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EL SALVADOR: MAIN FEATURES OF ITS RECENT
ECONOMIC PERFORMANCE

FOREWORD

During the Twentieth Session of the Economic Commission for Latin America, held in Lima, Peru from 29 March to 6 April 1984, the delegation of El Salvador proposed that the agenda of a forthcoming meeting of the Commission's Committee of the Whole should include an item regarding his Government's request to the effect that, for matters pertaining to international cooperation, El Salvador be accorded the same treatment given to the less developed countries included in the list approved by the General Assembly in its resolution 2768 (XXVI). The Salvadorean Delegation went on to mention the precedent set by ECLA whereby it recommended that similar treatment be accorded to Nicaragua and Bolivia when those countries, as now occurs with El Salvador, were faced with very peculiar adverse circumstances.^{1/}

In view of the above proposal, the Secretariat of the Commission included the corresponding item in its agenda for the XXVII Session of the Committee of the Whole, convened to meet in New York City on 28 June 1984. This document offers criteria for evaluating the origin and the scope of the deterioration of the Salvadorean economy during recent years, as reflected among other dramatic indicators, in a pronounced fall of the real gross domestic product per capita, to the levels already reached in 1961.^{2/}

^{1/} See the annex to this document.

^{2/} The brevity of this document is deliberate. For additional information on the recent evolution of the Salvadorean economy, see the El Salvador country reports in the Annual Economic Surveys for Latin America.

1. Since the latter part of the fifties and for approximately two decades, the economic activity of El Salvador was relatively dynamic, as reflected in an average growth rate of 5.3% of the gross domestic product, and although its population practically doubled during that period, the average per capita income between 1958 and 1978 maintained a continued growth of approximately 2% annually. (See diagram 1.)

2. This trend was, however, not consistent throughout this entire period nor for each economic sector. It also resulted insufficient to mitigate the inequalities present even before this period of growth in the Salvadorean society.

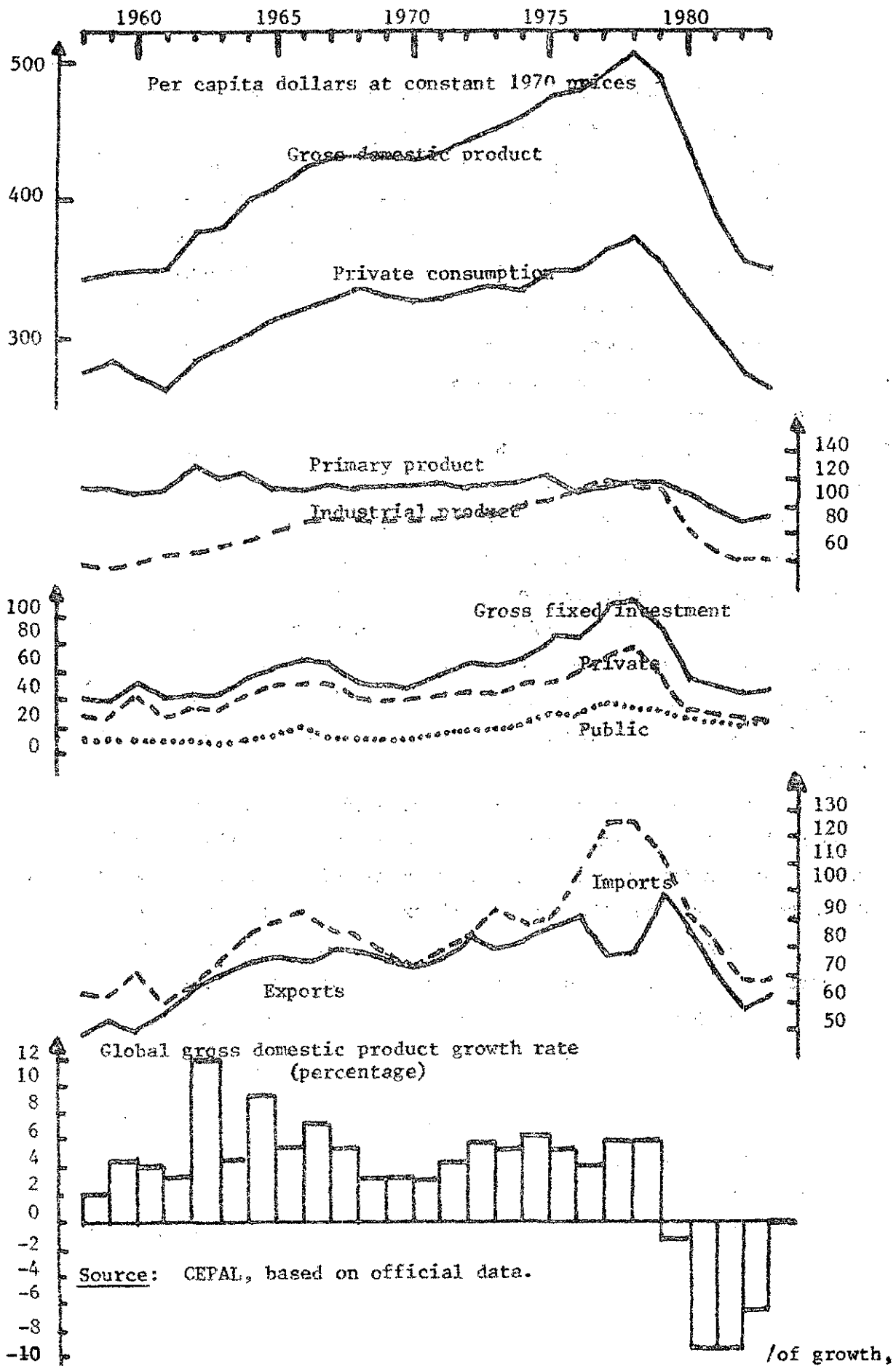
3. During the first years of the 1960's, El Salvador expanded its economic activity mainly under the impetus of the integration efforts undertaken with neighboring countries, within the framework of the Central American Common Market. As a result, since 1962, the main economic indicators began to show great dynamism (during the first five years, over 7% annual growth of gross domestic product); the expansion of manufactures (through the integration industries) and construction were especially dynamic, the latter being stimulated by the expansion of basic infrastructure in the productive, communications and transport sectors.

