United Nations A/C.2/64/SR.9

General Assembly
Sixty-fourth session

Official Records

Distr.: General
11 November 2009

Original: English

Second Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Tuesday, 13 October 2009, at 3 p.m.

Chairperson: Mr. García González (Vice-Chairperson). . . . . (El Salvador)

Contents

09-55547 (E)

In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 51: Macroeconomic policy questions (*continued*) (A/64/65 and A/64/81)

(b) International financial system and development (*continued*) (A/64/178)

(c) External debt crisis and development: towards a durable solution to the debt problems of developing countries (*continued*) (A/64/167)

(d) Commodities (*continued*) (A/64/184)

1. **Mr. Nhleko** (Swaziland), speaking on behalf of the Southern African Development Community (SADC), said that in his region, the drop in export commodity prices had resulted in a loss of foreign exchange, deteriorating current account balances, declining reserves and a reduction in Government revenues. Developing countries were particularly vulnerable to economic volatility because many were highly dependent on primary commodity exports for income.

2. The shortage of export revenues and foreign finance, compounded by slower growth, was hampering the earlier advances made by SADC countries towards the achievement of the Millennium Development Goals (MDGs). The average gross domestic product (GDP) growth rate of African countries was now projected to fall to less than half the pre-crisis rate.

3. The crisis had demonstrated the urgent need for a complete overhaul of the international financial institutions. Timely and fundamental reforms, overseen by the United Nations, were therefore essential to increase the credibility and accountability of those institutions and to ensure fair globalization. Such reforms must reflect current realities and should enhance the participation of dynamic emerging markets and developing countries.

4. In that context, the SADC countries encouraged the accelerated implementation of the package of quota and voice reforms for the International Monetary Fund (IMF) agreed in April 2008. They also emphasized the need for a reformed World Bank with the requisite technical capacities, credit facilities and financial resources to assist developing countries in meeting their development needs.

5. The SADC region supported measures to enhance the financial and lending capacity of regional development banks. It also recognized the importance of other regional, interregional and subregional economic initiatives in the promotion of development, cooperation and solidarity.

6. While the international financial architecture should ensure greater financial stability, it should also create the conditions for sustainable development, full and decent employment, more effective investment, better technology policies and financial inclusion at both national and international levels. In short, the international community should establish institutions and architecture commensurate with the interrelated challenges ahead.

7. **Mr. Heller** (Mexico), speaking on behalf of the Rio Group, said that collective action and urgent reforms were required to overcome the current economic and financial crisis, which had stemmed from structural imbalances in the economies of developed countries and deep flaws in the international financial and economic system. The scale of the crisis had demonstrated the disproportionate influence of the financial sector and hence the need for adequate regulation. It had also shown that States must play a more robust role in the formulation and implementation of both economic and social policies.

8. While the crisis posed diverse challenges to the Rio Group countries, it was also threatening their overall ability to achieve the internationally agreed development goals, including the MDGs. The international donor community must therefore provide the additional financial support necessary, including sufficient official development assistance (ODA), to enable all developing countries to meet the grave socio-economic challenges before them. Special attention must be paid to enabling the middle-income countries to enable them to consolidate the progress made, and to assisting the low-income and least developed countries.

9. International cooperation should focus on strengthening the regulation and supervision of all financial institutions, instruments and markets with a view to improving the overall transparency and accountability of the international financial system. International cooperation and international credit schemes should also take account of the national priorities and development plans of developing countries.

10. Furthermore, decisive and efficient measures should be taken at all levels to prevent speculation in commodity markets, particularly in food commodities, and the various obstacles to market access for agricultural products from developing countries must be removed.

11. The member States of the Rio Group would continue working to strengthen South-South and triangular cooperation.

12. **Mr. Benfreha** (Algeria), speaking on behalf of the African Group, said that the international food and financial crises were significantly reducing the progress made by African countries to achieve the internationally agreed development goals, including the MDGs. The volatility of commodity prices was a matter of particular concern to the African Group. Demand for African commodities was falling, capital flows were declining and the promised increase in aid had not materialized. That situation would limit the ability of African countries to combat poverty, promote education and provide social safety nets. The international community must therefore provide substantial additional financial resources to help African countries mitigate the multiple adverse impacts on the African continent.

13. The Group continued to call for a greater voice in the international financial institutions, and noted the urgent need for a substantive effort to tackle key issues of immediate concern to African countries. It also stressed that a successful conclusion of the Doha Development Round should provide increased opportunities for African countries to use trade as an engine for growth and development and welcomed all measures designed to expand Aid for Trade and duty-free and quota-free access for developing countries, particularly in Africa.

14. The current economic and financial crisis was jeopardizing the achievement already attained under existing debt relief initiatives, which would make it extremely difficult for African countries to eradicate their long-term debts. Consultations on debt sustainability should therefore be resumed in order to remedy that situation.

15. African economies continued to be highly dependent on the export of primary commodities. However, weaker demand for commodities and market volatility caused by the current economic crisis were adversely affecting food prices, thereby causing food security concerns for Africa. Concerted efforts would therefore also be required to address that situation.

