had lent itself to inter-agency sharing of premises. In March of that year, the House had been host to the first annual meeting of the United Nations system at the regional level. The meeting had concluded that the Regional Inter-agency Coordination Group (RICG) should be the main forum for formulating a common vision for the region and for devising a regional coordination strategy, with ESCWA as convenor.

In preparing its proposed programme budget for the coming biennium, the Commission - in consultation with its member States and with United Nations bodies - had heeded the call of the Secretary-General to enhance system-wide coordination and establish regional priorities. The main priority was to address regional concerns in the economic and social fields within the context of globalization. Another was to augment water resources and strengthen water legislation. ESCWA had also proposed policies for coordinating sectoral policies and harmonizing norms, standards and legislative instruments across the region. The Commission had also been assisting its member States in

preparing to comply with the requirements of the World Trade Organization (WTO) agreements and in achieving a balanced integration into the world economy.

The Commission was also seeking to address the effects of devastating wars and civil strife on the region's economic and social development and environment by implementing poverty-alleviation programmes and promoting partnership between the State and civil society. It had also been studying the effects on the region of structural adjustment policies and providing assistance to its member States for capacity-building in various fields.

In helping the region adjust to new challenges such as globalization, and safeguard regional interests and specificities, the Commission's role would assume increased significance with the advent of the third millennium.

Mr. ISAKOV (Russian Federation), having commended ECE and ESCAP on stepping up their efforts to analyse the Asian and Russian financial crises, the consequences of which were still being felt in the Russian Federation and elsewhere, said that the attention accorded to those crises in the Economic Survey of Europe was most welcome, as was the recent adoption by ESCAP of a resolution on economic and social monitoring and surveillance in the Asia-Pacific region. He would like to know what concrete measures were being planned by ECA and ESCAP and what the potential was for interregional collaboration in addressing the crises. Collaboration on that issue with international and regional financial institutions should be enhanced and he would be interested in hearing suggestions therefor.

Mr. SOARES DAMICO (Brazil), having congratulated ECLAC on its achievements, particularly in the field of industrialization and policy advocacy to countries, said that the fact remained, however, that the region's economic performance was insufficient to foster sustained development. Although the economic crisis had not proved quite as severe as expected, the impact of the volatility of capital flows on national economies remained a cause for concern. Macroeconomic adjustment of the balance of payments had been made at the expense of cuts in imports but, despite substantial currency devaluations, commodity prices continued to be depressed and industrial exports showed no signs of dynamism. With regard to reform of the international financial system, his delegation would appreciate further details on the Commission's preparatory activities for the new forthcoming

round of WTO multilateral trade negotiations, including any activities in cooperation with the United Nations Conference on Trade and Development (UNCTAD).

Mr. AL-HUSSAMY (Syrian Arab Republic) expressed his delegation's support for the efforts of the regional commissions to enhance regional, economic and social cooperation, especially in the fields of trade and humanitarian assistance. Such efforts had had a positive impact on national sustainable development programmes and had strengthened cooperation with United Nations bodies, especially the United Nations Development Programme (UNDP).

With regard to ESCWA's efforts to prepare its member countries for the new millennium, his delegation wished to express its support for the Beirut Declaration and to emphasize the importance of devoting more resources to its implementation. The region's development depended, above all, on the achievement of a lasting peace through the implementation of the relevant United Nations resolutions and respect for international law on the basis of the principle of "land for peace". In that context, it was highly regrettable that the report to be transmitted by the Secretary-General on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and the Arab population in the occupied Syrian Golan, which was due to be considered under agenda item 11, had not yet been issued.

Mr. SUTOYO (Indonesia), having commended the Secretary-General's report on regional cooperation in the economic, social and related fields (E/1999/14 and Add.1-3) for taking full account of Council resolution 1998/46 and recognizing the regional commissions' dual role as outposts of the United Nations and its regional expression, said that the most notable result of the reform measures was the inter-agency coordination meeting of the five regional commissions. General Assembly resolution 23/197, adopted 20 years previously, called for coordination and cooperation within a region which was still a prerequisite for streamlining and for avoiding duplication. Inter-agency meetings held to that effect had reflected progress at the country and headquarters levels.

