

19. We underscore our commitment to work in concert to achieve the necessary adjustments of agricultural policies, both at home and through comprehensive negotiations in the Uruguay Round. In this, as in other fields, we will table comprehensive proposals for negotiations in the coming months to be conducted in accordance with the mandate in the Ministerial Declaration, and we intend to review at our next meeting the progress achieved and the tasks that remain.

20. In the meantime, in order to create a climate of greater confidence which would enhance the prospect for rapid progress in the Uruguay Round as a whole, and as a step towards the long-term result to be expected from those negotiations, we have agreed, and call upon other countries to agree, to refrain from actions which, by further stimulating production of agricultural commodities in surplus, increasing protection or destabilizing world markets, would worsen the negotiating climate and, more generally, damage trade relations.

#### **Developing countries and debt**

21. We attach particular importance to fostering stable economic progress in developing countries, with all their diverse situations and needs. The problems of many heavily indebted developing countries are a cause of economic and political concern and can be a threat to political stability in countries with democratic regimes. We salute the courageous efforts of many of these countries to achieve economic growth and stability.

22. We underline the continuing importance of official development assistance and welcome the increased efforts of some of our countries in this respect. We recall the target already established by international organizations (0.7%) for the future level of official development assistance; and we take note that overall financial flows are important to development. We strongly support the activities of international financial institutions, including those regional development banks which foster policy reforms by borrowers and finance their programmes of structural adjustment. In particular:

- we support the central role of the IMF through its advice and financing, and encourage closer cooperation between the IMF and the World Bank, especially in their structural adjustment lending;
- we note with satisfaction the contribution made by the Eighth replenishment of the International Development Association (IDA);

- we support a general capital increase of the World Bank when justified by increased demand for quality lending, by its expanded role in the debt strategy and by the necessity to maintain the financial stability of the institution; and
- in light of the different contributions of our countries to official development assistance, we welcome the recent initiative of the Japanese government in bringing forward a new scheme which will increase the provision of resources from Japan to developing countries.

23. For the major middle-income debtors, we continue to support the present growth-oriented case-by-case strategy. Three elements are needed to strengthen the growth prospects of debtor countries: the adoption of comprehensive macroeconomic and structural reforms by debtor countries themselves; the enhancement of lending by international financial institutions, in particular the World Bank; and adequate commercial bank lending in support of debtor country reforms. We shall play our part by helping to sustain growth and expand trade. A number of debt agreements have allowed some resumption of growth, correction of imbalances, and significant progress in restoring the creditworthiness of some countries. But some still lack adequate policies for structural adjustment and growth designed to encourage the efficient use of domestic savings, the repatriation of flight capital, increased flows of foreign direct investment, and, in particular, reforms of financial markets.

24. There is equally a need for timely and effective mobilization of lending by commercial banks. In this context, we support efforts by commercial banks and debtor countries to develop a "menu" of alternative negotiating procedures and financing techniques for providing continuing support to debtor countries.

25. Measures should be taken, particularly by debtor countries, to facilitate non-debt-creating capital flows, especially direct investment. In this connection, the Multilateral Investment Guarantee Agency (MIGA) should begin to serve its objectives as soon as possible. It is important to maintain flexibility on the part of export credit agencies in promptly resuming or increasing cover for countries that are implementing comprehensive adjustment programmes.