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AND THE CARIBBEAN - ECLAC



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REPORT OF THE NINETEENTH SESSION OF THE COMMITTEE OF THE WHOLE

(United Nations Headquarters, New York, 13-14 August 1987)



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THE WEST INDIES
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 AND THE CARIBBEAN (ECLAC)

THE WEST INDIES
 COMMISSION OF THE ECONOMIC COMMISSION
 AND THE CARIBBEAN (ECLAC)

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Election of Officers

8. The Committee of the Whole elected the following officers:

Chairman: Mario Moya Palencia (Mexico)
First Vice-Chairman: Marcelo E.R. Delgado (Argentina)
Second Vice-Chairman: [Name obscured]
Third Vice-Chairman: [Name obscured]
Fourth Vice-Chairman: [Name obscured]
Rapporteur: [Name obscured]

A. ATTENDANCE AND ORGANIZATION OF WORK

Place and date of meeting

1. As established in the calendar of conferences adopted by ECLAC in its resolution 479(XXI), the nineteenth session of the Committee of the Whole of the Commission took place at United Nations Headquarters in New York on 13-14 August 1987. It was preceded by the thirteenth session of the Committee of High-Level Government Experts, held at the same place on 11-13 August 1987.

Attendance

2. The session was attended by representatives of the following member States of the Economic Commission for Latin America and the Caribbean: Argentina, Bahamas, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, El Salvador, France, Guatemala, Guyana, Jamaica, Mexico, the Netherlands, Nicaragua, Panama, Paraguay, Peru, Spain, Suriname, Trinidad and Tobago, United Kingdom, United States of America, Uruguay and Venezuela.

3. A representative of the United States Virgin Islands, an associate member of ECLAC, also participated in the session.

4. The United Nations Secretariat was represented by Mr. Jean Ripert, Director-General for Development and International Economic Co-operation. The Department of International Economic and Social Affairs and the Regional Commissions Liaison Office were also represented.

5. The United Nations Development Programme, an organization of the United Nations system, was represented at the session.

6. Representatives of the International Labour Organisation (ILO), the United Nations Food and Agriculture Organization (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization/Pan American Health Organization (WHO/PAHO), the World Bank and the United Nations Industrial Development Organization (UNIDO) also attended the session.

7. The following intergovernmental organizations were represented: European Economic Community (EEC), Latin American Energy Organization (OLADE), Permanent Secretariat of the General Treaty for the Central American Economic Integration (SIECA) and the Central American Monetary Council (CMC).

Election of Officers

8. The Committee of the Whole elected the following officers:

Chairman:	Mario Moya Palencia (Mexico)
First Vice-Chairman:	Marcelo E.R. Delpech (Argentina)
Second Vice-Chairman:	Ramiro León Torras (Cuba)
Third Vice-Chairman:	Frank A.M. Majoor (the Netherlands)
Fourth Vice-Chairman:	Gail Marie Mathurin-Applewhite (Jamaica)
Rapporteur:	León Abadi (Panama)

Agenda

9. The Committee of the Whole adopted the following agenda:

1. Election of Officers
2. Adoption of the agenda
3. In-depth study of the United Nations intergovernmental structure and functions in the economic and social fields
- Contribution by ECLAC
4. Handling of the economic crisis
5. Other business
6. Adoption of the report

Opening statements

10. The Chairman of the Committee of the Whole, after expressing his own gratitude and that of the other Officers for their election to their respective posts, declared open the nineteenth session of the ECLAC Committee of the Whole.

11. He noted that the agenda covered two basic areas: one substantive and the other organizational. With regard to the first of these, he reviewed briefly the main problems which had contributed to the economic crisis in Latin America and the Caribbean, referring to the external factors in particular. In that connection, he drew attention to the "Declaration of the Countries of Latin America and the Caribbean in Mexico" issued at the Special Conference held by ECLAC in January 1987, and said that it contained not only an accurate and realistic appraisal of the situation, but also proposals for programmes, solutions and common action.

12. With respect to organizational issues, he said that they were to be considered later by the Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functioning in the Economic and Social Fields and were therefore of the highest importance for the meeting, in view of ECLAC's role within the United Nations system.

13. The Director-General for Development and International Economic Co-operation noted that the United Nations had always attached great importance to the regional commissions as its main organs in the economic and

social field at that geographical level, especially in view of their proximity to the national realities of their members, and among them ECLAC had always played a pioneering role not only within its region but also in its contributions to global thinking on development and co-operation, the latest evidence of that being the Special Conference held in Mexico City in January 1987. Since then there had been meetings of such important United Nations organs as the Economic and Social Council and UNCTAD. The "Final Act" adopted at the seventh session of the latter was of particular relevance to the work of ECLAC in view of its emphasis on the growing interdependence of the world economy and the need to take into account the interaction between trade, money, finance and commodity policies in seeking to overcome the debt crisis and promote growth and development.

14. He said that Latin America and the Caribbean had played a very active role in the political consensus achieved at that session of UNCTAD, which had demonstrated, together with the ECOSOC session, that the United Nations could prepare, conduct and conclude fruitful discussions and negotiations, provided there was political determination on the part of member States. At the same time, the implementation of agreed measures was as vital as their adoption, and in that task ECLAC was well placed to provide a regional perspective and to facilitate exchanges of views and co-operation. UNCTAD VII had very much focussed on policy issues of immediate urgency, such as financial resources, trade, commodities, and the problems of the least developed countries, but another major issue for Latin America was that of the rapidly transforming technologies. National economies were called upon to adapt rapidly and flexibly to a continuously changing international environment, and while the so-called "Third Industrial Revolution" held promise and potential, it also posed new challenges and risks. In that respect, ECLAC could do much in the identification of the new issues involved, in the promotion of the necessary regional co-operation, and in a promising area where much still remained to be done: economic and technical co-operation among developing countries.

15. ECLAC's deliberations and future work on those and other issues were of great interest, but it was also hoped that ECLAC would have enough time to prepare its contribution to the Special Commission of ECOSOC on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields. The Special Commission had decided that it would be best for member States, meeting in the subsidiary organs or functional commissions, to look themselves into the functioning and efficiency of the machinery in question, and in that context it was worth paying special attention to the question of possible duplication between some of the sectoral activities of the regional commissions and the regional activities of global United Nations entities, including the specialized agencies. That search for maximum efficiency and effectiveness had arisen from the financial and political crisis which continued to beset the United Nations system, and in parallel to the intergovernmental exercise the Secretary-General was also reviewing the Secretariat support structures to weed out waste and duplication.

16. In conclusion, the Director-General welcomed the opportunity given by the Committee's meeting at Headquarters to gain a rare insight into practical ways and means of better co-ordination and communication.

