United Nations E/2011/SR.24

Economic and Social Council

Provisional

8 September 2011
English
Original: French

Substantive session of 2011

Provisional summary record of the 24th meeting
Held at the Palais des Nations, Geneva, on Monday, 11 July 2011, at 3 p.m.

President: Mr. Momen (Vice-President). . . . . (Bangladesh)

Contents

11-42189X (E)

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

Implementation and follow-up of the recommendations of major conferences and summits held under the auspices of the United Nations

Follow-up to the International Conference on Financing for Development (agenda item 6(a)) (*continued*)

Panel discussion on "Global Economic Governance and Development: Enhancing the Coherence and Consistency of the International Monetary, Financial and Trading Systems"

1. **The President** said the issue of global economic governance was playing an increasingly important role in financing for development and a central one in the chapters of the Monterrey Consensus and the Doha Declaration that deal with systemic issues and the coherence of the international monetary, financial and trading systems. In its resolution 65/94 on global economic governance, the General Assembly had recognized the need to establish an inclusive, transparent and effective multilateral system to better address the urgent global challenges of today and had reaffirmed the central role of the United Nations in ongoing efforts to find common solutions to such challenges.

2. In March 2011, at the special high-level meeting of the Bureau of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), the role of the United Nations in global economic governance had been addressed in the broader context of coherence, coordination and cooperation in financing for development. Six main points had emerged from these discussions. First, the global financial crisis had clearly shown that the current system of global governance was structurally defective and unsuited to the realities of a world in which the nation-state was unequal to the challenge of States' increasing interdependence. Thus, to achieve sustainable growth and development, the various international organizations should strengthen their coordination and their interactions.

3. Second, the United Nations system, by its universality and legitimacy, was uniquely positioned to promote international development goals and discuss issues of global economic governance, but to do so it needed to step up its effectiveness and its ability to make quick decisions.

4. Third, to increase coherence system-wide, some Member States had proposed the creation of a new mechanism, to take the form of a global economic coordinating council, while others had proposed to enhance existing mechanisms, including the Economic and Social Council.

5. Fourth, with respect to the role of developing countries, especially least developed countries (LDCs), in making economic decisions, participants had welcomed the recent measures taken to increase the representation of emerging countries in the Bretton Woods institutions and called for increased participation by developing countries.

6. Fifth, while it had been recognized that the Group of 20 (G-20) had contributed to efforts to coordinate the global response to the global economic and financial crisis, its ability to address economic imbalances had been questioned and the fact that most developing countries, especially LDCs, were not represented had raised real fears. The need to promote institutional transparency between the G-20 and the international organizations called upon to implement its decisions had also been noted.

7. Finally, participants at the special high-level meeting had highlighted the importance of regional cooperation in enhancing the global economic governance system, respect for international standards and the increased participation of smaller and less powerful States. The document A/66/75-E/2011/87 gives a fuller account of the discussions at the high-level meeting.

8. **Mr. Sha** Zukang (Secretary-General for Economic and Social Affairs) said that the sixty-fifth session of the General Assembly had been devoted to the theme "Reaffirming the role of the United Nations in global governance," which was a theme that still lay at the heart of the debate. The world economy was still showing fragile and uneven growth. The world economic and financial crisis, coupled with rising energy and food prices, had delayed achievement of the Millennium Development Goals. Systemic and environmental crises posed a new threat to growth and development.

9. The current global governance system, whose foundations had been laid sixty years ago, was now at

odds with an integrated and interdependent global economy. The voice of developing countries was not sufficiently heeded in several important decision-making bodies, although progress had been made in that regard. In addition, international monetary, financial and trading systems were generally deficient due to their increasing fragmentation. Hence, it was difficult to address urgent problems such as global economic imbalances, the fragility of the financial system, the protection of the least developed countries against price volatility, consideration of climate change and other migration issues, sovereign debt and soaring food and energy prices.

10. It was a positive sign that the G-20 had, since the financial crisis, replaced the G-8 as the international framework for economic cooperation, but the effectiveness and transparency of global economic governance must be further improved. Four main points could be identified.