4. However, this more or less sustained performance apparently tended to lose its natural drive, on the one hand, when the Central American integration process began to encounter difficulties for advancement and, on the other, when the traditional export activities reached a plateau. This gradual slowing down of economic activity was abruptly aggravated in 1969, as a result of a serious conflict between El Salvador and Honduras which, among other consequences, had adverse trade effects between both countries.

5. As in the case of the other less developed countries of the region, during the decade of the seventies the oil crisis affected El Salvador in its external relations. However, as already pointed out, in spite of the natural adversities faced by a small agro-exporting economy during the period 1970-1978 El Salvador recuperated, in terms

Diagram 1

EL SALVADOR: INDICATORS OF SUPPLY AND DEMAND



of growth, some of its dynamism, although at an average somewhat below 5% against the 7% referred to above. Although the exports of manufactures (namely textiles, garments and chemical products) were structured somewhat differently from that of the previous decades, coffee, and in second place cotton, continued as the principal sources of foreign exchange. In addition, some efforts were made towards capital formation, especially in the energy sector.

6. The above phenomena, which showed the positive aspects of the Salvadorean economy, did not conceal, however, some of the adverse elements or at any rate did not reveal the important changes that took place during the past two decades in the production and distribution structures. Among the latter, the following were the most important:

a) In the first place, although the industrial sector as a whole (manufactures and construction) grew substantially between 1958 and 1978, as measured in terms of per capita value added, during that same period the primary sector was virtually stagnant. (See diagram 1.) The importance of this latter activity should be underlined as a source of foreign exchange, employment and the availability of foodstuffs.

b) In the second place, as a result of the above, the country's export volume (highly dependent on agricultural products) experienced a very slow growth during this period, and its most dynamic component was precisely the sale of manufactures to the rest of the Central American Common Market. In addition, except for short-term variations in international prices favorable to coffee (1976-1977), the terms of trade were in general unfavorable to El Salvador. Furthermore, due to structural reasons, the tendency towards ever higher volumes of imports continued, in part due to the failure of the primary sector to satisfy the domestic need for foodstuffs.

c) In the third place, private per capita consumption, which experienced a dynamic increase from 1961 to 1968, was almost stagnant until the mid-seventies, and only showed a slight improvement in the following two years due to a rise in the international price of the country's principal export product. In other words, the growth of the

Salvadorean economy did not represent a significant improvement in satisfying the basic needs of the population,^{3/} despite some efforts made in the realms of education and health. No doubt that the natural conditions of El Salvador - a small territory with limited natural resources and a very high population density (the highest in the Latin American region after Haiti) - curtail its efforts for growth. This, added to the already mentioned inequalities, contributed to fuel the latent political tensions which were to become more dramatic in the following years.

7. The cumulative effects of the shortfalls described and the aggravation of the already mentioned tensions coincided with the marked deterioration of the international economy during the years 1978-1979. This period marked a turning point in these tendencies, both from the economic activity as well as from the public expenditure points of view; an increasing imbalance was thus generated between the economic and the financial aggregates. (See diagram 1 once more.)