17. The Executive Secretary of ECLAC, Mr. Norberto González, outlined recent developments in the Latin American economies, and referred particularly to three phenomena observed in 1986: the very uneven economic growth from country to country, the marked reduction in inflation, and the rather poor performance of the external sector. The trends in 1987 pointed to a less favourable economic performance, and the resurgence of inflationary pressures in some countries of the region was anticipated.

18. He indicated that the problems of the heavy cost of servicing the region's external debt and the reduced levels of new international financing were resulting in a negative transfer of real resources to the exterior. In his view, recent events showed that while some practical and conceptual progress was being made, it was still not enough to solve the debt-servicing problem.

19. He stated that the crisis could not be overcome using a short-term approach. In his view, given the structural causes of the crisis, the measures taken must be growth-oriented and must harmonize short-term objectives with medium- and long-term goals. He referred to the challenge facing the countries of the region in responding to technological change in the industrialized countries, and emphasized the pressing need to increase investment and channel it towards productive purposes. He pointed out the connections between those factors and the evolution of financial and trade flows in the international economy. He also said that economic integration continued to have great potential as a means of lessening some of the obstacles to development and in that respect he emphasized the progress represented by the recent bilateral agreements signed in the region within the framework of existing multilateral arrangements.

20. He then referred to the intergovernmental structure of ECLAC within the broader context of the work of the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields. He described the relative advantages which ECLAC possessed, which were reflected in its programme of work, and highlighted the co-ordination between the execution of that programme and the activities of other Secretariat units. He also referred to some of the suggestions which had been made in the Note by the Secretariat (LC/L.421(PLEN.19/2)) for further streamlining the basic intergovernmental structure of ECLAC.

Closing meeting

21. In closing the session the Chairman highlighted the importance of the work done and thanked delegations for their contribution to its success.

B. SUMMARY OF DEBATES

In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields - Contribution by ECLAC (agenda item 3)

22. At the start of the debate on this item the Executive Secretary of ECLAC introduced the document prepared by the Secretariat (document LC/L.421(PLEN.19/2)), which contained a description of the current structure of ECLAC and made some proposals for its rationalization. He stated that the proposed elimination of certain sessional committees would not affect the work being done by ECLAC in the areas of water, human settlements and co-operation.

23. He drew attention to the co-operation and co-ordination that existed between ECLAC and other United Nations bodies operating in the economic and social field in Latin America and the Caribbean and emphasized the importance of the work being done by the joint divisions and units of ECLAC. Finally, he said that, at the request of a number of delegations and on the basis of comments submitted earlier by them, the ECLAC secretariat had prepared a conference room paper containing a draft resolution on the intergovernmental structure and functions of ECLAC, with the aim of facilitating the work of the Committee of the Whole in responding to the Special Commission.

24. There followed a broad exchange of views on this item, in which nearly all the delegations present participated. Several delegations highlighted the importance of the study which had been entrusted to the Special Commission of ECOSOC and expressed the hope that the exercise would lead to increased efficiency and productivity on the part of the bodies in the economic and social sector of the system. The terms of reference of the study were analysed and views were expressed with respect to both the form and the content of the reply to be given by ECLAC. The general tenor of the comments was that the activities of ECLAC should be strengthened and the regional focus of the work of the United Nations Secretariat in the economic and social field should be consolidated. A number of delegations referred to the need to increase ECLAC's autonomy in the Organization's decision-making process so as to strengthen United Nations action at the regional and subregional level.

25. A large number of delegations referred to the document prepared by the Secretariat, stating that it constituted a valuable basis for discussion of the item. Several commented favourably on ECLAC's current structure, noting that it was simple and had few intergovernmental bodies.

26. One delegation analysed ECLAC's terms of reference, as approved by the Economic and Social Council nearly 40 years ago, concluding that the priorities and objectives of the governments of Latin America and the Caribbean had changed in a number of respects over that period. It was noted that the study requested by the Special Commission involved two clearly interrelated aspects: the analysis of ECLAC's functions and that of its intergovernmental structure.

27. It was pointed out on a number of occasions that the study requested by the Special Commission of ECOSOC provided an excellent opportunity to analyse the multilateral mechanisms which countries needed in order to tackle their

development problems. That would help later on in making an in-depth study on the functions and structure of ECLAC and on the work carried out by it. Several delegations agreed on the need for such an in-depth analysis and requested that, at its next session, the Committee of High-Level Government Experts of ECLAC should consider within a broader, long-range regional perspective the measures needed to strengthen ECLAC's efficiency and autonomy, in the light of the region's current economic and social development requirements.

28. At the conclusion of the general debate, the Chairman thanked the delegations for their efforts and stressed the need for ECLAC's contribution to the Special Commission to be comprehensive and clear and to contain such proposals as might be deemed necessary. The Executive Secretary was requested to transmit document LC/L.421(PLEN.19/2) to the Special Commission together with the views of the Committee of the Whole. An open-ended working group was then set up to consider the draft resolution on the intergovernmental structure and functions of the Economic Commission for Latin America and the Caribbean.

29. Subsequently, the Committee of the Whole considered the draft resolution examined in the working group and adopted it as resolution 489(PLEN.19) (see section C of this report).

Handling of the economic crisis (agenda item 4)

30. For their consideration of this item of the agenda, the participants had before them the Secretariat's document "Recent economic development in Latin America and the Caribbean" (LC/L.422) and the report of the thirteenth session of the Committee of High-Level Government Experts for those aspects related to the evaluation of the economic situation of the countries of the region.

31. In the presentation of the document, the Secretariat emphasized the recent evolution of the international economy and the way in which it had influenced the economies of the region, making special reference to external indebtedness and international trade; to the performance of the economies of the region in 1986 and the first half of 1987; and to certain events related to the integration process in Latin America and the Caribbean.

32. During the subsequent debate, the participants from Latin American and Caribbean countries said that their views on the handling of the economic crisis were reflected in the report of CEGAN already referred to.

33. Some Latin American and Caribbean participants elaborated on some of the concepts contained in the report of CEGAN and imparted greater precision to some of those that referred to the economic situation of their respective countries and the way in which this was linked with the evolution of the international economy. For their part, some delegations from developed countries expressed their views on the evolution of the international economy, its future prospects, and its effects on the Latin American and Caribbean economy. A summary of these viewpoints is given below.

34. The representative of Colombia said that it was necessary to generate sustained long-term growth, and the achievement of that aim was closely linked with an open and vigorous market for the products of the developing countries, low interest rates, an ample flow of investment and capital, and suitable domestic measures by the governments themselves. He noted that the effective solution of the debt problem would free considerable resources for strengthening the domestic productive apparatus and benefiting the basic social sectors, as well as for redoubling the struggle against absolute poverty. Among the domestic reforms carried out by Colombia he mentioned the diversification of exports, the régime set up for foreign capital, fiscal reform, and the allocation of resources to the social sectors.

