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Held at Headquarters, New York, on Monday, 6 October 2008, at 10 a.m.

Chairperson: Ms. Ogwu .... (Nigeria)

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The meeting was called to order at 10.10 a.m.

Statement by the Chairperson

1. **The Chairperson** said that the lesson to be learned from the recent financial turmoil, the global food crisis, soaring energy prices and the effects of climate change was that today's world was more interconnected than ever and that countries could not solve global problems on their own. When tackling such multiple challenges, the international community must stay the course. It must remain committed to achieving the Millennium Development Goals (MDGs) and must not use the financial crisis as an excuse for failing to meet past commitments.

2. The current year was decisive for the achievement of the Millennium Development Goals, not only because it marked the midway point between their adoption and the deadline for their attainment, but also because the international community's response to new challenges would determine whether or not they would be met. She hoped that the Committee would send a strong message that, even though individual countries were affected to varying degrees by the ongoing crises, the international community was determined to work together and tackle issues head on.

3. In particular, the Committee and, later, participants in the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus should send a clear message regarding how to address the impact of the global financial crisis and how to strengthen international financial regulation and supervision mechanisms. The Committee should also call for the full implementation of the Declaration of the High-level Conference on World Food Security held in Rome in June 2008; the resumption and successful completion of the Doha Round; meaningful action at the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Poznań, Poland, in December 2008; and the completion of negotiations on a post-2012 climate regime by 2009.

4. She was confident that, by adopting a positive spirit, the Committee would be able to send the world a strong message that it would not waiver. In fact, it would redouble its efforts to ensure that the Millennium Development Goals went beyond a mere aspiration and became a reality for the world's most disadvantaged people.

Statement by the Deputy Secretary-General

5. **Ms. Migiro** (Deputy Secretary-General) said that the current session was taking place at a time of financial turmoil. The global financial crisis affected all economies. A growing number of developing countries were suffering from weakening demand from the major developed economies. Those with current account deficits and a heavy dependency on external financing were also experiencing financial distress. The lethal combination of a credit crunch, declining investor confidence and asset deflation was likely to drag down the world economy. Moreover, the financial crisis was exacerbating the hardship already being caused by higher food and energy prices, particularly in low-income countries. Despite the World Bank's recent announcement that considerable progress had been made in reducing poverty and hunger, efforts to achieve the Millennium Development Goals were clearly at risk. The international community must do its utmost to avert a recession, including through stimulus packages and measures to stabilize financial and foreign exchange markets. In addition, international financial regulation and supervision mechanisms must undergo extensive reforms. The Follow-up International Conference on Financing for Development, to be held in Doha later that year, would provide an opportunity to address the systemic weaknesses exposed by the current turbulence. It must also be used to address international tax cooperation, innovative sources of financing, debt sustainability, aid effectiveness and other elements of the Monterrey Consensus.

6. The achievement of the Millennium Development Goals by 2015 remained the major development challenge. The progress made thus far, though significant, had been uneven. Moreover, as the Millennium Development Goals Gap Task Force had pointed out in its recent report, global partners had yet to deliver fully on their commitments. Nonetheless, the Goals could be achieved by 2015. The High-level Event on the Millennium Development Goals held in September 2008 had generated new political impetus and concrete initiatives and commitments aimed at bridging implementation gaps. Action should now focus on following up on those pledges so that more progress was achieved. The financial crisis must not distract the international community from its efforts in

that regard. The proposed Millennium Development Goals review conference in 2010 would certainly advance that objective.

7. Africa remained the region facing the greatest challenges, particularly against the backdrop of higher food and energy prices and climate change. While some promising results had been seen, such as the reduction in Africa's official debt, commitments remained only partially realized. The Millennium Development Goals Africa Steering Group estimated that it would cost $72 billion per year in external financing to achieve the Goals in Africa by 2015. There was still a need, therefore, to increase official development assistance (ODA), better coordinate aid, reduce agricultural subsidies in developed countries and boost investment in infrastructure.

