

# A Report on the Lima Meeting of the "Group of 77"

by James Wright

As the readers of this Bulletin know, the Group of 77 was formed at the time of the first United Nations Conference on Trade and Development (UNCTAD) in 1964 as a vast lobby or pressure group to present a united phalanx of developing (*aliter* underdeveloped) countries arrayed opposite the developed industrialized ones. In those early days of their heady discovery of potential inherent in a concert *inter se*, the '77' wrung considerable concessions from sometimes reluctant donors, at least in the form of recommendations, approved either without dissent or by large majorities (often not without much controversy), relating to trade, aid, finance, tariffs, shipping, primary commodities, economic relations with the socialist countries, and many other matters affecting the development of the poorer countries. The '77' constituted themselves into a club, and admission was not accorded automatically to every country of the developing regions of Africa, Asia and Latin America. For obvious reasons Israel, though classed among the developing countries in the literature of the United Nations, is not one of the '77', nor is the Republic of China (Taiwan), nor until recently was Cuba. By contrast, Cyprus, although listed among the group B countries (i.e. the market economy countries) in the constituent instrument of UNCTAD, is a member of the '77'. Patently, a group which comprises countries so diverse in every respect as India and Lesotho, or Mexico and Mali, or Pakistan and Bolivia is bound to be heterogeneous, and the ingenuity and wisdom of statesmen have often been taxed by the need to reconcile the internal differences of the '77' and to patch up *tant bien que mal* the conflicts of interests among them.

A gathering of the '77' was held at Algiers before the second UNCTAD (invited by the Government of India to meet in New Delhi in the spring of 1968) to work out a statement of the aspirations, demands and expectations of the 'Third World' to be presented at the New Delhi Conference; this statement became known as the

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\* James Wright is a student of the development process.

'Charter of Algiers'. Evidently, the twin precedents of Algiers and Delhi established something of a tradition - that UNCTAD and the preparatory meeting of the '77' should be convened in the capitals of developing countries - for the Government of Chile, under its new President Allende, invited the third UNCTAD to meet in Santiago de Chile in April/May 1972 and the Government of Peru invited the '77' to meet in Lima for their collective *prise de position* in October/November 1971. The tradition is likely to be maintained, for in the course of the meeting the Philippine Government let it be known that the '77' would be welcome to gather in Manila for their next pre-UNCTAD consultations in three or four years hence. Who will invite the fourth UNCTAD itself is the subject of speculation. It is no small undertaking for the Government of a developing country to act as host to such a jamboree. The Government is expected to defray the expenses of setting up the conference premises, complete with all the paraphernalia needed for simultaneous interpretations, the travel and subsistence expenses of secretariat brought from afar, and many other costs.

The Group of '77', though still known by this designation, is of course much more numerous than this figure indicates; as of the latest count, after the accession to independence of Bahrein, Bhutan, and Qatar, there are now ninety-six countries members of the Group. Actually, 80 countries were represented at the Lima meeting. The admission of Cuba - on Chile's prompting - a few days before the opening of the meeting was an event full of significance, and in a way set the tone for the whole meeting, for it was yet another slap at the United States of America - branded by many speakers as the arch-villain of international affairs.

Another event which occurred during the meeting and which created a great stir was the vote in the General Assembly on the representation of China - interpreted as a humiliating defeat for the United States by the gloating majority, though there were a few spirits who regarded it as having been deliberately though covertly engineered by Machiavellian machinations of the State Department. Beside this epoch-making vote, the House of Commons vote on Britain's accession to the Treaty of Rome - likewise during the Lima meeting - paled into relative insignificance, though not a few delegations perceived a threat to their countries' trade in the enlargement of the European Common Market: what would be the position of the associated (mainly francophone) states of Africa? what would be the fate of Commonwealth preferences? would the comparatively small

volume of trade with Western Europe have to be shared among a larger number of poor countries? Such preoccupations accounted for some of the acrimony engendered by the discussions on the contents of the 'Declaration of Lima'.

The third event which occurred while the meeting was going on and which aroused the ire of the Third World was the vote in the US Senate recommending a reduction in that country's foreign aid. This step, which united the '77' in vitriolic diatribes against US oppression and incomprehension, was interpreted immediately as though it had already reached the statute book, and the subsequent backtracking of the US, while prominently reported by Lima newspapers, was hardly noted in the conference rooms. Coming on top of the 10 per cent import surcharge it was seen as an unfortunate indication of the US attitude to the developing world. The surcharge (now lifted) was non-discriminatory. Cuba's Raúl Roa led the chorus of indictment, though he was honest enough to add that his own country was not affected at all.