35. The United States representative said that document LC/L.422 provided the basis for a constructive discussion of the economic problems faced by the countries of the region. Although the information presented in the document did not make up an encouraging picture, he did not share the view that the region was currently in a worse situation than ever before. There had been very marked progress on exchange rates and interest rates; the first named of these were now much more competitive than in 1982, and that had stimulated the development of non-traditional exports.

36. He said that his country firmly believed that a strategy providing a variety of options represented the most promising path towards stable and sustained growth in Latin America and the Caribbean. It could open up the possibility of big flows of private sector capital, which, in conjunction with structural adjustments in the countries themselves, formed the best combination for achieving the necessary economic growth.

37. He went on to acknowledge that in the years to come the international financial markets would have to face a complex problem, but he said that it was a problem which could be solved although it posed a challenge to the creativeness and inherent qualities of the market, the adaptability of institutions and the resolute will of all concerned --including the governments of both debtor and creditor countries-- to apply policies leading to sustained growth.

38. Finally, in view of the fact that many governments of the region were increasingly aware of the need to carry out structural reforms, he announced his government intended to propose two items for discussion at the twenty-second session of ECLAC in 1988: access to the capital market, and privatization. In his opinion, the two items could be included either as separate items of the provisional agenda for that session, or else as sub-items of an appropriate item of that agenda.

39. The representative of Chile noted that attempts were being made to solve the imbalances of the developed economies using monetarist formulas, whereas what was needed were structural changes. At the same time, he highlighted the obstacles faced by the economies of Latin America and the Caribbean as a result of the protectionist policies of the developed world, especially in the case of agricultural products. He said that in the mid-1970s the Chilean economy had been suffering from tremendous structural faults, in the face of which it had been decided to employ a strategy designed to modernize the structure of production of the country. That strategy consisted of opening up

markets in order to make them free and competitive, promoting the growth of the private sector, and undertaking determined State action to combat extreme poverty.

40. He went on to say that Chile had adopted two novel means of helping to relieve the debt service burden: the retiming of the debt, and its conversion into equity. The great efforts which had been made gave grounds for assuming that, if there was no negative change in the economic conditions, the country would continue to show sustained economic growth. Finally, referring to the proposal by the United States representative to incorporate the topics of privatization and of the capital markets in the agenda for the twenty-second session of ECLAC, he said that if the rules so permitted his delegation felt that it would be interesting to consider that proposal.

41. The representative of Brazil said that the interdependence between countries was now dramatically more marked. He highlighted the lack of macroeconomic discipline in many of the industrialized countries, which was reflected in fiscal and trade imbalances, and he noted that the policies adopted in those countries did not seem to take any account of the responsibility that should be felt as regards their effect on the international economy or their consequences for the developing countries. He said that Latin America had always assumed responsibility for its own development, and it would be desirable for the industrialized countries, on their side, to recognize the responsibility incumbent upon them in respect of the international environment and the impact of their policies on the countries of the region.

42. He also asserted that as long as the net transfer of resources from the region to the industrialized countries continued, the problem of the external debt would persist. With respect to foreign direct investment in the region, he said that the flows of such investment to Latin America had been of little significance for the last 20 years and had actually been negative in the first five years of the 1980s.

43. From another point of view, he stressed the importance of the public sector in the economies of the region as a source of resources and employment, and he emphasized that it played a complementary role to that of the private sector as a motor of economic development.

44. With regard to the United States proposal to include the topics of privatization and the capital markets in the agenda of the twenty-second session of ECLAC, he said that his delegation felt that it was not appropriate to discuss that matter in the Committee of the Whole and that the United States proposal should be made at another time, when considering the agenda for that session. He also noted that the two topics concerned economic policy options which were open to the criterion of each country, so that it would not be appropriate to discuss them as individual and specific topics.

45. The United Kingdom representative centered his attention on the problem of the external debt. He noted that although some progress had been made, thanks to the efforts of the countries of the region themselves and the actions taken within the United Nations system, there was still a great deal to be done. The countries of Latin America and the Caribbean showed the

highest level of external indebtedness, mainly with commercial banks. Many of them had already taken difficult decisions. At the same time, the reserves set aside by British banks to cover debts that could not be collected represented a considerable burden for the government and taxpayers of the United Kingdom.

46. With regard to the question of reprogramming, he added, it was also fundamental to find ways of increasing financial flows without raising the debt burden: means of doing that could include reversal of the flight of capital, direct investment, capitalization of the debt, etc.

47. Finally, he reasserted his country's commitment to an open system of trade which included reasonable agricultural policies.

48. The representative of Uruguay emphasized the close relationship between economic growth, the expansion of world trade and the topic of the external debt. He said that unless the protectionist barriers which the industrialized countries continued to apply were lifted, there would be no expansion of world trade or any improvement in the terms of trade. He also urged that realistic proposals taking a medium-term view should be made in seeking to deal with the debt problem, with the aim of finding solutions which were viable for each and every one of the countries in the international economic system.

49. The representative of the Dominican Republic appealed to Latin America's creditors to assume their part of the responsibility for solving the crisis currently affecting the countries of the region. He stressed that the situation was having a particularly severe impact on the most underprivileged groups, so that humanitarian considerations were involved. In that respect, he went on to deal with the particular features displayed by that situation in the case of his own country.

50. The representative of the Netherlands noted, *inter alia*, that a growth-oriented adjustment was and would continue to be the proper starting point for solving the problem of the region's indebtedness. He supported the strategy based on a variety of options which would make it possible to reduce the need for additional money, and he highlighted the desirability of the adoption by the Western countries of legal provisions to stimulate the use of those new techniques. He also emphasized the need to encourage the banks to offer fresh loans within the framework of properly structured adjustment programmes.

51. The representative of Spain concurred with the appraisals of other delegates who had spoken earlier, and drew a distinction between the long-term and short-term situations. In the long term, he stressed as important factors the maintenance of a non-inflationary growth rate in the economies of the developed countries; the stabilization of commodity export income; universal resistance to the recurring protectionist moves, and the search for new forms of insertion of the economies of the region in the international economic system through the transformation of their structures of production and technological innovation.

52. In the short term --that was to say, at the conjunctural level-- he noted that the problem of the external debt continued to prevail as the dominant topic, and he attached particular importance to means of providing resources without creating additional indebtedness. He proposed a process of longer term

reduction of the burden of servicing the existing debt. Finally, he called for a substantial increase in official development aid.