16. **Mr. Matwang'a** (Kenya) said that the global financial crisis, which had exposed the shortcomings inherent in the international financial system, was impeding the progress of developing countries towards the internationally agreed development goals, including the MDGs. All countries, particularly developing ones, therefore needed assistance in undertaking strong macroeconomic reforms to get back on track.

17. The international financial system required fundamental reform in order to address its systemic and structural weaknesses. In that respect, his delegation supported the swift implementation of the international financial architecture reform proposed, inter alia, at the Conference on the World Financial and Economic Crisis and Its Impact on Development and at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. Priority should be attached to the international cooperation on financial regulation, multilateral surveillance and policy coordination, the lending and resource capacities of IMF, the international system of payments and reserves, and governance and reform of the Bretton Woods institutions.

18. The international community must also take urgent measures to address the challenges associated with international trade, given its critical role in fostering economic development. In particular, his delegation called on all countries to avoid trade-distorting policies, including harmful subsidies, tariffs and non-tariff measures. The speedy and successful conclusion of the Doha Development Round was therefore more crucial than ever.

19. Donor and recipient countries must adopt efficient and effective debt management practices. His delegation therefore supported the implementation of debt cancellation, debt-swap schemes and debt moratoriums. There was also a need for existing debt relief initiatives to adopt a more comprehensive approach that took into consideration the specific circumstances of individual countries.

20. His delegation supported the various policy and institutional frameworks for the global commodity economy proposed in the report of the Secretary-General on world commodity trends and prospects (A/64/184). Kenya, like many developing countries, relied heavily on agricultural commodity exports and its external trade in commodities had been badly affected by the financial and economic crisis.

21. **Ms. Blum** (Colombia) said that the recent Conference on the World Financial and Economic Crisis and Its Impact on Development had been an important step towards the formulation of collective proposals to improve the international financial system. A major feature of it had been the international community's acknowledgement of the need for coordinated action to mitigate the impact of the ongoing economic and financial crisis, particularly in developing countries. Her delegation welcomed the establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference (General Assembly resolution 63/303, annex).

22. Reform of the international financial system, including in the areas of regulation and supervision, was crucial for global economic recovery. Such reform, which should take into account the financing needs of developing countries, must also be based on the following five areas: improved consistency of macroeconomic policies at the global level; the adoption of codes of conduct that included improved information and strengthened financial supervision and regulation; the preservation of autonomy for developing economies; the design of a network of regional and subregional organizations to support monetary and financial management; and the strengthening and reform of the international financial institutions.

23. Her delegation supported tariff simplification and enhanced transparency in the functioning of international commodities markets. In that context, it reaffirmed the need for a less protectionist system and the use of fewer subsidies by developed countries.

24. Lastly, she stressed that biofuels were not necessarily in competition with food production and could be compatible with sustainable development goals and the strengthening of the agricultural sector.

25. **Mr. Shawabkah** (Jordan) said that the developing countries were increasingly suffering from the problem of external debt, which threatened the economic recovery programmes on which they were counting to achieve comprehensive development. Their development plans had also been adversely affected by the recent rise in food and energy prices, the pressure caused by loans on the competitiveness of their exports had added to their rate of inflation and many States had been forced to postpone the implementation of investment projects, leading to increased poverty and unemployment and restricting their ability to achieve the MDGs.

26. Despite Jordan's economic reforms since 1989, it still faced unwelcome economic turmoil, in particular as a consequence of the food and energy crisis, the financial and economic crisis and climate change. Efforts to combat the debt crisis were depleting Jordan's resources, having an adverse impact on the life of the population, undermining the Government's efforts to fight poverty and unemployment and threatening the country's chances of attaining the MDGs. Coordinated and harmonious international efforts must be made to find alternative additional sources of funding to alleviate the adverse effects of external debt on the societies and economic systems of the developing countries.

27. **Mr. Alqadfan** (Kuwait) said that all States had been adversely affected by the global financial crisis, but its impact on the developing countries had been particularly severe; the efforts made to promote development fell short of the requisite level agreed at the Monterrey Conference in 2002.

28. According to IMF, by the end of the current year the world economy would contract by 1.4 per cent and the economies of the developed countries would decline by about 3.8 per cent. If that was the case, one had to wonder what would be the situation of the developing countries, including the least developed.

29. In January 2009 Kuwait had hosted the Arab Economic and Social Development Summit, the main purpose of which had been to promote development in the Arab world. Its outcome Summit had included the establishment of a fund with a capital of $2 billion, to which Kuwait had announced a contribution of $500 million, to finance and support small and medium-sized development projects to improve the living conditions of Arab citizens.

30. Through the Kuwait Fund for Arab Economic Development his country had since 1961 provided technical assistance and soft loans to finance infrastructure and development projects in over 100 countries to a value of $14.5 billion. In 2009 it had established the Decent Life Fund to finance agricultural research and provide urgent assistance to the most seriously affected countries, to which it had donated $100 million. It had also allocated $300 million to combat poverty and disease in the African continent, and in the past three decades had maintained the level

of its assistance to the developing countries at 2 per cent of its gross national product (GNP), well above the rate of 0.7 per cent agreed at the Monterrey Conference.