8. Since the year 1978, El Salvador has been faced within both the economic and socio-political spheres, with a double and progressive crisis. Proof of the first is the strong contraction - of over 30% - in its per capita gross domestic product and in its per capita consumption between 1978 and 1983. The second phenomenon finds its most painful expression in the progressive internal conflict which has caused such high human and material losses, within a framework of uncertainty and instability during the past five years. Both these crises (the economic and the socio-political) tend to mutually reinforce each other. (See tables 1 and 2.)

9. In effect, and as a result of the international economic recession, all the countries in the Central American Isthmus were the victims of adverse consequences.^{4/} Both, the fall in external demand and worldwide inflation (especially

3/ See: CEPAL, Satisfacción de las necesidades básicas de la población del Istmo Centroamericano (E/CEPAL/MEX/1983/L.32). In 1980, for instance, a 9% deficit in the minimum calorie needs prevailed.

4/ See: CEPAL, The crisis in Central America: Its origins, scope and consequences (E/CEPAL/G.1261), 15 September 1983.

Table 1

EL SALVADOR: MAIN ECONOMIC INDICATORS

	1978	1979	1980	1981	1982	1983 ^{a/}
<u>Basic economic indicators</u>						
Gross domestic product at market prices (millions of 1970 dollars)	2 307	2 272	2 054	1 859	1 740	1 740
Population (millions of inhabitants)	4 524	4 658	4 760	4 836	4 884	4 913
Gross domestic product per capita (1970 dollars)	510	488	432	384	356	354
<u>Rates of growth</u>						
<u>Short-term economic indicators</u>						
Gross domestic product	5.6	-1.5	-9.6	-9.5	-6.4	...
Gross domestic product per capita	2.6	-4.3	-11.5	-11.1	-7.3	-0.6
Gross income ^{b/}	0.6	-1.9	-12.0	-11.6	-5.9	-0.1
Terms of trade of goods and services	-22.4	-4.9	-12.2	-11.2	2.7	-0.2
Current value of exports of goods and services	-15.2	37.1	-4.0	-21.6	-8.5	5.6
Current value of imports of goods and services	12.9	3.9	-6.8	-0.6	-8.7	0.9
Consumer prices						
December to December	14.6	14.8	18.6	11.6	13.8	15.5
Average annual variation	13.3	15.9	17.4	14.8	11.7	13.2
Money	9.9	21.6	7.2	-0.8	4.7	1.3
Salaries and wages ^{c/}	-5.9	1.7	-6.1	-12.9	-10.5	-11.7
Rate of unemployment ^{d/}	3.7	6.7	16.2	25.0	30.0	30.0
Government current income	-13.1	18.3	-14.4	4.8	1.4	14.4
Total government expenditure	12.2	12.8	17.6	13.1	4.8	18.5
Fiscal deficit/total government expenditure ^{d/}	11.3	7.0	32.3	37.2	39.3	41.4
Fiscal deficit/gross domestic product ^{d/}	...	1.1	5.6	7.5	8.1	9.3
<u>Millions of dollars</u>						
<u>External sector</u>						
Trade balance of goods and services	-285	11	45	-210	-190	-151
Current account balance	-292	16	-2	-265	-265	-239
Capital account balance	348	-149	-73	217	335	418
Variation of net international reserves	56	-134	-75	-48	70	179
Global foreign debt disbursed	986	939	1 176	1 471	1 683	...

Source: ECLA, based on official data.

a/ Preliminary data.

b/ Gross domestic product plus terms of trade effect.

c/ Real minimum wages of agricultural workers, except coffee, sugar cane and cotton harvests.

d/ Percentages.

Table 2

EL SALVADOR: OTHER ECONOMIC INDICATORS AND
THEIR RELATION WITH THE GDP

	1977	1978	1979	1980	1981	1982	1983
Export of goods and services ratio to GDP (percentage)	38.0	30.0	36.7	34.0	29.3	28.5	30.0
Import of goods and services ratio to GDP (percentage)	37.3	39.3	36.4	32.7	35.7	34.7	35.6
Terms of trade for goods and services (index)	100.0	73.7	67.7	57.7	50.4	51.1	49.9
Tax ratio to GDP (percentage)	15.8	12.6	13.5	11.1	11.3	10.7	11.7
Central Government Expenditure ratio to GDP (percentage)	14.4	15.0	15.1	17.2	19.8	20.5	23.1
Internal savings ratio to GDP (percentage)	24.2	14.4	17.6	13.2	6.0	4.1	4.9
Total investment ratio to GDP (percentage)	23.4	23.8	18.1	13.3	14.2	12.7	12.6
Public investment ratio to GDP (percentage)	7.3	5.8	6.1	7.1	7.3	6.1	5.4
Private investment ratio to GDP (percentage)	16.1	18.0	12.0	6.2	6.9	6.6	7.2