The participation of the regional commissions in the Executive Committee on Economic and Social Affairs had improved significantly. However,

videoconferencing and other modern technologies were to be encouraged in the interests of reducing costs and eliminating unnecessary travel. It was also vital that the Council should interact closely with the regional commissions, since they had the prime role of ensuring that the globalization process helped, rather than hindered, the economies of their regions.

The Council must concentrate its efforts on ways of mitigating the impact of the Asian economic crisis and the resulting issues. The developing countries and those with transitional economies should work together to strengthen existing regional and subregional financial agencies and support them with new cooperation mechanisms.

Finally, on the subject of housekeeping, care should be taken in the preparation of documents and reports to keep them as concise and focused as possible, while respecting the deadlines established.

Mr. MANGOAELE (Lesotho) said that the presentations of the executive secretaries had informed the Council not only of developments in their regions, but also of the achievements of the worldwide network of regional commissions.

Addressing the Executive Secretary of ESCAP, who had commented on the persistence of poverty in his region despite its rapid growth, he said that the Bureau of the Council placed great emphasis on poverty reduction and had even proposed some unorthodox measures to alert public opinion. The countries in which poverty was most prevalent lived with it on a daily basis, so that it was the other countries that needed to be reminded of the existence of poverty and its consequences. He wondered whether it would be possible, in line with the Copenhagen target of halving poverty by 2015, to prepare a simple statement for journalists in the developed countries. Given the concern of the ESCAP member States' about poverty in their region, he would like to know whether they had any collective strategies to reduce it.

As Chairman of the Council's Ad Hoc Open-ended Working Group on Informatics, he was pleased to see that ECA was finally beginning to grapple with the challenge posed to the African continent by globalization and the information age, as reflected in the excellent Pan-African Development Information System (PADIS) project. In the past, ECA had probably hampered awareness of the importance of information in Africa, which could not jump upon the information bandwagon until the fundamental step of restructuring

telecommunications companies had been taken. ECAs refusal to admit that the private sector might play a role in improving telecommunications in Africa had contributed to Africa's delay in recognizing that it was lagging behind. As long as Africa's telecommunications infrastructure remained so primitive, it could hardly take advantage of the information age.

The most recent meeting of ministers of finance and development planning had addressed some of Africa's problems, notably its debt. ECA had previously developed an African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation (AAF-SAP) to replace the Bretton Woods institutions' framework. Although African ministers, meeting in Malawi, had agreed to that alternative framework, they had never referred to it at meetings with the IMF and the World Bank. ECA, in collaboration with IMF and the Bank, was, however, about to sponsor a seminar on the issues raised by African ministers, and he welcomed the sea change that had clearly occurred in the Commission.

Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe (ECE)) informed the representative of the Russian Federation that time was needed to reach global consensus on a set of economic policies. The weaknesses of the Washington consensus had still to be rectified and it would be a long time before the proposals of the Executive Committee on Economic and Social Affairs regarding the international financial architecture were discussed. The regional commissions and Governments could bring the problem up on the basis of the regional analyses if they so desired. The representative of Lesotho had welcomed the fact that ECA thinking on the Washington consensus was to be brought up in discussions with the Bank and the IMF. All such approaches took time and must be pursued in the relevant decision-making bodies.

ECE recommendations concerning and analyses of the economy of the Russian Federation and other transitional economies made it clear that it was for the Governments to work out their reform programmes and implement them as they saw fit. Like many other countries, the Russian Federation was regaled with a variety of views from different sources and must itself determine its own policy and decide which advice it would heed. It was common knowledge that Russia and some other countries considered other views and economic analyses to be subordinate to those of the Fund and the Bank, which were more

concerned with financial issues. ECE was, however, prepared to organize a seminar in Russia to discuss economic policy recommendations in the specific context of that country. Such a seminar would draw on 10 years' experience of transition in the Europe region in order to formulate recommendations for the future and would address the problems of the economies of the CIS countries in general and those of Russia in particular.