But these were not the only controversial issues that kept delegates up all night on two or three occasions (and it should be said that probably only very few patronized the night clubs). The thorniest issue was the definition of the 'least developed' among the developing countries. It might be thought that charitable Governments would agree readily to a claim to greater concessions and more favourable treatment for their poorest relations. But not so! Rather, they seem to believe that the entire cake is relatively small, and that every little extra bite taken out of it by any one country or group of countries leaves so much less to be shared among the rest. And so one watched the unedifying spectacle of representatives scrapping among themselves to obtain the meagre crumbs falling from the rich man's table - or rather, not even to secure the crumbs but to ensure that their countries would be covered by the claim to the crumbs.

Predictably, general consensus prevailed on the larger issues: everybody agreed that the developing countries should receive more financial and technical assistance from the developed ones (including the socialist countries) on easier terms, that non-tariff barriers to their trade should be liberalized (the principle of preferential tariff treatment for goods from the developing countries having been conceded some time ago by the importing developed countries and put into effect by several of them), that something should be done to tame liner conferences and to reduce the maritime

transport costs affecting the trade of the developing countries, that technological know-how should be transferred to these countries without strings attached, that the developing countries should participate in any settlement of the international monetary crisis, that the prices of primary commodities should be stabilized at remunerative levels, and so on. Most of these are perennial demands, familiar to anyone acquainted with UNCTAD proceedings.

Naturally, these statements of claim were not dreamt up at Lima. For the most part, they are an amalgam of the regional position papers laid before the meeting: those of the developing countries of Africa, Asia and Latin America. The African paper was remarkable in that it dragged in a matter that is strictly political and extraneous to UNCTAD - that of the withdrawal of Israel's occupation forces from Arab territories - under the guise of a call for a study of the economic consequences of the closure of the Suez Canal. This proposal was eventually reflected in a recommendation that the question should appear on the agenda of the third UNCTAD at Santiago. As the provisional agenda for that Conference has already been approved by the Trade and Development Board, the proposed addition of so portentous an item is sure to give rise to stormy debates at Santiago itself (where, of course, the developing countries will, as in the UN General Assembly, command a comfortable majority if the matter should be pressed to a vote). The Latin American paper - essentially in the form of a number of resolutions passed by the Special Committee for Latin American Co-Ordination (CECLA) which had met, also in Lima, just before the meeting of the '77' - contained a proposal (probably sponsored by the host Government and hence virtually irresistible) for the general recognition of extensive rights of the coastal State in a 200-mile wide territorial sea, a zone of vital importance to Peru, Ecuador and Chile. Another sweeping proposal was one implying that, because the highly industrialized countries were largely responsible for the suddenly very topical threat to the environment, they should so adjust their policies to prevent pollution and contamination attributable to their enterprises that the interests of the developing countries should not be adversely affected. These ambitious aspirations of the developing nations may not meet with the ready response of the developed countries, who could justifiably retort that the Third World is itself a grievous polluter, as anyone who has inhaled the black fumes of Lima's buses can testify. Other parts of the proceedings, however, were not masked by such harmony of views.

How difficult it is even for countries which might be thought to have broadly identical objectives to agree on the formulation of those objectives and on the methods of achieving them is shown by the fact that on at least two occasions the weary delegates sat through the night and greeted the dawn with bleary eyes. Differences were particularly sharp between Africa and Latin America over the definition of the 'least developed' and also over the seemingly minor issue of the 'institutionalization' of the '77', an idea dear to the hearts of some Latin Americans, who saw in it the prospect of jobs in Geneva, but opposed by the Africans who said their countries could not afford to finance yet another bureaucracy.

One or two rather special issues generated more heat than light; for example, the position of the land-locked countries - whose life-line is the transit trade through neighbouring countries fortunate enough to possess a coast and ports - was made much of by Bolivia, which still considers itself aggrieved by the loss of its corridor to the sea after a war with Chile more than seventy years ago.