53. The representative of Peru said that adjustment in the debtor countries, if it were not accompanied by a change in the economic environment and an adjustment on the part of the creditor countries, would only prolong the bleeding off of resources from the region. Latin America and the Caribbean should therefore seek other options which would permit it to halt such effects.

54. He noted that Peru had put into practice what the Secretariat document called an "unorthodox model". That approach had begun with the sovereign decision to limit payments on the debt to a certain proportion of the country's export income, in order to be able to finance a reactivation policy aimed at improving the quality of life. As a result, in the words of the Secretariat, Peru had put itself "clearly outside the conventional framework" by refusing to accept a traditional adjustment programme. Thanks to that approach, in 1986 it had achieved a growth rate of 8.7% and a substantial, albeit insufficient, improvement in its indexes of prices and employment.

55. With reference to what the United States representative had said on the subject of privatization and access to the capital market, the representative of Peru said that in his country the Constitution provided for a mixed economy which not only recognized but also protected the private sector. The prevailing international economic system, however, was adversely affecting that private sector in various ways: through the low prices being paid for primary commodities on export markets, which caused employers to dismiss workers; through protectionism, which brought about the closing down of factories; and through an unjust and excessive debt burden which restricted domestic capital markets. The delegation of Peru therefore considered that topics such as those proposed were already an integral part of the work of the Commission and there were therefore no grounds for the United States proposal.

56. The representative of Mexico referred to the great efforts of adjustment which the Latin American economies had made, both in order to correct short-term imbalances and to adapt their structures of production so as to form more integrated and competitive economies. He referred to the magnitude which that adjustment process had assumed in Mexico, where it had involved sacrifices more than double those originally foreseen, and said that the developed countries had not shown a responsible attitude by seeking to correct their great fiscal imbalances, which were the main factors in the unfavourable international economic environment. He also noted that the upward trend in interest rates endangered the progress made in the recent restructuring exercises.

57. He then emphatically stressed the importance of the regional co-operation and integration process in overcoming the economic crisis of Latin America and the Caribbean and requested that the forthcoming ECLAC session should give priority attention to the examination in depth of ECLAC's work in that field, with a view to adopting concrete measures to promote the co-operation and integration of the Latin American and Caribbean countries. To that end, the Secretariat should carry out a broad analysis of that subject in the documentation to be prepared for that meeting.

Secretariat should carry out a broad analysis of that subject in the documentation to be prepared for that meeting.

58. With regard to the United States intention of including in the agenda of the twenty-second session of ECLAC items on privatization as a new option for development and on the role of the capital markets in development, the representative of Mexico said that his delegation was openly opposed to the possible inclusion of such topics in the agenda, since both were eminently questions of domestic policy and the definition of policies on them was of the exclusive and sovereign competence of each country.

59. The representative of Argentina highlighted the importance of the meetings of the Committee of High-Level Government Experts (CEGAN), noting that they provided an appropriate forum for setting forth and discussing new ideas regarding the central commitment of ECLAC, which was to identify the best ways of pursuing the development of the region.

60. The final report of the recent meeting of CEGAN, he went on, reflected the desire of the Latin American and Caribbean countries to formulate concrete strategies for attaining a new development model adapted to the real conditions of the countries of the region. It also provided the Secretariat with clear guidelines for making an imaginative contribution based on the analysis of the possibilities and options for development offered both by the international setting and the individual achievements of the countries.

61. In conclusion, he expressed gratitude for the renewed contribution which the ECLAC Secretariat had made to the meeting, as well as that of the distinguished delegates who had taken part in it.

62. The representative of Cuba emphasized the need for the developed countries to give a response to the proposals of the countries of the region, where the problem of the external debt occupied a dominant place, and he said that it was increasingly urgent to embark on the necessary political dialogue and recognize the co-responsibility of debtor and creditor countries. He stressed the need to reduce the current high interest rates and to reverse the flow of resources out of the region, which had converted it into a net exporter of capital, and he added that the incapacity to pay the external debt was a mathematical fact as well as being a moral, economic and political impossibility.

63. He said that the problems facing the countries of Latin America and the Caribbean were fundamentally of an external nature and merely reflected the prevailing unjust international economic relations.

64. With regard to the privatization of the economies and private direct investment, he considered that far from benefiting the region they acted to its disadvantage, as the figures provided by the United Nations showed.

65. He went on to say that the developed countries were not taking the necessary steps to initiate the dialogue required by the developing countries, and without the necessary political will there could be no question of making significant progress now or in the future. In that connection, he added, the

discussions at the present meeting had made it clear that such a political will did not yet exist.

66. Referring finally to the statement by the United States representative regarding privatization and the capital markets, he expressed his disagreement with the proposal made by that delegation and supported what had been said by the representative of Brazil.

67. The representative of Bolivia noted that there had been significant achievements in the area of economic policy designed to offset the most pressing effects of the crisis, but those achievements could be seriously affected by further deterioration of the present economic situation. He said that the developing countries had borne in a most unequal manner the entire burden of the adjustment and of the economic crisis and he reiterated that the responsibility should be shared with the developed countries in view of the latter's economic capacity and the fact that the present economic situation was due largely to the domestic economic imbalances of the industrialized countries and to policies concerted and put into effect by them.

68. The representative of Canada expressed his delegation's appreciation to the Executive Secretary of ECLAC for his statement on the economic prospects of the region.

69. He noted the importance of measures to facilitate the capitalization of the debt and to promote domestic and foreign investment, and stressed that the latter depended to a large extent on the opinion held by those responsible for taking economic decisions in countries inside and outside the region with regard to the quality of the management of the economy in countries seeking investments.

70. He noted the concern expressed by many delegations to ECLAC regarding the economic conditions prevailing in the region as a result of the external debt and other factors, and also referred to the concept of interdependence and the need for the developing and the industrialized countries to apply economic policies at both the national and international level.

71. He mentioned the results of the Venice Summit Conference and laid particular stress on the importance attached by his government to the success of the multilateral trade negotiations, as a means of expanding international trade and reducing protectionism. He stressed how important it was for the governments of the region to apply adjustment policies which had already given positive results in a number of countries.

72. Finally, he expressed the hope that a combination of policies and measures adopted at the national and international level by the trade and financial institutions would bring about significant improvements in the medium and long term.

73. In the extensive debate which followed the statement by the United States representative regarding privatization and the subject of the capital markets, and his proposal that these topics should be analysed at the twenty-second session of ECLAC, it was emphasized that the Committee was not competent to discuss this matter. In response to several queries, the Executive Secretary

of ECLAC said that according to the Rules of Procedure the provisional agenda of ECLAC conferences was prepared in consultation with the Chairman of the Commission, taking into account the opinions of the other member governments.

