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SEVENTH SESSION OF THE UN CONFERENCE ON TRADE AND DEVELOPMENT,GENEVA, 9 - 31 JULY 1987

UNCTAD VII will be the major event in North-South economic relations in 1987. It will take place against a background of difficulty in the process of world development with many developing countries experiencing inadequate growth rates during the present decade. Continuing problems are being experienced with the external financial situation of a considerable number of developing countries. While the volume of world trade continues to expand, albeit at a modest rate, many developing countries have seen their export earnings decline over the past two years. Technological change has quickened the pace of structural change in the world economy.

At the same time the nature of the North-South dialogue has changed in many ways since earlier UNCTAD Conferences. A new style of multilateral economic dialogue has developed with the GATT and the Bretton Woods institutions becoming fora for debate at a political level as well as for negotiations relating to the trade and financial systems. UNCTAD must find its place in this new environment.

It is essential to improve the prospects for growth and development in the world economy. A range of policies and measures in both industrialised and developing countries and at a multilateral level will be required to achieve this. UNCTAD VII should be an occasion to assess present developments, review and examine the appropriate policy approaches and broaden the area of consensus on the action required in interrelated areas of policy.

By the nature of its mandate UNCTAD is well placed to examine interlinkages between issues. In the process leading to the adoption of the agenda of the Conference, the Community has supported the idea of a cross-sectoral approach. The negotiated outcome on the agenda is inevitably a compromise reflecting ideas of different countries and groups of countries. It is unfortunate that the United States was not able to join in the approval of the agenda. This situation makes it all the more important that the Community and its Member States should put forward clear common views during the preparatory process and in the Conference itself. In particular, the Community should play its full role in contributing to a successful outcome to the Conference and in arguing for the fuller participation of all developing countries in the world economic system. It will be important to bear in mind the universal nature of UNCTAD in so doing.

The main event in North-South economic relations in 1986 was the launching of the Uruguay Round of GATT Multilateral Trade Negotiations in Punta del Este. The coincidence between the beginning of the multilateral round of negotiations covering new dimensions and an important UNCTAD gathering is unique and means that the Community has more interest than ever in a successful UNCTAD VII and a reasonably operative UNCTAD organisation. It is obvious that the events in the two fora will influence each other. The Conference should help to define the relationship between UNCTAD and GATT in trade matters.

Evidently a confrontational outcome to UNCTAD VII would damage the prospects for the Uruguay Round. Many delegations at UNCTAD will be headed or even staffed with personnel involved with the GATT negotiations. On the other hand, participation in GATT and UNCTAD will differ since all developing countries will be present at UNCTAD, whereas not all are participants in the Uruguay Round.

Consequently the Community should encourage the LDC's who do participate in GATT to seize this opportunity to prepare themselves for a more influential role in the GATT negotiations. In any event it is necessary to avoid fixing positions in UNCTAD which will reduce the freedom of manoeuvre of contracting parties participating in the GATT.

Issues relating to commodities are an important part of the debate on North-South trade relations. UNCTAD clearly has a particular role to play in this area. Issues relating to counter-trade should also be examined.

During UNCTAD VII, Western countries, including the Community, will draw attention to the importance of the role of the private sector in development. However, it will be important to avoid pushing the UNCTAD debate into an ideological channel. Such a course might complicate the task of UNCTAD in coming to meaningful conclusions.

The Soviet Union and the other Eastern bloc countries will certainly plan an active role in the UNCTAD process. Their incentive to do so is indeed increased by the fact that the Soviet Union itself does not participate in negotiations in GATT and the Bretton Woods system. The Community must be prepared to respond to the ideas which may be advanced by the Eastern bloc on trade, finance and commodity questions.

In general, it is true to say that governmental approaches to international policy formulation have become somewhat more positive over the past two years. Recent action in the field of exchange rates, the Baker initiative and the consensus reached at the Special Session of the General Assembly on African economic development are evidence of new approaches. But the need to extend the area of consensus remains. The Community has a new opportunity to review and make more explicit its approach to trade and development issues and influence the approach of others.