



# General Assembly

Fifty-ninth session

Official Records

Distr.: General  
18 February 2005  
English  
Original: Spanish

---

## Second Committee

### Summary record of the 20th meeting

Held at Headquarters, New York, on Friday, 29 October 2004, at 3.00 p.m.

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

## Contents

Agenda item 87: Globalization and interdependence (*continued*)

- (a) Globalization and interdependence
- (b) International migration and development
- (c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin
- (d) Culture and development
- (e) Integration of the economies in transition into the world economy

---

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

04-57909 (E)

\* 0457909 \*

*The meeting was called to order at 3.10 p.m.*

### **Presentation (continued) and general debate**

#### **Agenda item 87 (a): Globalization and interdependence (continued) (A/59/312)**

1. **Mr. Khan** (Office of ECSOC Support and Coordination of the Department of Economic and Social Affairs), before introducing the report of the Secretary-General on globalization and interdependence (A/59/312), replied on behalf of the Secretariat to statements made during the 19<sup>th</sup> meeting. He recalled that during the debate it had been claimed that the report of the Secretary-General was less well written than *The Wealth of Nations* by Adam Smith, and that the arguments advanced in the report went much further than that author's ambitions. The speaker thoroughly agreed with both statements; the authors of the report were indeed much more ambitious than Adam Smith, because they wanted to identify the necessary and sufficient conditions for making development a reality throughout the world. Analysis of the economic development of Europe showed that the idea of the business spirit and the right to personal development had been considered fundamental and necessary. The market and competition had been viewed as the cornerstones of growth. But that concept, which had been expressed for the first time by Adam Smith, needed to be balanced with the idea of justice. One could not have freedom without justice; there could be no markets without institutions, nor private enterprise in the absence of government policies and effective public institutions. What the report stated was that, to achieve growth and development, additional conditions were necessary to strike a balance between those ideas; and perhaps that was the missing element in the debate during the previous meeting. Nonetheless, that did not mean returning to a statist approach to development; the recommendation was to manage globalization to the benefit of all people – a concept embraced in the Millennium Declaration. To achieve that, not only were freedom and markets necessary, but also justice and equity; and only in that way could the Millennium Development Goals be achieved.

2. The report *Globalization and Interdependence* considered ways of achieving those objectives in the context of globalization of the world economy. The fundamental challenge faced by developing countries,

and the least developed countries (LDCs) in particular, stemmed from the differential results of globalization. While new technologies, markets and capital flows created great opportunities, they also entailed uncertainty and risk. Countries with the capacity and resources to take advantage of those opportunities would probably benefit from globalization; those that lacked capacity and access were likely to be left behind. Globalization could simultaneously speed up economic growth and accentuate inequalities in income and wealth. Against that backdrop of opportunities and uncertainties, development cooperation could not be separated from the more difficult task of harnessing globalization for the benefit of all. As the report stated, the Millennium Development Goals could only be attained if a global regulatory response were formulated that was coherent and well coordinated. Possibilities for fostering development, recognized in the globalization process, had not yet materialized in many developing countries, especially the poorest among them. Such countries needed help to participate effectively in the process on an equal footing, to achieve internationally agreed development goals, including those contained in the Millennium Declaration. Globalization had a wide variety of repercussions on economic, social and environmental goals; and one of the hardest tasks was to regulate its effects in the different spheres. The report sought to identify the different effects of globalization and ways to harness them through policies that were consistent at the national, regional and global levels.

3. Globalization had affected people's lives in different ways; and it was widely believed to have contributed to greater income inequality in some cases. In Latin America, for example, following trade liberalization, imports of state-of-the-art technologies had reduced the demand for unskilled labour while increasing demand for skilled and educated workers. That had widened pay differentials and caused higher unemployment. Financial-sector liberalization, in particular short-term capital flows, had fuelled speculative operations on a large-scale resulting in major financial crises involving high social costs, such as occurred in East Asia in the late 1990s. The effects of globalization on environmental protection were contradictory; while open markets and new technologies had facilitated the transfer of environmentally harmless technologies and efficient use of natural resources, they had also implanted unsustainable consumption and production patterns. To

address those aspects of globalization, special attention needed to be given to ways of promoting consistent and mutually reinforcing policies.

4. Governance needed to be strengthened and coordination ensured among economic, social and environmental authorities at the national level; and help was needed to create institutions and enhance capacity for regulatory coordination. The countries that had succeeded in exploiting the opportunities of globalization were those that had the human resources and physical structure needed to participate in the world economy; so it was essential to increase investments in the health and education sectors. At the regional level, there was a need to promote integration between national and regional policies, which would particularly help the small and poorest countries to participate in the world economy by overcoming their structural limitations. Some regions had been working towards economic integration, for example, in trade and infrastructure development. Such initiatives needed to be extended to the social and environmental domains, and to the human-resource and science and technology development sectors. Policy consistency at the regional level could be the essential link between national policies and global processes. Regional integration could help formulate a coherent position enabling the States of a given region to negotiate to achieve fair conditions, thereby maintaining their autonomy. Some regions had moved forward in that process, but in other cases much remained to be done. Despite the many challenges at the global level, the report focused on the lack of consistency among development assistance and trade policies. Some of the trade policies implemented by developed countries, particularly those regulating access to the markets that are of prime interest to developing countries, tended to neutralize development assistance. Consequently, for financial, trade and assistance flows to impact favourably on development, the policies promoted by regulatory mechanisms and world institutions needed to be consistent.

5. The international community also needed to bear in mind different countries' needs, along with the development level and capacity for assimilation and integration in each case. Individual countries should be given sufficient autonomy to participate in the world economy at their own pace, in order to prevent integration occurring at the expense of their social and environmental sectors. In short, policy consistency

needed to become a beneficial instrument for the domestic economy as a whole, including the social and environmental sectors. United Nations conferences and summits had helped forge consensus on an integrated development programme, establishing a practical framework to promote global policy consistency. The core of this latter initiative was the eighth Millennium Development Goal of forging a global partnership for development. A key aspect of such a partnership entailed formulating consistent policies on assistance, trade and debt relief, in order to support the priorities of national development strategies.

6. It was encouraging to note that, with application of the Monterrey Consensus, some improvement had been made in achieving greater consistency among macroeconomic and trade policies, and those relating to assistance and debt. It was also worth mentioning recent progress in application of the Doha work programme in the trade sphere. Nonetheless, much more progress was needed to ensure that the benefits of globalization were fairly distributed. The report made specific recommendations on this subject, which the speaker hoped the Committee would examine during the course of its deliberations.

**Agenda item 87 (b): International migration and development (A/59/325 and A/59/73)**

7. **Mr. Chamie** (Population Division of the Department of Economic and Social Affairs) introduced the report of the Secretary-General on international migration and development (A/59/325), prepared pursuant to General Assembly resolution 58/208 which had requested the Secretary-General to submit such a report to the Assembly at its fifty-ninth session. Preparation of the report had taken account of consultations held with the relevant organs, agencies, funds and programmes of the United Nations and other inter-governmental, regional and subregional organizations working in the field of migration and development. The report summarized the recent activities of the relevant agencies at the regional and international levels, bearing in mind experience acquired in the management of migration and migration policies; and it considered mechanisms that the United Nations system could establish to review international migration and development issues. It outlined a number of the main initiatives undertaken by Member States to create a multilateral cooperation framework, in order to improve the management of

migratory processes; and it made suggestions on the alternatives available to the United Nations in addressing the issue of international migration and development.

8. The inter-governmental mechanisms established by the United Nations system in relation to international migration were the Population and Development Commission in the economic and social domain, the Human Rights Commission in the field of human rights, and the inter-governmental organs of the International Labour Organization, and the Office of the United Nations High Commissioner for Refugees in the operational domain. Outside the United Nations system, special mention should be made of the activities of the International Organization for Migration (IOM). Nonetheless, there was no international global mechanism devoted to the multiple and complex links that existed between international migration and development. As the importance of international migration in world affairs was increasingly being recognized, however, the international community had begun to examine how the United Nations could support and promote activities to address the problems of worldwide migration. For example, Member States generally believed that the function of the United Nations in compiling, analysing and disseminating information on international migration was essential to give the lie to the myths that persisted on that subject, and to provide guidance for the formulation of suitable policies. Member States also stressed the need to improve cooperation and coordination among United Nations organs, agencies and funds, and other international organizations working in this field.