11. First, the United Nations must play a greater role in global economic governance, either by creating a new representative body to ensure coherence and coordination of decisions or by enhancing an existing body, such as the Economic and Social Council. The United Nations' overall effectiveness also needed to be improved, for example by enhancing inter-agency coordination and the operation of subsidiary bodies, without neglecting the participation of non-State actors.

12. Second, governance mechanisms should be strengthened in other areas of the multilateral system, a task already begun by the World Bank and the International Monetary Fund (IMF), which were trying to remedy their inadequate internal representation of developing countries.

13. Third, regional mechanisms would also benefit from being better integrated into global governance; this would allow poorer countries to be better heard and represented.

14. Fourth, the G-20 should step up its relations with the multilateral system as a whole, and with the United Nations in particular, and should take greater advantage of the complementarities and comparative advantages of the G-20, the United Nations and other multilateral organizations.

15. **Mr. Draganov** (Deputy Secretary General of UNCTAD) said that over the last thirty years, developing countries had sought to integrate into the global economy, in particular through a process of trade and financial liberalization and by joining WTO. Clearly, however, few of them had come anywhere near the developed countries in terms of income. It had become evident since the 1980 debt crisis that the international trading and financial system had failed in many developing countries to realize the promise of rapid, sustained and shared growth.

16. Therefore, the question of how developing countries could integrate into a new system of global governance was very germane. The main challenge was to reconcile the rules and disciplines of an increasingly regulated multilateral system with those of an unregulated global financial and monetary system. The recent financial crisis had shown that multilateralism could be developed only on the basis of a self-regulating global market: developing countries' specific needs had to be considered in the system of global governance. Hence, better coordination of major countries' macroeconomic policies would be required, together with establishment of a multilateral monitoring system based on coherent monetary and exchange policies.

17. A reformed governance system should enable developing countries to escape the domination of financial and foreign exchange markets driven by speculation, as well as the weight of transnational corporations' interests. So long as economic growth and job creation played second fiddle to trade liberalization, the economic prospects of many developing countries, especially LDCs, would remain precarious; so more flexible international rules, reflecting their needs, would have to be developed. Technology transfer could contribute to the establishment of a more favourable governance system.

18. While the effectiveness of development assistance was the subject of much debate, UNCTAD believed that it must first of all enable beneficiary countries to take advantage of domestic resources and to mobilize their productive capacities by promoting sustained economic growth in the service of a new international development architecture. To successfully redress the balance of trade and curb speculation in global currency markets, policymakers should adopt a concerted and multilateral approach not based on the unilateral solutions proposed by the central banks. While WTO and the Basel Accords did regulate the multilateral trading system and the banking system, it would be useful to have a framework for the international monetary system that would avoid trade

distortions and misaligned exchange rates while allowing countries some flexibility.

19. The deficiencies of global governance had encouraged the emergence of new frameworks for consultation like the G-20, or the Chiang Mai Initiative at the regional level, which focused on strengthening ties with the United Nations, as did the current French presidency of the G-20.

20. Because of its legitimacy, the United Nations had played a leading role at major conferences seeking to make room for poor countries. to avoid being marginalized, however, it must move with the times and involve stakeholders from every sphere in its debates; only thus would it be at the heart of a new era of globalization for development.

21. **Mr. Masset** (France) noted that France, which now chaired the G-20, had placed the issue of global governance on the agenda. What particularly needed to be looked at were issues surrounding the reform of the international monetary system, including the instability of commodity prices, development and the social dimension of globalization. The need to shape a global governance system flowed from the current world situation, whose primary characteristic was very strong interdependence.

22. Its next most important characteristic was a very strong affirmation of sovereignty and identity, something that had been clearly brought out, for example, at the United Nations Conference on Climate Change held in Copenhagen in 2009. In that connection, a fair balance needed to be struck between interdependence and nations' legitimate desire to assert their sovereignty.

23. The third element that must be taken into account was the new economic situation, including the rise of large emerging countries. These swift changes raised the question of differentiation, particularly in the area of climate, where the governing principle was common but differentiated responsibilities.