Other business (agenda item 5)

74. A discussion took place on the possibility of including as an annex to the present report the position of the countries of Latin America and the Caribbean, as contained in the report of the thirteenth session of CEGAN, and it was finally agreed to do so.*/

75. In that respect, the United States delegation requested that the following text regarding the resolution contained in that report of CEGAN should be placed on record:

"My delegation joined in the consensus on annexing the CEGAN report with great reservations. We believe that the resolution annexed to the CEGAN report is entirely inappropriate for discussion in this body and sets an extremely dangerous precedent. After all, this is the Economic, and I stress, Economic Commission for Latin American and the Caribbean, and this resolution, in our opinion, is primarily political in nature.

"However, we care deeply about improving living standards and living conditions in the region. Therefore we welcome the commitment embodied in the Arias Plan for Peace and Democracy signed by the five Central American Presidents. We too hope this plan will lead to peace in Central America and democracy in Nicaragua.

"The Arias agreement makes clear that there is much work to be done by the parties involved. We will be as helpful as possible, consistent with our interests and the interests of the Nicaraguan resistance who have already stated their readiness to take part in genuine negotiations for peace and democracy in Nicaragua.

"We are studying the agreement carefully with an eye to what the United States can contribute to the search for freedom and peace. The agreement emphasizes reconciliation, democracy and full respect for full political and civil rights. We are encouraged by that emphasis. The promise of this agreement can only be realized in its implementation. We look forward to the day when the commitments made in this agreement are a part of everyday life in Central America."

Adoption of the report (agenda item 6)

76. The Committee of the Whole considered the draft report of the session **/ and adopted it, authorizing the Secretariat to incorporate in it the texts submitted by participants regarding their own statements.***/

*/ See annex.

**/ Conference Room Paper 2.

***/ Paras. 34-69 of this report.

C. RESOLUTION

489(PLEN.19). INTERGOVERNMENTAL STRUCTURE AND FUNCTIONS OF THE
ECONOMIC COMMISSION FOR LATIN AMERICAN AND THE
CARIBBEAN (ECLAC)

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

Recalling General Assembly resolutions 40/237 and 41/213 on the efficiency of the administrative and financial functioning of the United Nations,

Bearing in mind decision 1987/112 of the Economic and Social Council to establish a Special Commission to carry out an in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields, and in particular paragraph i) of that decision, which requests all subsidiary bodies in the economic and social sectors to submit their views and proposals on achieving the objectives envisaged in recommendation 8 of the Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations,*/

Noting the view of the Fifth Committee of the General Assembly **/ to the effect that the suitability of the activities of the regional commissions is a matter to be determined primarily by the Member States concerned and that the regional commissions should be consulted on any action to be taken in this regard,

Bearing in mind the importance of General Assembly resolution 32/197, which was adopted after an in-depth evaluation of the economic and social sectors of the United Nations and contains the most comprehensive statement of the General Assembly on the regional commissions,

Reaffirming the provisions of ECLAC resolution 431(XIX) on the implementation of the mandates embodied in resolution 32/197 and the guidelines on co-ordination between organizations and agencies of the United Nations system,

Recalling also resolution 419(PLEN.14), on the rationalization of the institutional structure and the pattern of meetings of the ECLAC system, by which the Committee of the Whole, following a careful study, decided to "maintain the existing fundamental institutional structure of the ECLAC system", with certain adjustments,

Convinced of the effectiveness of the multidisciplinary and multisectoral regional approach which has characterized the work of the United Nations regional commissions and that in this connection, the activities and programme

*/ A/41/49, para. 24.

**/ A/41/795, para. 43.

of work of ECLAC approved by the Commission are fully consistent with the priorities of its member countries in their efforts to achieve the economic and social development of the region,

Also bearing in mind that the basic function of ECLAC is to serve as principal general economic and social development centre within the United Nations system in Latin America and the Caribbean, for which purpose it is necessary to strengthen its operation as a source of concepts and guidelines which the governments of the region can use in the light of their specific situations,

Convinced that in order to raise the level of economic activity it is necessary that these concepts and guidelines be aimed at the search for alternative development strategies which permit the region to reinforce its economic and social development in the context of a changing international environment and to reaffirm its autonomy,

1. Affirms the need that the restructuring of the economic and social sectors resulting from the process initiated in response to the provisions of General Assembly resolution 41/213 should:

a) Intensify the regional and multidisciplinary approach within the Secretariat;

b) Strengthen the role of the Economic Commission for Latin America and the Caribbean as the principal centre within the United Nations system for the general economic and social development of the region;

c) Reinforce the Commission's activities aimed at promoting effective co-ordination of the work of the organizations and agencies of the United Nations system in Latin America and the Caribbean; and

d) Strengthen also its capacity to contribute to the analysis of the region's development problems and the consideration of economic and social development strategies and policy options to serve as a guide for the countries;

2. Emphasizes the important role that ECLAC is called upon to play in the search for alternative development strategies which help the countries of Latin America and the Caribbean to secure a more beneficial form of participation by the region in the international economic system;

3. Recommends that the current institutional structure of ECLAC and its system (which includes ILPES and CELADE) be maintained, but decides to abolish the sessional committees on water and on human settlements -- topics which will henceforth be dealt with in the same way as other aspects of the Commission's work programme at each session-- with a view to rationalizing still further its mechanisms, procedures and meetings;

4. Emphasizes the high priority which should be assigned in the Commission's activities to work in support of regional and interregional co-operation efforts, and to this end requests the Executive Secretary to intensify the co-operation the Secretariat has been extending to regional integration and

co-operation agencies, and to continue to accord a high level of attention to collaboration with other regional economic commissions of the United Nations system in support of technical and economic co-operation between the countries of Latin America and the Caribbean and those of other developing regions;

5. Emphasizes also the importance of the work performed by the Commission's divisions and units and by its joint programmes with the global organizations and agencies of the system: an approach which constitutes an appropriate way of avoiding duplication and permits effective co-ordination of the activities of the Organization's various bodies;

6. Stresses the importance of maintaining close co-operation between ECLAC and the United Nations Development Programme (UNDP) and further promoting the participation of the countries of Latin America and the Caribbean in the regional activities carried out by the two organizations;

7. Decides to transmit this resolution, together with the relevant section of the report of the nineteenth session of the Committee of the Whole of ECLAC and, as a background paper, the document entitled "Intergovernmental structure and functions of the Economic Commission for Latin America and the Caribbean" */ to the Special Commission of the Economic and Social Council on the In-depth Study of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields, and requests the Executive Secretary of ECLAC to report to the Commission at its next session on the application of the guidelines contained in this resolution;

8. Requests the Special Commission, aside from taking appropriate measures to put the provisions of the preceding paragraphs into effect, and bearing in mind the new responsibilities of the Committee for Programme and Co-ordination laid down in General Assembly resolution 41/213, to examine ways of strengthening the intergovernmental relations between the regional commissions and the Committee for Programme and Co-ordination in order to ensure that the Committee considers the regional commissions' decisions and priorities in the economic and social sector transmitted by the Secretariat through its biennial work programme and medium-term plan and also permits the regional commissions to provide inputs for the global policy-making processes of the competent United Nations organs and to participate fully in the implementation of the relevant policy and programme decisions taken by those organs.