9. The speaker highlighted four issues. Firstly, in recent years the movement of people across borders had grown in magnitude and complexity, and not just in terms of visibility. International migration affected the life and welfare of many peoples and societies, and the functioning of States and groups of States. International migration today was a worldwide phenomenon in which States were increasingly participants, either as migrant origin or recipient countries, or else as countries of transit. This had increasing demographic, economic, social and political consequences for cities, provinces, nations and regions. Secondly, international migration occupied a prominent place on political agendas. In Europe, the Persian Gulf, America, South-east Asia, Southern Africa and

Oceania, international migration was an increasing concern for individuals, communities, enterprises, non-governmental organizations and States. Such concerns had been reflected in the debates held in national capitals and in regional and inter-regional fora. During the past decade, for example, the issue of international migration and development had appeared six times on the agenda of the General Assembly. Thirdly, although it had not yet been decided whether to convene a United Nations conference on this subject, expectations had grown that the United Nations would address the problem in comprehensive fashion. In that regard, the high-level dialogue scheduled for 2006 would provide new opportunities to review the many facets of the migratory phenomenon. Study of such issues in the United Nations would also be enriched by the conclusions of the Global Commission on International Migration, whose report was scheduled for publication in mid-2005. Lastly, international migration would continue to be a cause for much concern among the international community in the twenty-first century; and, although national interests differed in several respects, there could be no doubt that international collaboration was needed to address the worrying problems and promising opportunities that it raised.

**Agenda item 87 (c): Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin (A/59/203)**

10. **Mr. McClean** (United Nations Office on Drugs and Crime) introduced the report of the Secretary-General on preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin (A/59/203). He announced that the United Nations Convention against Corruption, which had been approved by the General Assembly in resolution 58/4 of 31 October 2003 and made available for signature at the High-level Political Conference held for that purpose in Mérida (Mexico) from 9 to 11 December 2003, had already been signed by 113 States and ratified by 10 in less than a year. It was hoped that the 30 ratifications needed for the Convention to enter into force would be obtained within the next 12 to 15 months.

11. The speaker recalled that asset recovery had been one of the fundamental issues in negotiations for the Convention, and that the decision taken by the Second

Committee four years ago to devote special attention to the problem and direct the energies of the international community towards seeking appropriate solutions, had helped to formulate the mandate of the Ad hoc Committee responsible for negotiating the Convention against Corruption. The Commission on Crime Prevention and Criminal Justice, for its part, had helped States analyse those complex issues and foster a common understanding of the solutions required. On the Commission's recommendation, the Economic and Social Council had approved resolution 2001/13, giving renewed momentum to the study of that issue in the negotiations; and it had requested the Secretariat to conduct a study to facilitate the deliberations of the Ad hoc Committee. The report to the Ad hoc Committee, arising therefrom, identified the main obstacles hindering asset recovery, namely the anonymous nature of the transactions concerned, which made it hard to trace funds and prevent subsequent transfers; lack of technical expertise and resources; lack of harmonization among legal systems and cooperation; problems relating to bringing criminals to trial and obtaining convictions as a preliminary step to asset recovery; concerns about the motives behind recovery efforts; and competing claims within and across States. The study highlighted the importance of adopting effective measures for asset recovery that supported efforts being made by countries to redress the worst effects of corruption while sending a message to corrupt officials that there would be no place to hide their illicit assets.

12. The spirit of cooperation that had prevailed in the seventh session of the Ad hoc Committee had made it possible to reach consensus on chapter V of the Convention, which aimed to help States Parties overcome the obstacles identified in the study. The Convention established asset recovery as a fundamental principle, and obliged States Parties to provide the widest possible cooperation and assistance in that field. It also established measures for prevention and detection of the transfer of funds of illicit origin, and a regime for direct recovery of property, a regime of international cooperation for the purposes of confiscation, and also measures for return and disposal of assets. The article dealing with the return of assets established three types of measure. In the case of misappropriation of public funds, these would be returned to the requesting State Party; in the case of the proceeds of any other offence covered by the Convention, the property would be restored to the

requesting State Party, provided the latter established its ownership of the funds or if the requested State Party recognized damage to the requesting State Party. In all other cases, the priority would be to return confiscated property to the requesting State Party or its prior legitimate owners, or to compensate the victims of the crime.

13. At the Mérida conference, attention had been drawn to the provisions of the chapter of the Convention dealing with asset recovery. Developing and developed countries alike had stressed its importance, citing the obstacles that illicit appropriation of funds created for sustainable development, and the burden imposed on the most vulnerable sectors of society. The representatives of States whose assets had been misappropriated, described the damage caused by the transfer abroad of illicitly acquired funds, and urged increased cooperation in asset recovery.

14. The report that the Committee had before it made four recommendations: (i) to promote the Convention's prompt entry into force; (ii) to strengthen international cooperation and technical assistance; (iii) to support the work of the United Nations Office on Drugs and Crime in promoting application and ratification of the Convention; and (iv) to increase cooperation to advance asset recovery. The report also included a summary of the responses received from Member States in relation to implementation of General Assembly resolution 58/205. After the report had been written, the Office had received responses from three Member States (Azerbaijan, Hungary and the United Arab Emirates), which had been summarized in the document circulated to Committee members.

15. Negotiation and approval of the Convention demonstrated the political will prevailing among Member States to combat corruption; and their spirit of cooperation, pragmatism and flexibility had made it possible to reach an agreement on highly complex issues. That spirit needed to be maintained to ensure early entry into force of the new Convention, and to support and strengthen efforts to combat corrupt practices at the national and international levels.

16. The ninth of December 2004 would mark the first anniversary of the High-level Political Conference for the Signing of the Convention, held in Mérida, and would also be the first International Anti-Corruption Day. The speaker urged the competent authorities of

Member States to reaffirm their dedication to the cause of combating corruption by organizing appropriate activities in collaboration with the private sector and civil society.

**Agenda item 87e: Integration of the economies in transition into the world economy**

17. **Mr. Kinniburgh** (Director of the Development Policy and Planning Office of the Department of Economic and Social Affairs) introduced the report of the Secretary-General entitled *Integration of the Economies in Transition into the World Economy* (A/59/301), prepared pursuant to General Assembly resolution 57/247, which had called upon the Secretariat to continue to conduct analytical activities and provide policy advice to the Governments of countries with economies in transition, in order to complete their transformation into market economies.

18. The report firstly analysed overall trends and recent macroeconomic policies in such countries, and noted that their policies had helped to improve their economic environment and integration into the world economy. In 2003, GDP expansion in that group of countries had outpaced growth in the world economy by 3 per cent, and that pattern was expected to continue in 2004 thanks to buoyant exports, robust domestic demand and prudent macroeconomic policies. Although the economies of Central and Eastern Europe had continued to grow, the centre of dynamism in that region had shifted to South-eastern Europe, where the Balkan States had experienced rapid economic growth thanks to years of reforms and prudent macroeconomic policies. The economies of the Commonwealth of Independent States (CIS) were also growing strongly thanks to rising oil prices, external demand for oil and gas, and high levels of consumption and investment. Such growth reflected the rebound of the economy of the Russian Federation and the other large economies in the region. Prudent macroeconomic policies had helped maintain low rates of inflation in transition economies, thereby facilitating their integration with other market economies.

19. Secondly, the report analysed the contribution made by the European Union in integrating transition economies over the last decade. The prospect of European Union membership had been an even more powerful stimulus for reforms leading to liberalization of trade and capital flows, than potential membership of other international institutions such as the World

Trade Organization (WTO). The fact that in the most recent expansion of the European Union, eight out of 10 entrant countries had an economy in transition, was testimony to the success of their integration into the European market. The European Union had also forged closer ties with countries in the region that were not currently candidates for entry, and had adopted a “new neighbourhood” strategy.

20. Thirdly, the report analysed the integration of transition economies into the world economy, through trade in goods and services, capital flows, and labour mobility. Progress made by those countries in terms of integration into the multilateral trading system through WTO, and liberalization of their exchange-rate and trading regimes were proof of their openness to the world economy. The new members of the European Union had led the reorientation of countries with economies in transition towards developed economies. There had also been greater interest in regional cooperation between the countries of South-eastern Europe, and among the CIS countries.

21. Capital flows were playing a key role in the integration of transition economies into the world economy, although foreign direct investment (FDI) flows had followed different patterns in each of the subregions. In 2003, for example, FDI inflows had declined in the new members of the European Union while increasing in the resource-wealthy countries of CIS. The report stated that the key factor for attracting more investment was the deepening of economic reforms, in particular the creation of a strong private sector, further institutional strengthening, foreign-exchange and trade liberalization, and development of the legal system. Unlike what had happened with trade and capital flows, labour mobility remained limited throughout the region.

22. The report expressed concern over the external-debt situation in the smaller CIS countries, whose integration into the world economy would depend largely on debt management and the adoption of sound macroeconomic policies, together with measures to restructure enterprises and enhance the business environment.

23. For transition economies, integration into the world economy also involved risks, because it made them more dependent on foreign trade and FDI and more vulnerable to external shocks. Trade diversification, penetration of different market

segments and the adoption of flexible macroeconomic policies were essential if such risks were to be avoided.