24. And even though the need to develop better global governance was undeniable, it was important to adopt a phased approach and find ways to establish a constructive dialogue between informal groups such as the G-20, the "BRIC" countries (Brazil, Russia, India and China) and the G-8, and international organizations. Renewed twenty-first century multilateralism would guide the combined action of these informal groups and international organizations, all of which would have their place, provided they enjoyed the legitimacy conferred by effectiveness and good results.

25. France's approach to governance was guided by four principles. The first was effectiveness. For example, in the field of agriculture, France had proposed the establishment within the Food and Agriculture Organization of the United Nations (FAO) of a system to ensure the transparency of information on agricultural markets, the aim being to anticipate crises such as the food 2007-2008 crisis, and of a forum to respond to crises rapidly and coordinate efforts to address them. That was the kind of practical improvement that ought to be made, field by field. Effectiveness would require, in addition to transparency and a capacity for foresight, a concern for results and the ability to assess the effects of the action taken.

26. The second principle governing France's actions was that of accountability and openness. Small groups such as the G-20, for example, were accountable for their actions and must establish a dialogue with the international community. That involved opening dialogue with, and consulting, stakeholders—including not only States but also civil society and academia.

27. The third principle was that of shared responsibility and representativeness, which had been applied in the context of the reform of international financial institutions.

28. The fourth principle was coherence — an essential principle and one that must be the priority for the multilateral system. Coherence was a threefold concept. First, there had to be coherence in any given area, that is, all international organizations needed to work together. Second, consistency had to be maintained between international standards and bodies of law, and in particular between social norms and economic and trade standards. France proposed, in that regard, to make systematic exchanges of observers among international organizations, such as between WTO and the International Labour Organization (ILO). Third and Finally, to ensure sustainable growth, our efforts must include three components: an economic, a social and an environmental component, which had each to be given equal importance at the institutional level.

29. In conclusion, Mr. Masset would like to make three observations. First, he reaffirmed the need for a progressive and pragmatic approach in terms of global governance and organizational reform. Moreover,

whatever the issue under consideration, it always had a development-related aspect. But development in this context must be conceived very broadly, so as to link the Millennium Development Goals with global issues and growth. Finally, the issue of funding was central to all areas. If official development assistance was to be maintained, alternate financing methods needed to be used, such as market mechanisms and innovative financing formulas, which offered rich possibilities.

30. **Mr. Cornford** (Observatoire de la Finance), presenting the major issues of financial reform and its implications for United Nations bodies, said that one could draw several lessons from the recent financial crisis. First, it had highlighted the considerable impact spillover effects could have on integrated global markets. Second, essentially micro-prudential regulation did not properly manage macro-prudential systemic risks. Third, regulations must in particular adapt to innovations in transactions and at the institutional level. Fourth, regulatory systems based primarily on market signals did not support sufficiently effective risk management. Fifth, it was appropriate to ask whether it was desirable to enhance global financial integration through the establishment of a level playing field internationally and the removal of barriers to banking activities and international financial transactions. The steps taken to build on lessons learned should be monitored by the competent United Nations bodies.

31. The financial reforms undertaken at the international level after the 1997-1998 Asian crisis had led to the development of standards covering twelve areas, including banking supervision, stock market regulation and insolvency. Today, the goals had been expanded to cover commodity markets, wages at financial institutions and rating agencies, among other things.

32. In terms of the institutional reform framework, Mr. Cornford said the Financial Stability Board had been commissioned by the G-20 to coordinate the development and implementation of the reforms. The Board was an offshoot of the Financial Stability Forum, whose membership had been expanded to various emerging and developing countries. However, it could become more representative if it had more African countries as members, for example.

