



Economic and Social Council

Provisional

23 May 2011

Original: English

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

Provisional summary record of the 8th meeting

Held at Headquarters, New York, on Friday, 11 March 2011, at 3 p.m.

President: Mr. Kapambwe (Zambia)

Contents

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development
(continued)

Thematic debate of the whole on Theme 4: The role of the United Nations system in global economic governance

- (a) *Presentation by Mr. Serge Tomasi, Director for Global Economy and Development Strategies, Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group*
- (b) *Presentation by Mr. Vanu Gopala Menon, Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group*

Interactive dialogue

Concluding comments and closure of the special high-level meeting

Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.



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

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (*continued*)

Thematic debate of the whole on Theme 4: The role of the United Nations system in global economic governance (E/2011/74)

(a) Presentation by Mr. Serge Tomasi, Director for Global Economy and Development Strategies, Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group

1. **Mr. Tomasi** (Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group) said that recent history had witnessed a series of crises, beginning with the Asian financial crisis of the late 1990s, which had revealed imbalances in the system of payments and debt. Because the international community lacked financial tools, national strategies had been implemented in response to the crisis. The food, energy and financial crises of the early twenty-first century had demonstrated the scope of interdependency among States and the rapidity with which effects were felt worldwide. The multilateral system created after the Second World War had been based on State sovereignty and clashed with the current interdependency, which was not only economic and financial but also arose from shared challenges in the areas of environment, public health and information technology. The crises had revealed deep structural deficiencies in the global economy, including in food supply and demand owing to rising living standards and climate change, while rising energy prices raised questions about the sustainability of the current economic growth model. Financial bubbles had been caused by excessive liquidity, while prices and capital flows were volatile and subject to rapid chain reactions.

2. Stronger cooperation was required in order to ensure balanced, sustainable growth that was better shared in order to guarantee economic prosperity, stability and improved management of global challenges. A rapid response capacity was required in an unstable world. Lastly, global economic governance must be suited to the economic and political realities of the contemporary world.

3. Traditionally, there were three functions of governance at the State level: the legislative established rules that allowed people to live together in a community; the executive ensured decision-making, including on budgetary and monetary policy; and the administrative prepared and implemented executive decisions. At the international level, those functions looked somewhat different: the United Nations filled a legislative function through the resolutions of the General Assembly, while the specialized agencies dealt with specific issues. Administratively, secretariats prepared reports and structured debates, both at the United Nations and in the main multilateral bodies. The Group of Twenty also worked primarily on the basis of reports prepared by the staff of international organizations, who had the necessary expertise. However, there was some ambiguity as to the executive function as it would be impossible to have a global government that set budgetary and monetary policy for all States; what was needed was a forum for dialogue and cooperative strategies to guide concerted action.

4. Through its past agreements on such issues as the devaluation of the United States dollar and launching of the Heavily Indebted Poor Countries (HIPC) Initiative, the Group of Eight had sought to take concerted action to deal with crises. Its successor, the Group of Twenty, was not a government that could take decisions or implement a uniform strategy; it was merely a forum for better managing the growing interdependency of States. In that sense, it was preferable to speak of representativity rather than legitimacy. The Group of Twenty member States accounted for two thirds of the world's population and 80 per cent of gross domestic product (GDP), and thus for a large proportion of goods and services, food production, capital flows and global trade; it was therefore a fairly representative organization even though it was not universal.

5. While the Group had been effective in coordinating the response to crises and had begun reforms in response to current economic realities, the challenge was to identify whether its forum would be able to remedy structural issues and thus, in the long term, to redress macroeconomic imbalances and provide a foundation for sustainable shared economic growth. He noted, as a sign of progress, that the Group of Twenty finance ministers had recently decided to establish a series of indicators to identify macroeconomic imbalances and their causes.

6. Since the Group's members were also United Nations Member States, there was no opposition between the two bodies; the question was how the Group could engage in dialogue with non-members. A proposal to hold an informal dialogue with the United Nations before meetings of the Group had already been put into practice and would continue. However, it would be difficult to institutionalize the participation of the Secretary-General of the United Nations in those meetings because the Group, as an informal body, had no statute. Nevertheless, the Secretary-General would continue to be invited to the meetings and his appointed representative would work with the Group's various structures. A proposal to invite regional or representative organizations to meetings of the Group had also been implemented through invitations to the countries presiding over the Group of Three, the Gulf Cooperation Council (GCC) and the New Partnership for Africa's Development (NEPAD). Lastly, a proposal that the Group of Twenty should hold thematic forums involving non-members was being implemented and opportunities to broaden non-member involvement would be sought in the future.

7. Existing structures within the United Nations — the only common forum in a fractured world fraught with tension and crisis — should be developed in order to strengthen global economic governance. A point had been reached at which it would be possible to hold a pragmatic discussion and reach consensus on specific issues. The United Nations must be at the centre of a new system of cooperation, and the Economic and Social Council had a role to play in such a system, but it was Member States, not United Nations officials, who bore the responsibility for improving coordination and seeking convergence and consensus.