24. Considerable progress had been made in integrating developing economies into the world economy, although the extent of such integration varied according to the different levels of transition and the different countries. Domestic policies and the commitments of international institutions had been important for encouraging growth in those countries, but greater effort was needed on both sides. Expansion and deepening of integration in certain countries, especially some of the members of CIS, were important to maintain growth and reduce poverty. Greater assistance needed to be provided to ensure that the transition from planned to market economies proceeded efficiently and without setbacks, to enable those countries to integrate fully into the world economy.

25. **The Chairman** opened the question and comment session by asking Mr. Chamie to identify the three or four most important aspects of international migration that in his view required urgent study. Regarding the fight against corruption, he asked Mr. McClean whether the entry into force of the United Nations Convention against Corruption was expected to produce a significant qualitative change in cooperation and harmonization for asset recovery.

26. **Mr. Kogda** (Burkina Faso) asked what role private banks would play in the mechanism for returning assets when the Convention entered into force.

27. **Mr. Rojas** (Chile) argued that globalization lacked an organizing principle, unlike the situation prevailing during the Cold War, when there had been an order that regulated relations between States. The major challenge facing the international community was to determine, on a dogma-free basis, how any new governing order should relate to the governance of globalization and access for all countries to its benefits.

28. **Mr. Chamie**, in reply to the Chairman's question concerning the three or four most important aspects of international migration, pointed out that migration was not a new phenomenon; the world's population had redistributed itself across the globe throughout history, and would doubtless continue to do so. The key issues could be grouped together on three levels: the State, the community and the individual. At the level of the State, the chief priority was to manage migratory

flows, i.e. the departure, transit and arrival of migrants, in an effective and human manner. The main task at the community level was to address the difficulties created for communities by the loss or arrival of migrants. At the individual level, the task involved mitigating the major risks faced by migrants in seeking a better life in a different country or region.

29. **Mr. McClean**, responding to the Chairman's question on the qualitative changes that could be generated by the United Nations Convention against Corruption, said that the key aspect of the Convention was to introduce a series of norms, measures and rules that would oblige States Parties to strengthen their legal and regulatory systems to combat corruption. States Parties would have to take preventive measures and penalize the most common forms of corruption both in the public and in the private sector. Another important innovation made by the Convention was that it required States to return property acquired through corruption to the respective countries of origin. The Convention had already begun to produce changes even before it had entered into force, as shown by the fact that 113 Member States had already signed it, and 10 had ratified it.

30. Replying to the question from the representative from Burkina Faso on the function of private banks, the speaker stated that article 14 of the Convention contained specific provisions on money-laundering, and required States Parties to establish a broad regulatory and supervisory framework for banks and other financial institutions that obliged them to cooperate in the detection and prevention of all forms of money laundering. Financial institutions should know their customers, and the sources of their customers' funds; and they had to notify the competent authorities of any suspicious transactions. Moreover, Article 40 of the Convention, on banking secrecy, required all States Parties to implement suitable mechanisms to overcome obstacles created by the application of banking secrecy laws, and to ensure that such laws did not prevent the investigation and detection of persons that had committed crimes of corruption.

31. **Mr. Khan** referred to the question raised by the delegate from Chile regarding the governance of globalization, with a view to introducing a degree of order into the process and thus enable all countries to benefit from it. Globalization consisted of expanding markets beyond borders. The operation of markets was

constrained by a variety of framework agreements, as represented by the Bretton Woods institutions, the Group of Eight, the Group of 20, the Basel Convention, and the Group of 15, among others; with the United Nations system only on the periphery. It was worth questioning whether those agreements were the best, what their failings or omissions were, and what other possibilities existed to make markets function as fairly as possible, so as to achieve the best possible results for all who participated in them. The Monterrey Conference had hardly begun to answer that question.

32. The issue had several facets, the first of which was the need to ensure more effective participation by all stakeholders in decision-making processes. Other facets included the functions fulfilled by the private sector, civil society and multilateral institutions. Hence the importance of consistency between institutions and policies to achieve, not a world government, but global governance such that freedom of private enterprise and markets could develop in a framework of institutional agreements that ensured greater equity and social justice, and produced better results for the poorest inhabitants of the earth. In the final analysis, those who were privileged, including those present, had a certain responsibility and duty of solidarity towards less privileged peoples. They should ensure that the benefits were distributed as broadly as possible to enable all human beings to form part of the same family. The family analogy had been used by Mr. Amartya Sen in the morning meeting, and was highly relevant in this regard, because ultimately the destinies of all human beings were inextricably linked, as in a family.

33. **Ms. Zubcevic** (Croatia), referring to the report of the Secretary-General on the integration of transition economies into the world economy, said that the figures contained in it were optimistic, sometimes overoptimistic, given that some of those countries had started from a very low level. The group of countries in question embraced various subregions, each with its own set of agreements. For example, 10 of them had entered the European Union; the CIS countries had concluded a number of trade agreements in the framework of their single economic space; and the countries of South-eastern Europe also had trade agreements in force. Nonetheless, there were few cooperation activities within those subregions. Furthermore, the individual economies varied greatly. The speaker wondered how regional cooperation could

be increased, to enable countries to share best practices and the lessons of experience, particularly bearing in mind the debt problems faced by CIS countries, and their vulnerability to external shocks given their heavy reliance on basic commodities.

34. **Mr. Davidse** (Netherlands) welcomed the fact that the report recognized the positive example of the expansion of the European Union and its effects on other countries of the region. Apart from CIS, there were other regions of the world that had regional cooperation agreements in place, and other forms of interaction in the economic sphere, albeit less elaborate than in the European Union. Like the representative from Croatia, he wanted to know how the example of the expansion of the European Union and other types of regional cooperation could be reproduced in other regions of the world.

35. **Ms. Mammadoua** (Azerbaijan) also considered the short- and long-term economic forecasts contained in the report to be unduly optimistic. It was clear, however, that the recovery of the CIS region as a whole reflected the upturn experienced by the region's large economies, which had a direct effect on output growth in each of the region's countries. Nonetheless, that growth and the rising trend of economic performance in the region were characterized by rising prices among the main export products, namely commodities. The report failed to mention or make a detailed review of the vulnerability factor, or the possibility that a "Dutch disease" episode might occur given the current level of capital flows, despite the fact that an evaluation of the effects of vulnerability factors was fundamental for many of the region's countries, including Azerbaijan. The speaker was keen to know the findings of studies or research into vulnerability among countries that depended on exports of commodities such as energy resources, on world oil prices, and on the long-term consequences of those trends for economic recovery. She asked Mr. Kinniburgh to provide further explanation on the subject.

36. **Mr. Kinniburgh** pointed out that as the report was an update of previous documents on the same subject it only covered the last two years. In the longer-term view contained in World Economic and Social Survey, it had been stated on several occasions that some 10 years after the start of the transition process, many of the countries concerned had suffered serious setbacks, and some had so far been unable to regain their welfare levels of 10 to 15 years earlier. The



brief report that was currently being considered set out to assess the degree to which countries with economies in transition had integrated into the world economy, so some of the questions raised in the present meeting went beyond the report's remit.

37. With regard to the European Union, although everyone agreed that the prospect of membership had been an important factor, this would not have operated as an incentive unless the countries had undertaken major economic reforms, many of which were required for entry. Thus, with regard to the lessons to be drawn by other regions from the recent expansion of the European Union, it was insufficient merely to concentrate on joining a similar trade bloc; measures also needed to be adopted at the national level.

38. Although the advantages to be obtained by new members of the European Union were plain to see, the United Nations as a multilateral institution preferred a multilateral approach, and therefore favoured multilateral trade liberalization rather than a proliferation of bilateral agreements and trade blocs. Having said that, the European Union was a unique case in the world, since it was a space in which not only had trade barriers been eliminated, but progress had also been made more generally in terms of policy coordination. A lesson to be drawn from that example, in view of the competitive economic environment in which that group of countries operated, was that it was advisable to start by removing trade barriers between neighbouring countries, subregions and regions. The single economic space being created by CIS was an example of that.

39. For some of the countries that were embarked upon major structural change, the best advice was to liberalize trade within such groups first, before launching into full liberalization of the economy.

40. In answer to the question raised by the delegate from Azerbaijan concerning the vulnerability of countries with economies in transition in her subregion, it was true that the economies of those countries, particularly those that exported energy products such as gas and oil, were enjoying a major boom thanks to the rise in the prices of those products. That also made them vulnerable to a fall in prices. Nonetheless, some countries were aware of the problem and recognized the need for prudent management of income earned during the expansionary phase, through the creation of various types of

stabilization fund, in order to avoid the problems that could be generated by a large and rapid inflow of foreign exchange, and to prepare themselves for a possible drop in prices. Another important issue for those countries, and this was true for all countries today, was the need for diversification. Part of the solution also involved reducing trade barriers to promote the growth of other sectors of the economy, and stimulate investment in them.