31. Kuwait was that, in the current Human Development Report, the United Nations Development Programme (UNDP) had ranked it first among the Arab countries in terms of human development, and thirty-third worldwide.

32. Lastly, he noted the importance of respecting the Monterrey commitment to provide 0.7 per cent of GNP for development assistance, and of endeavouring to achieve the MDGs by 2015.

33. **Mr. Rosenthal** (Guatemala) said that the current economic and financial crisis had had unprecedentedly far-reaching consequences for growth, employment, tax revenues and development aid. Guatemala had been badly affected, after five years of relatively satisfactory economic performance.

34. The steps taken by the countries of the Group of Twenty (G-20) to respond to the crisis were, despite a certain reluctance on the part of countries not members of that exclusive club to acknowledge it, appropriate moves towards achieving a collective response to a common problem. A multilateral response was preferable to isolated, incoherent responses, and the anti-cyclical policies that had been introduced in many G-20 countries would help to avoid further deterioration of the situation. The recognition that the economic landscape had changed irrevocably, with some emerging developing economies becoming major players that could not be excluded from a coordinated response, was welcome and was perhaps a precursor to recognition of the change in the political landscape. A coordinated effort was emerging to regulate financial flows in order to avoid a repetition of the current crisis. It should be noted, however, that although universal forums were the ideal, smaller forums were more flexible in terms of their decision-making capacities. Mechanisms must be devised to enable an interaction between the members of the G-20 and those countries that did not enjoy that privilege, and the United Nations, given its universality and legitimacy, could play a key role in that process.

35. The focus of the General Assembly's concerns at the current session, however, should be the incipient change in the world order of economic governance. The United Nations, with its convening power and its role in advocating development, could make important contributions to that change, especially in partnership with reformed Bretton Woods institutions. The considerable analytical capacity of the United Nations — through the Department of Economic and Social Affairs, the United Nations Conference on Trade and Development and the regional commissions — should be used to full advantage in order to contribute to the debate on revising development paradigms, especially with respect to creative interaction between state and market.

36. **Mr. Bachmann** (Switzerland) said that the United Nations must play a key role in mitigating the social costs of the ongoing global economic and financial crisis in developing countries. The crisis had shown the need for better regulation and supervision of the international financial system as well as for close partnerships between the international institutions and forums responsible for maintaining global financial stability. For example, improved coordination between the G-20 and the United Nations was needed in order to enhance the legitimacy and effectiveness of global economic governance.

37. The dramatic drop in trade flows and direct private investment had had a severe impact on many poor countries. To ensure that emerging market economies were better integrated into the global economy, it was important to address the shortage of trade finance and the rise of protectionism. His delegation therefore called for a swift, balanced and successful conclusion of the Doha Development Round that took into account its initial development mandate.

38. The severity of the current crisis had caused an increase in the overall level of public debt. Many developed countries had implemented major monetary and fiscal stimulus measures to offset the shortfall in private demand. The current level of public spending, particularly in some large countries, posed a problem for medium-term sustainability. Fiscal responsibility would therefore require a reduction in national debt levels. The timing and modalities for the withdrawal of the stimulus measures would also need to be considered carefully in view of the associated political and economic implications.

39. His delegation welcomed the increased use of the debt sustainability framework, which was a key instrument for guiding macroeconomic policies towards sustainability. While a moderate increase in the flexibility of the framework was desirable, an excessive accumulation of debt in the medium to long term should be avoided.

40. His delegation also welcomed the three-pillar approach put forward by the Economic and Social Council concerning the strengthening of the financing for development follow-up process.

41. **Mr. Khan** (Pakistan) said that the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development provided a comprehensive framework for mitigating the impact of the crisis and addressing systemic and structural weaknesses in the international financial architecture. The establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome was also welcome.

42. In that connection, rapid action was needed on the development of flexible, concessional, fast-disbursing and front-loaded assistance packages to developing countries affected by the crisis; the mobilization of additional resources for social protection, food security and human development through all sources of development finance, including voluntary bilateral contributions; the scaling up of development finance from existing sources and the establishment of new, voluntary and innovative sources of finance; the rejection of all protectionist tendencies, the removal of any protectionist measures already taken and reports on such measures; the implementation of measures to mitigate the negative impact of the crisis on developing countries' indebtedness, including the full use of the debt sustainability framework; expansion of the scope of regulation and supervision with respect to all major financial centres, instruments and actors; and improvement of early warning systems through effective IMF surveillance. Most important, the capacity and effectiveness of the United Nations must be strengthened to ensure greater coherence and coordination between its policies and those of the international financial institutions.

43. Furthermore, the international financial architecture should be underpinned by the following principles: the United Nations must be closely involved in the reform process, thereby ensuring global participation and legitimacy; the right to have a voice and representation should be built around the imperatives of need and equity; the new global compact for development, growth and prosperity should be people-centred; and the role of Governments, markets and civil society should be carefully balanced.

44. The continuing volatility of the commodity markets had underlined the need for the international community not only to monitor and assess the impact of speculation on commodity futures trading, but also to identify and agree on the best ways to strengthen the nexus between trade, food, energy security and industrialization.