ECE would pursue its efforts, notably through participation in the deliberations of the Executive Committee on Economy and Social Affairs, to win acceptance for its ideas on macroeconomic and restructuring policies. The Committee had prepared two papers, one on the financial architecture and the other on debt management. It was also preparing a paper on safety nets and another on possible links between social policies and macroeconomic policies. There, too, the regional commissions were attempting to cast into the public arena ideas that could eventually influence international thinking.

Mr. MOOY (Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP)) informed the representative of the Russian Federation that the measures already adopted by ESCAP in response to the crisis were meant as a basis for national, regional and global policy and action. Country studies had been conducted on growth and equity, and summary and policy recommendations had been formulated at the expert group meeting at Seoul in June 1999. Several seminars had already been undertaken with the World Bank, IMF, Asian Development Bank and the Department of Economic and Social Affairs (DESA) on the various aspects of the crisis.

One activity still in the pipeline was the organization - pending discussions with the World Bank and the Republic of Korea - of a small conference of representatives of countries affected by the recovery process. For instance, since Korea was reportedly advancing more rapidly than Thailand or Indonesia, they would be brought together to discuss ways of accelerating the recovery process.

The work programme for 2000-2001 included advisory services on policy responses to the social impact, national workshops on financial sector management, and a regional seminar on policy responses to the economic crisis. Those were additional to the implementation of the resolution on economic and social monitoring in the Asia-Pacific region, mentioned by the representative

of the Russian Federation, on which ESCAP would cooperate closely with the Bretton Woods institutions, and the regional financial institutions.

Ironically, the Asia-Pacific region contained most of the world's poor for the very reason that it had been the fastest-growing region in the pre-crisis period. Poverty reduction had become a top priority for the region precisely because the crisis had plunged below the poverty line many who had hitherto been above it.

Although there was no structured collective plan of action, there was a forum where dialogue could take place and experience be shared on social and economic policies for poverty alleviation in rural and urban areas. The countries of South-East Asia were stronger in macro terms, while those of South Asia were stronger on the micro aspect of poverty.

Mr. OCAMPO (Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)) replying to the representative of Brazil, said that the volatility of capital flows and its effects on developing countries had been a major concern of ECLAC, the other regional commissions and the Executive Committee on Economic and Social Affairs. Special efforts had been made to find ways of reducing that volatility, and ECLAC had been anxious to assess their effects on the regional integration processes. The recent intraregional trade problems confronting MERCOSUR and the Andean Community would be one of the focus points of the forthcoming report on international trade and integration in the region. Despite the contraction of interregional trade occasioned by the crisis, those agreements had largely overcome the internal crisis, unlike the situation in the 1980s when the international crisis had caused the integration agreements to collapse. Although trade had been reduced, the Governments were committed to maintaining the intraregional agreements.

Concerning the forthcoming WTO round of multilateral trade negotiations, the ECLAC annual report on international trade and integration would focus precisely on an evaluation of the results of the Uruguay Round for Latin America and the Caribbean and on an analysis of the positive agenda for the forthcoming negotiations. ECLAC was collaborating with UNCTAD on the preparations for the round and it had been decided that follow-up of the negotiations would be a major UNCTAD/ECLAC area of collaboration. The first

meeting, at the ministerial level, of the trade negotiators was to be held in November 1999, and a common system would be established to follow up the negotiations and their impact on the ECLAC region.

Mr. AMOAKO (Executive Secretary of the Economic Commission for Africa (ECA)), replying to the representative of Lesotho, said that, from the outset of the reforms, special emphasis had been placed on information technology for Africa and PADIS had been launched in order to put information technology and communications at the service of development, the private sector's role being critical. The African Development Forum, to be held in October 1999, would focus on the communications infrastructure for African countries and the role of the private sector. ECA had been working closely with African communications ministers, South Africa being particularly active. All the major telecommunication companies were expected to attend, providing an opportunity to discuss funding, deregulation, privatization and private-sector contributions.