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*/ LC/L.421 (PLEN.19/2).

Annex

REPORT OF THE THIRTEENTH SESSION OF THE COMMITTEE
OF HIGH-LEVEL GOVERNMENT EXPERTS (CEGAN) */

A. ORGANIZATION OF WORK

Place and date of meeting

1. The thirteenth session of the Committee of High-Level Government Experts (CEGAN) was held at United Nations Headquarters, New York, from 11 to 13 August 1987. CEGAN, which was established by ECLAC resolution 310(XIV), is made up of the developing member countries of the Commission. Pursuant to the mandate entrusted to the Committee by ECLAC resolution 422(XIX) and in accordance with the ECLAC Calendar of Conferences approved by the Commission in resolution 479(XXI), the thirteenth session of CEGAN immediately preceded the nineteenth session of the Committee of the Whole (New York, 13 and 14 August 1987).

Attendance

2. The meeting was attended by representatives of 21 member States of the Committee: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela.
3. A representative of the Latin American Economic System (SELA) also attended the meeting as an observer.

Election of Officers

4. At the first meeting the participants elected the following Officers:

Chairman:	Mario Moya Palencia (Mexico)
First Vice-Chairman:	Marcelo E. R. Delpech (Argentina)
Second Vice-Chairman:	Ramiro León Torras (Cuba)
Third Vice-Chairman:	Gail Marie Mathurin-Applewhite (Jamaica)
Rapporteur:	León Abadi (Panama).

*/ This report was distributed under symbol LC/G.1480(CEG.13/2).

Agenda

5. The meeting adopted the following agenda:
1. Election of Officers
 2. Adoption of the agenda
 3. Handling of the economic crisis
 4. Other business
 5. Adoption of the report.

Documentation

6. The Secretariat submitted to the Committee a working paper entitled "Recent economic developments in Latin America and the Caribbean" (LC/L.422).

Opening statements

7. In his speech opening the thirteenth session of CEGAN, the Chairman, Mr. Mario Moya Palencia (Mexico), began by welcoming the participants, making special mention of the presence of the Executive Secretary of ECLAC, Mr. Norberto González. He noted that, given the overwhelming economic crisis that continued to afflict the countries of Latin America and the Caribbean, the meeting was very timely, and he reiterated the urgent need to find solutions which would not only deal with the technical and financial aspects but would also have a political dimension.

8. After reviewing some of the issues which the Committee would have to consider during its discussion because of their importance and topicality, he said that the ideas put forward at the Special Conference of ECLAC held in Mexico in January 1987 continued to be very apposite. At that time the President of Mexico, Mr. Miguel de la Madrid, had pointed out, *inter alia*, that debt-servicing must be tailored to the real capacity to pay of the countries of the region and that it must provide for an adequate rate of growth, rather than the other way around.

9. Turning to the obstacles that were hampering and delaying recovery of the economies of the region, he said that chief among them were the growing protectionism on the part of the industrialized countries, the unfavourable terms of trade for the developing countries and the growing imbalances in the trade and financial relations between the major industrialized economies.

10. He concluded with an appeal to all countries to work to strengthen the regional co-operation machinery, which could contribute significantly to finding the long-term structural solutions required in view of the historical and cultural legacy of the countries of the region.

11. The Executive Secretary of ECLAC, Mr. Norberto González, spoke about the aims of the thirteenth session of CEGAN. They were based on the four major topics of the Special Conference of ECLAC. President Miguel de la Madrid, he

recalled, had turned those topics into an agenda for development, outlined in the 10 points of his statement made at the opening of that Conference.

12. He then said that the analysis which it was proposed to carry out at the present meeting would be geared to studying recent developments in the world economy and in that of Latin America and the Caribbean and to an exchange of ideas and experiences regarding the policies being pursued by the countries of the region. He underscored the very uneven performance achieved in the area of economic growth and also referred to the efforts to combat inflation, which had initially been encouraging, particularly during 1986, but which had later taken a negative turn.

13. Finally, while recognizing that there had been some progress in the international negotiations on the external debt, he noted that the current approach to the problem was inadequate and was not conducive to a solution. The progress made had been accompanied by a rather poor performance in the area of trade, which, given the close interconnection between debt and trade, had to a large extent cancelled out what had been achieved.

Closing meeting

14. After thanking participants for the valuable contributions they had made, the Chairman declared the session closed.

B. SUMMARY OF THE DEBATES

Handling of the economic crisis (agenda item 3)

15. The Committee heard statements by the Secretariat of the Economic Commission for Latin America and the Caribbean (ECLAC) and by representatives of governments. It also had before it the document entitled "Recent economic developments in Latin America and the Caribbean" (LC/L.422), prepared by the Secretariat for the meeting.

16. The Committee reaffirmed the full validity of the principles and proposals contained in the Declaration of the Countries of Latin America and the Caribbean in Mexico, which faithfully reflected the views of those countries, as approved by them and embodied in the Report of the Special Conference of the Commission held in Mexico City in January 1987.

17. The summary of the debates which follows has been arranged in such a way as to highlight the subjects which were given greatest importance in the discussions.

a) The place of Latin America and the Caribbean in the international economy

18. It was considered that the systemic and structural nature of the crisis affecting international economic relations was a basic factor for

understanding developments in the region in the 1980s. Because this had not been understood, adjustment mechanisms had very often been designed solely with a view to coping with short-term economic imbalances and had had undesirable recessionary effects. Underlying the imbalances of the international economy, generated by the sharp fluctuations in exchange, trade and financial markets, was the operation of a new system of international economic relations which tended towards an international division of labour perhaps even more asymmetrical than the present one.

19. In that sense, the preparation of continuous analyses of the changes in productive activity and in the production techniques of the industrialized countries was considered important for the purpose of redefining the insertion of Latin America and the Caribbean in the world economy and promoting the active participation of the region in the process of scientific and technological development.

20. With regard to the short term, particular stress was laid on the persistence and relative deterioration of unfavourable external conditions throughout 1987. It was noted that during that period, marked by constant market instability and by an outward net transfer of resources, interest rates had risen again, the prices of most export commodities had not recovered, but on the contrary had continued falling, and the financing needed to stimulate investment, growth and development had still not been forthcoming. It was pointed out, for example, that the external debt of the countries of the region continued affecting negatively the capacity to import and the generation of internal savings, as well as the channelling of the latter towards productive investments to promote programmes of economic and social development. Furthermore, after five years of sacrifices and efforts, everything indicated that the outward net transfer of resources would continue on a large scale.