45. The unfair nature of global agricultural trade was closely linked to the issue of commodities, since agricultural products were the developing countries' main exports. The continuing use of subsidies and tariffs by developed countries must be addressed in order for developing countries to achieve the internationally agreed development goals, including the MDGs.

46. His Government had taken a number of concrete steps to mitigate the impact of the crisis in Pakistan, including broadening the export base and diversifying regional trade. It had also sought to conserve available resources by curtailing non-development expenditures and prioritizing development activities. As a result, Pakistan's economic situation had improved considerably.

47. **Mr. Morejón** (Ecuador) said that the root cause of the current economic and financial crisis was a system that favoured the speculative financial economy over the real economy, leading to an unequal and exclusive international financial architecture that must be reformed. There was consensus that the current system of global economic governance was not adequate and that credible, representative and effective mechanisms for macroeconomic coordination with governance structures that were duly representative of the interests of all countries, and ambitious new mechanisms such as a global economic council, were needed. The international community should start working to create a new, more stable and equitable international monetary system. The discussions held during the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development had been useful and the United Nations, through the ad hoc open-ended working group of the General Assembly established to follow up on the issues contained in the Outcome of the Conference, must now play a key role in reforming the international financial architecture, ensuring transparency, democratizing decision-making, achieving better regulation of international financial institutions and markets, boosting special drawing rights and promoting anti-cyclical policies. Several countries in

Latin America, including Ecuador, had been working to strengthen regional and subregional agreements as part of multilateral responses to the current crisis with initiatives including the creation of the Bank of the South.

48. It was now more important than ever before for donor countries to meet their ODA commitments, in order to provide developing countries with the necessary resources for achieving internationally agreed development targets. Developed countries must also tune in to the real needs of countries of the South, and consider the effects of their policies in such areas as migration, trade and new technologies, all of which affected the development process.

49. The alleviation and restructuring of external debt was increasingly urgent for countries of the South, including Ecuador. He welcomed the Secretary-General's recognition that a policy of temporary debt standstills between debtors and creditors would be useful, in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments. Aid for middle-income countries must be intensified as a matter of urgency.

50. **Mr. Chitranukroh** (Thailand) said that the severe and widespread impact of the international financial crisis had exposed various shortcomings and inequalities in the global economic and financial system, including the inadequacy of financial supervision and regulation. The international community must work to correct those flaws; in particular, to improve global economic governance, a mechanism was needed that would incorporate the views of all countries on regulatory standards, particularly emerging market economies.

51. Thailand was encouraged that regional cooperation had been making a significant contribution to strengthening the regional financial architecture. For example, the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN+3) had established a $120 billion bilateral swap arrangement called the Chai Mai Initiative Multilateralization, which would be implemented by the end of 2009. Thailand also looked forward to the establishment of a guarantee and investment mechanism with an initial capital of $500 million under the Asian Bond Market Initiative.

52. Moreover, ASEAN+3 had agreed to strengthen the region's early warning mechanisms by establishing an independent surveillance unit to monitor regional economies and identify potential risks to financial stability. Such facilities could be useful models for other regions, especially for emerging and developing countries, since they provided an additional line of defence at the regional level.

53. The global economy had become too interconnected for countries to place narrow self-interest before the common good. Trade-distorting protectionist practices must therefore give way to an open international system of trade and investment. To that end, more must be done to ensure a swift and successful conclusion to the Doha Development Round.

54. **Mr. Sekudo** (Nigeria) said that the economic and financial crisis had demonstrated the need for a new global economic order that was equitable, transparent and inclusive. However, the creation of a stabler and more responsive international financial system was no easy task. In that respect, he commended the United Nations for convening the Conference on the World Financial and Economic Crisis and Its Impact on Development, and also supported the recommendations of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System.

55. All stakeholders must seize the momentum generated by the Outcome of the Conference to ensure that effective surveillance and appropriate regulatory reforms were implemented at the national, regional and international levels; that the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome carried out its mandate; and that provision was made to accommodate new innovative ideas, including the recommendation for the creation of a global economic coordination council, as proposed by the Commission of Experts.

56. The imbalances in the international financial system continued to undermine the capacity of developing countries to withstand the impact of the global economic crisis. The result was increased poverty, hunger and an overall development deficit. His delegation therefore called for fewer declarations and more concrete actions to increase foreign direct investment and ODA. Furthermore, aid to developing countries must be unconditional, complementary and development-oriented.

57. The issue of debt sustainability must be comprehensively addressed in order to free up

resources for development. His delegation therefore called for a sincere evaluation of the debts owed by developing countries with a view to further debt relief and debt cancellation.

58. The unpredictability of world commodity prices had further compounded the economic problems of developing countries, especially those most dependent on commodities. The fall in demand for commodities as a result of the crisis had greatly affected the export revenues and import capacities of African countries, including Nigeria. Ongoing uncertainty over commodity finance and the sustainability of investments was already frustrating Nigeria's efforts to diversify its sources of national income and, ultimately, was reversing its capacity to generate economic growth and implement the MDGs. His delegation was therefore eager to see a successful conclusion of the Doha Development Round and called on all parties to demonstrate the necessary flexibility to achieve a practical solution to all outstanding issues.