There were signs that at least one major partner from the G-7 countries was moving away from the Washington consensus towards an Addis Ababa consensus on Africa. ECA had collaborated with the African Development Bank, OAU, the World Bank and the African Economic Research Consortium (AERC) to produce a joint report entitled "Can Africa claim the twenty-first century?", examining strategies around which, with African leadership, all countries could coalesce.

Mr. EL-BEBLAWI (Executive Secretary of the Economic and Social Commission for Western Asia (ESCWA)) informed the representative of the Syrian Arab Republic that the report of the Secretary-General on the occupied Palestinian territory and the occupied Syrian Golan would soon be submitted. He acknowledged the need for a climate of durable peace and security in the region for sustained economic and social development.

Mr. DE BARROS (Secretary of the Commission) said that the report in question had been released at Headquarters in New York the previous day and should already have reached the Secretariat in Geneva. Agenda item 11 would be discussed on Monday 28 July. He agreed with the representative of Indonesia that reports should be concise, should be submitted for processing

as soon as the relevant body had concluded its work and should be made available in the official languages in accordance with the deadlines established.

Mr. BENN (Observer for Guyana), speaking on behalf of the Group of 77 and China, praised the forthright analysis in the presentations of the executive secretaries, particularly the ECE economic survey which directly challenged the policy contained in the Washington consensus. The insights it embodied could certainly refine the assumptions of some conventional approaches to economic policy. He wished to know whether there was any systematic framework for consultations between the regional commissions and the Bretton Woods institutions and, if so, what results had been achieved.

Mr. AL-ATTAR (Observer for Yemen) said that the Executive Secretary of ESCWA had given an admirably clear and full account of the Commission's activities and programmes and of the work planned for the next biennium. He had also referred to two issues of special relevance to the region: water and international trade. His delegation supported the ESCWA's technical assistance programmes, particularly the work done with regard to training and the exchange of experience and cooperation with other international organizations. It wished to emphasize, however, the importance of the water issue. Many of the countries of the region were grievously affected by water shortages and drought. He therefore welcomed the technical studies undertaken in that direction and the Commission's effective participation in the symposia held to assist all the countries of the region in improving their share of international trade.

In his delegation's opinion, a very detailed study should be undertaken with a view to determining the impact that globalization would have on the countries of the region, with particular reference to the need to develop cooperation among them. A detailed study was also needed of the impact on the ESCWA countries of the 1998 financial crisis, with a view to learning from the past and avoiding mistakes in the future.

His Government wished to express its appreciation of the assistance provided to the country by ESCWA. Yemen had participated in the twenty-fifth anniversary celebrations and he had himself attended the conference held at Beirut in May 1999. His delegation was convinced that ESCWA could do a great

deal for the countries of the region and it urged the Council to provide the necessary financial resources to allow the Commission to extend its work and increase its effectiveness.

Mr. VALDIVIESO (Colombia) said that a number of the topics touched on by the executive secretaries, such as globalization, particularly with regard to the globalization of poverty, the volatility of capital flows, market access and so on, had already been raised in the Council. With regard to the presentation on the work of ECLAC, he had noted especially the Executive Secretary's comments on the tendency to lose interest in reforming the international financial system. In the Latin American and Caribbean region, the system was still very much in need of reform and any loss of interest would be far from welcome. He was afraid that the forthcoming round of multilateral trade negotiations would not take proper account of certain alarming situations that were developing in the region.

The regional commissions should play a more important role in the relations between the United Nations system, on the one hand, and the Bretton Woods institutions and the WTO on the other. The report of the Secretary-General on regional cooperation in the economic, social and related fields (E/1999/14) referred only to the dissemination to the Bretton Woods institutions of the report prepared by the task force headed by the Executive-Secretary of ECLAC. The Secretary-General's report also referred to certain difficulties encountered in relations between the secretariats of the regional commissions and UNDP. He would like to hear the views of the Executive-Secretary of ECLAC on the importance he attached to regional coordination meetings. The deep concern felt by his delegation with regard to the forthcoming round of multilateral trade negotiations had already been taken up by the Executive-Secretary of ECLAC.