Two specially invited guests addressed the '77' in Lima: Mr. Malik of Indonesia, President of the General Assembly of the UN then in session in New York, whose speech contained little that was noteworthy for originality of thought; and the Grand Old Man of Latin American economic thought, Raul Prebisch, former Secretary-General of UNCTAD, who pleaded eloquently for an international currency and the forging of a 'link' between Special Drawing Rights and development finance.

A delegation of the UNCTAD secretariat led by the present Secretary-General Manuel Perez Guerrero attended the meeting in the capacity of observers. Though no doubt busy behind the scenes in advising Government representatives on strategy and tactics, their presence was discreet - they are, technically, after all, UN officials - and Mr. Perez Guerrero took the floor only once. The general impression was that he remained somewhat aloof - but then the position of a Secretary-General is an uneasy one at the best of times, (and presumably Mr. Perez Guerrero does not want to be afflicted with the occupational disease of stomach ulcers from which U Thant is suffering).

What is the upshot of the Lima meeting? The documents speak for themselves. They hide under a thin veneer the divergences which manifested themselves among the delegations. The cracks in the supposedly monolithic block of the Third World will be only too visible to the trained eyes of the experts in Foreign Offices from Washington to Tokyo, who will not hesitate to

exploit them to the full, and so split the Group of 77 even further. Nor is it really so surprising that ideologies should differ so greatly. The President of the Meeting was General Mercado Jarrin, Foreign Minister of Peru, in full military splendour, and the meeting was inaugurated by General Valasco, President of the Republic of Peru, likewise in martial attire, who described his Government as neither socialist nor capitalist but 'revolutionary'. The hall itself was filled by representatives of Governments of the most diverse nature, ranging from those ruling their countries according to the canons of Western-style parliament-controlled constitutional 'democracy' to those of countries where power is wielded by autocrats of an almost medieval type. The declaration of Lima pullulates with phrases about what the developed countries (including the socialist ones) should do, but says very little about what the developing countries could or might or ought to do to help themselves.

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Editor's Note: Since the writing of this article, at time of going to print, the UNCTAD III Conference at Santiago is in its fifth week. According to press reports: "The Group of 77 developing countries...have now finally submerged their own internal divisions and passed a draft resolution for forming 'a permanent consultative machinery' to facilitate the "coordination and convergence" of the world's monetary, trade and finance problems....." [Source: Financial Times, London, May 11, 1972.]

## Excerpts from the 2nd Ministerial Meeting of the "Group of 77", Lima, October/November 1971.

selected by Mohinder Puri, IDS

### Part One: Joint Statement

We, the representatives of the 96 developing countries, comprising the vast majority of the human race, assembled at the Second Ministerial Meeting of the Group of 77, in the city of Lima in Peru, from 25 October to 7 November 1971, to harmonize our positions with a view to the Third Session of UNCTAD to be held in Santiago, Chile, in April-May 1972.

We have considered the Bangkok Declaration of the Ministerial Meeting of the Asian Group, the Addis Ababa Declaration of the Ministerial Meeting of the African Group and the Lima Consensus of the Ministerial Meeting of the Latin American Group. And as the result of our consideration of these important documents, and of our substantive agreement concerning the trade and development problems of the world today.

We invite the attention of the international community and of the peoples and governments of the developed countries of the world to:

1. The Declaration containing our assessment of the present world situation, our approach to international endeavours for accelerating the development process in the developing countries, and the basic principles designed to establish a new structure of international economic relations based on a more just and dynamic international division of labour between developing and developed countries; and
2. The Programme of Action in which we have outlined concrete and specific proposals aimed at solving, through international co-operation, the urgent problems of trade and development so that our countries can achieve self-sustaining growth and attain true economic independence, thereby contributing to the balanced growth of the world economy.

We firmly believe that these objectives cannot be achieved without the full and effective participation of our peoples in the processes and benefits of development.

We are conscious that we are witnessing a profoundly revolutionary movement in the history of the world. The significance of this moment is made more profound by the fact that we have met on one of the continents which are in a state of ferment in its search for social and economic justice.

During the years which have elapsed since the First Meeting of the Group of 77 in Algiers, the process of social, economic, technological and political transformation has been further accelerated, thereby imparting a new and challenging dimension to the problems confronting this world; it has provided unprecedented opportunities for man as a result of his increasing domination of nature and space.