33. Capital adequacy standards remained central to banking reforms. The crisis had cast a harsh light on the shortcomings of banking regulation and oversight and how banks were managing risks, shortcomings that the new Basel Capital Accord (“Basel II”) was intended to redress. The most important of them was undoubtedly the lack of capital relative to risk, which had been miscalculated. Indeed, risk-weighted capital ratio had proved to be a highly misleading indicator of the strength of major banks; that ratio would be higher under the capital adequacy standards set by Basel III. As the crisis had pointed up how closely linked the problems of liquidity and solvency were, Basel III included liquidity management standards. That was an important step in addressing systemic risks, but should be complemented by other measures to mitigate these risks.

34. The extreme volatility in cereal and oil prices was one of the reasons that had led to regulatory changes in securities and commodity markets. The key initiatives in this area were the development of standards by the International Organization of Securities Commissions and the consideration or implementation of measures in the United States and the European Union. It should also be noted that securities and commodity markets were experiencing profound changes, owing in particular to large-scale computerization. Information technology, however, besides being very expensive, had proved to be itself a cause of extreme price volatility. Moreover, the recent fluctuations in commodity markets had sparked a debate as to whether prices were the result of speculation or reflected economic fundamentals. Mr. Cornford, for his part, thought it was the expectations and strategies of players in these markets that determined prices, and that such expectations might sometimes be speculative, while at other times they were based on information about the fundamentals of the economy and the market situation. In general, the impact of new technologies on financial markets and the instability of commodity market prices were two questions that the competent United Nations bodies had to monitor.

35. The transnational aspects of the insolvency of financial institutions crucial to the system, those sometimes called “too big to fail”, was a source of controversy and posed extremely thorny problems. But, while an agreement to tax such institutions’ capital had recently been concluded, setting up a general framework governing cross-border insolvencies remained a distant prospect.

36. Given the impossibility of creating a level playing field for financial services internationally, the

rules of WTO's General Agreement on Trade in Services as they apply to banking activities should be reviewed or indeed overhauled. Similarly, the provisions of free trade agreements and bilateral investment agreements on the opening of financial markets should be reviewed in the light of the lessons learned from the current crisis. Such approaches could do much to restore and preserve developing countries' policy space and autonomy and should therefore be closely monitored by the United Nations.

37. In conclusion, the outcome of the work on financial reforms remained uncertain and was still coming under considerable pressure from banking interest groups. The reforms undertaken at the international level sought to address the shortcomings of existing regulations in developed countries rather than in emerging or developing ones. However, the emphasis on macro-prudential regulation paved the way for consideration of the relationship—up to now a highly obscure one—between financial regulation and development policies. The report of the Financial Stability Board published in April 2011 focused on various issues; among these, the deficiencies of the data needed to anticipate financial crises and the international convergence of accounting standards would be included in the programme of work of United Nations bodies dealing with statistics and accounting.

38. **Ms. Guilarte** (Venezuela) said that the larger countries' obvious partiality to the idea that important economic decisions at the global level should be taken by a small group of countries, along the lines of the Security Council, was a concern for Venezuela. Indeed, in the summary prepared by the President of the Economic and Social Council on the Council's special high-level meeting with the Bretton Woods institutions, WTO and UNCTAD, held in New York on 10 and 11 March 2011, responsibility for the debate on global economic governance had been entrusted to representatives of the G-20, whereas that issue should be addressed only in a democratic and multilateral forum where equal participation by all Member States of the United Nations was guaranteed. That document also contained a suggestion by one participant that the G-20 should become a world economic council under the auspices of the United Nations framework; Venezuela rejected this.

39. Venezuela deemed it important for the cyclical and structural aspects of the current global economic crisis and its consequences for the achievement of development goals and improvement of peoples' living conditions to be considered in the design and implementation of macroeconomic, financial and trade policies, whether at the national or the international level. Accordingly, Venezuela was in favour of reforming the international financial architecture so as to focus on the enhancement of developing countries' representation in the decision-making process of international financial institutions, the alignment of those institutions' policies and instruments with the needs and realities of each region, respect for the principles of equity and balanced geographical representation, and the elimination and/or relaxation of conditions for the granting of loans. Provisions also needed to be made for easing the burden of external debt of small and medium-sized countries whose situation had deteriorated due to external conditions related to the current global economic situation.