8. It was clear from the multiple crises facing the international community that delaying action only made matters worse. The international community could not afford to put off investments aimed at increasing agricultural productivity or climate change mitigation and adaptation. Assessments by the Intergovernmental Panel on Climate Change made that very clear. Action on such long-term solutions required not only high-level political engagement but also the involvement of ordinary people: citizens must use moral suasion to induce their Governments to tackle problems with the urgency they demanded.

9. Both she and the Secretary-General were fully committed to strengthening the Organization's development pillar at the current critical juncture. To that end, they hoped that the General Assembly would take action during the current session on the proposals contained in the report of the Secretary-General on improving the effective and efficient delivery of the mandates of development-related activities and revised estimates relating to the programme budget for the biennium 2008-2009 (A/62/708). They also looked forward to working with the Committee on fully mobilizing the United Nations system and its partners so as to advance the development agenda and meet the needs of the world's poorest people. She was confident that the Committee's deliberations would reinvigorate the shared determination to succeed in that task.

Statement by the Under-Secretary-General for Economic and Social Affairs

10. **Mr. Sha** Zukang (Under-Secretary-General for Economic and Social Affairs) said that the protracted financial strains in major developed countries had caused a pronounced downturn in the growth of the world economy. The macroeconomic environment was increasingly unbalanced and vulnerable to shocks and crises. According to current forecasts by the Department of Economic and Social Affairs, global economic growth could fall below 2 per cent in 2008. The prospects for the world economy in 2009 remained worrisome; the outlook might even be worse than it had been for 2008.

11. Combined with higher food and fuel prices, the projected global slowdown would threaten gains made towards the Millennium Development Goals and prospects for further progress. The recent report by the Millennium Development Goals Gap Task Force highlighted the extent to which Member States were failing to deliver on their commitments to the global partnerships in support of those Goals. The fear was that aid, trade and debt relief would become hostage to the overall gloom. Developing countries would face increasing difficulties in bringing prosperity to their people. At the same time, widening income gaps in developed and developing countries had raised concerns about the social consensus on which stable economic and political relationships ultimately depended. Such concerns were wrapped up in a rising tide of economic insecurity, linked to a growing number of downside income and welfare risks.

12. The Committee should use its various resolutions to address current systemic challenges. In particular, it should send a clear message that the creative forces of the market economy must be coupled with a more inclusive social contract. Already, there were growing calls for global economic governance and the international financial architecture to undergo fundamental reforms, so as to ensure that the financial system was more effective in supporting sustained economic growth in an equitable fashion. That required a new policy approach, including more effective regulations, particularly in financial markets; more effective counter-cyclical institutions and policies; improved risk monitoring and crisis management better suited to the realities of global financial integration; and more universal social policies, including redistribution measures. While each country should adopt the specific policy mix best suited to its national conditions, economic security could not be guaranteed by countries acting alone. Multilateral forums must be strengthened and more timely and effective collective action promoted.

13. The Committee should coordinate its work with the preparatory process for the Follow-up International Conference on Financing for Development to be held in Doha in less than two months. It was essential to build on the momentum generated by the High-level Event on the Millennium Development Goals held in September, strengthen delivery on existing commitments and reach agreement on the way forward.

14. The year 2008 marked the beginning of the Second United Nations Decade for the Eradication of Poverty. Global poverty reduction at the end of the First Decade had been largely due to success in a few parts of the world. For the Second Decade to be effective, it was important to promote broad and inclusive national development strategies that addressed poverty in all its dimensions, in all countries.

15. The Committee could play a pivotal role in placing public health issues in the broader economic, social and environmental context. Resolutions relating to development issues could be used to strengthen the linkages between health and those dimensions of development in a globalizing world, thereby setting the stage for the work planned by the President of the General Assembly and the Secretary-General on that front and strengthening the foundation for the 2009 Annual Ministerial Review, which would focus on the theme of "Implementing the internationally agreed goals and commitments in regard to global public health".

