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PROVISIONAL SUMMARY RECORD OF THE 13th MEETING

Held at the Palais des Nations, Geneva,  
on Monday, 2 July 2007, at 9 a.m.

President: Mr. Čekuolis (Lithuania)

CONTENTS

OPENING OF THE SESSION

ADOPTION OF THE AGENDA AND OTHER ORGANIZATIONAL MATTERS

OPENING OF THE HIGH-LEVEL SEGMENT

STATEMENT BY THE PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

STATEMENT BY THE SECRETARY-GENERAL OF THE UNITED NATIONS

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CONTENTS (continued)

STATEMENT BY THE PRESIDENT OF THE GENERAL ASSEMBLY

PRESENTATION OF THE 2006 SPECIAL CITATION OF THE UN-HABITAT SCROLL OF HONOUR

KEYNOTE STATEMENTS ON THE THEME “THE ERADICATION OF POVERTY AND HUNGER”

HIGH-LEVEL POLICY DIALOGUE ON CURRENT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION

The meeting was called to order at 9.15 a.m.

#### OPENING OF THE SESSION

The PRESIDENT declared open the 2007 substantive session.

ADOPTION OF THE AGENDA AND OTHER ORGANIZATIONAL MATTERS (item 1 of the provisional agenda) (E/2007/100 and Corr.1, E/2007/L.6 and L.7, E/2007/CRP.7)

The PRESIDENT said that he took it that the Council wished to adopt the provisional agenda as contained in documents E/2007/100 and Corr.1.

The provisional agenda was adopted.

The PRESIDENT said that the Council had before it the proposed programme of work for the Council's 2007 substantive session, as contained in document E/2007/L.6, and details of the status of documentation for the session, as contained in documents E/2007/L.7 and E/2007/CRP.7. If he heard no objection, he would take it that the Council wished to adopt the programme of work as contained in document E/2007/L.6.

It was so decided.

#### OPENING OF THE HIGH-LEVEL SEGMENT

#### STATEMENT BY THE PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

The PRESIDENT said that, at the midway point to 2015, the date set for the achievement of the Millennium Development Goals, despite the encouraging signs of a global decline in world poverty, many countries, especially in sub-Saharan Africa, were not on track to meet the Goals. The recent success stories in some countries indicated the existence of key success factors, however, which the international community should identify, make known and adapt for each country.

Although member States bore the primary responsibility for achieving the development goals, the Economic and Social Council had a central role to play, and the new design of its High-Level Segment should allow it to help speed up implementation of national development strategies. The Annual Ministerial Review offered a unique platform for sharing national

experiences. It would also facilitate the identification of persistent challenges and discussion of the best ways of tackling them, while ensuring the coherence and coordination of policy and action. The Innovation Fair, due to be held for the first time in 2007, should serve as a catalyst for progress. Likewise, the Development Cooperation Forum was a unique platform in the multilateral cooperation world.

Hoping that the role of the Council as a catalyst would be developed further, the President expressed the wish that the ministers present would announce concrete new initiatives to fight poverty and hunger. He said that he counted on everyone's full engagement in order to send a clear message that the Council was determined to do everything that it took to help millions of people to improve their lives. The results of the 2007 session would determine the Council's future, and it was therefore vital to make the best of its reform for the sake of all those whose existence depended on the realization of the Millennium Development Goals.

#### STATEMENT BY THE SECRETARY-GENERAL OF THE UNITED NATIONS

The SECRETARY-GENERAL said that the Council was now well on the way to becoming the global hub for devising and overseeing development policies and practices. The two new mechanisms put in place at the midpoint of the race to achieve the Millennium Development Goals - the Annual Ministerial Review and the Development Cooperation Forum - should help the Council to take more vigorous and sustained action for development and thus to contribute to change. Millions of lives literally depended on it. The Secretary-General particularly welcomed the focus of the Annual Ministerial Review on the first and last Millennium Development Goals.

Turning to the Millennium Development Goals Report 2007, which the Council had before it, the Secretary-General said that while progress had been slow in some of the world's poorest countries, the main message remained encouraging: the Goals remained achievable in most countries, provided that political leaders took urgent and concerted action. Experience had shown that rapid and large-scale progress on the Goals was possible and that action to align national development strategies with the Millennium Goals must be taken at the national level and not imposed from outside. Adequate financial support flowing from a strengthened global partnership for development remained of vital importance.

