Confidence-Building Measures in International Economic Relations Among Countries Having Different Economic and Social Systems

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Appeal for Confidence-Building

Authority, antecedents and moving forces

By adopting the resolutions 38/196 and 39/226 on "confidence building in international economic relations" the U.N. General Assembly expressed the common concern that the stalemate in dealing with vital economic issues faced by humanity is partly due to the fact that the parties involved are locked in apriori positions of mistrust which hamper the search for agreed solutions and tend to reduce their scope.

For this reason the resolution reaffirms the importance of dealing in good faith in international relations, the thought that can be traced from the United Nations Charter to the Declaration on Principles of International Law concerning friendly relations and cooperation among States and to the Final Act of the Conference on Security and Cooperation in Europe (Helsinki).

The United Nations initiatives reflect a major groundswell of public awareness in respect of the crucial importance of trust in international economic matters. This is due to the fact that structural obstacles to economic and social development have been taking unprecedented proportions with wide-spread repercussions: fundamental disequilibrium of international exchanges, inadequacy of financial flows for sustained economic growth in the third world and erosion of concepts and rules governing international economic relations are becoming a widely shared concern: appeals converge for concerted action in order to forestall the inexorable escalation of restrictive policies and practices and lay the groundwork for the promotion of shared long-term interests.

Proposals for action presented to GATT by a group of independant experts as "Trade policies for a better future" (March 1985) call for giving the trading system a sense of fairness, minimizing political conflict and providing reasonable confidence that the markets will remain open. This initiative coincides with the earlier appeal of the Summit Economic Conference of the CMEA countries (Declaration, June 1984) for the adoption of a Programme of Action to improve international economic relations, assure economic security, work for stronger mutual trust, avoid confrontation among countries having different economic and social systems, withstand economic isolation and remove barriers standing in the way of their larger economic involvement. Earlier, in October 1983, the ministerial meeting of non-aligned countries and the group of 77 suggested the elaboration of measures to strengthen the confidence in order to safeguard economic co-operation from the negative impact of political tensions. The perception thus seems to prevail that "unpolicy" in matters of in-

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ternational economic relations is an untenable attitude and that common in-
terest in the system's functioning outweighs differences in the appraisal of spe-
cific problems.

In its appeal to governments, United Nations organizations and other bodies
concerned to indicate the scope of possible confidence-building measures, the
*General Assembly resolution 38/196* delineates their nature in terms of objec-
tives to be attained, namely:

- reinforcement of stability and reliability;
- revival of world trade and consolidation of economic recovery;
- establishment of a New Economic International Order;
- sustained development of the developing countries.

Simultaneously, it emphasizes the respect for the principles of equal rights and
sovereignty as an essential precondition and points to the broad exchange of
information as an indispensable complement to the pursuit of appropriate poli-
cies.

**Concept and nature**

Primarily and most acutely the paralyzing effect of mistrust has been felt in de-
aling with military security because of the horrendous potential of mutual de-
struction and speed with which it can be triggered off.

Initially the concept of "confidence building" has been coined as a comple-
ment to the Principles guiding relations among the participants of the Con-
ference on security and cooperation in Europe (Principles henceforth) held in
Helsinki. It was designed to cover a number of measures in the military field
having the common purpose of allaying the persisting fears by devices of mu-
tual notification, verification and contacts. In this manner declared intent to
live up to the agreed Principles is put to test on several specific points which
are crucial for conferring to the Principles a growing credibility and to pave the
way for further negotiations on a broader range of issues.

The promotion of mutual understanding and confidence in the course of eco-
nomic cooperation, as well as the fulfilment in good faith of obligations under
international law, figure duly also in the Principles without, however, further
elaboration in more specific terms.

While confidence-building will certainly continue to be an object of erudite
dissertations, the respective General Assembly resolution calls for a more prac-
tical search for a workable concept capable of streamlining the common will
to act in support of agreed purposes and principles. In this sense the Madrid
Concluding document of the Conference on Security and Co-operation in Eu-
ope (Concluding document thereafter) provides further guidance by calling for
"concrete action, unilateral, bilateral and multilateral, in order to restore trust
and confidence between the participating countries which would permit a sub-
stantial improvement in their mutual relations". Confidence is here defined as
a factor necessary for the climate essential for attaining the vital purposes pur-
sued by the United Nations. This amounts to an appeal for reaffirming the
commitment to solidarity and cooperation which inspired the adoption of the

In adopting the resolution 38/196 the General Assembly implicitly expressed