16. Climate change remained a grave concern and affected development prospects in many ways. It was important to meet the financing challenges of climate change mitigation and adaptation fairly and effectively and to design effective mitigation and adaptation strategies compatible with efforts to address other major challenges. To tackle climate change required not only an in-depth technological revolution, but also a revolution in values, so that public policy was placed firmly behind the shared concern for equity. Consequently, all countries should have the financial means and the technologies required to lower their greenhouse gas emissions. The Committee could send a strong message in favour of the successful negotiation of an equitable yet effective agreement and feasible and viable solutions.

17. More attention should be paid to countries with special needs. While he welcomed the recent High-level Meeting on Africa's Development Needs and High-level Meeting devoted to the midterm review of the Almaty Programme of Action, much more needed to be done to assist the least developed countries, landlocked developing countries and small island developing States in reducing their vulnerability to the vicissitudes of markets and of nature. The current session should build on the outcomes of those meetings and inject new vigour into efforts to address the challenges facing such countries.

18. Lastly, the current session provided an opportunity to strengthen the development pillar and the link between that pillar and the Organization's other pillars. To support and accelerate the implementation of the development agenda and the response to new challenges, the Department of Economic and Social Affairs would continue to advance a more integrated and strategic approach to mobilizing expertise both within and outside the Organization. The Department stood ready to support the Committee in its work. He was confident that the Committee would provide clear and effective guidance. All sides must work together to deliver on the development agenda.

Keynote address by Professor Ricardo Hausmann, Director of the Center for International Development at Harvard University and Professor of the Practice of Economic Development at the John F. Kennedy School of Government

19. **Mr. Hausmann**, accompanying his statement with a computerized slide presentation, said that he wished to focus on why it was so hard for developing countries to make progress. Global inequality was huge. Income per capita was over 50 times higher in the United States than in Malawi, Burundi, the Democratic Republic of the Congo, the United Republic of Tanzania, the Niger, Sierra Leone and Guinea-Bissau, while life expectancy was twice as high in Japan, Australia and Norway as in Angola, the Central African Republic, Mozambique and Zambia. Varying growth rates over an extended period of time were the single factor behind such discrepancies.

20. After a long absence, the issue of growth was back on the international agenda. Growth was important because it accumulated over time. According to the rule of 69, the time needed to double income could be calculated by dividing 69 by the growth rate. A growth rate of 1 per cent resulted in an income

doubling time of 69 years, a parent-to-child increase of 28 per cent and a grandparent-to-grandchild increase of 1.64; a growth rate of 8 per cent, meanwhile, resulted in an income doubling time of 8.6 years, a parent-to-child increase of 585 per cent and a grandparent-to-grandchild increase of 46.9. To look at it another way, if two countries started with the same income level but diverged in growth rates by 6 per cent each year, after 50 years — or two generations — one country would be 18.4 times richer than the other. Most countries had experienced positive growth in the past 25 years; a few, however, had experienced negative growth.

21. Global inequality was a recent phenomenon. When Adam Smith had written "An Inquiry into the Nature and Causes of the Wealth of Nations" in the 1700s, the per capita income of the richest country in the world (the Netherlands) had been about four times that of the poorest country in the world (Nepal). Today, Malawi, Burundi and the Democratic Republic of the Congo were the poorest countries, with a per capita income of about $700 at purchasing power parity; if wealth were distributed equally, the entire population of those countries would live below the poverty line. Bolivia, Viet Nam and Lesotho were four times richer, with a per capita income of about $2,800. The Russian Federation, Malaysia and South Africa were four times richer than those countries, with a per capita income of about $11,000. Norway and the United States of America were four times richer again, with a per capita income of $44,000. Today, the Netherlands was 21 times richer than Nepal.

22. Growth was also a relatively recent phenomenon. Indeed, the world had begun to experience sustained growth only in the past 200 years. Growth had not occurred simultaneously in all regions. It had been experienced first in Europe and its offshoots in the nineteenth century, but had not occurred elsewhere until later. The difference between countries and regions had been much smaller in 1820 than today.