59. **Mr. Alkero** (Iraq) said that the servicing of debts in hard currency prevented the developing countries from investing adequately in education and health care, thus making it impossible for them to address other development issues effectively.

60. The current global crisis had an impact on the ability of the developing countries to obtain the funding they needed in order to achieve their development goals. Those countries and the countries with economies in transition encountered serious setbacks in attaining the internationally agreed objectives, including the MDGs. Urgent action was needed to contain the current crisis, restore the ability to ensure sustained economic growth, urge all donors to fulfil their ODA commitments, and make full use of the capacity of the World Bank and IMF to offer advice on policy and to make resources available in an appropriate manner to assist the developing countries and the transition economy countries. It was also important for the developing countries to have sound macroeconomic policies to support their economic development and to eradicate poverty.

61. Action was also needed with regard to the problem of external indebtedness. His country looked to those States to which Iraq had outstanding debts to follow the example of the States that had extinguished or substantially reduced Iraq's indebtedness to them. That would stimulate Iraq's economy and demonstrate the desire of those States and of the international community as a whole for Iraq to resume its natural place in the international arena.

62. **Mr. Tashibayev** (Kazakhstan) said that the current financial and economic crisis had led to a sharp decrease in economic growth and world trade activity and to increasing levels of poverty, unemployment and malnutrition, and had jeopardized achievement of the MDGs and of previously committed ODA levels. It had also exposed weaknesses in the international financial system, and reform was urgently needed to bring the global financial architecture into line with the principles of democracy, justice, transparency, legitimacy, equity and accountability. Particular consideration should be given to reforming the system's mandate, responsiveness, governance and impact on development, as well as identifying the role of the United Nations in the transition period. The rights of developing countries to participate in decision-making within the Bretton Woods institutions must be respected. Surveillance remained the key crisis prevention tool of IMF, and the reformed IMF must properly discharge its mandate to promote global economic and financial stability. He looked forward to the active participation of the ad hoc open-ended working group of the General Assembly established to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development in the process of building an effective framework for enhancing multilateral macroeconomic and financial cooperation. The global crisis had revived discussions on the reserve currency, and the international community must seize that opportunity to begin work on establishing a new, more stable and more equitable international monetary and financial system.

63. The current crisis had revealed weaknesses in cooperation between Governments, international organizations, the private sector and non-governmental organizations, and improvements must be made in order to ensure that long-term international commitments would be met. The international community must articulate essential principles and standards for regulation of the financial market and establish a mechanism for the continuous oversight of progress on cooperation. The United Nations system, particularly the Economic and Social Council, should play an important role in monitoring and coordinating that process.

64. He reaffirmed Kazakhstan's commitment to the Monterrey Consensus on Financing for Development,

the Doha Declaration on Financing for Development and the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

65. **Mr. Shin** Boonam (Republic of Korea) said that, while signs of financial recovery were emerging in some parts of the world, many countries, especially developing countries, were still struggling to overcome the economic crisis. The Secretary-General's initiative to develop a Global Impact and Vulnerability Alert System would serve as an important tool for building an accurate picture of the specific repercussions of global crises, which was the key to mobilizing the necessary political support and to determining the appropriate response.

66. There seemed to be consensus on the need for greater global cooperation in reforming the international financial system, including governance of the Bretton Woods institutions. The Conference on the World Financial and Economic Crisis and Its Impact on Development, held in June 2009, had offered an important opportunity for the international community to demonstrate its commitment to achieving a more stable global economy. The G-20, which had held three summits in one year, had showed what the international community was capable of doing if the political will existed, taking swift, coordinated measures to respond to the crisis and to provide direction for reforms to the international financial architecture. Noting the recent calls for closer cooperation and coordination between the United Nations, the G-20 and the international financial institutions, he said that the Republic of Korea, as one of the G-20 host countries for 2010, intended to engage actively with the United Nations in exploring ways to ensure that the voices of all Member States were duly reflected at G-20 meetings.

67. Given the vast importance of commodities to many economies, it was vital that further in-depth studies should be undertaken into the extent to which speculation was a contributing cause of the instability of commodity prices and potentially a trigger of global food crises, as had been observed by the Secretary-General. The necessary framework to address price instability should then be discussed on the basis of that analysis.

68. **Mr. Gotta** (Ethiopia) said that the current global crisis was hindering the mobilization of domestic resources, which the Monterrey Consensus had recognized to be fundamental to self-sustaining development. Since externally generated resources should complement rather than replace domestic resources, African countries had been striving to find additional resources in order to achieve internationally agreed development goals, including the MDGs. However, given the low level of income in Africa, domestic resources remained inadequate. In addition to intensifying its own efforts, therefore, the continent needed further external assistance to finance its development priorities.