Recalling the absolute necessity for developed nations to meet the 0.7 per cent target for official development assistance, the Secretary-General urged donors to issue timelines for scaling up aid, to address the disparities in the global trade regime and to bring the Doha negotiations to a successful conclusion. The time had come to turn promises into real progress. The global partnership for development must become a reality in order to address the most pressing issues of the day - climate change, trade, development assistance. Expressing confidence that the strengthened Council would succeed, the Secretary-General said that he would spare no effort to ensure that the United Nations system functioned in a coherent and effective way for Member States and for all the ordinary people who placed their hopes in it.

#### STATEMENT BY THE PRESIDENT OF THE GENERAL ASSEMBLY

Ms. AL KHALIFA (President of the General Assembly) stressed the exceptional nature of the Council's 2007 session in the light of the new responsibilities and powers assigned to the Council under General Assembly resolution 61/16. With that boost, the Council ought to be able to play a critical role in the global fight against poverty and the promotion of human development for all. There were huge challenges ahead, and the international community had a moral and strategic obligation to address the concerns of the poorest and most vulnerable, particularly in the least developed countries. The reformed Council, working in cooperation with the General Assembly, could stimulate progress, enhance cooperation and hold Member States to account for meeting their commitments, and, in doing so, give fresh hope for a better future without poverty and hunger.

Ms. Al Khalifa recalled that, in November 2006, the General Assembly had held a debate on the realization of the Millennium Development Goals that had concluded with a number of tangible outcomes, such as the establishment by the Islamic Development Bank of a special fund of US\$ 10 billion. Another recommendation had been made on the creation of a mechanism to guarantee follow-up to, and the implementation of, the outcomes of major United Nations conferences and development summits. The Development Cooperation Forum was well placed to play that role, while the Annual Ministerial Review should offer a strategic policy framework for development cooperation. Those two mechanisms complemented the work of the

General Assembly in the follow-up to the Monterrey Consensus and the triennial comprehensive review of operational activities. Strengthening such complementarities between the operational and the normative work of the United Nations could improve the effectiveness of the Organization.

Another thematic debate of the General Assembly had focused on the key issue of the promotion of gender equality and women's political and economic empowerment - through microcredit, for example. Some progress had been made despite the persistence of discriminatory practices and marginalization of women. Ms. Al Khalifa furthermore recalled the thematic debate on climate change scheduled for the end of July 2007, which should result in a consensus on action to be taken in that regard. HIV/AIDS was another major challenge that called for an urgent response. In all those areas, the General Assembly and the Economic and Social Council clearly played complementary roles.

As President of the General Assembly and as a Bahraini citizen, Ms. Al Khalifa paid tribute to the Prime Minister of Bahrain for his tireless efforts to enhance the socio-economic development of his country, efforts which had won the recognition of the entire international community.

#### PRESENTATION OF THE 2006 SPECIAL CITATION OF THE UN-HABITAT SCROLL OF HONOUR

Ms. TIBAIJUKA (Executive Director of the United Nations Human Settlements Programme (UN-HABITAT)) announced that the 2006 Special Citation of the UN-HABITAT Scroll of Honour had been awarded to Sheikh Khalifa Bin Salman Al Khalifa, Prime Minister of Bahrain, in recognition of his efforts to improve the urban habitat of his country for the good of all its inhabitants - rich and poor, young and older persons, men and women - with an active focus on poverty alleviation and modernization of housing that paid due regard to environmental sustainability and gender equality.

Ms. Tibajuka emphasized the constructive and lasting relationship that UN-HABITAT enjoyed with Bahrain. She drew attention to the programmes for the poor that the Government had developed over the years and the various housing projects carried out in different areas for different income groups. Judged by UN-HABITAT criteria, the city of Manama was a perfect

example of successful urban modernization and development. Some innovations should be emulated by others, in particular the Renovation and Reconstruction of Dilapidated Houses Scheme, which had managed to cut through the red tape - one of the main obstacles to access for the poor to decent and affordable housing - and deal promptly with the most urgent cases. Such achievements were particularly important in a world of rapid urbanization; in 2007, half of humanity was living in towns and cities, and homo sapiens had become homo urbans, a phenomenon complicated by the increasing number of slum dwellers. The threat that climate change posed for coastal settlements, and particularly small island States like Bahrain, was also a serious matter: experience had shown that when natural disasters struck the poor were more vulnerable than most, because their homes did not meet even the basic standards required to save lives.