23. He disagreed with those who blamed imperialism for such differences. Spanish colonialism between 1500 and 1800 had not boosted Spain's income per capita and Latin American countries had not caught up following their independence in the 1820s. Africa, meanwhile, had fallen behind both before the scramble of the 1890s and after independence. Moreover, some countries that had never been colonized had fallen behind, some countries that had never had colonies had become rich, and some Caribbean countries that had become independent had fallen behind others that were still dependent today. Growth rates also varied significantly within formerly colonized regions.

24. In 1820, income per capita had been 2.9 times higher in Western Europe than in Africa. Today, it was about 13.1 times higher. However, the growth rate differential between the two regions during the intervening period had been a mere 0.9 per cent.

25. The transition to modern growth was a complicated process. Usually, fertility and mortality rates fell, while urbanization, education, technology and exports increased. Growth rates varied from country to country. Some countries had yet to experience a demographic transition; others faced different challenges. No developed countries had experienced their highest gross domestic product (GDP) per capita before 2000. However, almost 60 per cent of developing countries for which data was available since 1980 had. Consequently, many developing countries had experienced a generation of negative growth. Most growth collapses had coincided with export collapses, which were typically larger than output collapses.

26. Countries became richer not by producing and exporting more of the same goods, but rather by changing their exports over time. There was also strong evidence that countries converged to the level of income of the countries with which they competed; sophistication of products was therefore critically important.

27. Offering the analogy of a forest where trees were products and monkeys, firms, he said that growth involved a structural transformation whereby monkeys moved from the poor section to the rich section of the forest. It was important to note that monkeys found it easier to jump short distances, in other words, that firms found it easier to switch to new products that required capabilities similar to those they were already producing. A firm's starting point was irrelevant; what mattered was the density of the forest, or product space, as it determined the firm's ease of movement to new products.

28. Firms in different countries faced varying degrees of opportunity to move from one product or industry to another, depending on their position. It was clear that a one-size-fits-all approach could not work.

29. Poor countries had difficulty catching up with rich countries, because typically there was no sequence of trees, or products, to enable them to access the denser parts of the forest, or product space. Where a sequence was available, the world had witnessed explosive growth, such as in East Asia. Inferior performance by resource-rich countries was caused by poor connectedness of resource-intensive sectors with resources or specialized skills that were not easily redeployed in other sectors. Countries fell into protracted slumps when their existing export products stagnated because they were unable to move to other sectors. It was therefore important for countries venturing into new industries to focus on transferable capabilities, rather than on adding value to limited raw materials.

30. Government and good public policy were key to helping economies grow. Public and private inputs were deeply complementary; however, while private inputs were relatively easy to harness, given existing profitability and incentive systems, public inputs were more difficult to adapt to the specific needs of production. Governments therefore had to structure an evolving system, remaining open and aware of opportunities and obstacles specific to their country's situation.

31. **Mr. Weisleder** (Costa Rica), continuing the previous analogy, said that developing countries faced the problem of other monkeys having already taken over certain trees and of some monkeys being more agile than others in jumping from one tree to another. How were new monkeys supposed to take over a new section of forest?

32. **Mr. Hausmann** said that empirically, it had been found that when a poor country developed the capacity to compete in a rich-country market, it was initially due to a comparative advantage in terms of salaries. In a relatively open market, therefore, developing countries should be able to enter the market and grow. A major obstacle facing such countries was the heavy protectionism of rich countries; it was therefore critical for the Doha Round to succeed in helping to open up markets to developing countries.

33. **Mr. Zainal Abidin** (Malaysia), recalling Malaysia's export-focused policy in the 1960s, when it was relatively easy for developing countries to enter the world market, asked whether it was too late for developing countries to do the same in the current world market. He also wished to know which cultural aspects, if any, were likely to enable countries to progress economically.

34. **Mr. Lorenzo** (Dominican Republic) said that oil speculation was a major concern for the world economy as well as for climate change. A copy of a letter addressed to the President of Parliamentarians for Global Action, which discussed the outcome of a meeting on oil speculation that had taken place in the Dominican Republic, would be forwarded to the Chairperson for circulation during the General Assembly. To achieve the Millennium Development Goals, it was necessary to sustain a rapid growth rate, build basic infrastructure, find a solution to the energy crisis and renew global commitment to the rural economies of poor countries. Trade was vital as an engine of growth and developing countries would not be able to meet the Goals without a timely and satisfactory outcome of the Doha Development Agenda. Given the oil and financial crises, he wondered what prospects there were for developing countries to achieve competitiveness.