69. Only a handful of countries had met their commitment set in the Monterrey Consensus of 0.7 per cent of gross national product (GNP) as ODA to developing countries. ODA provided by the countries of the Group of Eight remained well below their target of US$ 65 billion by 2010 under their Gleneagles commitment. Although some of the additional $50 billion proposed by G-20 countries at the London summit in 2009 to help low-income countries to overcome the current crisis had been ready for swift disbursement through IMF, the rest, to be disbursed by the World Bank and the African Development Bank, was reportedly not yet available. The slow pace of meeting ODA pledges was worrisome, since ODA remained the largest component of external financing for many African countries. He therefore called on development partners to fulfil their international commitments. Donors should also ensure that increased aid was allocated to production sectors and other activity that affected employment and poverty. The quality of assistance was as important as its quantity, but volatility and fragmentation of aid and tied aid continued to undermine its effectiveness. External debt was rising quickly in heavily indebted poor countries, rapidly approaching the threshold set under the Debt Sustainability Framework in Low-Income Countries and threatening to reverse the progress achieved thus far. He therefore expressed support for the proposal that the international community should consider a debt-service moratorium for low-income countries, with no interest liabilities on delayed payments.

70. Foreign direct investment was expected to fall in 2009, affecting both developed and developing countries around the world. The Monterrey Consensus had recognized that private international capital flows were an important complement to domestic resources and ODA, and Africa had been striving to create conditions conducive to mobilizing private capital. Macroeconomic policy and the investment climate had

improved considerably in a number of African countries, and, consequently, net private capital flows to Africa had increased significantly in recent years. Despite that increase, Africa's share in global foreign direct investment flows was only 5 per cent, and was concentrated in a few countries and a few economic sectors. In order to mitigate the effects of the forecast decline in foreign direct investment flows in 2009, Africa would have to redouble its efforts to strengthen its already improving business environment. Development partners should intensify efforts to encourage foreign direct investment in infrastructure and other priority sectors, so as to help dispel the stereotype of Africa as an unattractive environment for business and promote the massive opportunities for investment available in the continent outside the natural resources sector, on which the focus had hitherto been.

71. Africa's positive economic growth in recent years had been associated with higher commodity prices. However, the accelerated increase in the price of food and oil had negatively affected African economies, and they had been further hit by the subsequent global financial and economic crisis. The growth that the continent had been experiencing had clearly been fragile, and sustaining it had depended on commodity prices staying within a narrow range. Since the fragility of the African economy was at the root of the continent's current crisis, Africa must cease to be dependent on commodity exports and embark on a structural transformation of its economy, with the assistance of its development partners.

72. **Ms. Prorok** (Ukraine) welcomed the steps taken by international financial institutions to address the current global challenges, and expressed gratitude for the financial support that Ukraine had received for the recovery of its economy. Her Government was taking all necessary measures to minimize the impact of the global economic recession and the financial crisis on the national economy and to continue economic and financial development.

73. Given that all stakeholders must take action to mitigate the adverse effects of the global recession, especially on developing countries, Ukraine welcomed the global initiatives to address financial instability, including the policy framework launched by the G-20. However, the United Nations, as a universal international organization, could and should play a major role in preventing the financial crisis from creating social upheaval. The international community should consider all measures for achieving global stability and sustainable development for all countries, including the idea expressed a few years earlier by Ukraine and then by other countries regarding the creation of an economic security council.

74. She expressed support for efforts under way to reform governance of the Bretton Woods institutions, which were aimed at redressing global imbalances while sustaining economic growth, thereby giving developing countries and countries with economies in transition a stronger voice in decision-making and ensuring the effective participation of all countries in the global economy and financial system as a whole. The governance reforms were essential to the continued effectiveness and credibility of those institutions.

75. More steps should be taken to address the issue of debt in order to free up national resources for development. Lending rates had remained too high in most developing economies and economies in transition, and it was the duty of the international community to provide adequate resources to help mitigate the effects of the crisis in order to avoid the accumulation of new unsustainable debt.

76. **Mr. Toh** (Côte d'Ivoire) said that the situation in developing countries resulting from the global recession was well-nigh intolerable. Overwhelmed by their debt burden, they were torn between meeting the needs of their people by formulating viable development policies and meeting deadlines on debt repayments which swallowed up a large portion of their national budgets. As resources became more and more scarce in the current global economic and financial situation, it was doubtful whether the majority of developing countries would be in a position to attain the MDGs.

77. In order to address its debt burden, the Ivorian Government had prepared a Poverty Reduction Strategy Paper for 2009 to 2013, in which it had identified priorities for development, elimination of extreme poverty and debt management, as well as the resources to be allocated for the purpose. Along with diligent implementation of measures under an IMF-supported post-crisis assistance programme, that had enabled Côte d'Ivoire to reach its decision point under the Heavily Indebted Poor Countries (HIPC) Initiative. It expected to reach the completion point within 18 months; meanwhile, the Government had, in March 2009, established a programme with the Bretton Woods institutions under the Poverty Reduction and Growth

Facility for 2009 to 2011. He expressed gratitude to all development partners that had supported the Ivorian Government in reaching the decision point.

78. However, since full accession to the Heavily Indebted Poor Countries Initiative would not necessarily guarantee that all its external debt would be written off, Côte d'Ivoire would, within its new debt policy framework, work to improve management of its external debt and monitor the performance of investment projects financed by external resources, particularly their impact on growth and development.