The SECRETARY-GENERAL presented the 2006 Special Citation of the UN-HABITAT Scroll of Honour to Sheikh Khalifa Bin Salman Al Khalifa, Prime Minister of Bahrain, and congratulated him for the outstanding efforts made by Bahrain to eradicate poverty and improve the lives of the poorest people in the country.

Sheikh KHALIFA BIN SALMAN AL KHALIFA (Observer for Bahrain) said that he was deeply honoured to receive the 2006 Special Citation on behalf of his country, and he expressed his gratitude to the Secretary-General of the United Nations and the Executive Director of UN-HABITAT. The award was not only a mark of recognition by the international community but also an incentive to step up efforts to meet the Millennium Development Goals. The Constitution of Bahrain made explicit reference to the right to housing, and access to housing had long been a priority of the public administration. The task involved not only allowing all sectors of the population access to decent housing but also preserving the architectural heritage and respecting the environment.

The Kingdom of Bahrain would tirelessly pursue its cooperation with UN-HABITAT in order to improve the lot of millions of persons throughout the world. Its flourishing economy would allow it to support humanitarian and social programmes with a focus on sustainable development.

KEYNOTE STATEMENTS ON THE THEME “THE ERADICATION OF POVERTY AND HUNGER”

Ms. CALMY-REY (Observer for Switzerland) said that the establishment of a freer and safer world relied on economic and social development that took due account of the environment and of respect for human rights. The many development goals that the international community had adopted were predicated on guaranteeing the coherence of policies, whether they were national development policies or cooperation policies implemented by donor countries and multilateral institutions. The Millennium Development Goals showed that there was an international consensus on the need to combat the many factors behind poverty and to give effect to political principles and commitments.

Instead of an interim assessment of progress towards the attainment of the Millennium Development Goals, Ms. Calmy-Rey said that a review of the specific situations of developing countries was preferable. The large disparities between regions within the same country attested to the complexity of development factors and the extreme importance of the quality of Governments' policies.

Growth that helped the poor was not the result of an economic doctrine that was correct on paper but rather the outcome of a complex mix of factors, including prudent macroeconomic policies, effective social protection and a series of investments in infrastructure, training and basic public services. All those elements combined to create the conditions conducive to the development of a spirit of enterprise.

If countries were willing to mobilize, they already had the necessary know-how, experience and resources to eradicate extreme poverty and hunger. Switzerland remained committed to the Monterrey approach, which invited all the actors concerned to unite their efforts, on a broad front, at the national, regional and global levels. Developing countries, the main protagonists in their own development, must formulate and implement effective poverty eradication strategies based on the Millennium Development Goals, create the right conditions for human and environmentally sustainable development, and mobilize their own resources towards that end. It remained crucial, however, for industrialized countries to increase development assistance and open up their markets still further to developing countries, particularly the poorest among them.

Nationally, good governance was indispensable for sustainable development. Switzerland was convinced that only strong democratic institutions that listened to citizens' needs could serve as a basis for sustainable economic growth capable of contributing to poverty eradication. Globally, better coordination of macroeconomic policies was needed in order to strengthen economic stability. At the same time, it was necessary to improve the effectiveness and impact of development assistance and facilitate the transfer of other resources.

The United Nations was a universal organization that had legitimacy in the eyes of all and was able to address and deal successfully with the many aspects of the development challenge. The Economic and Social Council, for its part, fulfilled the dual role of political platform and system coordinator. It was a forum for discussion of new trends in economic and social development and the establishment of partnerships for policy implementation. Switzerland was convinced that participation by all stakeholders, including representatives of civil society, the private sector and universities, stimulated inter-governmental action and played a crucial role in implementation of development policies. The many partnerships between United Nations bodies and the private sector, such as the Global Pact, would also facilitate the achievements of the Goals.

Switzerland welcomed new mechanisms like the Annual Ministerial Review and the Development Cooperation Forum, which proved that the Economic and Social Council could be reformed and could thus retain a central role in the United Nations.