41. **Mr. Chowdhury** (Deputy Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) referred to the presentation made by Professor Amartya Sen at the 19th meeting, which had highlighted the need to ensure that the poorest of the world received their fair share of the benefits of globalization. Mr. Sen had wondered whether the least privileged groups had received any tangible benefit, and he had described "unfair acts of omission and commission" that impaired the chances of everyone gaining access to the benefits of globalization. In that context, the speaker was grateful for the opportunity to highlight the concerns of the most vulnerable nations, namely the least developed countries, landlocked developing countries and small island developing States. Given their vulnerability, those countries were least equipped to cope with the overwhelming invasion implied by globalization at the national and world levels. A recent report on the social dimensions of globalization had highlighted that aspect, describing the exclusion of such countries from the benefits of globalization as a "persistent reality".

42. As the Secretary-General's report (A/59/312) mentioned, while globalization represented an opportunity for economic growth, this had not been fairly distributed among industrialized and developing countries. The challenge was to create suitable conditions for all countries, particularly LDCs, to benefit from globalization and attain the Millennium Development Goals. The speaker considered very relevant the link between a country's chances of benefiting from globalization and its achievement of the Millennium Development Goals, of which education and health were an integral part.

43. The report insisted that for financial, trade and aid flows to have a positive effect, institutional and regulatory consistency needed to be strengthened worldwide, bearing in mind the needs of the different countries. The speaker stressed that the policies

adopted by the international community needed to focus on the most vulnerable countries, since they were not in a position to exploit the advantages resulting from the globalization process, the influence of which was ever greater. Last year, in resolution 58/225 the General Assembly had reiterated the importance of considering the needs and concrete problems of least developed countries, landlocked developing countries and small island developing States.

44. The report of the Secretary-General contained two text boxes highlighting the cases of several LDCs, some of which were also landlocked; and it showed how world policies had affected their development initiatives. As had been correctly pointed out, globalization had affected social goals and individuals through trade and financial policies. The repercussions had been more marked in LDCs, which were those with fewest institutional and human resources. In some countries, globalization had generated major imbalances between the genders as a result of trade liberalization, especially in the most vulnerable countries. The possibility that such imbalance could intensify when the special agreements on textiles and clothing expired at the end of the current year, to the detriment of textile manufacturers in several LDCs, was a cause for major concern. Measures to liberalize trade and finance needed to be aligned with social development goals.

45. The speaker referred to the broader subject of global sustainability and, in particular, issues of biodiversity and climate change in the context of current world institutional agreements. Effective governance of globalization in those domains was essential for small island developing States, many of which were also LDCs.

46. It was also essential to state clearly in poverty reduction strategy documents (which were the key planning mechanisms for the most vulnerable countries) whether or not such countries were in a position to integrate satisfactorily into the world economy and thus benefit from the globalization process. Those documents should also be linked to other relevant national strategies, particularly in the social and environmental spheres.

47. Development initiatives in the most vulnerable countries received a lot of support at the regional and subregional levels, through institutional agreements that were currently in force or had recently been

finalized. It was therefore essential to appropriately structure complementary aspects of global and regional institutions so as to reflect the views of the most vulnerable countries in global processes, in the form of regional contributions. Another of the advantages of that system was that regional and subregional institutions, to which many of the vulnerable countries belonged, would help give that group of countries a greater sense of control over their initiatives.

48. The speaker emphasized the need to expand and duly strengthen international governance mechanisms to enable the most vulnerable countries to participate in international processes of decision making and rule formulation. Asymmetries and inequalities in the rules of the game needed to be reduced, particularly those that excluded the most vulnerable countries, in multilateral institutions especially, in order to distribute the benefits of globalization in a fairer and more equitable manner.

49. The review of implementation of the Millennium Declaration in 2005, centred on the Millennium Development Goals, would offer the majority of vulnerable countries the chance to address the challenges of globalization and the difficulties they had faced in achieving those objectives. It was essential to take account of the situation of those countries in that review and in its preparation, because they constituted the international community's most deprived group. As supreme world body, the United Nations could not neglect the most vulnerable countries and those most deserving of international support in the review to be carried out next year.

50. On the issue of international migration and development, the consequences of remittances sent home by migrants remained an important issue for LDCs. The debates at the ministerial roundtable, held in the framework of the series of high-level meetings of the Economic and Social Council during the current year, had stressed the fact that remittances were the most direct link between migration and development. Migrant remittances could be a very important source of foreign exchange enabling countries to make basic imports or repay their external debt. In most cases remittances represented the least uncertain source of foreign exchange for LDCs. At the household level, remittances helped to reduce poverty and offered possibilities for improving levels of health and education. According to the World Bank, income received by developing countries in the form of

remittances from migrant workers amounted to US\$80 billion in 2002, surpassing the level of official development assistance. Worldwide, the value of unrecorded remittances sent through unofficial channels was estimated to be equal to the amount sent through financial channels; and a large volume of unrecorded remittances was also believed to circulate through unofficial channels in the majority of LDCs.

51. The speaker insisted that, in the context of LDC development, migrant remittances were not a substitute for development assistance, nor should they be considered as such. The cost of sending remittances needed to be reduced, and access to effective services in this sphere improved. As migrant remittances were personal funds, they could be seen as a major contribution to development in many LDCs. Recently, there had been renewed interest among agents of national institutions, the private sector and international institutions to identify the most effective ways of encouraging migrants to become genuine economic players in their countries of origin. Following the ministerial roundtable mentioned above, the proposal to convene a conference of finance ministers from LDCs and the countries of the Organisation for Economic Co-operation and Development (OECD), to discuss the subject of remittances and development, had received general support and ought to be implemented.

52. **Mr. Al-Mahmoud** (Qatar), speaking on behalf of the Group of 77 and China, said that, contrary to expectations, globalization had not produced sustained and equitable economic growth for all nations. The unequal distribution of the benefits and costs of globalization, widening inequalities of income and wealth between developed and developing countries, and deterioration of the socioeconomic situation in developing countries, had negative repercussions on the poor and demonstrated the need for institutional and policy changes at all levels. The international community should try to maximize the benefits of globalization and avoid its negative effects as far as possible.

53. Developing countries were also facing the problem of greater imbalances in the world economy and asymmetries in world trade. Foreign direct investment, which gave access to financial and technological resources, had dwindled over the last few years. Many developing countries with low growth rates had introduced regulatory reforms that were

condemned to failure in the absence of further external assistance. Hence the need to create an international economic climate that helped developing countries integrate into the world economy, through concerted action on the trade, debt and development-assistance fronts.

54. Another urgent problem concerned participation by developing countries in international processes of decision making and rule formulation. It was particularly important that all countries understood the need for national policies to be compatible with international commitments and disciplines.

55. The outcomes of the main United Nations conferences and summits had helped to forge a consensus on globalization, which needed to be consolidated with collective political will. In that context, prioritizing the Millennium Development Goals and other development objectives in institutions and economic policies was a decisive way to counteract the centrifugal forces arising from globalization. Globalization with a human face would help developing countries achieve the Millennium Development Goals.

56. The growing economic and social disparity between many countries, particularly between developed countries and developing ones, and the exclusion of some of them from the world economy, partly because of the unequal effects of globalization and liberalization and a lack of peace and security, had helped to provoke large-scale population movements between countries and intensify the complex phenomenon of international migration. The latter was an issue of major international interest given its magnitude and repercussions on development, demographic trends, and the means of subsistence of millions of people throughout the world, as had been explained in the International Conference on Population and Development.

57. International migration offered huge development opportunities for developing countries. In fact, migrant remittances were the second largest source of external financing for those countries, after external assistance, and made a major contribution to development and poverty reduction. Hence the importance of Member States and private organizations adopting measures to reduce transfer costs. Governments should also establish programmes and incentives to encourage productive investment of the funds in question.

58. Although migration made up for labour-market shortages in recipient countries, it meant a loss of skilled workers for the countries of origin. International migration need to be managed carefully for it to be beneficial. Special efforts were needed to find ways to optimize the potential development effects of international migratory flows in both origin and destination countries.

59. At the Millennium Summit, world leaders had undertaken to adopt measures to ensure respect and protection for the human rights of migrants, migrant workers and their families, by suppressing acts of racism and xenophobia that were on the increase in many countries, and promoting harmony and tolerance in all societies. It should not be forgotten that issues relating to migration and development needs were the shared responsibility of all countries.

60. Qatar welcomed the work of the United Nations in this regard, and the fact that a high-level dialogue on international migration and development had been convened for 2006. The latter would provide a good opportunity to gain a better understanding of the phenomenon, address all issues relating to international migration and development, and exchange experiences and information on migratory flows.

61. The international community needed to address the issue from a general standpoint. To manage migration appropriately at the global level required consistent and complete policies. The Group of 77 was confident that political will would be forthcoming to intensify international cooperation on migratory problems and effective management of international migration to the benefit of all.