Mr. AHN Ho-young (Republic of Korea) said that, in his admirable presentation, the Executive-Secretary of ESCAP had followed a detailed description of the region's economic situation with a number of prescriptions for future activity. One of the major reasons for the economic crisis had been an over-optimistic view of the Asian economies. That was a lesson that could not be overemphasized. It should also be recognized, however, that the crisis was not a purely financial one. The Asian economies had developed at great speed but many structural problems had not been tackled, such as

weaknesses in the banking sector and human resources development. Serious thought should be given, therefore, to what ESCAP could do in that connection as the central organ concerned with the development of the region and thus possessing comparative advantages. His delegation expressed its appreciation of the work already done by ESCAP. It had full confidence in the Commission and would continue to work closely with it in the regional context.

Mr. KUMAMURU (Japan) said that, as the Executive Secretary of ESCAP had pointed out, no region was more diverse than Asia, economically, socially and culturally. Despite that vast diversity, ESCAP was doing good work, which the Government of Japan fully supported. The diversity had, however, led to the establishment of a number of subregional organizations and ESCAP needed to give some thought to ways of collaborating with them. In many cases, the activities of those organizations attracted more attention than the work of ESCAP itself, whose activities tended to be less visible. To avoid that effect and in the light of its limited resources, ESCAP should focus its attention more narrowly in terms of development assistance. He would like to hear the Executive Secretary's views on the areas where attention should be focused in order to benefit from ESCAP's comparative advantages and make its activities more visible.

Mr. BANOUM (Observer for Cameroon) said that he was particularly concerned about regional integration in Africa and thus appreciated the ECA contribution to the relaunching of the Economic Community of Central African States (ECCAS). Integration had been recognized as a fundamental factor in economic growth and competitiveness and was particularly necessary in the case of small economies with relatively low purchasing power. In the case of the Central African States, the main barrier to integration, apart from conflict, was the lack of means of communication. More attention should be paid, therefore, to infrastructural matters. With regard to the forthcoming round of WTO multilateral trade negotiations, he welcomed the interest displayed by ECA, including the recent seminar at Addis Ababa but pointed out that the African position was quite a complex one. For some countries, including Cameroon, relations with the European Union were fundamental. ECA would need to take care that the positions advanced were complementary. As far as synergy with other regional organizations was concerned, more attention should be given to avoiding duplication.

Mr. BERTHELOT (Executive Secretary of the Economic Commission for Europe (ECE)) said that, although the Commission had well organized relations with the World Bank with respect to the operational activities sector in the United Nations Development Group (UNDG), the same was not true in the case of the Executive Committee for Economic and Social Affairs. The papers being prepared by that Committee were conceived as building blocks for a debate on the paradigms of development, the so-called Washington consensus. The way in which they would be used in discussions with the Bretton Woods institutions had not yet been fully decided and he would bring the matter up in the Executive Committee on the basis of the recommendations that had been made.

With regard to the WTO, he recalled that ECE had a working group on trade facilitation which was open to all members of the United Nations, the regions being represented by the regional commissions. The United States of America and the European Union had proposed that the subject of trade facilitation should be included in the agenda of the new round of multilateral trade negotiations. ECE was working with the WTO to prepare papers in that connection and would be represented at Seattle to defend the views thus put forward.

Mr. MOOY (Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP)) said he was glad to hear that the representative of the Republic of Korea shared the Commission's views on the Asian crisis and ways of overcoming it. His support was particularly heartening in that it came from a country which had been much affected by the crisis but which appeared to be on the way to recovery. There could be no doubt that one of the problems in the past had been overconfidence, not to say complacency. The region should learn from its experience and be more cautious in future. While each country must, of course, deal with its own crisis, sharing of experience could be very valuable. ESCAP had therefore held preliminary consultations with the Vice-President for Asia of the World Bank concerning the organization of a regional conference to that end. He hoped that the Republic of Korea would host the meeting.