In a world which has achieved such prodigious advances in so short a span of time, the persistence and aggravation of the underdevelopment afflicting our countries constitute a growing challenge to the international community. Such a situation, anguishing as it is in itself, has been further aggravated by the gap resulting from, on the one hand, the increasing awareness and aspirations of our peoples for the benefits of modern civilization, and, on the other, the means and possibilities for satisfying them.

This state of affairs - so acute a contrast between two worlds that are geographically so close and yet so far apart in their standard of life - fills us with concern and dismay, and obliges us to act without delay to carry our peoples forward to higher levels of social justice and human dignity. We have been disappointed by the shortcomings of international cooperation. It has shown a progressive deterioration during the past years and has now, in our opinion, reached a state of extreme gravity, the most eloquent manifestations of which are the breakdown of the international monetary system and also the resurgence of protectionist policies which are closing markets, at the very moment when we have the right to expect wider access to them.

The hopes which we had entertained when the Charter of Algiers was adopted in 1967 have been frustrated. Once again, therefore, we confront the conscience of world opinion with facts, figures, arguments and programmes. We trust that the understanding of the statesmen of the developed world will become more responsive and will generate the necessary political



will to lend vigour to international cooperation. On such cooperation will depend not only the success of the efforts to raise the standards of living of a vast majority of humanity, but also the progress and prosperity of all peoples. Indefinite coexistence between poverty and affluence is no longer possible in the world of today.

We have, by meeting for the second time, strengthened the unity and solidarity of the Group of 77 as an instrument for achieving a more rational and equitable pattern of international economic relations, and for increasing the self-reliance of developing countries in organizing their own economic and social progress.

## Part Two: Declaration

Having reviewed the world trade and economic situation and in particular the situation of the developing countries, and having assessed and critically examined policies pursued since their First Meeting in Algiers in October 1967, bearing in mind that the objectives set forth in the Charter of Algiers have not been achieved except to a minimal extent, and having determined their requirements in relation to the goals and objectives and policy measures of the International Development Strategy for the Second United Nations Development Decade.

We invite the attention of the international community and the peoples and the Governments of the developed countries to the following:

(a) The standard of living of the hundreds of millions of people of the developing countries is extremely low and the raising of their standard of living to a level consistent with human dignity constitutes a real challenge for international cooperation and contributes to the creation of conditions of stability and well being for all humanity.

(b) In spite of an overall improvement in international trade and the world economy, as a whole, the relative position of the developing countries continues to deteriorate:

- (i) while during the 1960s the *per capita* income in developed countries increased by over \$650, that in developing countries increased only by about \$40;
- (ii) their share of world trade in exports declined from 21.3 per cent in 1960 to 17.6 per cent in 1970;
- (iii) their external debt burden is growing at such an

- the end of 1969;
- (iv) the financial flows from developed to developing countries are declining in terms of the percentage of the gross national product of the former along with their component of official development assistance;
  - (v) the technological gap between the developed and developing countries is steadily widening.

(c) The present international monetary crisis and the intensification of protectionism by developed countries jeopardize vital trade and development interests of the developing countries and threatens the very basis of international economic cooperation at the very outset of the Second United Nations Development Decade.

(d) The gap in the standard of living between the developed and the developing countries has widened as a result of all these unfavourable trends; since their meeting in Algiers in 1967, the poor countries have become relatively poorer and the rich countries richer.

We are convinced that:

The fundamental causes of the low rate of the economic growth of the developing countries are:

The contradictions inherent in the present structure of international economic relations based on an anachronistic and irrational international division of labour which does not respond to the needs of present world economic conditions nor contribute to accelerating the development processes in developing countries.

The failure of developed countries to adopt trade and monetary policies fully responsive to the development needs and interests of the developing countries and the lack of political will on the part of the Governments of developed countries even to fulfil obligations and commitments assumed by them so far in UNCTAD and other international fora.

The maintenance of certain undesirable trends and policies such as the armaments race, colonialism, racial discrimination, apartheid, occupation of the territories of any State, and in a general way any dependence whatever its form that would contribute to the aggravation of social and economic under development.

We urge the international community:

To use international machinery to bring about a rapid transformation of the world economic order, particularly in the field of trade, finance, shipping, invisibles and technology through:

(a) The achievement of a more rational international division of labour carried out through necessary structural readjustments in the economics of developed countries in order to enable developing countries to diversify their economies, to increase the access of their products to the markets of developed countries and thus accelerate the rate of growth of the developing countries. For this purpose, developed countries should adopt and implement specific programmes of adjustment, including anticipatory adjustment in their production structures.