35. **Mr. Blake** (Antigua and Barbuda) asked whether the radical changes made to international trade rules in 1994 had facilitated or impeded movement across industries, especially in developing countries.

36. **Mr. Hausmann**, replying to the representative of Malaysia, said that culture, as the way society represented its own reality and future, was not static, but dynamic. Nevertheless, if he were to choose three characteristics or outcomes for sustained economic and social growth, they would be: trust between members of society; a perception of personal responsibility in each individual's own future; and a positive attitude towards innovation. It was not too late for developing countries to enter the increasingly crowded global market using export-oriented policy, as evidenced by China, which had achieved a 20 per cent growth rate when global growth stood at a mere 6 per cent. New industries, such as biotechnology, also held much promise.

37. Replying to the question posed by the representative of the Dominican Republic, he said that the financial and oil crises were the consequences of a world economy that had grown beyond a sustainable rate for too long. Growth had been based on the accumulation of imbalances, including the real estate bubble and a large current account deficit in the United

States. Now that the United States was going to be forced to spend less, the world market would have to make certain adjustments. The role of policy was thus very important: countries with surpluses should adopt an expansionary policy, using surpluses to buy more goods abroad and keeping their markets open. Coordination of adjustments would also be crucial.

38. Turning to the comments by the representative of Antigua and Barbuda, he said that in the past, it had been impossible to discuss industrial policy without being labelled as irresponsible. That was changing, as the focus returned to productivity and competitiveness on the world market, rather than on the domestic markets. Government played an important role in the process and must use the right channels to influence policy.

39. It was regrettable that the Millennium Development Goals did not include a specific Goal for growth, which would have facilitated the achievement of the other Goals. The tremendous population growth seen in Africa had led to a steady decline in the land-to-labour ratio. Little was being done to facilitate the generation of jobs outside of agriculture, even though they were critically needed for growth.

40. **Mr. Qobo** (South Africa) said that, though there was no disputing the fact that growth was good for the economy, the real challenge was to come up with policies that would aid development. He wondered what policies Mr. Hausmann would recommend in that regard. Secondly, he wished to know how Mr. Hausmann viewed the erosion of the bargaining position of developing countries in the current financial climate.

41. **Mr. Leroy** (Belgium) said that, according to the metaphor used by Mr. Hausmann, African countries had made less progress because the trees were farther apart. He wondered whether, 30 years earlier, the trees had been as far apart in China as they currently were in Africa.

42. **Mr. Martirosyan** (Armenia) asked whether Mr. Hausmann saw any difference between Spanish and British colonization as far as the performance of former colonies was concerned.

43. **Mr. Alim** (Bangladesh) said that growth was, of course, crucial; the question was how it should be achieved. Mr. Hausmann had suggested that developing countries should focus more on exports, and specifically on exports of sophisticated products. That, however, was not easy for developing countries. Various restrictions were in place, imposed by the richer countries, and market distortions had developed. A greater degree of reciprocity was required. Secondly, he recalled that, theoretically, market liberalization was to have led to a capital inflow to developing countries. He would be glad to hear Mr. Hausmann's views on the paradox that capital was, on the contrary, flowing from developing to developed countries.

44. **Mr. Hausmann** said that, in his view, the problem in South Africa was undoubtedly that — for a number of complicated reasons — growth had been limited over a long period of time, and what growth there had been was not based on exports. The result was high unemployment and high levels of inequality. He agreed that developing countries had been sidelined in international negotiations. Further investment should be promoted and countries should be allowed greater flexibility in addressing the challenges that they faced.

45. With regard to the point raised by the representative of Belgium, he noted that significant progress had been made. Sophisticated telecommunication equipment, for example, was assembled in poor countries using components provided by richer countries. The higher the price of energy, the more sense it made to concentrate production where the resources were to be found. In that way, both parties benefited. With the right leadership, there was enormous potential for poor countries to benefit still further.