21. With regard to the medium and long term, it was noted that the profound changes which were taking place in the production and marketing of goods and services, and the development of new technologies almost exclusively in the developed countries, were negatively influencing international comparative advantages and might entail the risk of further exacerbating the problems related to the present form of insertion of the Latin American and Caribbean economies in the world economy.

22. The Secretariat was requested to maintain and intensify its efforts to draw lessons from past experiences and to interpret in still greater depth the present crisis, the recent evolution of the international economy and the changes taking place in the system of international economic relations. It was also requested to propose specific measures to overcome the crisis currently affecting the economies of Latin America and the Caribbean, as well as to promote new forms of insertion of the region in the international economy by means of a more active and relevant role entailing more equitable participation in the international division of labour.

23. It was noted that some countries of the region had implemented innovative measures, exploring new opportunities and possibilities which should be carefully analysed. In that connection, emphasis was placed on the need to optimize the capacity of CEGAN and of ECLAC to analyse the possibilities and

alternatives offered by the present international situation, as well as the positive experiences and individual achievements of the countries of the region.

b) National economic policies

24. During the debate, reference was made in a number of statements to aspects relating to domestic economic policies. While it was pointed out that there were no universal solutions for overcoming the crisis, since development strategies and the implementation of economic policies had to take into account the specific circumstances of each country, it was apparent that there was much common ground. Emphasis was placed, for example, on the considerable efforts made by almost all the countries of the region to adjust their economies to overcome the crisis, and on the high social cost of that effort. It was noted that attention to acute short-term problems must not hinder the understanding of long-term trends or the correct appraisal of the effect of short-term policies on domestic productive structures.

25. In all the cases described, examples were forthcoming of the way in which the countries of the region had promoted structural and short-term changes in their economies, designed to modernize production structures, increase supply and exports, rationalize public expenditure and improve income distribution. Reference was made in some statements to specific aspects of economic policy including inter alia measures applied in respect of exchange rates, credit and taxation.

26. The effort made by many countries to maintain employment levels and protect lower-income groups warranted special mention. Some statements emphasized the role played in that effort by modified public expenditure structures and increased tax revenues.

27. It was noted that the higher domestic product attained by one country of the region was due to a substantial change in its economic policy based on the reduction of unit costs by means of increasing sales volumes and the output of firms, that is to say, reactivating demand as a consequence of the reactivation of supply. This was made possible by an alternative interpretation of the process of inflation-recession constituted by a policy of full utilization of installed capacity.

28. Some delegations referred to the impact of the economic policies pursued, measured in terms of economic growth, creation of new jobs, diversification of exports, rationalization of the functioning of public enterprises, reduction of fiscal deficits, control of inflation, exchange-rate stability, and the evolution of other macroeconomic variables. It was pointed out, however, that such achievements appeared less impressive if the current situation was compared with that at the beginning of the 1980s. It was also agreed that, however great the domestic effort, the prospects for the attainment of sustainable recovery would remain very uncertain if external conditions did not improve.

29. Finally, concern was expressed over the reduced capacity to finance the high level of investment required in order to modernize production structures, given the significant transfer of domestic savings abroad which had been taking place. However, some representatives indicated that in recent years there had been progress in mobilizing domestic savings and repatriating capital transferred abroad at an earlier date.

c) International trade

30. In the discussion of issues related to international trade, statements focused on two aspects. In the first place, concern was expressed at the lack of transparency in international trade. Examples given were the growing protectionist pressures in some industrialized countries, the subsidies they were granting to exports of agricultural products, and the attempt by industrialized countries to maintain control over production and trade in certain high-technology activities. Special concern was expressed over the fate of basic commodities in international trade, and in some statements it was pointed out that the deterioration of the terms of trade observed in recent years, which had represented disproportionate net transfers of resources from the countries of the region towards the developed countries, was not necessarily an immutable phenomenon but might reflect conjunctural factors and policies of industrialized countries and could perhaps be reversed within the framework of policies such as multilateral agreements on the organization of markets.

31. In the second place, it was recognized that a dynamic expansion of international trade would contribute to the reactivation of the economies of Latin America and the Caribbean provided it was accompanied by a greater opening up of the markets of the developed countries for the products of the region; in that regard, the Uruguay Round should play a central role.

32. Lastly, the close relationship that existed between the integration of financial markets, the adoption of floating exchange rates and the evolution of international trade was emphasized. In that respect, comments relating to trade were linked with those relating to the external debt, which are summarized in the following paragraphs.

d) External debt

33. During the discussion on the region's external debt, features common to all countries were identified. Particular emphasis was given to the negative impact of external factors such as the rising trend in real international interest rates, the low rate of growth of the international economy and trade, and the scarcity of external financial resources. It was also pointed out that there were internal features which set countries apart one from another and led them to adopt different strategies.

34. Changes in the terms of external indebtedness were also identified. It was noted that a sizeable number of countries were in situations of full or partial moratorium, while others had managed to incorporate into their debt renegotiations, a link between debt servicing and economic growth. In other

cases, debt payments had been limited to a percentage of export earnings. In the case of many renegotiations, progress had been made on multiannual reschedulings, debt-equity swaps, reduced spreads and the elimination of flat commissions.

35. There was agreement that no suitable medium and long-term strategy for solving the problem of the external debt existed as yet. From a global perspective, the situation not only had not improved, but had even got worse. In fact, after years of costly adjustment processes, there were indicators of the debt burden --such as the relation between interest payments and export earnings-- which remained at high levels, and countries still suffered from restricted possibilities for growth and development; many of the improvements in terms won in long months of hard renegotiations were eroded away in a few days through increases in interest rates or a fall in the prices of export commodities. It was added that the reaction of private and official capital markets was another cause for concern, since in recent years the reduction in the flow of financial resources to the countries of the region had become more pronounced and Latin America and the Caribbean thus continued to be net exporters of capital.

36. The participants also reviewed the latest developments concerning the treatment of the debt problem at the multilateral level. In some respects, it was said, it appeared that progress was being achieved. Mention was made of the growing recognition that the debt problem must be resolved in a medium-term perspective and in the framework of a growth-oriented adjustment; that the conditions and terms of the debt restructurings must be in keeping with the economic and social characteristics of each country; that allowance must be made for changes in a country's capacity to pay due to reasons beyond its control, and that debtors should be able to share the benefits of discounting in secondary markets. However, it was held that in other aspects no progress had been made regarding recognition of many of the principles considered by the Latin American and Caribbean countries to be fundamental in the solution of the external debt problem. It was also noted that there were divergent views concerning the benefits and potential costs of debt-equity swaps.