Source: ECLA, on the basis of official data.

the 1979 increase in the price of oil) contributed to a marked deterioration in the terms of trade (in the case of El Salvador they fell over 50% between 1977 and 1983). (See diagram 2.) The ascending tendency of the interest rates in the international financial markets added to the burden weighing on the region's balances of payments, and the fact that all the countries - some to a higher degree than others - suffered an unfavorable impact as a result of the world crisis, reflected on the descending levels of Intra-Central American trade, with particularly adverse consequences for the Salvadorean economy.^{5/}

10. Added to all these factors was the severe contraction in private investment, and especially in the case of El Salvador, the massive flight of capital and even that of human resources. At the same time, the physical and social infrastructure began to feel the effects, with ever increasing intensity of the political conflict, which manifested itself in additional downfalls in production.

11. The economic crisis faced by the country and the prevailing tensions due to the internal conflict, have undoubtedly affected the management of economic policy. New factors have been added to the structural bottlenecks of the past, some apparently of a short-term nature, and others derived from the secular bottlenecks described.

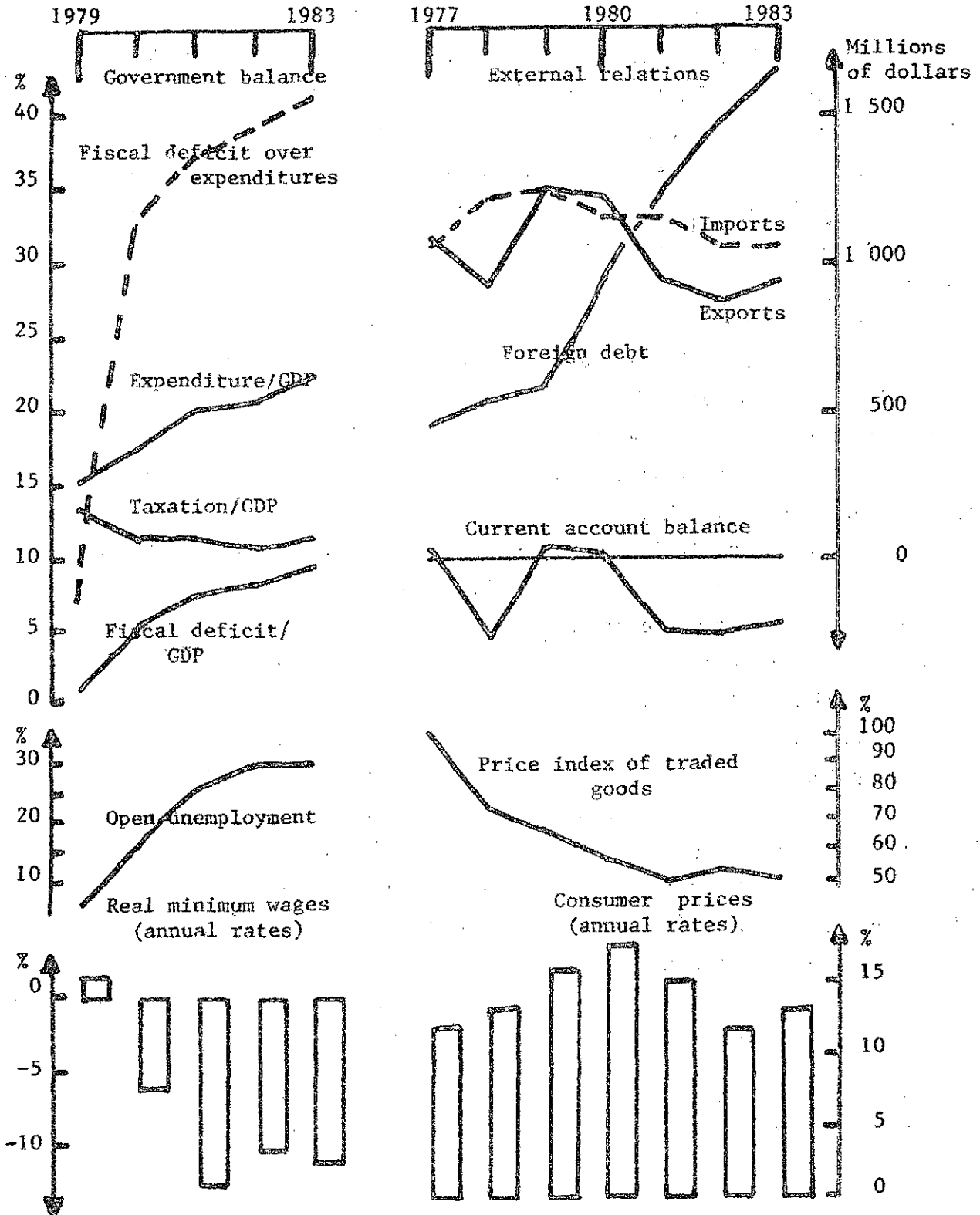
a) On the one hand, the availability of foreign exchange has become of primary concern in the formulation of economic policy, as external liquidity became aggravated and alleviated increasingly by foreign loans contracted during 1980 and 1981. The foreign debt doubled between 1979 and 1982, contributing to the current account deficit due to the ascending payment of interests.