62. Qatar was convinced that corruption was a serious obstacle to the mobilization and efficient allocation of resources that ought to be destined for essential activities aimed at eradicating poverty and hunger and promoting economic growth. Corrupt practices impaired society's stability and security, undermined democratic and ethical values, and put sustainable political development at risk, especially when inadequate national and international responses resulted in impunity.

63. The prevention of corruption was an important element in achieving the Millennium Development Goals. Equally important for economic development were the transfer of illicitly obtained assets and repatriation of the corresponding funds and property to

the country of origin. All national legislations and international juridical instruments needed adequate regulations for preventing corruption and returning property to the country of origin.

64. Qatar was firmly convinced that, at the national and international levels, the private sector, including enterprises both small and large, and transnational corporations, also had a key role to play in preventing and combating corrupt practices. It therefore urged the private sector to collaborate in the fight against corruption and insisted on the need to adopt concrete measures in the United Nations framework, and, with participation from all relevant stakeholders, to combat corruption as effectively as possible, and ensure that enterprises were held to account and assumed their responsibilities.

65. The inter-relationship between culture and development was multifaceted. There was a consensus, albeit not very well-defined but of increasing scope, on the advisability of integrating development strategies into the cultural traditions of each society. Pursuing strategies that were adapted to each culture was bound to give better results than applying a standard criterion in all cases. The World Summit on Sustainable Development stated that, to be genuinely sustainable, development needed to reconcile social demands with economic and human needs.

66. Applying this type of strategy in development, however, required a better understanding of cultural diversity and its repercussions on the development process. The latter also required greater international cooperation, which in turn required greater harmony between the different cultures.

67. Qatar also recognized that cultural heritage, in addition to its aesthetic and economic value, had a deep significance in terms of the collective memory of peoples; their multiple identities; and their potential for creativity, cultural diversity and dialogue. The fact that many countries had been and continued to be stripped of their cultural heritage as a result of misappropriation and illegal trade in cultural goods was a cause for concern. It was also necessary to protect heritage that was at risk for environmental or other reasons.

68. Lastly, in the belief that cultural diversity and dialogue had an essential role to play in achieving the Millennium Development Goals, the Group of 77 would play its part in promoting dialogue, in the hope

of contributing to the achievement of the coveted goals of peace and prosperity.

69. **Mr. Davidse** (Netherlands), speaking on behalf of the European Union; candidate countries Bulgaria, Croatia, Romania and Turkey; Stabilization and Association Process countries and possible candidates Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro; and Iceland and Lichtenstein which were countries of the European Economic Space and members of the European Free Trade Association, stated that the European Union supported a globalization model with a social-equity dimension that was inclusive and benefited everyone, consistent with the Report of the World Commission on the Social Dimension of Globalization sponsored by the International Labour Organization (ILO), and report A/59/312 of the Secretary-General.

70. Employment in decent working conditions for all should be a worldwide objective. Employment was the engine of economic growth and the most viable way to eradicate poverty and social exclusion; as such, it was a key objective of all countries in the fight against poverty. The Millennium Declaration, the Monterrey Consensus, the Johannesburg Plan of Implementation and final documents from other conferences all referred to those dimensions of development and the challenges of globalization. Intersectoral issues that needed to be prioritized to strengthen the social dimension of globalization included the following: sustainable growth, investment, employment, poverty reduction, gender equality, integration of the unstructured sector into the structured economy, good governance, promotion of fundamental labour standards, education and a better future for youth. The reports also addressed many regulatory issues relating to globalization, such as trade, investment or capital flows, which were considered from a global perspective in different parts of the multilateral system.

71. Rapid economic growth in many developing countries, particularly China, India and other Asian countries, contrasted with the situation in another large part of the developing world, namely sub-Saharan Africa, which had not benefited from globalization. In a world in which 1.2 billion people were struggling to survive on less than a dollar a day, poverty remained an overwhelming problem. As much as 30 per cent of the world's population was living in poverty; and if that

trend were to persist, by 2015 the figure would have risen to 1.9 billion.

72. The globalization process was often accused of increasing poverty and inequalities between world regions, countries and social groups. Yet the issue was how to make good use of globalization and the advantages of economic interaction and the technological progress, paying due attention to the interests of less privileged groups. Globalization was irreversible and needed to be managed. The process would be universally beneficial if it were based on the application of global social standards.

73. Although the benefits of globalization were undeniable, inequalities were at the core of the controversy. The benefits of globalization needed to be shared between countries and among the different social groups within each country. It was also essential to ensure that underprivileged groups obtained what they needed; and this required policy reform, institutional development, global cooperation to undertake timely changes, and application of the Monterrey Consensus. The latter encouraged low-income countries to apply rational policies and practise good governance, while also urging the international community to contribute more and better-quality assistance.

74. Although poverty was no longer inevitable, over 1 billion people were living in absolute poverty, without safe drinking water or sufficient food, afflicted by diseases such as HIV/AIDS or tuberculosis, with no access to education or health services, and in an environment that was deteriorating rapidly in all aspects. In Africa, practically one out of every six children died before their fifth birthday, as was the case 10 years ago. The global school enrolment rate remained below 60 per cent, and other indicators were equally discouraging.

75. The trend could be reversed, however. The international community had the means, the knowledge and the example of previous success to achieve the Millennium Development Goals of halving poverty, eliminating hunger, providing education for all children, and halting health and environmental crises.

76. Clearly, the chief responsibility for development rested with developing countries themselves, which needed to reform their policies and give priority to social needs. Good governance and market openness were necessary, but not sufficient. In the trade sphere,

countries that had succeeded in integrating into world trade had pursued different strategies and had applied complementary policies; yet integration into the world economy and access to foreign markets had clearly been beneficial in all cases.

77. Achievement of the Millennium Development Goals also required progress to be made in applying the Monterrey Consensus, particularly as regards trade and debt relief, to enable developing countries to play a full part in international trade and allocate more of their scarce resources to development priorities. The European Union reaffirmed its commitment in that regard.

78. It was often stated that market incentives for resource allocation, openness and macroeconomic stability were important for growth and globalization. Those principles could result in highly varied practical strategies, however. The importance of giving countries autonomy and taking account of their specific features needed to be recognized. In policy formulation, it was better to rely on rigorous economic and social analysis than adopt a formulaic approach. As Mr. Ricupero, former Secretary-General of UNCTAD, had said a while ago, it would be simplistic to reduce globalization to its economic dimension. It was essential to gain a better understanding of the non-economic factors in development processes, such as history, culture and politics, and integrate them into analytical, strategic and operational activities.

79. One should also not forget the human-rights dimension of globalization. Inevitable changes in the international division of labour, the use of human capital and reallocation of resources on a large scale had human-rights implications for individuals and entire communities. The European Union was a staunch defender of human rights, and believed that full account should be taken of that aspect when deciding upon the most appropriate solutions.

80. In his speech on globalization and poverty, Mr. Amartya Sen, Nobel laureate in economics, had argued that globalization had a rich past and a promising future; but the current globalization model, with the expansion of world markets, at the same time generated hard problems and extraordinary opportunities. Its future depended on our willingness to undertake the institutional reforms that could make it fairer and more equitable. The effects of globalization

were not automatic, but depended on our interest, how we understood the process and, ultimately, our will.

81. **Mr. Lahiri** (India) supported the statement by Qatar on behalf of the Group of 77 and China. India believed that globalization and interdependence opened up new possibilities for growth in the world economy, by creating market opportunities and promoting the transfer of information and knowledge. Nonetheless, globalization also posed new problems that many developing countries found hard to overcome. Inequalities within and between countries were increasing. Slow and unstable growth, low commodity prices and instability of the international financial system were preventing many developing countries from benefiting from globalization.

82. India believed that creation of a favourable environment that rewarded creativity, supported by the business spirit and a willingness to take risk, would speed up capital formation and create an environment conducive to eradicating poverty. In the Minimum Common Programme framework, India reaffirmed its commitment to introduce economic reforms with a human face that stimulated growth, investment and employment; and it envisaged reforms in agriculture, industry and services mainly aimed at promoting prosperity in the rural domain, and improving the population's quality of life.

83. In an increasingly globalized world, mechanisms governing international trade, finance, technologies and development were decisive factors in development, which, apart from setting the parameters and "rules of the game" governing international flows of goods, services, technologies and people, also influenced those flows. Unfortunately, the role of the United Nations in formulating and guiding the policy of such mechanisms, and in supervising execution of the development programme, had been undermined. It was essential for the ongoing reform of the United Nations to restore the development dimension in the United Nations programme, to fully exploit the comparative advantages that ought to arise from its democratic and universal nature.

