

STATEMENT DELIVERED BY MR. A.L. OLUKANNI DELEGATION OF NIGERIA ON BEHALF OF THE GROUP OF 77 ON AGENDA ITEM 92, MACROECONOMIC POLICY QUESTIONS: (A) TRADE AND DEVELOPMENT, (B) COMMODITIES, (C) EXTERNAL DEBT CRISIS AND DEVELOPMENT, IN THE SECOND COMMITTEE OF THE 55TH UNGA

New York, 26 October 2000

Mr. Chairman,

The G77 welcomes this opportunity for the Second Committee to deliberate on agenda item 92 focusing on the issues of Trade and development, Commodities and External debt crisis and development.

I wish to thank the staff of the UN and UNCTAD Secretariat who collaborated in producing the various reports placed before the Committee. The G77 finds these documents incisive and illuminating. We, however, express regrets on the lateness in issuing the report on the external debt. We enjoin the Secretariat to ensure timely release of important reports like this, for timely examination.

Mr. Chairman,

As the world enters an era of a new global economy driven by information and communication technology, we continue to witness the declining importance of commodities in world trade. Regrettably, the developing countries have also continued to lose their share in world commodity trade. This loss is felt more in developing countries of Africa, and those of Least Developed Countries.

More worrisome is the fact that the prices of commodities have remained at their lowest levels in many years with obvious implications for the earnings of commodity-dependent developing countries. In view of the clear link in developing countries, between poverty and commodities, the efforts at reducing poverty in these countries will continue to be hampered. This unsatisfactory state of affairs in the specific area of commodities has grievous implications for international trade, in the context of development efforts in developing countries. There is therefore an urgent need for renewed efforts at international cooperation in commodities. The objective among others should be enhancing capacity of developing countries for semi-processing plants for their commodities to enable them earn more revenues from their exports trade. Equally, they should be encouraged to diversify their produce base to avoid competition of exporting the same commodities, to the limited markets of the developed countries.

The memories of the street battles in Seattle and the eventual failure of that conference to launch a new multilateral trade negotiations or even agreeing to a future WTO work programme are still vivid in our minds. The events in Seattle reflect the general dissatisfaction with the current asymmetry in the multilateral trading system.

Mr. Chairman,

More than anything else the G77 sees the inability of Seattle to end on a positive note, more as a challenge to international cooperation. The successful outcome of UNCTAD Ten in Bangkok confirmed that indeed the challenge in the multilateral trading system can be surmounted, by adoption of measures that will earn the confidence of developing countries and that benefits of that system will not elude them. In other words, steps should be taken for their full integration into the world economy and trading system. Fortunately, some of these fundamental issues were addressed and encapsulated in the Bangkok Plan of action. They include the following:

- Incorporation of the agricultural trade sector within the normal WTO rules and special focus on the problems of agrarian small islands developing economies
- Demonstration by developed countries of commitment to open their markets to exports of developing countries;
- Provision of duty-free and quota-free access for the exports of least developed countries and elimination of tariff peaks

In addition, it has now been suggested that indeed the new multilateral negotiations should give special attention to provision of adequate assistance to developing countries to assist them in the establishment of infrastructure and other conditions necessary for the effective implementation of the agreements; and also to ensure that those countries benefit from the opportunities offered by multilateral agreements.

Mr. Chairman,

As we grapple with the challenge posed by current situation in the commodities market and international trading system, any attempt at significant progress is in the danger of being reversed if the problem of external debt crisis of developing countries is not definitively resolved.

Over two decades after its emergence on the international scene the crisis still remains with us. Any modest growth by debtor countries have being affected. The report on the subject presents a graphic picture of the current debilitating situation.

It is clear that the debt problem today just as in the past, remains one of the major constrains to development in the developing countries. This informed the decision of the UNGA, at the last session, to reaffirm the urgent need for implementation of mechanisms to address the external debt and debt servicing problems of developing countries . The objective of that resolution was to explore how these countries can exit from the never ending process of rescheduling and unsustainable debt burden and also to enhance international cooperation in the search for a durable solution to the problem. The report submitted to us on the current state of play indicate that indeed debtor developing countries of all categories, are yet to see any light at the end of the tunnel, regarding their external indebtedness. This situation requires a bold action and approach for a definitive solution for all categories of debtors.