b) On the other hand, the Government's financial situation, which passed from a surplus in 1979 to increasing deficit in the following years, became very deteriorated: the deficit represented almost 10%

^{5/} The value of Salvadorean exports to the rest of Central America decreased from 200 million dollars in 1980 to 146 million in 1983.

Diagram 2

EL SALVADOR: SOME RECENT ECONOMIC INDICATORS



Source: CEPAL, on the basis of official data.

/of the gross

of the gross domestic product and more than 40% of total expenditures in 1983. (See diagram 2 and table 2.) This phenomenon can be explained, among other reasons, by the following facts. In the first place, public expenditure was kept high to partially offset the downfall in private investment, which practically disappeared in recent years. In the second place, the need to meet military requirements put great pressure on public expenditure. Finally, it has not been possible, given the prevailing political tensions, to implement an effective fiscal reform. Consequently, the tax burden has been progressively descending.

12. In view of the growing economic crisis, the Administration has, for the last two or three years, been implementing an adjustment program with the support of the International Monetary Fund.^{6/} Although efforts have been made to reduce financial disequilibria, even at the expense of the level of economic activity and employment, these efforts have not been fully successful.

13. In summary, and as a consequence of the events described, the evolution of some of the main economic aggregates in recent years, after the turning point referred to above can be described as follows: a) per capita gross domestic product receded to the level already achieved in 1961; b) per capita private consumption is presently lower than that of a quarter of a century ago; c) open unemployment rose from 6% to 30% between 1979 and 1983, added to the high levels of under-employment; d) the minimum salary in real terms fell by practically one third in three years, and e) inflation remains at around 13% annually, in spite of the stabilization policies applied. (See diagram 2 and table 1.)

14. Elections were recently held in El Salvador, and the new Administration will come into office on the 1st of June, 1984. Although it is obvious that the new authorities will confront a double challenge - to face the economic crisis and find a solution to the political conflict -, it is

6/ See: CEPAL, Notas para el estudio económico de América Latina, 1983, El Salvador, (E/CEPAL/MEX/1984/L.13).

outside the scope of this document to comment the prospects of the Salvadorean economy in the light of the new government's announced program. Its sole purpose is to point out, through an analysis of several conspicuous indicators, that, even under the best of circumstances, many years will go by before El Salvador can recuperate the lost terrain since 1978, given the serious deterioration which the Salvadorean economy has been subjected to (comparable only to the situation undergone by Nicaragua after the 1979 conflict).^{7/}

^{7/} See: CEPAL, Nicaragua: Economic repercussions of recent political events (Note by the Secretariat), (E/CEPAL/G.1091/Rev.1), December 3, 1979.

Annex

RESOLUTIONS ADOPTED BY THE UNITED NATIONS GENERAL ASSEMBLY
AND THE ECLA COMMITTEE OF THE WHOLE ON SPECIAL MEASURES
AND ASSISTANCE TO DEVELOPING COUNTRIES

2768 (XXVI) Identification of the least developed among the
developing countries

The General Assembly,

Recalling its resolution 2626 (XXV) of 24 October 1970, in which it provided a separate section in the International Development Strategy for the Second United Nations Development Decade on special measures in favour of the least developed among the developing countries to enhance their capacity to benefit fully and equitably from the policy measures of the Decade,

Further recalling its resolution 2724 (XXV) of 15 December 1970, in which it affirmed the urgency of identifying the least developed among the developing countries in order to enable those countries to benefit as early as possible from the special measures in their favour adopted in the various forums,

Considering that the criteria used so far for the identification of the hard core least developed among the developing countries need to be reviewed and refined,

Further considering that there is a lack of necessary comparative data in most developing countries,

Mindful of the varying stages of economic development among the developing countries as a whole,

1. Commends the report of the Committee for Development Planning on its seventh session 1/ and that of the Ad Hoc Group of Experts on special measures in favour of the least developed among the developing countries 2/ of the United Nations Conference on Trade and Development;

2. Takes note of Economic and Social Council resolution 1628 (LI) of 30 July 1971;

3. Takes note also of Trade and Development Board resolution 82 (XI) of 18 September 1971; 3/

4. Approves the list of hard core least developed countries contained in paragraph 66 of the report of the Committee for Development Planning on its seventh session;

1/ Official Records of the Economic and Social Council. Fifty-first Session, Supplement No. 7. (E/4990), chap. II.