84. At the eleventh session of UNCTAD, it had been agreed that development should have priority in the international economic programme, and that greater consistency between national development strategies and international commitments and obligations, would help foster a development-friendly

economic environment. For developing countries to be able to benefit from globalization and achieve internationally agreed development goals, the international community as a whole should bear in mind the need for a balanced reconciliation between domestic policies and international disciplines and commitments, when collectively deciding upon future disciplines and commitments and applying those that were currently in force.

85. In that context, India concurred with the report of the World Commission on the Social Dimension of Globalization that reforms were needed in the international economic and financial system, to give developing countries a degree of flexibility on policy issues. In his report, the Secretary-General called for international dialogue to allow developing countries a degree of regulatory tolerance; but India believed that it was time to move from debate to action, and increase the participation of developing countries in international processes of decision-making and rule formulation, since that was the only way to give greater balance to decisions and consolidate development goals.

86. At the global level, the most urgent need was to close the digital gap. One of the main ways developing countries could benefit from globalization was through access to technology, which was just as important as access to capital and other resources. India agreed with the Secretary-General that developing countries should be given access to new information and communication technologies under favourable, preferential and non-commercial conditions, to enable them to increase their competitiveness on the world market. Those technologies offered huge development possibilities by adding value to nearly all sectors of national activity. India hoped that the second phase of the World Summit on the Information Society would address that issue, along with unsustainable modes of consumption and production in developed countries, and that practical recommendations would be formulated in this regard.

87. The relation between migration, on the one hand, and trade capacity, competitiveness and employment policy, on the other, had become closer as a result of globalization. In an international setting where multinational corporations operated, the mismatch that existed between migration policy and trade policy was manifested in immigration controls that functioned as non-tariff barriers. In the framework of the General

Agreement on Trade in Services, a beneficial situation could be created for all, since labour shortages in developed countries could be supplied by labour that was available in developing countries. Nonetheless, for this to happen, developed countries needed to be more willing to facilitate access to markets in mode 4, and allow transboundary circulation of physical persons to match their insistence on the free circulation of capital, goods and services. For developing countries such as India, equity in negotiations would depend on the degree to which service providers could supply their services in foreign markets, at a distance or through temporary movement of service personnel.

88. India insisted that the United Nations was optimally placed to resolve problems arising from globalization. A fair globalization process would help developing countries achieve the Millennium Development Goals; but globalization would not be fair if it left matters at the mercy of the internal dynamic of globalization, which is ignorant of justice. Capital flows and trade liberalization involved high interest rates, low fiscal pressure and low or zero import duties, which reduced the room for manoeuvre available to developing countries and restricted their capacity to allocate resources to social spending, particularly health and education. Unequal bargaining power spawned unfair trade and intellectual-property regimes. It was impossible to have fair globalization without political will; and that could only be shown multilaterally in the United Nations. Hence the importance of the ongoing reform of the United Nations, and restoration of its function of defining the international economic programme. The high-level meeting of 2005 would provide an opportunity to assess progress in making globalization a positive force for all; and India suggested that the Secretary-General should make specific recommendations on globalization in his report for that meeting.

89. **Mr. Nebenzia** (Russian Federation) argued that it was important to neutralize the negative consequences of globalization and reinforce its positive aspects. If the international community were to adopt a collective and comprehensive approach, the United Nations would be in an excellent position to coordinate efforts in the globalization sphere, as the world's most representative and universal international organization. Although the international community had reached broad agreement on the need to place globalization at the service of the Millennium Development Goals, that

concept remained to be put into practice. It was essential to enhance the quality of debate on globalization, through deeper and more exhaustive discussion. It was equally important to identify optimal modalities for future debates on the issue, in view of the high-level meeting of the General Assembly to be held in 2005 to review implementation of the Millennium Declaration. That review would encompass many aspects of globalization that were currently under debate in relation to various economic sectors.

90. The Russian Federation recommended increased international assistance on international migration, particularly through greater cooperation among countries of origin, transit and destination; a redoubling of efforts to protect the rights of migrants; and respect for national legislation by all countries. An improvement in regional cooperation would lay solid foundations for regulating migratory processes. The programme of action approved at the 1996 Geneva Conference on the Problems of Refugees, Displaced Persons, Migration and Asylum Issues, which had focused on CIS countries, had created a solid basis for cooperation between those countries, other interested States, international organizations and NGOs in the region.

91. The problems of migration could not be solved without taking account of the economic and political context, and without analysing their underlying causes. Only then would it be possible to avoid adopting superficial, unviable and sometimes counterproductive solutions. Consequently, the high-level dialogue of the General Assembly devoted to international migration and development, scheduled for 2006, ought to provide very interesting debate; it would review many facets of international migration and development, highlighting the need to channel migratory processes; and it would analyse the causes and trends of those processes and their influence on the socioeconomic situation in origin, transit and destination countries. With the growing terrorist threat as a backdrop, it was important to have reliable and detailed information available on international migration flows; and standardized rules made it possible to receive complete and comparable international statistical data that national statistical services could exchange.

92. The Russian Federation attached priority to international collaboration to prevent and eliminate corruption, money laundering and the illicit transfer of property. It also supported the Secretary-General's call

to Member States to speed up signing and ratification of United Nations Convention against Corruption, and ensure that it entered into force as soon as possible. It supported the agreements reached at the Sea Island Summit of the Group of Eight, concerning the approval of laws and procedures to detect, confiscate and return property arising from corrupt acts, counteract the effects of corruption on the affected States and return illegally acquired assets to the countries of origin.

93. The Russian Federation had taken steps to combat corruption at the national and regional levels, which had been praised by the Financial Action Task Force on Money-Laundering (FATF). It was worth highlighting the initiative to create a regional FATF in Central Asia, which several CIS countries had expressed a willingness to take part in.

94. The provision of assistance to countries with economies in transition remained a key task, especially to achieve socioeconomic development, attain the Millennium Development Goals and complete the integration of those countries into the world economy. Countries with economies in transition had made significant progress in terms of opening up their markets and integrating into the world trading system, particularly through admission to the World Trade Organization (WTO). Their economies, especially those of CIS countries, were showing encouraging signs of recovery. There had been an expansion of trade, including within regions, trade barriers had been eliminated, and some countries had become major FDI recipients. The fact that others continued to face difficulties in this regard, such as the smaller CIS countries, was creating inequalities. For that reason, as mentioned during the dialogue of the Economic and Social Council with the Second Committee, achievement of the Millennium Development Goals remained uncertain in many CIS countries.

95. The Russian Federation called for a redoubling of efforts to help countries with economies in transition, especially the most deprived among them, according to national needs and objectives. Cooperation in priority sectors should contribute not only to attaining the Millennium Development Goals, but also to increasing the capacity of those countries as donors. The Russian Federation supported the approval of a General Assembly resolution on that issue, with a view to solving those problems.



96. **Mr. Wenlong** (China) expressed support for the declaration formulated by the representative from Qatar on behalf of the Group of 77 and China, and went on to say that globalization was a natural outcome of world economic development and an objective condition for the advancement of productive forces and scientific and technological development. Globalization helped to optimize the distribution of economic factors worldwide, increase economic returns and intensify the development of productive factors. Nonetheless, it also involved major risks and had potential negative consequences. Developed countries, with their economic, scientific and technological advantages and a broadly healthy economic system, were in a position of dominance that enabled them to establish the “rules of the game” in the international economic domain. As a result, it was those countries that benefited most from globalization. Developing countries, in contrast, restricted by their development level and hampered by an unfair international economic order, were more susceptible to the negative effects of globalization, and even excluded from the process. Globalization was widening the gap between north and south, and aggravating polarization, which obstructed healthy and balanced development of the global economy and constituted a threat to peace and stability in the world.

97. Nonetheless, globalization ought to contribute towards development and prosperity for all, and its dividends should be distributed impartially. Globalization needed to benefit all countries, contribute to the common development of humanity and foster harmonious coexistence between human beings and the natural world. To achieve that, the current international economic order, characterized by inequality, needed to be restructured in order to satisfy the needs imposed by economic globalization. All countries in the world, whether large or small, strong or weak, had the right to take a full part in decision-making on world economic issues, and in the formulation of the relevant rules. It was essential to promote the establishment of an open, fair and rational international financial and trading regime that made it possible to reduce the risks faced by developing countries when incorporating into the globalization process. The United Nations, as the most representative world body, had a guiding role to play in directing and regulating globalization. It was also important to create a new type of relationship between north and south; all members of the international community should act in

a spirit of interdependence and sharing of risks and responsibilities; they should make exchanges and embark upon wide-ranging and effective cooperation initiatives. Developed countries ought to provide greater support and assistance to developing countries, reduce the burden of their debts, expand market access, eliminate trade barriers, speed up the transfer of financial and technological resources and gradually reduce development inequality.

98. China stood ready to collaborate with other countries to create a new international economic order that was fair and equitable, in order to guide and appropriately manage the globalization process, distribute world resources effectively and impartially, progressively eradicate poverty, reduce the differences between north and south, achieve development and prosperity for all countries, facilitate balanced, stable and sustainable development of the world economy, and help globalization provide real benefits to the entire world.