Mr. KIRKILAS (Lithuania) said that economic growth over the past years had allowed 135 million persons to get out of extreme poverty. Other regions, such as Central and Eastern Europe, had achieved significant progress in poverty reduction and in other domains - primary education for poor children; vaccination of children against measles; and access for more people with HIV to retroviral treatment.

On the other hand, poverty and hunger remained a concern in sub-Saharan Africa and the Least Developed Countries (LDC), and while sustained economic growth was a major factor in poverty reduction, it was not sufficient in and of itself. The fact was that in most rapidly growing economies inequalities tended to increase. In order to benefit the poor, economic growth must be accompanied by institutional capacity-building, an active social inclusion policy, a narrowing of

the gap between urban and rural development, and investment in human capital. Empowerment of the poor and women was also very important, together with education and skills acquisition. Lack of education and employment opportunities determined the perpetuation of poverty from generation to generation, making it extremely difficult to escape from it.

Post-conflict countries had great difficulty in fighting poverty and, without international assistance, in laying the foundations for sustainable peace. Furthermore, the international community risked undermining its peace efforts by withdrawing assistance from those countries too early. Particular attention should be paid to the situation of “donor orphans”. It would cost less to assist those countries before their situation got a lot worse. The Council could contribute significantly to the institutions dealing with fragile post-conflict countries. The Peacebuilding Commission and the Council should draw on their respective strengths to enhance the effectiveness of their activities.

Climate change, which affected agriculture and food security, water resources, energy, human health and the human habitat, was a factor to be reckoned with in fighting poverty. When natural disasters struck, it was the poor who were worst affected and took the longest to recover. Small island developing States had witnessed strong economic growth in recent years but were increasingly at risk of environmental disasters which threatened the sustainability of such growth. Lithuania took the view that efforts to combat poverty and hunger should be accompanied by measures to reduce the effects of climate change with a view to achieving “climate-friendly development”.

The eradication of extreme poverty required a partnership between developed and developing countries. The European Union had made major efforts to achieve the Millennium Development Goals. Like other new donor countries, Lithuania was making a modest but steady contribution to growth and poverty reduction. Over the past two years, it had doubled its aid budget, and it would continue to pursue its efforts in line with its commitments. Given the increasing need for assistance and the lack of resources, it was important to improve coherence and coordination. The Council clearly had a key role to play in that regard. The United Nations must agree on measures that would enable it to deliver as one in the areas of development, humanitarian assistance and the environment, while taking into account cross-cutting issues such as gender equality, sustainable development and human rights. Only through the adoption of

coherent and comprehensive measures could tangible results be achieved. The international community had a moral obligation to eradicate poverty and hunger; it was a question of ensuring the dignity of millions of human beings throughout the world.

The meeting was suspended at 10.30 a.m. and resumed at 11 a.m.

HIGH-LEVEL POLICY DIALOGUE ON CURRENT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION (E/2007/15, E/2007/33, E/2007/50 and Rev.1, E/2007/CRP.2)

Mr. SHA Zukang (Under-Secretary-General for Economic and Social Affairs) said that the high-level dialogue offered a rare opportunity for the heads of the world's trade and financial institutions to present the Council with their views on the state of the world economy. While the world economy had experienced unprecedented growth, the possibility of a slowdown could not be ruled out. According to the recent update of the World Economic Situation and Prospects and the World Economic and Social Survey for 2007, the world economy would of course continue to grow but more slowly than in previous years, owing to the slowdown in the United States caused by the slump in the housing market, which would not be offset by the prospects for growth in Europe and Japan. Growth in developing countries and transition economies, due in part to the synergies within that group of countries, and driven, in particular, by China and India, remained highly dependent on the international economic environment. The strong economic growth seen among the least developed countries as a whole was far from homogeneous.

Although developing countries had mostly benefited from a favourable international economic environment in recent years, employment creation - particularly in the production sector - remained far too weak, and those countries remained vulnerable to increased volatility in commodity prices and the equity markets and to increases in the long-term interest rates of United States treasury notes. In order to sustain a favourable international economic environment, it was necessary to move ahead with the Doha Round of multilateral trade negotiations.