2/ TD/B/349.

3/ Official General Assembly documents, XXVI Session, Supplement No. 15 (A/8415/Rev.1), third part, annex I.

5. Requests the Economic and Social Council to instruct the Committee for Development Planning to continue, in close collaboration with the United Nations Conference on Trade and Development, the review of criteria now being used, as well as any other criteria which may in due course be deemed appropriate for the identification of the least developed countries, keeping in view the possibility of modifications in the list of those countries as early as possible;

6. Commends the request of the Trade and Development Board in resolution 82 (XI) that the Secretary-General of the United Nations Conference on Trade and Development work out a detailed and comprehensive action-oriented programme, within the competence of the Conference, for the implementation of the relevant provisions of the International Development Strategy for the Second United Nations Development Decade in favour of the least developed countries;

7. Requests other organs and programmes of the United Nations, including the United Nations Development Programme and the United Nations Industrial Development Organization, to initiate, as appropriate, similar action-oriented programmes, within their respective fields of competence, in favour of the least developed countries;

8. Further requests the international organizations within the United Nations system to take fully into account the special needs of the least developed among the developing countries when formulating their programmes of activities or selecting the projects they finance;

9. Requests the Secretary-General to include information on the implementation of paragraphs 6, 7 and 8 above in the reports to be submitted by him under paragraph 83 of General Assembly resolution 2626 (XXV).

1988th plenary meeting,
18 November 1971.

ASSISTANCE TO NICARAGUA^{1/}

The Committee of the Whole of the Economic Commission for Latin America

Considering that the gradual deterioration in Nicaragua during recent years, which could be reversed only through the triumph of a popular insurrection after a prolonged war, has helped to create a situation that has had increasingly adverse effects on the economy in general and has resulted, in particular, in a serious worsening of the living conditions of the Nicaraguan people,

Considering that this situation is characterized by a rising level of external debt as a result of efforts to overcome the country's growing financial instability and increasing balance-of-payments difficulties, with a high concentration of short-term debt payments falling due, a gradual paralysis of investment and productive activities and its impact on the level of employment, an uninterrupted flight of foreign currency which has aggravated the existing financial disequilibrium, and inflationary pressures which, among other adverse effects, have been reflected in a still greater decline in the real income of the poorest sectors of the country's population,

Noting that, in a country which has not yet recovered from the devastating effects of the earthquake that razed the city of Managua in December 1972, the war caused additional, numerous and irreparable losses in human lives and enormous harm to the people, as well as the destruction of housing, educational and health centres, industrial and commercial establishments and other physical infrastructures, and large-scale losses of equipment and supplies,

Bearing in mind that these circumstances, combined with the reduction in the sowing of some of the crops which are most important for feeding the people and sustaining the Nicaraguan economy, including basic grains and cotton, have created in Nicaragua an economic crisis without precedent in the recent history of Latin America and have caused per capita income to revert to the levels of the early 1960s, have resulted in external and internal financial maladjustments characterized by a total lack of liquidity in international means of payment, and have been reflected in a very high rate of unemployment,

Noting that the Government of National Reconstruction of Nicaragua has begun with speed and efficiency the tasks of rebuilding the economy and making good the losses sustained, acting in strict conformity with the spirit and letter of the Charter of the United Nations,

Bearing in mind that the international co-operation supplementing this internal effort reflects the concept of solidarity enshrined in that Charter,

1/ Adopted by the Committee of the Whole of CEPAL on 28 September 1979.

Recognizing the support that the countries of the American continent and of the international community in general have given to the efforts of the people of Nicaragua in the reconstruction of their country,

Bearing in mind the urgent request for co-operation which the Government of National Reconstruction addressed to the Secretary-General of the United Nations on 28 July 1979, the document prepared by the secretariat of the Commission 2/ and the ideas set forth by the Government of Nicaragua in its statement to the Committee of the Whole,

Further taking into account that the Latin American Group decided, unanimously at its meeting of 28 August 1979, to ask the United Nations and the Economic Commission for Latin America to assist in the task of reconstruction in Nicaragua,

Recalling the note of the Chairman of the Latin American Group addressed to the Secretary-General of the United Nations (A/34/241) requesting the inclusion of a new item, entitled "Assistance for the reconstruction of Nicaragua", in the agenda of the thirty-fourth session of the General Assembly of the United Nations,