40. Venezuela reaffirmed its position that the international community must address reform of the international financial system and revision of market rules, reinforcing controls and limits on speculative trading, which had caused the worst crisis in a century. It emphasized that to enhance the coherence and consistency of the international monetary, financial and trading systems, it was imperative that a thorough reform be undertaken, including an examination of alternatives to the dominant role of the dollar as the international reserve currency, a role suited to a specific period of the twentieth century but whose usefulness was clearly at an end.

41. **Mr. Rahman** (Bangladesh) said that the current crisis had implications for the international trading system and for global financial flows; worse, however, was that it compromised developing countries' development prospects, particularly in relation to the Millennium Development Goals (MDGs) on education, as had been pointed out in the high-level segment. That was a worrisome prospect for a country like Bangladesh, which lacked the resources to withstand so long and deep a recession. Hence, his delegation would like to ask the Secretary General of UNCTAD by when, in his opinion, the Doha trade round would be completed, and whether the interests of the LDCs and other vulnerable countries would be guaranteed.

42. The LDCs deemed a far-reaching reform process necessary to correct the democratic deficit of the Bretton Woods institutions, which seemed to have lost much of their effectiveness and credibility. The LDCs

must have the necessary policy space to determine the macroeconomic policies that would allow them to create jobs, reduce poverty and achieve their objectives in health and education. They also believed that the United Nations must play a leading role, not only in setting standards and rules at the international level, but also in undertaking operational activities to address the current crisis and ensure that it would never recur. Accordingly, his delegation was grateful to the French presidency of the G-20 for engaging in dialogue with the LDCs at the United Nations Conference on LDCs held in Istanbul in May 2011, and asked what type of actions were envisaged by the Conference to ensure that the targets set for these countries were met.

43. **Mr. Souza** (Brazil) said that the current crisis was multidimensional and that the solutions considered for a particular case must be coordinated to be effective. In that connection, the closer relationship that seemed to have been achieved in the past two years between ECOSOC and the Bretton Woods institutions was encouraging. Brazil reiterated its position that the United Nations should be at the centre of issues related to the crisis. It was noteworthy in that regard that the Bretton Woods institutions' had invited the President of the Council to participate in the Development Committee. For Council meetings taking place in Geneva, ways of enhancing its relations with WTO and UNCTAD should also be explored; it would also be useful, in order to strengthen coordination and coherence, for national representatives to these institutions and their directors to attend the Council's spring meeting in New York, and for the President of the Council to regularly attend its meetings in Geneva.

44. The Brazilian delegation reiterated the need to achieve the reform objectives set for the international financial system, particularly the IMF. The structure of global financial institutions must reflect the changing global economy. Mr. Souza also emphasized the importance of cooperation to ensure the stability of physical markets for agricultural products. Distortions must be reduced, a goal that had not yet been reached through the Doha Round negotiations. Financial markets also needed to be better regulated—in the way defined at the G-20 meeting, through inventory control and availability of emergency stocks, and not in the sense of measures such as price controls. Brazil also stressed the importance of increased production capacity in the most vulnerable countries, i.e. the LDCs, and the need to identify and target the root causes that prevented them from producing agricultural commodities. He recalled the need to support developing countries in terms of funding and technology transfer.

45. **Ms. Bahar** (Indonesia) said that the issue was not so much whether a new global structure was needed to enhance the coherence and coordination of global economic governance; rather, what was needed was an enhancement and reform of the current system wherein frameworks or formal and informal elements that already existed need not be set aside. As issues of global governance were growing more complex and important new players were emerging, such as civil society and the private sector, an effective mechanism was needed to ensure the consistency of policies and strategies. The Economic and Social Council was well placed to play that role. However, it must be reformed in order to play a central role in global economic governance. The Council must focus on results and must be accountable for its actions.

46. The initiative taken by the General Assembly and the presidency of the G-20 to enhance the interaction between the G-20 and the United Nations system and the former's cooperative efforts vis-à-vis regional and international organizations had been particularly valuable. That interaction, however, would better be conducted under the auspices of the Economic and Social Council where issues of economy and development were concerned, whether during the Council's spring session or more regularly. That would enable better coordination on issues of interest to both mechanisms.