46. As for the differences in performance of former Spanish and British colonies, it was notable that Canada and Australia — former British colonies — had fared no worse than the United States, which had been independent for far longer. Growth rates did not differ markedly among African countries that had been colonized by different imperial powers. Of far greater importance was the capacity to mobilize a society and make full use of new technologies.

47. With regard to the issues raised by the representative of Bangladesh, he said that some of the problems faced by developing countries were caused by their own policies. The fact was that exports were crucial to growth, although why that was the case was still a mystery. Countries should build on their existing structures and extend them further. Colombia, for example, had seen enormous growth in its coffee industry, because it had moved beyond its domestic

market. As for the effects of capital flow, he noted that, among large countries, China's growth rates were unparalleled over the past 25 years. They were over 2 per cent higher than the next highest rate, enjoyed by the Republic of Korea. Its growth had, moreover, been achieved without imported capital, although it had benefited from other components of foreign direct investment.

The meeting was suspended at 12.05 p.m. and resumed at 12.15 p.m.

General debate

48. **The Chairperson** invited the Committee to begin its general debate.

49. **Mr. Ashe** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the United Nations had a responsibility, in the current global political climate, to focus its attention on development. The Group of 77 and China had long warned that current patterns were unsustainable. Enormous imbalances in the financial system were evidenced by a chasm between developed and developing countries and between the rich and the poor. Renewable and non-renewable natural resources were being depleted and production and consumption systems were built on waste and avarice. The most vulnerable countries were marginalized, and global governance frameworks had lost their legitimacy and relevance.

50. Although such imbalances had been the subject of policy studies and reports, the international community had chosen to ignore them. They were treated as though they were amenable to resolution through financial and technical assistance and changes in policy and behaviour by the developing countries. Moreover, the international community had failed to meet its commitment to provide 0.7 per cent of the gross national income (GNI) of the developed countries to assist growth and development in the developing countries generally, and 0.15 per cent to 0.2 per cent in the least developed countries; to reduce debt burdens, especially in the least developed countries and African countries; to create a development-oriented international trading environment; to establish coherency and consistency in the international monetary, financial and trading systems; to implement a global partnership for development; to provide access to advanced technology in key areas of development; or to establish targets for the reduction of greenhouse gas emissions.

51. Over the past few months, the world had been in the grip of multiple, interrelated crises: an economic and financial crisis, originating in the most developed, most sophisticated and largest economy; a food and energy crisis arising from the demand, rather than the production side; an environmental and climate change crisis; and a global governance and institutional crisis. All those crises were urgent and needed to be resolved simultaneously; yet there was no framework for doing so. As the President of the General Assembly had said, the only way to alleviate the suffering of the world's poor was to create a sound international economic system. The United Nations, and specifically the Second Committee, had a pivotal task in that regard. Leaders who had addressed the current session of the General Assembly had made it clear that they expected action on long-standing commitments.

52. The agenda of the general segment contained a number of items of critical importance, including macroeconomic policy; liberalization and interdependence; sustainable development; the eradication of poverty; information and communication technology for development; the implementation of the outcome of the International Conference on Financing for Development and of the United Nations Conference on Human Settlements; and the treatment of groups of countries in special conditions. He also drew attention to the climate change conferences to be held in Poznań, Poland, in 2008 and Copenhagen, Denmark, in 2009. The Committee had ample opportunity to address the critical challenges confronting the international economy. It must rise to those challenges.

53. **Mr. Delacroix** (France), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova, and Ukraine, said that the work of the Committee took on special importance in a context of climate change, rising food and energy prices and, particularly, the crisis in the financial markets, which highlighted the need to overhaul the international financial system. Nevertheless, the positive outcomes of recent high-level meetings — including the first meeting of the Development Cooperation Forum, the twelfth session of the United

Nations Conference on Trade and Development (UNCTAD) and the two special events held during the general debate of the plenary Assembly — should also be taken into account.