1. Conveys its deepest sympathy to the people of Nicaragua for the loss of lives and the devastation they have suffered;

2. Considers that the existing situation requires the speedy and resolute co-operation of the international community in order to spare the Nicaraguan people further suffering and prevent the deterioration of the country's economy;

3. Accordingly invites all the Governments of the countries belonging to the United Nations and especially those represented in the Economic Commission for Latin America to help solve the main economic and social problems of Nicaragua by combining their efforts with those of the Nicaraguan people themselves, adapting their co-operation to the priorities set by the Nicaraguan Government;

To that end, with regard to financial co-operation:

4. Urges the Governments in question to assist Nicaragua to the fullest extent of their capacities to overcome the acute shortage of foreign exchange with which it will be confronted for some time to come, and in particular:

2/ E/CEPAL/G.1091.

a) Requests the Central American Governments to allow Nicaragua to use, on the most favourable possible terms, the necessary existing and potential resources of the Central American Monetary Stabilization Fund, thereby supplementing the timely measures already adopted by the Central American Monetary Council and its member Central Banks;

b) Recommends that the States Members of the United Nations should study, together with the Nicaraguan authorities, the possibility of their issuing agencies making deposits in foreign exchange in the accounts of the Central Bank of Nicaragua;

c) Appeals to the Governments of the States members of the International Monetary Fund to instruct their representatives on the Executive Board of the Fund to ensure that it duly uses all the mechanisms and possibilities for action at its disposal to consider speedily and flexibly any requests that may be submitted to it by the Government of Nicaragua;

d) Urges the Governments of States Members of the United Nations to facilitate, and contribute in so far as possible to, the placement in their respective territories of "Bonds for the Reconstruction of Nicaragua" and other securities that may be issued for the same purpose;

e) Urges the advanced countries to apply in the case of Nicaragua the provisions of Trade and Development Board resolution 165 (S-IX) in so far as it relates to measures to adjust the terms of past bilateral official development assistance, and recommends, in particular, that those advanced countries whose legislation permits them to do so should consider the possibility of cancelling the debts incurred by Nicaragua in connexion with such assistance;

f) Calls on the Governments of the States Members of the United Nations in whose territory financial institutions and enterprises which are creditors of Nicaragua operate to use their good offices to facilitate the renegotiation of their credits on the most favourable terms possible for Nicaragua, having regard to Nicaragua's circumstances which justify the application of criteria other than the usual ones;

g) Suggests that, while the said renegotiation is being carried out and agreed upon, the private international financial community should, by extending the relevant due dates, refrain from making debt-service charges, such action not being deemed to entail a failure on the part of Nicaragua to fulfil its external obligations;

5. Requests the Governments of the States Members of the International Bank for Reconstruction and Development, including the International Development Association, of the Inter-American Development Bank and of the Central American Bank for Economic Integration to instruct their representatives in the Esecutive Committees of those bodies:

a) To arrange, in accordance with the requirements of the Government of Nicaragua, such rescheduling as may be deemed appropriate of the servicing of the debt incurred by Nicaragua in the past, as well as the reorientation of loans approved for that country but not yet disbursed;

b) To pay special attention to the need for additional resources to finance Nicaragua's emergency, rehabilitation, reconstruction and development programmes;

c) To adopt special measures which will make possible the over-all financing of these programmes under the best possible concessionary conditions;

d) To simplify the procedures for the granting and disbursment of credits so as to accelerate the flow of the long-term financial assistance needed by Nicaragua;

6. Also requests the Governments of the States Members of the International Fund for Agricultural Development to instruct their representatives on the Governing Board of that Fund to expedite the requests for co-operation that the Government of Nicaragua may submit for activities related to the aims set forth in article 2 of the Agreement establishing the Fund;

7. Urges those Latin American States that are members of the Commission to intensify their efforts in support of decision No. 43 of the Latin American Council of the Latin American Economic System (SELA), and to co-operate resolutely with the Action Committee of SELA in the matter of the reconstruction of Nicaragua;

8. Invites the States Members of the Organization of Petroleum Exporting Countries (OPEC) to co-operate to the fullest possible extent with the Government of Nicaragua, through the OPEC Special Fund, by offering it the balance-of-payments support which it needs and assisting it in its programmes of reconstruction, rehabilitation and development;

9. Also invites the Governments of States Members of the United Nations to make the most substantial contribution possible to the International Fund for the Reconstruction of Nicaragua recently established by the Government of that country, through grants, deposits in foreign exchange, loans, the purchase of securities, and other forms of co-operation contemplated in the charter of said Fund;