(b) The adherence by the developed countries, to certain basic principles in the field of international trade and development such as:

Observing strictly the Standstill in regard to tariff and non-tariff matters; according trade concessions to all developing countries on a strictly non-reciprocal basis; and extending to developing countries preferential treatment in all trade and development matters.

The recognition that every country has the sovereign right freely to dispose of its natural resources in the interests of the economic development and well-being of its own people; an external, political or economic measures or pressure brought to bear on the exercise of this right is a flagrant violation of the principles of self-determination of peoples and of non-intervention, as set forth in the United Nations Charter and, if pursued, could constitute a threat to international peace and security.

The implementation by the international community of the programme of special measures in favour of the least developed among the developing countries as well as the land-locked developing countries with a view to enabling them to benefit fully and equitably from the Second United Nations Development Decade.

The responsibility of the international community to eliminate any impediments to the growth and development of the developing countries and thus contribute to the creation of a world economic environment conducive to progress, prosperity and the attainment of collective economic security.

The full participation of developing countries on the basis of equality with other members of the international community in any prior consultations and decision making in the reform of the world trade and monetary system, developed countries not taking unilaterally any decisions which

directly or indirectly affect the social and economic development of developing countries.

The promotion of a massive transfer of operative technology to developing countries on favourable terms and conditions in order to contribute to their rapid industrialization; making available to developing countries freely and on a non-discriminatory basis among them all scientific and technological information relating to their development requirements.

The reservation by the developing countries of an increasing and substantial share in all invisible operations relating to their foreign trade, including shipping and insurance.

The assurance that the developed countries, in dealing with the balance of payments problems observe the principles of international economic cooperation and fulfil the commitments undertaken by them to that end.

The recognition by the developed countries of the right of the developing countries to dispose of marine resources within the limits of their national jurisdiction the establishment of which must take duly into account the development and welfare needs of their peoples; and ensure their participation in the substantive benefit that may derive from the international management of the sea-bed, the ocean floor and the subsoil thereof beyond the limits of national jurisdiction, giving particular consideration to the needs of the land-locked States.

The recognition of the relationship between environmental problems and development, and of the need for the developed countries in adopting any environmental policies and pollution control measures, to take into account the development needs of the developing countries and to ensure that their economies are not adversely affected.

The utilization for the promotion of the economic and social progress of developing countries of a substantial proportion of the savings from the progressive measures towards general and complete disarmament.

### Part Three: Programme of Action

#### Implementation of the policy measures within UNCTAD's competence

The Ministerial Meeting stressed that:

(a) UNCTAD should be action-oriented and its negotiating role strengthened.

(b) UNCTAD should be oriented towards the implementation of the provisions of the International Development Strategy so as to enable it to lay down the necessary guidelines for future action and for the formulation of principles and policies on international trade and related problems of economic development.

(c) The review and appraisal functions entrusted by the International Development Strategy should continue to be vested in the Board which may discharge this responsibility through the main committees in order to promote negotiations connected with the search for new areas of agreement and the extension of existing ones within the framework of the International Development Strategy.

(d) That such negotiations first and foremost be directed towards enabling Governments to withdraw the reservations or restrictive interpretations which are still being applied to many of the most important provisions of the Strategy and to implement these provisions fully and effectively within the time-limits specified in the Strategy.

(e) The system of the review of the implementation of the recommendations of the Conference should be broadened so as to take within its stride the review and appraisal of the objectives and policies of DD2 which fall within the competence of UNCTAD.

#### Third session of UNCTAD

In accordance with the aims set forth in General Assembly resolution 2725 (XXV), the attention of the United Nations Conference on Trade and Development should be drawn at its third session, in pursuing the functions falling within its competence and its role in the implementation of the International Development Strategy for the Second United Nations Development Decade in a dynamic concept, to the importance of:

(a) reviewing the progress made in and seeking further implementation of the policy measures as agreed upon within the context of the International Development Strategy;

(b) reaching agreement in more specific terms on issues which have not been fully resolved in the International

Development Strategy and which have an important bearing on its implementation;

(c) seeking new areas of agreement and widening existing ones;

(d) evolving new concepts and seeking agreement on additional measures.