47. Furthermore, it was no longer possible to compartmentalize economic issues at the national, regional and global levels. A national or regional problem could quickly become a global one, as was shown by the mortgage crisis in the United States. Involvement of regional groups and mechanisms might not only be important in preventing a regional problem from becoming a global one, but might also help in finding solutions to global problems. Thus, the Chiang Mai Initiative adopted by ASEAN had fostered stability and continued growth in the region in times of global crisis. It was important, therefore, to enhance the interaction of regional organizations, including regional commissions, with the Economic and Social Council. All parties ought also to cooperate and interact outside the formal institutional framework.

48. **Mr. Pintado** (Mexico) said his country considered the G-20 an informal process, not an international organization; it was not a decision-making body but a framework for discussion of global economic and financial problems. The G-20 had had a very significant impact in the wake of the financial crisis of 2008-2009. In addition, the G-20, as member States of the United Nations, were fully committed to its objectives and its role in economic development. There was interest in strengthening the synergies and interactions between the G-20 and the United Nations, and Mexico was planning to pursue this, following on from the work already done by France, when it took over the presidency of the Group in 2012 .

49. The legitimacy and universality of the United Nations were not challenged by the existence of groups like the G-20, which might be useful to guide discussions on the reform of global governance. The issue of the representation of developing countries in the Bretton Woods institutions was a clear example of these interactions, and discussions initiated at the G-20 had already had a direct, though as yet limited, impact on these institutions.

50. Mr. Pintado then asked participants how, in their view, it would be possible to strengthen the specific role of the Economic and Social Council in the review and development of economic policies in order to improve the United Nations' responsiveness to current challenges. He would also like more specific answers to the question posed at the beginning of the debate, as to whether ECOSOC should be enhanced or a new international organization created.

51. **Mr. Schuldt** (Ecuador) said that it was evident from this meeting and the spring meetings of the Bretton Woods institutions, attended by the Economic and Social Council, that the new global economic governance required new, enhanced coordination mechanisms, which must be transparent, effective and representative. He regretted that the debate had been focused once again on relations with the G-20, which is an informal body, rather than an examination of the more fundamental issues of reform and the global economic situation. The G-20 should not replace the formal, normative, principle-based multilateralism that the international community had pursued for decades. The information and dialogue mechanisms that had recently emerged did not meet the requirements of representativeness and legitimacy and the positions they espoused could not replace the consensus arrived at in a meeting of a universal body. His delegation shared the concern expressed by the Venezuelan delegation, that dialogue should at some point take place within a body that was part of the United Nations system. It should be noted in that regard that the proposal for a World Economic Council, put forward in 2009 and supported by developing countries in the G-27, was not among the G-20's proposals. Mr. Schuldt asked stakeholders whether a realistic solution might not be to submit to the United Nations the elements agreed upon between countries, so that it could then finalize the consensus and make the appropriate decisions; this would allow progress to be made with a much more dynamic multilateralism, more suited to the nature of contemporary challenges.

52. **Mr. Masset** (France) said that as noted by the representative of Mexico, the G-20 was an informal group that did not claim to address issues on behalf of all. It had been created to address the crisis by replicating, at the level of Heads of State and Government, a framework that had been in existence since the 1998 Asian crisis at the finance minister level. It had been renewed in September 2009 because results had been achieved but it had not completed its work. It had been never designed as a forum to regulate for others, but given the economic weight of its members, what they did had an impact on other countries.

53. G-20 members did not want to turn the group into an institution; instead, they wanted to preserve its informal character. The G-20 could not act alone: States and international organizations, like the IMF and the World Bank, must afterward take things in hand, and in fact additional resources had been set aside for them in 2008-2009. Similarly, with regard to agriculture, responsibility for action lay with FAO, which the current presidency of the G-20 would like to see endowed with a crisis coordination mechanism. In 2008-2009, the G-20 had worked extensively with the Bretton Woods institutions; in 2011, it wanted greater involvement of United Nations specialized agencies, to ensure that all these institutions would work together.