99. On the issue of international migration and development, the speaker pointed out that migration had existed since ancient times and was a reflection of economic development and social progress. Orderly population movements fostered world peace and prosperity. In the globalization framework, the exchange of people between countries and regions had become more frequent, and flows of workers across international borders had increased. Given the scarcity and high cost of international labour, developed countries had greater need for foreign workers; while developing countries, in which human resources were abundant and the cost of labour quite low, needed to export their labour force. That mutually beneficial situation had the potential to lead to common development, provided the countries involved cooperated and adopted suitable immigration policies.

100. In recent years, the problem of illegal migrants had intensified, with negative repercussions on economic and social development, and also on the social order and security of the countries involved. To solve this problem, it was necessary to promote common development and reduce the differences that existed between rich and poor. China had adopted positive and effective policies and had implemented measures to encourage legal migration while halting its illegal counterpart. It was willing to share its experiences and cooperate with the rest of the

international community to maintain stability and promote common development.

101. In relation to the prevention and repression of corrupt practices, the transfer of funds of illicit origin and return of such assets to countries of origin, the Government of China attached great importance to the fight against corruption, and had passed laws and established mechanisms to prevent and combat it. It had also played an active part in international cooperation in the fight against corruption, and in drafting the United Nations Convention against Corruption, which it had signed on 10 December 2003.

102. Lastly, the speaker referred to some of the obstacles mentioned in the Secretary-General's report. Given the lack of an international cooperation mechanism on judicial matters, it was difficult to extradite corruption suspects that had fled abroad with the proceeds of crime. That situation did not help in the fight against corruption and, to some extent, encouraged such crimes to be committed. China urged the international community to strengthen international cooperation on judicial issues, prosecute those guilty of crimes of corruption, confiscate the proceeds of such crimes, return the assets in question to the countries of origin, and eliminate once and for all the possibility of finding refuge in other places. Furthermore, on a basis of equality, mutual respect and common interest, and in conformity with the provisions of the United Nations Convention against Corruption and other international instruments, the international community should prioritize capacity-building in developing countries, and avoid politicization and double standards on corruption issues.

103. **Mr. Duong Hoai Nam** (Vietnam) stated that his delegation supported the statement made by Qatar on behalf of the Group of 77 and China, and the one made by Indonesia on behalf of the Member States of the Association of South-east Asian Nations (ASEAN). He stressed the importance of the present meeting, which stemmed from the fact that international negotiations on globalization were at a standstill, and international commitments generally were not being fulfilled. It was undeniable that integration into the world economy had been an important means of promoting economic growth, development and poverty reduction for some countries. Participation in the world economy had raised living standards in many parts of the world. Developing countries had gained a greater presence in world trade, and many of them had increased their

exports of manufactured products and services relative to their traditional commodity exports. Nonetheless, the progress of that integration had been unequal in recent years, and the countries of the south had not shared the same benefits of globalization as developed countries. Developing countries, including practically all LDCs, had seen their share of international trade shrink and were running the risk of even greater exclusion. The reasons for this were complex and included both structural problems and ineffective policy frameworks and institutions; but, above all, the situation resulted from unfair treatment and the protectionist policies implemented by developed countries.

104. Protectionism in developed countries continued to be a major factor, particularly in areas where developing countries had a comparative advantage, such as agricultural products, manufactures and labour-intensive services. Protection of agriculture in developed countries, through tariffs and subsidies, was causing serious harm to agricultural production and exports among developing countries, by keeping prices down and preventing market development.

105. Protection of manufactures and agricultural products in developed countries was also affecting many labour-intensive products in developing countries. Current regimes for granting preferential treatment to developing countries were inadequate and ineffective for various reasons. They frequently excluded the products in which developing countries had the greatest advantage, or else they offered less generous benefits for them.

106. Since trade was the engine of sustainable growth, better market access for developing countries would enable them to harness trade for their development and to reduce poverty. Access to tariff- or quota-free markets would bring major benefits for those countries at minimal cost to the rest of the world. Recent steps taken by the European Union and other countries to open up their markets were important, although to be fully effective they needed to be made permanent, encompass all products and be accompanied by simple and transparent rules. That would infuse developing countries, particularly the least advanced, with confidence to persevere with difficult reforms at the national level; and it would ensure effective use of debt relief and assistance flows.

107. Vietnam fully supported the idea expressed in the Secretary-General's report that, for the Millennium Development Goals to be successfully implemented, the globalization process needed to be developed and managed more transparently and fairly to the benefit of all. Developed countries and the international community needed to make greater efforts to eliminate trade barriers, to enable developing countries to strengthen their economies and participate more actively in the world trading system, thereby contributing to achievement of the Millennium Development Goals.

108. In recent years, Vietnam had worked to speed up its integration in the world economy, and had posted significant achievements, including a high rate of growth and rapid progress in poverty reduction. It had also shown determination in integrating the broad poverty reduction and growth strategy into development plans at the local level, and in helping to achieving basic development objectives worldwide, particularly the Millennium Development Goals. Vietnam attached great importance to globalization and trade liberalization, and was actively preparing to join WTO and strengthen international and south-south cooperation.

109. Despite such progress, Vietnam continued to be beset by difficulties, such as the lack of competitiveness of its economy, scarcity of national resources, large development differences between the various provinces, districts and social groups, and infrastructure shortcomings, especially in mountain zones. For that reason, it supported the Ministerial Declaration of the 28th Annual Meeting of Foreign Ministers of the Group of 77 and China, which called upon the developed countries, international financial and trade institutions, and the agencies of the United Nations to apply the proposals and recommendations of that Declaration to make globalization fairer and more inclusive for all peoples of the world.

110. **Mr. Akinsanya** (Nigeria) congratulated Norway on its report on Global Partnerships for Development, highlighting in particular its reference to the mutual obligations and responsibilities of countries, both developing and developed, in attaining the Millennium Development Goals.

111. Globalization was an uncontrollable and irreversible phenomenon, but its benefits had been shared out very unequally, and the differences between

rich and poor had widened both within and across countries. A direct consequence of such inequality was the exclusion of Africa from an integrated and interdependent world system.

112. Large-scale migrations were a manifestation of the many dimensions and conditions of development; and the relation between migration and development was very complex. The speaker praised the United Nations and other relevant institutions for a number of activities and initiatives aimed at addressing the challenges of migration. Although migration produced long-term benefits, it also resulted in the loss of trained and technically skilled workers, particularly in the health sector, which was a major cause for concern among developing countries.

113. The Committee had listened to arguments and claims suggesting that developing countries were benefiting from migration, particularly through remittances. Unfortunately, in some cases these had become the second most important source of external financing after foreign direct investment, which showed that official development assistance was insignificant. While it was true that remittances could reduce immediate poverty in the recipient families, their role in promoting national development was more dubious, since they were private and generally not invested in long-term projects.

114. Nonetheless, the speaker believed that developing countries should not stint in their efforts to apply appropriate macroeconomic policies, increase investment in public services and manage their resources in a prudent and sustainable fashion. Developed countries and other stakeholders should complement those efforts by creating a favourable environment, contributing new and additional resources, and removing obstacles to sustainable development, particularly in terms of market access, debt forgiveness, capacity development, and the fight against HIV/AIDS.

115. As the Secretary-General had made clear, policy inconsistency at all levels was a serious obstacle to development. There could be no doubt that policy consistency, both nationally and globally, supported by international coordination of financial, monetary and technology policies, would give renewed momentum to national development strategies. Nigeria considered that the debate on globalization ought to consist of

open dialogue between the two parties, instead of the current “dialogue of the deaf”.

116. An analytical study needed to be made of migration, and a world conference organized to raise awareness on the subject. Nigeria welcomed the General Assembly’s decision to convene a high-level dialogue on international migration and development in 2006; it looked forward to the conclusions of the World Commission on International Migration; and it hoped that the forthcoming report would benefit from the World Commission on the Social Dimension of Globalization.

117. Since the last debate, Nigeria had presented a report on measures taken to combat corruption, in fulfilment of the provisions of General Assembly resolutions, and as evidence of its determination to implement the provisions of the United Nations Convention against Corruption. Nigeria applauded countries that had submitted reports, urged those that had not yet done so to submit them as soon as possible, and encouraged countries that had not yet signed the Convention to do so.

118. The fight against corruption required a spirit of cooperation, since national efforts alone were insufficient. The prevention of corruption and the recovery and return of the proceeds were very difficult tasks. Nigeria welcomed the decision by the Commonwealth Secretariat to establish a task force on the return of property, and applauded Commonwealth Heads of Government for the Aso Rock Declaration on Development and Democracy, adopted at the summit held in Abuja (Nigeria), in which Commonwealth States promised maximum cooperation to recover assets of illicit origin and return them to the country of origin. Nigeria also welcomed the measures on asset recovery adopted by Justice and Home Affairs Ministers of the Group of Eight at their recent meeting in Washington.