79. The timely partial write-off of bilateral and multilateral debts in some heavily indebted poor countries was commendable. However, the impact of debt remained an obstacle to the economic and social development efforts of many countries. He therefore urged industrialized countries to fulfil the commitments that they had voluntarily made at international conferences on development, particularly that of reaching the ODA target of 0.7 per cent of GNP.

80. **Mr. Al-Nasser** (Qatar) said that the social effects of the financial and economic crisis were compounded by the fact that the recommendations of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development had not been followed up. The crisis was particularly devastating for the weakest countries, and endangered the attainment of the MDGs as well as the progress in reducing poverty and hunger achieved in some developing countries. It had also revealed the inadequacy of existing anti-crisis protection measures; the systems for managing risk and protecting consumers in the developed countries had failed and needed to be reassessed, and there was a need to discuss the underlying responsibilities, in particular for the major upheaval in capital markets.

81. If measures were not taken to deal with the financial crisis which had begun in the United States of America, it was likely to affect the international financial system and its ability to provide finance for the developing and developed countries alike, and to lead to a deterioration in global investment flows and export earnings at a time of increasingly unstable prices. The middle-income countries were also feeling the effects of the crisis as were the energy-producing countries, and the situation was likely to be exacerbated by the economic recession and increasing protectionism in trade.

82. It was important for the forthcoming International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2009) to take into account the lessons learned from the crisis and the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development (New York, June 2009) as the basis for devising international and national financial systems that would serve the interests of both the developing and the developed countries. The developing countries needed to be able to participate in that process.

83. In contrast to what had occurred following the Asian economic crisis in 1997, IMF had been excluded from participation in the current process despite its attempt to enhance its role as a global coordinator of economic policies and despite the speed with which the crisis had spread from the United States to the rest of the world. There was therefore a need for radical changes in the role of IMF and in the structure of the international monetary system. Qatar, together with Singapore and Switzerland, had put forward at the World Economic Forum in Davos a proposal on financial governance on which recommendations would be made to Davos 2010.

84. The crisis also indicated that the imposition of unified standards and codes of banking practice modelled on the financial system in the United States would not be ideal. It was necessary not just to review such standards and their application to the developed countries, but to devise financial systems that would meet the needs of the developing countries.

85. The structure of the international financial system must allow the provision of adequate assistance to the developing countries without conditions that impeded their capacity to develop their own resources, and the establishment of a domestic financial system that would support domestic investment in mobilizing those resources.

86. Current international funding methods and failure to abide by agreed procedures adversely affected the capacity of the developing countries to use their commodity exports as a source of their own development. Investments based on speculation in commodity-based securities were of little benefit to the developing countries and caused price instability, adversely affecting their capacity to benefit fully from the development potential of their exports.

87. **Mr. Alahraf** (Libyan Arab Jamahiriya) said that the current financial crisis demonstrated the urgent need for radical reform of the international financial system, which had shown itself incapable of addressing the crises caused by the unregulated practices of the capitalist circles controlling the financial markets. The resulting adverse economic and social effects, in particular on the poor countries, spread poverty and hunger and increased unemployment and illegal migration. The developing and least developed countries should have a greater voice in the Bretton Woods institutions; the reforms of voting rights introduced so far did not adequately address the problem, and should be strengthened through the establishment of a global forum to address all the shortcomings of the international monetary system; minor reforms would be unlikely to prevent other crises in the future.

88. The continuous flow of financial resources from the developing to the developed countries restricted the developing countries' use of their resources for development. It seemed clear that, even if external financial flows to the developing countries were rising, they were directed to raw material exporting countries or to the securities and shares market, and should be regarded with extreme caution because in many cases they represented opportunistic speculation rather than being a stable contribution to development and economic progress.

89. Commodities were of strategic importance for many developing countries which relied on the revenue from them to finance their development programmes and improve their health and education services. The countries of Africa, Asia and Latin America should be compensated for the impact of colonialism and the plunder of their resources, and the General Assembly should adopt a resolution to that effect.

90. The financial crisis and the resulting fall in the demand for many commodities had reduced the flow of finance to many developing countries, particularly those whose revenues depended on the export of one or a few commodities. Those countries needed support for their programmes geared to increasing and improving their output, diversifying their exports and improving their access to world markets. UNCTAD had an essential role to play in connection with raw materials and the prevention of price instability as well as in the building up of human and institutional resources to ensure an increase in the volume and quality of production and to facilitate its marketing.

91. The debts of the developing countries, particularly the least developed, and debt servicing reduced their chance of attaining the internationally agreed development objectives, including the MDGs, and perpetuated the flow of capital to the developed countries. There was therefore a need for debts to be reduced or written off altogether; debtors and creditors shared a joint responsibility in that regard to seek means of addressing the debt crisis.

92. The deadlock in the negotiations on the Doha Round must be overcome; failure to implement the agreement embodied in the Doha Ministerial Declaration of 2001 would have a negative impact on the future of the world economy, and would encourage protectionist tendencies and bilateral trade initiatives that would reduce the negotiating power of the developing countries.

93. If the work of the African Union to promote economic development in Africa was to continue, the decrease in ODA and the improvement of its quality would have to be addressed. The developing countries also needed further assistance in coping with climate change and the food crisis. In that context he emphasized the importance of following up the implementation of the Political Declaration adopted by the High-level Meeting on Africa's Development Needs and the conclusions of the MDG Africa Steering Group, which had drawn attention to Africa's need for $72 billion to ensure the attainment of the MDGs.