The worsening pattern of global imbalances characterized by the growing external deficit of the United States and loss of confidence in the United States dollar risked jeopardizing world economic growth and the attainment of the Millennium Development Goals. Only international

policy coordination could correct the imbalances, and there was therefore an urgent need to establish an effective mechanism for that purpose, in which developing countries would also be represented. For the International Monetary Fund (IMF) to serve as the impartial mediator in such a mechanism, reform of its governance practices and representation was needed.

Global prosperity also risked being jeopardized by the ageing of the world population. The phenomenon was particularly marked in developing countries, which would account for 79 per cent of persons over the age of 60 by 2050 and where the vast majority of older persons did not receive adequate social protection. The establishment of a universal social pension of US\$ 1 per day could be a means of protecting older persons from extreme poverty. International support should be provided to the poorest countries for that purpose. In order to remedy the relative decline in the population of working age, measures should be taken to stimulate productivity growth and stem the fall in labour supply, for, by example, raising the participation rates of women and older workers. While the 2002 Madrid International Plan of Action provided a good framework for action, Member States and all other stakeholders must intensify their efforts to keep the issue of population ageing on the international agenda, if a decent standard of living were to be assured to all.

Mr. PANITCHPAKDI (Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that, in spite of a slowdown in the United States economy and the heavy reliance of growth in Japan and the Eurozone on external dynamics, the overall world economy remained fairly healthy. Developing countries, which continued to grow strongly because of favourable financial conditions and rising commodity prices, had strengthened their trade and financial links with the rest of the world and had increased their share in global trade, trading more not only with the North but also among themselves. The impressive expansion of their exports, imports and consumption meant that they were now major contributors to global supply and demand, a situation which benefited the world economy as a whole. For a number of years, global capital flows had been reversed and developing countries had become net exporters of capital.

If the prospects for the world economy were bright, some factors, such as slower economic growth in the United States or the measures taken by China to cool down its overheated economy, could derail their realization. Remedying global imbalances, particularly exchange rate

differentials and financial speculation, was therefore a priority issue. The time had come to take effective action on the huge United States external deficit and China's large trade surplus, which were pushing the former into adopting protectionist measures and the latter into letting its currency float and appreciate in value. The problem was not confined to those two countries alone, however: Japan and Germany also had large trade surpluses. Adjustments to global demand and to exchange rates were therefore needed to correct current account imbalances.

Recalling that globalization had increased competitive pressures in global markets, with consequences for wealth distribution among and within countries, often in favour of developed countries and owners of capital, the Secretary-General of UNCTAD said that failure to address those disparities effectively risked triggering renewed protection internationally and instability domestically and jeopardizing many of the gains derived from economic expansion. He declared that the world had a moral duty to remember poor countries, especially at a time of robust economic growth. Noting that overseas development assistance (ODA) from the members of the Development Assistance Committee (DAC) had fallen from US\$ 106 billion to US\$ 103 billion in 2006, he recalled that for many of the poorest countries, ODA remained the main source of funding to meet their basic needs.

Mr. LAMY (Director-General of the World Trade Organization (WTO)) said that he was glad that cooperation was the central theme of the dialogue, since he was convinced that international cooperation, be it on the environment, health or trade, was the only means for ensuring growth and sustainable development in all countries. While trade opening was an essential ingredient in growth and development, it was not a panacea, and it had to be embedded in a supportive economic, social and political context and to be complemented by measures to remedy both capacity problems and the problems of wealth distribution which open trade created. It was therefore important to apply an appropriate mix of policy tools - a difficult task in itself, but one that was even more difficult for developing countries. Hence, the importance of aid for trade, which had been developed by different multilateral development institutions and actively defended by WTO with a view to strengthening the trade capacities of developing countries. WTO would guarantee follow-up in that area in order to make sure that both donors honoured their financial pledges and coordinated assistance and that beneficiaries made trade a priority of development assistance.

Aid for trade was no substitute for the completion of the Doha Round, which had seen its ups and downs but had now reached a crucial stage. If they were to avoid a stalemate, the members of WTO must conclude the negotiations before the end of 2007, as promised. That presupposed decisive progress on the question of agricultural subsidies and tariffs on agricultural goods and industrial products. In particular, the four main members of WTO that had recently attended the summit of the most industrialized countries held in Germany, without reaching agreement, must play a constructive role in the multilateral negotiations due to be held shortly in Geneva, under the guidance of the chairs of the agriculture and industrial tariffs negotiating groups, which would issue compromise texts.