119. The scant cooperation that Nigeria had received from some countries in relation to funds misappropriated from its treasury and deposited in banks in those countries demonstrated the difficulties involved in asset recovery. Nigeria was therefore pleased that the Secretary-General’s report offered possible solutions to some of the problems identified in the previous report; and it reiterated that cooperation in the fight against terrorism benefited the whole

international community, since corruption could fuel conflicts, undermine democracy and finance terrorism.

120. Lastly, Nigeria supported the high priority that the United Nations Office on Drugs and Crime gave to technical cooperation to promote the signing and ratification of the United Nations Convention against Corruption – in particular, completion of the legislative guide for rapid ratification and application of the Convention. It encouraged Member States to provide the aforementioned Office with the resources needed for it to thoroughly fulfil its mandate.

121. **Mr. Krasnov** (Republic of Belarus) concurred wholeheartedly on the need to give the globalization process a more social orientation; and he welcomed the report of the World Commission on the Social Dimension of Globalization entitled *A Fair Globalization: Creating Opportunities for All*, prepared under the auspices of the International Labour Organization (ILO).

122. Many of the recommendations made in that report had already been implemented in Belarus, starting with the new orientation that had been given to macroeconomic policy to address its citizens’ employment needs, and strengthen the competitiveness of firms and the economy generally. Belarus supported the draft General Assembly resolution proposed by Finland and Tanzania, aimed at defining modalities for application of the provisions and conclusions of the World Commission’s report. In particular, it supported the provisions of the draft resolution reviewing the report’s conclusions and recommendations, in the framework of the general review of implementation of the United Nations Millennium Declaration to be conducted in 2005, and the assessment of the 10 years after the World Summit on Social Development.

123. The integration of economies in transition into the world economy formed an integral part of the globalization process. Such integration, and the completion of their transition towards a market economy was extremely important for the countries of Central and Eastern Europe and CIS.

124. The Secretary-General’s report (A/59/301) reviewed progress made in integrating transition economies into the world economy and analysed the problems faced by that group of countries. During the general debate, which had taken place before the report was published, the Belarus delegation had drawn attention to the wide disparities that existed between

the countries of Central and Eastern Europe and those of CIS, in terms of economic and social development, and their degree of integration into the world economy, as indicated in the report. Most of the CIS countries had been classified in the lowest per-capita-income group. According to the report, the proportion of people living in absolute poverty in those countries varied between 12 per cent and 19 per cent. The achievement of internationally agreed development goals remained an urgent task for those countries and for most of the States of South-eastern Europe. Moreover, such countries were increasingly reliant on international financial and economic assistance.

125. The Secretary-General's report noted that 10 countries with economies in transition had not yet joined WTO. The experience of Belarus and its neighbours showed that the entry requirements proposed to those countries exceeded their economic capacity and generally put the benefits of their participation in the multilateral trading system in doubt – a situation that was not normal and needed to be resolved.

126. Belarus was therefore convinced that the agencies of the United Nations could not neglect the problems being suffered by transition economies.

127. In view of the pace of integration processes in Europe, and the increasing influence that the European Union exerted on the economic development of countries in the region, it would be worth altering the structure and modalities of assistance that international organizations provide to transition economies, to take account of the progress each one was making on integration into the world economy and its social and economic development. The optimum level and type of assistance had to be determined for each country. The agencies that participated in the operational activities of the United Nations, the Economic Commission for Europe (ECE) and UNCTAD should play a leading role in this process.

128. Belarus considered that targeting international assistance on support for national priorities and development programmes was a prerequisite for productive international assistance to any State. Such an approach should guide the activities of all the specialized agencies, funds and programmes of the United Nations system at the national level. Belarus intended to support that approach during preparation of the resolution concerning the integration of economies

in transition into the world economy, and in negotiations on the draft resolution on the triennial policy review of operational activities for development of the United Nations System.

129. Belarus had high hopes for implementation of the provisions of the São Paulo Consensus by UNCTAD, in particular the need for the latter to provide greater technical assistance to developing countries and those with economies in transition, on issues relating to WTO membership. Belarus hoped that WTO would continue to provide assistance in this domain.

130. The Economic Commission for Europe, UNDP and the Bretton Woods institutions should all give special attention to issues concerning assistance to transition economies, and create favourable conditions for direct investment. Unfortunately, FDI flows to those countries had dwindled in 2003, even though many of them offered favourable conditions for foreign investment – in some cases more attractive conditions than were available to domestic capital.

131. Full participation by transition economies in decisions made by the most important international organizations remained a relevant issue. The International Monetary Fund and the World Bank had already taken positive practical steps in this direction, and Belarus hoped the trend would be maintained.

132. Lastly, the speaker referred to the specifics of macroeconomic policy in Belarus. The report of the Secretary-General had described Belarus as a country where the State sector played a predominant role in the economy. Macroeconomic policy in Belarus combined private initiative and competition with active government participation in the reform process, in order to ensure rational use of available resources and maintain a solid social safety net. The Government was creating the conditions needed to foster small- and medium-sized enterprises, while giving priority attention to large firms that were providing solutions to problems of economic growth, full employment and maintenance of the country's competitiveness on international markets. Economic indicators had confirmed the good sense of that policy. In 1997–2003 gross domestic product in Belarus had grown by 6.5 per cent per year, compared to 3.7 per cent for all transition economies, 2.3 per cent for developed countries and 2.6 per cent for the world as a whole according to UNCTAD statistics. During the first nine

months of 2004, the country's GDP had expanded by 10.8 per cent.

133. As in any other transition economy, however, initiatives embarked upon by the Government of Belarus at the national level still needed to be supported and complemented with international assistance measures.

134. Belarus would therefore support the approval of a new General Assembly resolution on the integration of transition economies into the world economy.

135. Belarus supported the call made by UNCTAD at its eleventh session for countries to refrain from using unilateral threats in international economic relations, since this practice contradicted rules commonly accepted in international law and did nothing to foster confidence between States.

136. **Mr. Bodini** (San Marino) claimed that there had never been so many and such varied opinions on globalization and its consequences, whether good or bad, for many countries and their inhabitants. Whereas several years ago it had been thought, idealistically, that globalization would bring prosperity, knowledge and peace in its wake, many people now believed that future generations were facing an unattractive future. In reality, globalization could not be viewed as the mere transfer of technology and capital; instead it was the instantaneous outcome of a highly complex equation consisting of hundreds and thousands of variables that could change unpredictably overnight.

137. A case in point were oil prices, which had risen to unprecedented levels. Although the threat of recession hung over oil-importing countries, higher oil prices generated surplus incomes that countries could use to improve their citizens' living standards, create a more democratic environment domestically, explore deeper deposits, and create employment and wealth in zones where the costs of oil extraction had previously been prohibitive.

138. Prices were influenced by the interplay of supply and demand, which in turn was determined by unpredictable external factors, such as a very cold winter or a very hot summer; destruction of basic drilling infrastructure because of war, natural disaster or acts of terrorism; or changes in the political framework of oil-exporting countries, among other causes. Of the currencies used in world trade, the euro, for example, had been strong over the last few years

despite recession in several large European economies. These had been held back by the economic model that had triumphed after the Second World War, but which had now proven obsolete and overly rigid for the twenty-first century. Most economists were pessimistic about the future of Europe: the euro would remain strong, but that very strength damaged exports and accentuated the process of stagnation across the continent. Why had the euro remained strong? It was not easy to say, but without doubt it was one of the effects of globalization.

139. The economies of several large developing countries were growing at a vertiginous pace. What would happen if that growth faltered or was halted? How would the millions or billions of citizens in those countries respond if their expectations of a better and more prosperous life were frustrated? How would the rest of the world be affected?

140. The information era brought with it both positive and negative consequences. On one hand, the transfer of useful and true information was miraculous; yet, on the other, the potential for disseminating indecent and false information enabled a few to manipulate the many. It was hard to decide whether globalization was a blessing or a curse, since not even the greatest mathematicians, economists or political scientists could predict the outcome of such an intricate equation.

141. The Government and people of San Marino believed that social responsibility, authentic democracy and transparency were fundamental duties of every member of the United Nations system. They concurred with the conclusions reached in the Secretary-General's report that shared responsibility was a central part of the Millennium Declaration adopted in September 2000. A lot had changed since the Millennium Summit, and much more since adoption of the United Nations Charter. Yet, the values of interdependence and shared responsibility remained fundamental.

142. San Marino considered that, today more than ever, the United Nations was the appropriate intermediary to correct the imbalances that were the inevitable consequence of globalization, in a multilateral context and in a responsible, equitable and timely manner.

*The meeting rose at 6.10 p.m.*