United Nations A/C.2/59/SR.11

General Assembly
Fifty-ninth session

Official Records

Distr.: General
1 November 2004

Original: English

Second Committee

Summary record of the 11th meeting
Held at Headquarters, New York, on Wednesday, 13 October 2004, at 5 p.m.

Chairman: Mr. Balarezo . . . . (Peru)

Contents

04-54956 (E)

0454956

The meeting was called to order at 5.40 p.m.

Agenda item 84: Follow-up to and implementation of the outcome of the International Conference on Financing for Development (*continued*) (A/59/92-E/2004/73, A/59/92/Add.1-E/2004/73/Add.1, A/59/92/Add.2-E/2004/73/Add.2, A/59/270, A/59/272, A/59/115 and A/59/155-E/2004/96)

1. **Mr. Swapon** (Bangladesh) said that despite the positive outlook for the world economy, implementation of the Monterrey Consensus had been uneven at best. Indeed, according to the Zedillo Panel, financial flows fell $50 billion short of what was needed to achieve the Millennium Development Goals. The debt sustainability framework was not suitable for low-income countries with a high incidence of poverty. More inclusive debt relief measures such as increasing the concessionality of financing, modifying the Heavily Indebted Poor Countries (HIPC) Initiative and further reducing external debt thresholds would be far more helpful. Welcoming the progress achieved by some countries in establishing clear timetables or setting aside 0.7 per cent of their gross national income for official development assistance, he called for additional aid flows. It would also be vital to explore innovative sources of financing, including the proposed international finance facility, voluntary contributions and global taxation, and to ensure more equitable distribution of foreign direct investment.

2. While international trade was recovering and had increased by an estimated 7 per cent in 2004, many developing countries and particularly the least developed countries remained marginalized and vulnerable to external shock. The international community must improve developing countries' access to trade financing, protect countries that were adversely affected by trade liberalization or commodity price volatility and address balance-of-payment pressure in developing countries. It must also address the risk of market disruptions immediately following the liberalization of the textile trade in 2005 by providing adjustment support for countries like Bangladesh. The goal of the Agreement on Textiles and Clothing should be to help developing countries achieve the Millennium Development Goals. More broadly, the frameworks set out by the World Trade Organization (WTO) for future negotiations in key areas of the Doha Work Programme must be translated into tangible results.

3. Under Prime Minister Zia, Bangladesh had made considerable strides in the socio-economic area. It had attained a stable economy and achieved a growth rate of 5.5 per cent in 2003. It had also posted record growth in foreign investments, export earnings and its foreign currency reserve. Those successes were the result of: a prudent mix of socio-economic strategies; strong macroeconomic management; appropriate use of external support; a culture of pluralism; pro-market, pro-poor and gender-balanced policies; powerful democratic institutions; and innovative, home-grown poverty eradication initiatives within the context of an enabling environment.

4. **Ms. Navarro** (Cuba) expressed deep concern at the way in which developed countries were manipulating international negotiations on the issues addressed by the Monterrey Consensus, including external debt, international trade, official development assistance and foreign direct investments. Instead of renewed commitment and strong political will, the developed countries put forward excuses and conditionalities that were neither economically viable nor morally acceptable. In their eyes, the economic failures of the developing countries were the result not of indiscriminate privatization, budget balancing at the expense of social programmes, and uncontrolled trade liberalization but rather of the "inadequate" application of neoliberal reforms and weak institutions. While the role of the private sector, particularly small and medium-sized enterprises, was important to job creation and income distribution in developing countries, it was not a central element of the Monterrey Consensus and should not be exaggerated or sidetrack the discussion of Governments' responsibilities at both the national and international levels.

5. At the 2003 spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO, her delegation had proposed a number of specific measures concerning international trade, the reform of the international financial system and external debt. In particular, it had called for the creation of a multilateral mechanism within the United Nations system that would serve as a kind of international tribunal to resolve disputes between debtors and creditors.

6. Her delegation noted with interest recent proposals on new and innovative development financing mechanisms, particularly those outlined in the study undertaken by the World Institute for Development Economic Research (UNU-WIDER) of the United Nations University. A number of initiatives examined in that study had been debated for years; it was now time for action with respect to new special drawing rights, an international tax on financial speculation and carbon emissions and increased remittances to developing countries by emigrants. Such alternative sources of financing, however, could in no way replace the international commitments assumed at the International Conference on Financing for Development and other major United Nations conferences and summits. Under no circumstances must financing for development become an investment business; rather, it must remain true to the spirit of international cooperation in which it had been conceived.

7. **Mr. Chave** (Switzerland) said that his country remained fully committed to the multi-stakeholder approach developed during the preparatory process for the International Conference on Financing for Development. Referring to the report of the Secretary-General on follow-up to and implementation of the outcome of that Conference (A/59/270), he said that ongoing differentiation and external support were needed to help sustain the sound domestic policies implemented by developing countries, which remained vulnerable to external economic shocks and changes. His delegation commended the multi-stakeholder dialogue on the mobilization of resources launched by the Financing for Development Office of the Department of Economic and Social Affairs and the adoption of a multi-stakeholder approach to the preparations for the International Year of Microcredit.

8. Switzerland was promoting private investment through its support for the collection and dissemination of information to benefit both foreign and local investors in developing countries. Through the Financing for Development Office, it had worked with the World Economic Forum to examine the potential role of the public sector in issuing financial instruments to mitigate risks and the role of multilateral institutions in mobilizing private capital. Switzerland continued to provide training and financial and technical assistance to strengthen countries' legal and institutional investment frameworks, deepen their financial sectors, improve their human resource skills and support their integration into the global financial sector.

9. With regard to trade, he stressed the importance of a successful conclusion of the Doha round for the longer-term growth perspectives of poorer countries. Turning to external debt, he hailed the extension of the sunset clause of the HIPC Initiative to allow more countries to benefit from the Initiative. To that end, he urged those countries to address their fiscal and structural imbalances and called for technical assistance to support their debt management efforts.

10. Not all countries would enjoy rapid results from the twin growth engines of foreign investment and debt alleviation. Many countries would continue to rely on official development assistance, which must be significantly greater and more effective in order to help them attain the Millennium Development Goals by 2015. In view of the shortfall in official development assistance, his delegation welcomed recent discussions on mobilizing additional resources for development financing through new and innovative devices and mechanisms. As highlighted at both the current session of the General Assembly and at the annual meetings of the Bretton Woods institutions, however, such proposals must be more closely examined by the Financing for Development Office, the World Bank and other institutions. Switzerland stood ready to participate in that process, which should be aimed primarily at benefiting the poorest countries and generating additional resources without creating undesired distortions. There was no need to create new institutions for that purpose. In conclusion, the 2005 High-Level Dialogue on Financing for Development should be held as a separate event, towards the end of the sixtieth session of the General Assembly, well after the five-year review of the Millennium Summit.

The meeting rose at 6.05 p.m.