54. Determined to do their part in the implementation of internationally agreed development goals, including the Millennium Development Goals (MDGs), the European Heads of State and Government had recently adopted the Agenda for Action establishing intermediary stages to be reached by 2010. The Agenda provided examples of priority European Union actions and indicated how increased European aid could result in measurable progress on the ground. The European Union would make every effort to help the international community comply with its commitments, particularly in sub-Saharan Africa.

55. Given the immense importance of the Follow-up International Conference on Financing for Development, the Committee's work should complement negotiations on its outcome document and efforts should be focused on preparations for it.

56. He called for increased efforts to combat climate change, which affected the ability of States to achieve their environmental, economic and social objectives, and had an impact on peace and security. The European Union had put climate change at the top of its agenda and the adoption of the climate and energy package was one of the priorities of the French Presidency of the European Union. The momentum achieved at the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (Bali Climate Change Conference) with the agreement to start negotiations to define a new post-2012 global agreement should be maintained in Poznań and Copenhagen. Increased cooperation was needed to exploit the synergies between climate change and other closely related threats to the environment and sustainable development, such as desertification, deforestation, and the ensuing loss of biodiversity.

57. Recognizing the progress achieved in streamlining the system's operational activities for development with the adoption of General Assembly resolution 62/208 on the triennial comprehensive policy review, he expressed the hope that deliberations in 2008 would help consolidate the achievements made thus far within the framework of General Assembly resolution 62/277 on system-wide coherence.

58. The European Union fully endorsed the proposals to improve the working methods of the Second Committee. It hoped the Committee would continue to streamline its agenda and produce fewer, more concise and substantial resolutions designed to enrich the quality of the Committee's work.

59. **Ms. Jahan** (Bangladesh), speaking on behalf of the least developed countries, said that the current financial crisis represented globalization at its worst because, owing to extensive cross-border linkages, it posed high risks to almost all countries. It was the result of regulatory failure to guard against excessive risk-taking in the financial system of industrialized countries and required a systemic solution.

60. Food and grain prices had surged to record highs and making food available to all at affordable prices remained a major challenge. The international community must address the measures that distorted the markets, including the subsidies and tariffs of developed countries, and the restrictive measures of food-exporting countries. Increased support to the agricultural sector of the least developed countries was critically important and the creation of a global food bank was imperative.

61. The particular needs of the least developed countries were overlooked in the search for global policy solutions to climate change. The international community needed to reach a decision on emission reduction and the post-2012 agreement should include legally binding commitments to provide assistance to the least developed countries, particularly the low-lying ones, beyond official development assistance (ODA).

62. Addressing extreme poverty remained a challenge. Earlier estimates of the number of people living in extreme poverty had recently been increased by over 50 per cent, and the number would continue to rise, particularly since the World Bank had altered its definition of global poverty by increasing the benchmark from $1 to $1.25 a day; the United Nations should review its current policy accordingly.

63. The possibility of achieving the Millennium Development Goals by 2015 was growing bleaker. Developing countries continued to transfer their financial resources to developed economies and a fundamental reform of the international reserve system was needed to address the systemic imbalance. The collapse of the Doha Round was a major setback for

the multilateral trading system. Political will was required in order to complete the Round successfully and implement its development agenda, which included duty- and quota-free market access and support for productive capacity-building for the least developed countries. The industrialized countries were still falling short of their commitment to contribute 0.7 per cent of GNI to ODA, an issue that should be addressed at the Follow-up International Conference on Financing for Development.

64. The countries she represented also believed that the governance regime of the Bretton Woods institutions should be changed through fundamental reform of their voting system and accountability structures, attaching special importance to ensuring a voice for the least developed countries in setting the new quota formula.

65. While the Multilateral Debt Relief Initiative (MDRI) was very welcome, piecemeal approaches would not yield effective results. All least developed countries should be eligible for multilateral and bilateral debt write-offs and have access to energy and modern eco-friendly technologies at an affordable cost in order to achieve the Millennium Development Goals and other internationally agreed development goals.