What remained to be done was small compared to what had already been achieved and compared to the potential benefits of rebalancing the multilateral trading system in favour of developing countries. An agreement on subsidies required just on a few additional concessions from the United States, some new reductions by the European Union and Japan on the highest tariffs on agricultural goods and a small percentage reduction by emerging countries like Brazil or India of the highest industrial tariffs - all of which had to be done over a period of several years. Stressing that the challenge was less an economic than a political one, since it was a matter of the effectiveness of the multilateral trade system and international trade cooperation, Mr. Lamy urged the negotiators at WTO to remember that billions of people were counting on the negotiations for the realization of the Millennium Development Goals.

Mr. PORTUGAL (Deputy Managing Director of the International Monetary Fund (IMF)) said that, according to a recent IMF assessment, the outlook for the world economy was still good. After a year-long slowdown in the United States, the economy was expected to regain momentum gradually in the second half of 2007. In the Eurozone, growth had been stronger than expected, with gross domestic product (GDP) up 2.4 per cent in the first quarter of 2007 and expected to remain strong in 2008. In Japan, the 3.3 per cent increase in GDP in the first quarter of 2007 was a result of buoyant investment and an upturn in private consumption. Emerging markets and developing countries were expected to see strong growth in 2007, due to favourable financial conditions and, in many cases, strong commodity prices and better macroeconomic management. In the first quarter of 2007, GDP growth had again accelerated in China, reaching 11 per cent, as against 9.1 per cent in India.

Overall, prospects for growth in emerging countries and developing countries remained good. There were, however, three main downside risks. First, inflationary pressures remained a concern in both advanced and other countries, underscoring the need for vigilance. Second, the recent rise in long-term interest rates and the turmoil in the financial markets in February 2007 were a reminder of the need to guard against complacency about risks in the sector. Third, global current account imbalances were so large that there was a risk of their disorderly unwinding and of rising protectionist pressures. Lastly, the economic outlook remained favourable but unwelcome surprises could not be ruled out, and therefore policy makers should not relax their efforts.

Mr. BOURGUIGON (Chief Economist and Senior Vice-President of the World Bank) stated that economic growth in developing countries and the rest of the world had been strong during the past decade and had transformed societies and opened up opportunities from which all regions could benefit. That progress was not due to cyclical events but rather structural changes in the global economy. The share of developing countries in global output had reached 46 per cent by 2005, a performance in which many countries, not just India and China, had played a part. Such strong growth had greatly reduced poverty over the past decade, and the target of halving the incidence of extreme poverty by 2015 now seemed within reach. On the other hand, disparities across regions and subregions posed the main threat to sustainable growth and the attainment of the Millennium Development Goals. Sub-Saharan Africa lagged far behind, notwithstanding the progress made there. Huge disparities in income distribution between countries continued to grow. The difficulties of attaining the Goals were particularly challenging in the most fragile States; thus, 35 of the least developed countries accounted for over one quarter of extreme poverty in the world. If State fragility was sometimes viewed as transitory, it was unfortunately the case that 80 per cent of States identified as “fragile” in 1980 were still fragile today. Despite the enormous needs, aid flows to fragile States were unequal, irregular and often fragmented, and despite the pledges from donor countries, global aid had stalled while most of the recent increases had been due to debt relief. Without fresh financing, donor promises of doubling aid to sub-Saharan Africa by 2010 would not be fulfilled. The fragmentation of aid among different sectoral funds threatened to bring about a net loss of efficiency and to add to the burdens of receiving countries. Efforts to deal with the greenhouse gas effect on the global environment were another area where vigilance was needed so that the

adjustment burden did not fall too heavily on poor countries. Lastly, the international community must do more to honour its commitments to the poorest countries, and multilateral institutions must strengthen their coordination in order to respond to those countries' real needs.