54. The issue of the LDCs was essential in view of initial concerns over the fact that the G-20 countries were more concerned with the large emerging countries than with the least developed. As part of the reform of the representation of developing countries in international financial institutions, steps had been taken to ensure that the reduction of the developed countries' votes would not benefit only the large

emerging countries but also the LDCs. In addition, the United Kingdom and France had reserved a block of the additional special drawing rights they had obtained for LDCs. Responding to the representative of Bangladesh, Mr. Masset said the G-20 intended to continue the initiatives begun in Istanbul on food security issues, particularly in respect of hedging and insurance instruments and emergency reserves. He hoped that progress would also be made on the issue of LDCs' duty-free and quota-free access to markets, which was on the agenda of the Doha Round.

55. On the very complex question of trade and the Doha Round, the G-20 was content to support progress on what could be provided to LDCs and in particular on duty-free and quota-free admission of the products those countries exported. As for the role of the Economic and Social Council, Mr. Masset said that it had the advantage of offering a 360º view, thanks to the participation in its debates and proceedings of experts from all corners of the Earth. By seeking new skills, improving the organization of its work and being more selective, and by setting aside extra high-level session time to enhance its capacity for political pressure, the Council should acquire the clout it needed to advise and guide the G-20 as well as WTO and other organizations. However, it should address the substantive issues before dealing with institutional issues.

56. **Ms. Kage** (Germany), referring to the agreements arrived at by certain countries at the bilateral, subregional and regional levels pending the outcome of long-term negotiations at the multilateral level, wondered whether the United Nations could play a role in the rapprochement between the multilateral system and the solutions adopted at other levels.

57. **Mr. Draganov** (Deputy Secretary General of UNCTAD) said that UNCTAD was clearly in favour of a speedy conclusion to the negotiations of the Doha Round. He added that one should not lose hope for that outcome, recalling the case of the Conference on Disarmament, which had managed to break a very long-standing deadlock in its negotiations. It was important to obtain a positive result for LDCs by the end of this year. One of the reasons for UNCTAD's existence was to protect the interests of these and other vulnerable countries by conducting a number of projects to strengthen their negotiating skills, without ever taking a direct part in the negotiations. On the issue of multilateralism, UNCTAD preferred attempts to reform existing structures rather than create new ones. Mr. Draganov said that though some might consider the United Nations ineffectual or rather slow, it could only be what Member States made it.

58. **Mr. Cornford** (Observatoire de la Finance) said that the Chiang Mai Initiative was based on a long series of regional mechanisms for mutual financial support that had begun after the Second World War with the European Payments Union. As such arrangements were usually set up to address specific problems faced by their member countries, it was important for the United Nations to monitor their work and their evolution—something it had failed to do in the 1980s with respect to monetary arrangements in Europe. The issue of representativeness of the institutions was also related to historical factors, as was the role of the Bank for International Settlements (BIS). Founded in 1930 by a group comprising equal of numbers of developing countries and developed countries, the Bank had after 1945 become an organization primarily composed of developed countries, as the developing countries entered the Eastern bloc. Since then, under pressure from various organizations, the BIS had gradually expanded its representativeness, but the change was gradual and should be closely monitored by the United Nations.

59. **Mr. Sha** Zukang (Secretary-General for Economic and Social Affairs) said that all members of the G-20 were also Member States of the United Nations, so the feeling of belonging to the same family should prevail. Regretting that the proposals by German Federal Chancellor Merkel and the Federal Councillor of the Swiss Confederation Ms Calmy-Rey for the establishment of a kind of economic security council had not found favour, he observed that the fact that an organ existed did not prevent a new one from being created; he adduced the creation of the Council of Human Rights to illustrate his point. He recalled, in that connection, that in his speech to the Council, Secretary-General Kofi Annan had called on all Member States to think outside the box.

60. **The President** reviewed the issues raised in the dialogue and responses, inviting the Council to consider especially Mr. Masset's remarks on the legitimacy that was conferred by results.

The meeting rose at 5:50 p.m.