37. Lastly, participants reaffirmed the validity of what was expressed in the Declaration of the Countries of Latin America and the Caribbean in Mexico: "the only way to reach a global and permanent solution to the external debt problem is to initiate an urgent political dialogue between creditors and debtors, based primarily on the principle of co-responsibility and the right to development".*/

e) Economic integration

38. On the question of economic integration it was proposed that the analysis given in document LC/L.422 should be enlarged upon, for such integration could be of substantial help in overcoming the crisis. There was agreement that great importance attached to the role which economic integration could play in the recovery and development of the region, not only through increases in

*/ LC/G.1464 (Conf.79/5), para. 116, sub-para. 8 (a).

mutual trade, but also through the use of the collective bargaining strength of the countries of the region or the various subregions.

39. Concern was expressed, on the other hand, at the visible decline in intra-regional trade in recent years due to the crisis, and emphasis was laid on the need to change that trend and to continue promoting collective action to lift restrictions on intra-regional trade.

40. Specific reference was made to the recent tendency towards plurilateral or bilateral agreements (a subject mentioned in the Secretariat document) and it was emphasized that such agreements were entirely consistent with multilateral commitments. Attention was drawn to the importance and potential of such arrangements, which helped to accelerate the process of integration among the countries of Latin America and the Caribbean by allowing partial links to be combined. Moreover, it was pointed out that plurilateral and bilateral agreements did not represent subgroupings but rather a growing convergence of specific interests within the framework of multilateral arrangements.

41. Finally, there was agreement on the need to hasten action on some of the current initiatives of interest to the region, such as regional tariff preferences and the programme to expand trade.

f) Closing remarks

42. The Executive Secretary of ECLAC said that the discussion had been noteworthy for the high standard of the contributions and the wealth of ideas they contained. He singled out three points which, to him, had seemed particularly important: the recognition of the structural character of the debt; the interest in putting forward new proposals, not just diagnoses of the problems; and the desire to combine the economic policies required by the exigencies of the moment with structural changes. Those points would provide a great deal of material for the documents which the Secretariat would be preparing for the Commission's twenty-second session, to be held in Brazil in 1988.

43. Finally, he gave participants details of the Secretariat's proposals for contributing to the forthcoming celebration of the fortieth anniversary of ECLAC with a series of meetings on subjects such as the transformation of the productive structure, the social effects of the crisis, the international economic relations of Latin America and the Caribbean, and the ever-dominant issue of the external debt.

44. The representatives of the participating governments asked the Executive Secretary of ECLAC to incorporate into his analyses the substance of the proposals made during the debates.

Other business (agenda item 4)

45. The Latin American and Caribbean countries expressed their full support for the document entitled "Procedure for establishing a Firm and Lasting Peace

in Central America", signed by the Presidents of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua at the Summit Meeting held in Guatemala City on 6 and 7 August 1987. They noted that as this was the first occasion since that Summit Meeting at which representatives of the governments of Latin America and the Caribbean were meeting in a United Nations forum, it was an appropriate moment to express their satisfaction at this very important step, which opened up new prospects for the development of the countries of that subregion. They noted that the elimination of the tensions existing in the subregion was an imperative for economic and social development. In that connection, they recalled the pioneering role of ECLAC in promoting the integration and development process in Central America and, in view of the new circumstances, they urged the Secretariat to redouble its collaboration with the governments of the subregion in order to overcome the obstacles to Central American development.

46. In that context the Committee of High-Level Government Experts adopted a resolution on the support that ECLAC should give to the Central American countries.*/

47. Lastly, the delegations decided to undertake an exchange of ideas on the agenda item referring to the intergovernmental structure of the Commission, which would be discussed by the Committee of the Whole. It was agreed that ECLAC was an efficient instrument for promoting the activities of the United Nations in the regional framework, and it was also emphasized that its present structure should be maintained and strengthened, so that it could respond to the growing challenges to the development of the region.

Adoption of the report (agenda item 5)

48. The Committee adopted the present report.

C. RESOLUTION

SUPPORT BY ECLAC FOR THE CENTRAL AMERICAN COUNTRIES

The countries of Latin America and the Caribbean, meeting in the Committee or High-Level Government Experts (CEGAN) of the Economic Commission for Latin America and the Caribbean,

Considering that, on 7 August 1987 in Guatemala City, the distinguished Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua signed the Procedure for Establishing a Firm and Lasting Peace in Central America,

Considering also that the Procedure thus adopted, embodying as it does the efforts of the Contadora Group and the Support Group and the contribution

*/ See section C below.

made by the peace proposal of the President of Costa Rica, Oscar Arias, is a faithful reflection of the feeling of unity and brotherhood binding together the peoples of Central America and is an eloquent expression of the will of all the peoples of Latin America and the Caribbean to solve their problems freely, without foreign intervention or interference,

Bearing in mind that this act of reaffirmation of Central American autonomy and solidarity opens up a decisive phase in the process of bringing about peace in the region and creates the necessary conditions for accelerating the development and strengthening the system of integration of Central America, with which ECLAC has always been associated,

Convinced that ECLAC, as an organ of the United Nations, should do its utmost to contribute to the Procedure set in motion by the Central American Presidents and to the efforts for integration and development which are a natural concomitant of the task of bringing about peace and economic and social recovery in the region,

Decide:

1. To express their deepest satisfaction with regard to the Procedure for Establishing a Firm and Lasting Peace in Central America, signed on 7 August 1987 by the distinguished Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, which reflects the feeling of unity and brotherhood binding together the peoples of Central America and reaffirms the will of all the countries of Latin America and the Caribbean to solve their own problems freely and in peace, without foreign intervention or interference;

2. To declare that ECLAC should do its utmost to further and contribute to this Procedure and should support any agreements arrived at by the Central American countries for the purpose of accelerating their development, bringing about societies which are more just, egalitarian and free from poverty, promoting an economy that ensures the well-being of all and furthering economic and social democracy;

3. To declare that ECLAC should also continue to support the process of Central American integration and to collaborate with the countries of the region in actions designed to mobilize the international co-operation essential for the success and continued viability of options in favour of peace and economic and social development;

4. To affirm the commitment of ECLAC, as an organ of the United Nations, to grant assistance and economic co-operation to all the Central American countries so that they may attain their objectives of normalizing and reviving the economy with a view to respecting and supporting the Procedure for Establishing a Firm and Lasting Peace in Central America, and its goals of peace and development;

5. To request the United Nations Development Programme, the United Nations Children's Fund and all the organizations of the United Nations system to consider, as a matter of priority, intensifying their actions in support of the economic and social development of the Central American countries.