Mr. AKRAM (Pakistan) asked what specific advantages there would be for developing countries, if an agreement were to be reached during the current Doha negotiations on agricultural subsidies in the United States and the European Union. If no agreement was reached soon, was there any prospect that a separate and faster programme might be put in place to ensure the attainment of the Millennium Development Goals in developing countries? With regard to the imbalances in the current financial systems, he wanted to know whether it might not be wise to review the entire international financial structure with a view to allowing countries that needed it to have access to short-term finance, which was not possible at present.

Mr. MARQUES (Portugal), speaking on behalf of the European Union (EU), the candidate countries (Turkey, Croatia and the Former Yugoslav Republic of Macedonia), the countries of the Stabilization and Association Process and potential candidates (Albania, Montenegro and Serbia) and also Ukraine, the Republic of Moldova and Armenia, said that despite the generally strong growth observed over the past three years, the realization of the Millennium Development Goals did not seem to be guaranteed. Some 44 countries, mainly in Africa, had not managed to achieve growth rates of over 3 per cent. That was largely due to the inequalities existing within and across States and the fact that the growth was not conducive to poverty eradication and employment generation. Special attention must therefore be given to Africa and the least developed countries, which were often "aid orphans".

The EU reiterated its commitment to the Millennium Development Goals, which were central to efforts to improve the living conditions of the world's poor. As a donor, the EU had honoured its commitments and in 2006 had exceeded the target that it had set for overseas development assistance (ODA), i.e. 0.39 per cent of its GDP - the target for 2015 being 0.7 per cent. EU assistance currently accounted for 57 per cent of global ODA. The EU was determined to improve the quality and increase the effectiveness of that assistance.

The Monterrey Consensus, which affirmed, inter alia, that each country also had responsibility for its own development, was the keystone of the global development partnership.

As trade was also an engine of growth, the conclusion of the Doha Round negotiations would play a key role in that connection. Lastly, the EU supported a strong and coherent United Nations standing at the centre of an effective multilateral system geared towards the reduction of poverty, promotion of sustainable development and delivery of humanitarian assistance.

Mr. YAKOVENKO (Russian Federation) recalled that globalization, despite its positive effects, was still associated with wide disparities between poor and rich regions and that some countries were particularly vulnerable. If globalization were to benefit everyone, a package of measures must be taken, internationally and nationally, including within the framework of the United Nations. In that connection, he wanted to know what priorities the international community must adopt on cooperation in that domain.

Mr. MILLER (United States of America) welcomed the broadly positive economic picture that the speakers had presented, but said that, since the economy remained a concern for some countries, particularly sub-Saharan Africa, he would like each of them to state what their organization intended to do to improve the situation of marginalized countries in a context of global prosperity.

Mr. KAZYKHANOV (Kazakhstan) said that he wished to draw attention to the situation of landlocked countries, many of which were least development countries, partly because their high transport costs had a significant impact on production costs.

Mr. SAW (Guinea) asked what impact emerging countries like China, India or Brazil would have on international trade, the economies of cotton-producing countries and aid for the poorest countries. He also wanted to know what each of the international organizations intended to do for the most fragile countries, and said that it was regrettable that no institution, as far as he was aware, had taken specific debt-alleviation measures to help post-conflict countries.

Ms. LIU Hua (China) said that the speakers' statements had been interesting and that she was convinced that such a debate could only improve coherence and strengthen cooperation between different international institutions. She asked the representatives of the World Bank and the IMF in particular what measures their institutions intended to take to implement the reforms that had been announced.

Mr. LAMY (Director-General of WTO) said that one specific consequence of the completion of the Doha Round negotiations would be easier access to markets for sectors such as clothing, where tariff barriers were currently high and were an issue both for some industrialized countries and many developing countries. In addition, there would be a reduction in trade-distorting subsidies that had a clear impact on sectors where developing countries had a comparative advantage - the cotton sector being a good example. If the negotiations failed, however, the consequences could go well beyond mere trading relations. Mr. Lamy did not consider it likely that measures aimed at the creation of a “universal ethic” could serve as a substitute for an agreement.

Replying to the question raised by Mr. Yakovenko, Mr. Lamy said that, in his view, international cooperation should be geared primarily towards serving countries with the weakest capacities. He added that one of the priorities to improve the multilateral trade system was the opening up of domestic markets. Freedom of transit was undoubtedly a crucial issue for landlocked countries. International rules had been established but they were unclear, and much remained to be done in that regard.

