PRESS COMMUNIQUE

1. The Development Committee held its twenty-fourth meeting in Washington, D.C. on September 23, 1984 under the chairmanship of His Excellency Ghulam Ishaq Khan, Minister for Finance, Commerce and Economic Coordination of Pakistan. Mr. A. W. Clausen, President of the World Bank, Mr. J. de Larosiere, Managing Director of the International Monetary Fund, and Mr. Fritz Fischer, Executive Secretary of the Development Committee, participated in the meeting. Representatives from a number of international and regional organizations and Switzerland also attended.

2. The Committee heard its Chairman, the Managing Director of the IMF, the President of the World Bank, and the Chairman of the Group of 24 on the world economic outlook.

3. The Committee welcomed the successful completion of negotiations of a Selective Capital Increase of $8.4 billion for the World Bank and a capital increase of $650 million for the International Finance Corporation. It noted with concern that recent efforts by IDA management and donors to mobilize a supplementary funding arrangement for IDA-7 had not yet been successful and requested that in accordance with the Canadian proposal the situation should be reviewed.

4. The Committee discussed the report prepared for the meeting by the World Bank entitled "Toward Sustained Development: A Joint Program of Action for Sub-Saharan Africa." The members reiterated their concern at the severity of the Sub-Saharan African economic situation and noted that many African governments were making serious efforts to rehabilitate and restructure their economies. The Committee concluded that there was an emerging consensus on the diagnosis of Sub-Saharan Africa's economic problems and on measures needed to address them. Members further agreed that delay in taking action could not be
The Committee expressed strong support for the report's proposed action program, emphasizing that its implementation required the concerted and sustained efforts of African governments, bilateral donors and international organizations. The Committee encouraged the donors to provide more flexible forms of development assistance in both their bilateral and multilateral aid best adapted to Africa's needs and urged the World Bank to take a leadership role in strengthening aid coordination efforts. In that connection, the Bank was also encouraged to explore with donors various approaches to mobilizing the resources required to implement the proposed program for Sub-Saharan Africa. The Bank was asked to report to the next meeting of the Development Committee on the progress achieved in implementing the program.

5. In the discussion on linkages between trade and the promotion of development, a presentation was made to the Committee by the Director General of GATT, Mr. Arthur Dunkel. The Committee agreed that progress in maintaining open access to markets for the exports of developing countries and in reinforcing the multilateral rules and disciplines for trade was an essential support to their current adjustment efforts and to the long-term solution to the debt problem. The Committee encouraged the immediate adoption of concrete measures to combat protectionism. It noted the progress being made in the implementation of the GATT's ongoing work program, and welcomed the consideration being given to the role that could be played in liberalizing and strengthening the trading system by a new GATT round of multilateral trade negotiations in which all countries--developed and developing alike--could participate and from which all could benefit. Members also emphasized the contribution private investment could make to trade and development.

6. The Committee noted the ongoing discussions in the World Bank on its future role and the contribution it could make to developing countries' structural adjustment efforts and to the successful resumption of investment and economic growth. The Committee looks forward at its next meeting to suggestions from World Bank management concerning the future role of the Bank and the implications for longer-term capital requirements, keeping in mind the need for a general capital increase. It urged that sufficient progress should be made in the next several months for the subject to be considered in depth at the spring 1985 meeting.

7. It was agreed that, at an extended meeting in spring 1985, the Development Committee will discuss, within the context of a medium-to-long-term framework and the current approaches toward resolving debt problems, the structural and development aspects of the problems of developing countries in their efforts to achieve sound economic growth. These include, inter alia, external indebtedness, protectionism, commodity prices, interest rates, the structure of capital flows and obstacles to direct investment and equity capital flows. In this connection, it called on the Managing Director of the Fund and the
President of the World Bank to prepare in close collaboration, contributing from the perspective of their respective mandates and competences, background papers for submission, after consideration by their respective Executive Boards, to the next meeting of the Committee.