66. In conclusion, she hoped that Member States would extend their full support to making the fourth United Nations Conference on the Least Developed Countries a success.

67. **Mr. Hackett** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), said that developing countries, particularly the smallest and most vulnerable, would undoubtedly bear the brunt of the costs associated with the global financial crisis which, compounded by the global food crisis and the rise in oil prices, threatened to reverse their recent development gains. The small size and openness of the CARICOM economies made them highly vulnerable to the vagaries of the global economy, and the instability of the international financial system would have negative effects on key economic sectors in the Caribbean region, such as tourism. Comprehensive and lasting measures that took into account the concerns and interests of all developing countries were urgently needed.

68. Reform of the global economic and financial system should be a priority for the entire international community, including the governance structure of the international financial system, which was too exclusive and lacked appropriate institutions. The United Nations and, particularly, the Economic and Social Council, had a leading role to play in promoting improved global economic governance. The Follow-up International Conference on Financing for Development should address issues of concern to middle-income developing countries, including debt sustainability, trade and development cooperation.

69. Based on the inappropriate application of criteria such as per capita income, many of the CARICOM member States were no longer eligible to receive concessionary financing. Forced to seek development financing on the global capital markets on unfavourable terms, they feared dramatic increases in their debt burden, which would impede their economic growth and the region’s ability to achieve the internationally agreed development goals, including the Millennium Development Goals. The international community should recognize the CARICOM countries’ small, vulnerable highly indebted middle-income developing countries that deserved special debt relief measures.

70. Furthermore, the World Trade Organization (WTO) should intensify efforts to reach a new global agreement on trade that accorded top priority to the needs and interests of developing countries, since trade was an important mechanism for eradicating poverty and achieving the Millennium Development Goals and other development goals.

71. The 2008 Atlantic hurricane season had been particularly devastating for the small island developing States of the Caribbean and increased efforts by the international community to provide timely humanitarian and reconstruction assistance would be appreciated. The Caribbean region’s vulnerability to climate change-related natural disasters highlighted the need for urgent comprehensive action at the global level to reduce greenhouse gas emissions and provide new, easily accessible financing for adaptation.

72. The protection and preservation of the Caribbean Sea remained a major priority for the region. CARICOM would again seek international support for the resolution on that issue, and for the designation of the Caribbean Sea as a special area in the context of sustainable development.

73. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations

(ASEAN), said that, unlike the financial crisis that most ASEAN members had experienced in 1997-1998, the current crisis originated at the centre of the system and its effects were therefore being felt throughout the world, with the potential to result in a global recession.

74. The Second Committee should ensure that it addressed the issues on its agenda in such a way as to help craft meaningful solutions to the current crises and overall global economic situation. In that context, the message from the world's leaders during the general debate was clear: there was need for a stronger United Nations that played a visible role in addressing the current problems. In particular, progress was essential on three issues related to the work of the Second Committee. First, the forthcoming review of the Monterrey Consensus should be used to re-energize the spirit of partnership and solidarity to provide financing for the internationally agreed development goals. The draft outcome document for the Follow-up International Conference on Financing for Development should provide a good basis for starting negotiations. Second, the failure to reach agreement on the Doha Development Agenda had resulted in a serious setback to development and the United Nations should encourage WTO members to return to the negotiating table and focus on development issues. In addition, ASEAN emphasized the importance of facilitating membership of all developing countries, in particular, the least developed countries, in WTO. Third, the Committee should ensure that the process to address climate change remained on track and on time. ASEAN had implemented initiatives in a broad range of sectors to address the problem, including the promotion of sustainable forest management and measures to control greenhouse gas emissions.

75. The work of the Second Committee should be in line with the overarching themes of the sixty-third General Assembly, namely the impact of the global food crisis on poverty and hunger, as well as the need to democratize the United Nations. Based on its own experience, ASEAN underscored the significance of partnership and solidarity in the work of the Committee.

76. Despite the current crisis, which could affect the achievement of the Millennium Development Goals, life continued after 2015 and development was a never-ending process that called for sustained global partnership and solidarity.

The meeting rose at 1.10 p.m.