Mr. PANITCHPAKDI (Secretary-General of UNCTAD) said that he obviously could not comment on IMF reform but, as far as he was concerned, UNCTAD would continue to focus on the flagrant disparity between a highly-regulated system of trade and an under-regulated financial system. He agreed on the importance of the points raised by the representative of the Russian Federation and assured him that those matters would be debated in 2008, at the twelfth session of the Conference. He also agreed that more attention should be paid to the question of financial stability, for which multilateral measures were needed.

Ensuring that the poorest countries were included fully in the system was a larger challenge, for which a wide range of measures must be adopted. At UNCTAD, a more detailed study was needed of the modalities for encouraging productive capital formation capable of attracting investment, generating employment and supporting supply capacities, all key elements in competitiveness.

Lastly, Mr. Panitchpakdi said that the key issue of the impact of emerging countries on the least developed countries, which Mr. Saw had raised, was not being neglected by UNCTAD.

UNCTAD was endeavouring to arrive at a better understanding of aid processes, and it dealt specifically with South-South cooperation in some of its publications. Relevant information could be found in a report on cooperation between Asia and Africa (UNCTAD/ITE/ITA/2007/1).

Mr. PORTUGAL (Deputy Managing Director of IMF) said that he wished to respond first to Mr. Akram's question about global imbalances and the possible revision of the Fund's objectives. In his view, the two issues were separate. Global imbalances certainly could not be reabsorbed by the isolated actions of one country. Hence, the Fund had developed a new multilateral cooperation mechanism and a group of countries had been designated within that framework to discuss and resolve the problem. The approach was a fruitful one, and a series of measures had already been defined and communicated to all member countries.

Mr. Portugal did not, however, contest the need for reform, in addition to the other efforts already made. A medium-term strategy had been adopted with the aim of strengthening the Fund's role in multilateral and bilateral surveillance and effecting an important reform of the distribution of voting rights. As a preliminary step, the shares of China, the Republic of Korea, Mexico and Turkey had been increased with a view, over the longer term, to doubling the number of votes for low-income countries so as to represent at least 4 per cent of the whole, instead of the 2 per cent currently. The necessary spirit of cooperation for such a reform seemed to be there already; some countries, including the United States, had already declared their willingness to renounce an increase in their voting rights. It was to be hoped that other countries would follow suit.

The Fund remained a key development partner for low-income countries. It had relaxed the conditions for aid provision and, since 1999, had based its poverty-reduction activities on strategy documents produced by countries themselves. Significant efforts were being made with regard to technical assistance and training. Some 25 per cent of the organization's budgets was earmarked for capacity-building, and the Fund had begun to open technical assistance centres. Centres were already in operation in the Pacific and Caribbean, East, West and Central Africa and the Middle East. At the same time, the Fund maintained its financing role and was taking steps to sensitize industrialized countries to the need for increased development assistance.

In Mr. Portugal's view, the main steps that would allow low-income countries to take their place in the world economic order were increasing the volume of aid, improving market access for those countries, good governance and transparency - important elements of the Monterrey Consensus - and the prompt implementation of measures in the countries themselves.

Mr. BOURGUIGNON (Chief Economist and Senior Vice-President of the World Bank) said that trade expansion would benefit not only cotton-producing countries but other countries as well. If the negotiations stalled, the problems of market access would remain severe. Integration of the poorest countries would not be achieved by market access alone, however; those countries needed to take measures domestically to boost investment in infrastructure and in human capital. As for landlocked countries, facilitation of their imports and exports depended largely on regional cooperation. Some initiatives had been taken, and they should be strengthened.

The fact that some countries were now known as emerging countries should not gloss over the fact that for many years to come their population would include many persons living below the poverty threshold. Poverty reduction did not rely solely on growth: it was directly linked to efforts to eliminate disparities within borders.

It was true that for a country emerging from conflict a lack of financial resources could pose serious problems and cause it to sink into fresh conflict. The issue of how to provide such countries with sufficient resources and ensure that the resources were well used was therefore of vital importance. Significant progress had been scored with regard to management of aid for countries with weak institutions, and tangible results had been attained. The challenge now was obtaining the same results in more fragile States, where weak institutions and poor public affairs management were problematic.

The meeting rose at 1 p.m.