Replying to the representative of Japan, he agreed that the ESCAP region was one of contrasts. That was a challenge but it also offered opportunities. ESCAP was a regional commission but its approach to problems had often to be subregional since it was difficult to find an issue having the same priority

for all the countries concerned. When considering a more focused approach, therefore, it should be remembered that there were at least five subregions. As far as a narrower focus on the type of services provided was concerned, he would emphasize the special attention already been paid to capacity-building, in the form of training workshops, seminars, advisory services and research, as well as the provision of a forum for the sharing of experience. Of the many subregional groupings, the Association of South-East Asian Nations (ASEAN) was the most advanced in development while others were still in the fledgling stage and needed more help in formulating projects. Help had been offered to the South Asian Association for Regional Cooperation (SAARC) in the case of poverty alleviation and regional transport development and to ASEAN in the area of multimodal transport and the transport of dangerous goods. An annual consultative meeting was held to promote the sharing of experience among all those groups. In 1999, it would be hosted by the Pacific countries in Fiji. The great diversity among the countries of the region also made it possible to promote tripartite cooperation on a cost-sharing basis. For example, Singapore and Malaysia were sharing experience in tourism management with the Pacific islands.

Mr. OCAMPO (Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)) said that he fully agreed with the observer for Guyana. His own position on the Washington consensus had been published in an article in the ECLAC review of December 1998. He also agreed with the representative of Colombia, who had stressed the importance of continuing the process of reforming the international financial system. The broad agenda approved for the Finance for Development process offered a good outlook for continuing reform in that area and gave the Council a special role in the process. However, much needed to be done before the proposed conference took place and the Council should play a more active part in that connection over the next two years. In the ECLAC region, there was full agreement among all the agencies involved on the need to cooperate fully in the area of social equity.

Mr. AMOAKO (Executive Secretary of the Economic Commission for Africa (ECA)) said that, rather than the Washington consensus, his Commission was trying to move towards the Addis Ababa consensus on African development. A start had been made and it was to be hoped that the working relationship of

ECA with its various partners, including the Bretton Woods institutions, would lead to a process in which African leadership would drive the agenda. Some very encouraging progress had been made in that direction.

He agreed entirely with the observer for Cameroon concerning the regional integration issue and the importance of infrastructure development. Transport costs were fundamental to competitiveness in both regional and international trade. The development of Africa's infrastructural base was therefore essential, but the financing and human resources requirements were so huge that interregional approaches, as in the case of energy and telecommunications, made good sense. At the same time, there was a need for private sector financing, in which Governments also had a role to play. Côte d'Ivoire, for example, had done much to elicit financing from the private sector.

With regard to the forthcoming multilateral trade negotiations, an African position was being formulated, with every effort being made to ensure compatibility. Ultimately, however, any agreements reached would have to be implemented at the country level. The question was how the various African countries could take their interests and needs into account and how their negotiating and implementing capacity could be improved so that they could apply the agreements to which they were parties. Arrangements for technical assistance had to be put in place to build the capacity of the African countries.

Mr. EL-BABLAWI (Executive Secretary of the Economic and Social Commission for Western Asia (ESCWA)) said, in reply to the observer for Yemen, that the Commission was indeed studying the impact of globalization on its region. A whole series of subprogrammes had been set in motion to study the impact on finance, trade and social conditions. The direct impact of the Asian financial crisis had, perhaps, been less in the ESCWA region than elsewhere. The indirect effects were, however, covered in the summary of the survey of economic and social developments (E/1999/19) and workshops had also been held with the Executive Committee for Social and Economic Affairs and with UNCTAD at which presentations from each region had been made on the impact of the Asian crisis.

The meeting rose at 1.20 p.m.