10. Urges the Governments of States which are members of technical and financial organizations outside Latin America to instruct their representatives to enlist the co-operation of those organizations, in their respective fields of competence, in the action taken by the Nicaraguan Government to rehabilitate its economy and repair the damage sustained;

11. Likewise urges Governments to respond generously to the appeal of the United Nations High Commissioner for Refugees of 28 August 1979 for contributions to the financing of the most urgent and immediate requirements in respect of the return to Nicaragua of refugees and displaced persons, and to the appeal of 30 August 1979 by the Inter-Governmental Committee for European Migration calling for the provision to Nicaragua of specialized manpower needed by that country but not locally available;

Regarding trade,

12. Appeals to the Governments of States Members of the United Nations whose legislation so permits to grant Nicaraguan products access to their markets on preferential and non-reciprocal terms for a reasonable period, thus helping Nicaragua to obtain the foreign exchange which it urgently requires;

13. Expresses the hope that the Governments participating in the Central American economic integration programme will apply flexibly the provisions of the various integration agreements, especially those that facilitate Nicaraguan exports to the rest of the region, so as to avoid aggravating the country's difficulties in respect of its balance of trade and balance of payments, until its situation is normalized;

As regards technical assistance,

14. Requests the Secretary-General of the United Nations to ask all the specialized agencies of the United Nations system to make available the largest possible volume of resources and expand their programmes in Nicaragua to the extent required, within their respective fields of competence and in close co-operation with the Government of Nicaragua, especially in connexion with all activities related to improving the situation of the majority of the population, i.e. food production, health, education and housing, the generation of foreign exchange, integrated rural development and the creation of opportunities for productive employment;

15. Invites States Members of the United Nations to make specific contributions to the United Nations Development Programme (UNDP) earmarked for strengthening its development and technical co-operation programmes and projects in Nicaragua;

16. Requests that the Governing Council of the United Nations Development Programme should accede rapidly and favourably to the requests for special assistance which the Government of Nicaragua may address to it in the near future, bearing in mind the additional requirements deriving from the present circumstances, and the need to help to promote the development of the country, having recourse if necessary to the Programme Reserve during the second programming cycle;

17. Instructs the secretariat of the Commission, the Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre to give their full attention and co-operation to the Government of Nicaragua, in response to the requests that it may submit, especially regarding short-, medium- and long-term rehabilitation, reconstruction and development programmes and plans;

And finally:

18. Recommends that, although Nicaragua is not officially included among the least developed countries on the list adopted by the General Assembly in its resolution 2768 (XXVI), it should receive, to the fullest possible extent, the same treatment as that granted in the past or that which may be granted in the future to that group of countries, until its situation is normalized;

19. Requests the General Assembly and the specialized agencies of the United Nations to bear in mind Nicaragua's serious economic situation in connexion with the payment of its dues;

20. Recommends to the Secretary-General of the United Nations that, in accordance with the provisions of General Assembly resolution 33/121, he should consider the possibility of making investments in Nicaragua from the United Nations Pension Fund;

21. Decides to keep this subject under review and requests the Executive Secretary of the Commission to submit every six months to member States and to the international agencies and organizations concerned reports on the results achieved in the implementation of this resolution during the next two years.

450 (PLEN.16). SUPPORT FOR THE ECONOMIC EMERGENCY IN BOLIVIA^{1/}

The Committee of the Whole of the Economic Commission for Latin America,

Considering that Bolivia has the characteristics of one of the least developed among the developing countries of the region,

Taking into account the marked deterioration in the situation of Bolivia over the past few years and the fact that Bolivia is confronted with a serious economic crisis, the remedying of which is rendered difficult by the extreme vulnerability of the country to external economic conditions owing to its fragile structure of production and its land-locked status,

Bearing in mind that the Government of Bolivia is making substantial efforts to alleviate the above-mentioned adverse effects but that the resolute co-operation of the international community will be required if those efforts are to be effective,

1. Requests the Secretary-General of the United Nations to invite all the specialized agencies of the United Nations system to allocate all possible resources to Bolivia and to expand their programmes for Bolivia to the extent necessary in their respective fields of competence and in close collaboration with the Government of that country;

2. Recommends that, although Bolivia is not officially included in the list of the least developed among the developing countries approved by the General Assembly in its resolution 2768 (XXVI), the treatment accorded to it should be, to the maximum extent possible, equivalent to the treatment which has been granted in the past or which may be granted in the future to that group of countries, until its situation returns to normal;

3. Requests to the Secretariat of the Commission, the Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre to extend the fullest co-operation to the Government of Bolivia, in accordance with any requests which the latter may make.

1/ Approved on 3 December 1982.