94. **Mr. Zainal Abidin** (Malaysia) said that Malaysia's experience in managing the Asian financial crisis had demonstrated that an early, decisive and comprehensive response was crucial, and that efforts to sustain financial stability must continue beyond the end of the crisis and after economic recovery has been achieved. Once stability had been restored, Malaysia had embarked on a comprehensive programme of restructuring and reform of the financial sector. The key lesson that had been learned was that the foundations for resilience had to be built during the good times.

95. Over the past year, measures had been introduced that had gone some way towards stabilizing the global financial markets. With the urgency for immediate measures receding, it was now essential to find consensus on fundamental regulatory and institution reform at the national and international levels, and those efforts must continue in order to prevent a future recurrence of the crisis.

96. Fundamentally, the crisis was the result of discrepancy between the financial sector and the real sector, where true productive activity took place. Islamic finance, with its emphasis on strong linkage to productive economic activity, offered a solution to that discrepancy. The resilience of Islamic financial institutions during the current crisis had demonstrated the intrinsic strengths of the system, namely that financial transactions must be accompanied by underlying productive activity that would generate legitimate income and wealth, and that, since Islamic finance was based on profit-sharing and therefore mutual risk-sharing, its institutions must exercise due diligence in assessing the viability of business proposals and enforcing the requirement for transparency and disclosure. Despite the current difficulties, the global Islamic financial services industry had continued to grow; however, greater integration of Islamic finance with the international financial system would increase the risk of their being affected by other markets and jurisdictions. The current crisis had highlighted the need for institutional arrangements for resolving the problems of troubled international Islamic institutions. Malaysia had implemented a system for providing expedient and cost-effective resolution measures, but a mechanism for cooperation between regulators in order to prevent potential risks from crossing national boundaries was essential.

97. Further internationalization of Islamic finance would require mutual recognition of financial standards and products across jurisdictions. Announcements following the recent G-20 summit and by the Financial Stability Board reflected the desire to strengthen international regulatory standards. Cooperation between the Islamic financial sector and the standard-setting entities was necessary in order to ascertain whether the new standards being introduced could be applied to Islamic finance and, if not, what modifications were needed.

98. **Mr. Hermida Castillo** (Nicaragua) said that the original aim in 1944 of having international financial institutions linked to the United Nations had been lost; instead they were controlled by the agenda of a single Government. There was consensus as to the need for urgent structural reform of the international financial system, but much remained to be done before agreement could be reached on the scope and the details of the reform. The world economy was currently dominated by action and decisions taken in the financial sector, not the productive sector, and by speculation by those who could use their large amounts of capital to influence the economy in the pursuit of profit. Free trade and the current financial system had turned the world economy into a huge casino in which the winners were hardly at risk at all and the other countries could become losers without even having participated. Despite that, developed countries had opted to maintain their hegemony by recapitalizing the very institutions that had significantly contributed to the majority of the financial crises that had occurred since the establishment of the Bretton Woods institutions. That action and other measures were aimed at blocking the construction of a new international financial architecture.

99. The developing countries, in contrast were already paving the way towards a new international financial architecture and a new global economic order. The South had launched initiatives to increase its economic independence and reduce its vulnerability to speculation, including the Chiang Mai Initiative in Asia and the Single Regional Compensation System (SUCRE) in Latin America, which had been created by member States of the Bolivarian Alternative for the Americas (ALBA) and in 2010 would replace the United States dollar as the currency of international trade transactions. Through such measures, the countries of the South were working towards their objective of being able to exercise their right to development and their sovereignty.

100. With regard to the issue of external debt, his delegation wondered who really owed what to whom: the developing countries had been plundered for centuries, while developed countries, after over 500 years, were still trying to impose the old methods of domination of the few over the majority. The current economic situation was not so different in essence from the ethnocultural genocide and systematic plunder of the indigenous peoples of Latin America and the Caribbean by European invaders that had begun 517 years previously. Nowadays, developing countries were paying debt service with money that could be invested in social services for the most vulnerable groups, who were even more at risk now as a result of the crisis. To address the debt issue, his delegation supported measures including total cancellation of debt, temporary moratoriums on repayments during the crisis and innovative proposals such as debt-for-education swaps and similar action in other social sectors.

101. Fifty years after the promise of a world without hunger, there were still 1 billion people whose right to food as a basic human right was not being respected. However, there was general tolerance of the practice of using land and cereals to produce biofuels to run cars and machines rather than to feed hungry mouths; that was a crime against humanity. It was unacceptable that the current global economic order had created a situation in which the commodities market was subject to the speculation and greed of the few. He recalled the words of Jean Ziegler, the former Special Rapporteur on the right to food, who had said the previous year that the only hope of remedying the situation would be an insurrection of the public conscience: if people announced that they were no longer willing to tolerate a situation in which a child died of hunger every five seconds while speculators set the price of commodities, Governments would be forced into action and hunger would disappear in a few months.

The meeting rose at 6 p.m.