Mr. Chairman,

In recent time much attention has been focused on the heavily indebted poor countries (HIPC). This is due to the fact that external debt problems and the burden of debt servicing are most pronounced, and persistent among this category of debtor. Consequently, the HIPC initiatives continue to attract attention. According to the report before us, despite what appears to be the modest growth in many of the HIPC countries, debt restructuring problems continue to linger and they remain exposed to the adverse developments in the area of commodities prices, interest rates, and private capital flows. Essentially, progress among this group of countries is reported to be much slower than expected. In essence, the initiative is suffering from a cocktail of problems, most prominent of which are unending and excessive conditionalities, restrictions over eligibility and cumbersome procedures. The report before us reveals that as of 1999, little assistance had been delivered under the initiative, with only a negligible impact on the aggregate debt stocks. Also, the estimate shows that in 1999, total outstanding external debt position increased by \$4.5 billion to a level of \$219billion. For this year, the ratio of debt to export is projected at 389%. In other words, the HIPC initiative, despites its good intention has not resolved the problems of HIPC countries.

The non-HIPC debtors which include 18 LDCs have of course not faired better. Some of them may have witnessed some debt relief especially in form of cancellation of their official debts; the overall picture is that debt burden of LDCs has continue to grow over time. This is particularly so in the face of declining official

development assistance (ODA).

Other categories which fall into the category of moderately or severely indebted middle-income countries and indebted low income countries, on their part continue to labour mostly under their own debts profile. Several of them are forced into continuous cycle of rescheduling with the Paris club, among others. Though some of them in the recent past were said to have been able to obtain reduction in their liabilities to commercial banks, recent financial and international crises have shown the shortcomings in international arrangements for commercial debt work-outs. Of particular note in this connection, is the absence of effective mechanism for involving private creditors in the prevention and resolution of liquidity crisis, from developing into wide spread defaults and bankruptcies; and more importantly into a situation of unequal and unfair distribution of the burden of crises resolution, between debtors and creditors. This particular problem has demonstrated the need to devise an effective way of dealing with the rapid exit of creditors, speculative attack on currencies and consequential capital flight.

Mr. Chairman,

The implication of the foregoing is that in spite of the various initiatives of the multilateral financial Institutions, such as the IMF and the world Bank, their debt relief programmes such as their concessional lending facility and the new Poverty Reduction and Growth Facility programmers still have serious shortcomings in the present approach to resolving the debt problems of developing countries. There is, indeed, urgent need for radical action on three fronts, namely, the HIPC; official debts; and non-HIPC and Commercial debts.

This view informed the position of the South Summit in Havana on the subject of debt of problems of developing countries. As reflected in the Havana Programme of Action, the developing world indicated that the international community must indeed, work towards outright cancellation of the unsustainable debt of developing countries and also for a just and lasting solution to the problem of foreign debt of developing countries, including the establishment of new international financial architecture in which countries of the developing world will be adequately represented. In this connection, leaders of the developing countries held discussion with the leaders of the G8 at their summit in Tokyo this year.

Against the background, it is therefore worthy of attention of this Committee to have a close look at the proposal in the Report before us to appoint an Independent Panel of Experts who should not be unduly influenced by the creditors' interest to conduct an objective and comprehensive assessment of the external debt problem. Their assessment would focus on the following:

- The unsustainability of the debt;
- Eligibility for debt reduction and conditional ties;
- Modalities regarding the provision of funds for debt relief;
- Cancellation of official bilateral debts;
- Commitment on the part of creditors to implement the recommendations of such a panel regarding writing off unplayable debts etc.

Mr. Chairman,

The world has arrived at a critical period, the dawn of new millennium, when a definitive solution must be found to the debt problem which has created a development crisis, in developing countries. While we take note of the efforts and sympathetic views of some creditor countries and donor countries, it is indeed time to move beyond palliatives, to definitive solution. Until the debt noose around the neck of countries of the developing world is loosened, only then can humanity be said to be free, in an interdependent world in which the fate of the rich and the poor is intertwined. This committee has a task in helping this Millennium

Assembly in taking the right step.

I thank you.

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7

G-77

G-77

G-77

G-77

G-77

G-77

G-77

G-7