*(b) Presentation by Mr. Vanu Gopala Menon,
Permanent Representative of Singapore to the
United Nations and Convener of the Global
Governance Group*

8. **Mr. Menon** (Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group) expressed his condolences to the people and Government of Japan on the devastation caused by the recent earthquake and tsunami.

9. The United Nations system played an important role in global economic governance. The World Trade Organization (WTO) was key to setting the rules on

international trade; the International Monetary Fund (IMF) had increased the representation of emerging market and developing countries; and the World Bank supported the development efforts of many developing countries. Nevertheless, when the global economic crisis had struck, it was the Group of Twenty, in cooperation with the Bretton Woods institutions, that had catalysed a coordinated global response and helped to avert a global economic depression in 2009.

10. The Group's response to the crisis had shown that key decisions on global economic issues could no longer be the preserve of a small elite group of developed economies, such as the Group of Seven or the Group of Eight, but must include key emerging economies such as China, India and Brazil. It had also pointed to the weakness of the current system, including the United Nations system, and the need for more effective global economic governance mechanisms for policy coordination and international cooperation.

11. The role of the United Nations system in global economic governance was complemented by regional organizations and informal groupings like the Group of Twenty. The informal Global Governance Group, comprising 28 countries from all geographical regions, sought to promote constructive dialogue between the United Nations and the Group of Twenty. If the Group was to play the self-assigned role of premier forum for international economic cooperation, it must do so in consultation with the wider United Nations membership. Member States must monitor the Group's actions and keep it honest since its decisions would have a major impact on all of them. The Global Governance Group had called for the Group of Twenty to hold regular briefings and invite regional groupings to its summits and the Secretary-General and his appointed representative should also participate in all aspects of the work of the Group of Twenty, which enhance, not undermine, the United Nations.

12. The Group of Twenty had yet to show sustained leadership in the international trading system, which must be open in order for prices to find their proper levels through market forces. The Group, which accounted for 80 per cent of global trade, must exert leadership in breaking the impasse in the Doha Round negotiations since the key countries responsible for the current stalemate and capable of altering the situation were among its members. The Group's statements on

protectionism must be followed by tangible steps that set a good example for the rest of the world.

13. If the United Nations system wished to be better prepared to take on the task of international economic cooperation and coordination, it must reform its internal processes in order to remain both relevant, and sufficiently nimble to respond to emerging challenges. The Organization must also examine ways of enhancing its existing networks and capabilities in order to effectively engage all institutions and interests with an impact on and a stake in global issues. Such efforts would require political will, a change of mindset and a dose of realism on the part of Member States and the Secretariat alike.

14. Some in the Secretariat attempted to protect their turf at the expense of the United Nations system as a whole: such behaviour must stop. It was no secret that certain elements of the Secretariat were unenthusiastic about reform: for example, during the discussions prior to the establishment of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), some United Nations agencies had lobbied behind the scenes to protect their own turf.

15. Certain Member States must also stop obstructing the reform process and should instead focus their efforts on proposing constructive and pragmatic ideas. Others wished to have decisions taken only by the General Assembly for fear of losing control. No institution had a monopoly on the search for solutions to global problems; insistence on bringing all issues to the Organization might inadvertently marginalize the United Nations process. The number of General Assembly resolutions grew every year because Member States were reluctant to give up or retire their pet issues, although some resolutions added little value and there was insufficient focus on implementation. Because agreements were often reduced to the lowest common denominator, underfunded voluntary trusts were created and multiple reports that few people actually read were requested from the Secretary-General.

16. Many United Nations agencies, including those that focused on implementation in the field, did good work. They must be equipped with the necessary resources and capabilities to address global challenges effectively and quickly while cooperating within the United Nations system, including with the Bretton Woods institutions, in order to avoid duplication and

promote synergies. Once Member States realized that the system was able to tackle pressing global challenges promptly and coherently, they would seek solutions from within it.

17. The work of the Economic and Social Council was linked to the larger institutional framework for the three pillars of sustainable development: the economic, environmental and social. Indeed, trade and climate change were cross-cutting issues that involved all three pillars. To remain relevant, the Council must take on key issues with which Member States were grappling, engage with all stakeholders, produce outcomes that added value and ensure follow-up. For example, holding the second session of the Preparatory Committee for the United Nations Conference on Sustainable Development immediately prior to the current meeting would have enriched the discussions and outcomes of both meetings.

18. The United Nations should be the logical forum for addressing problems that affected all States. However, its greatest strength was also often its greatest weakness; the need to accommodate the concerns of 192 Member States often resulted in slow movement and outcomes that were watered down to the lowest common denominator. As a result, the Organization was not always able to move nimbly to address the key challenges of the day. While the establishment of UN-Women demonstrated that Member States could sometimes find the political will to update the system, more often than not they were unable to reach agreement on urgent reforms.

19. Any solution to the problems currently facing the world must strike a balance between inclusiveness and efficiency. The United Nations system, regional organizations and informal groupings such as the Group of Twenty were a partial response to that challenge. However, if the system was unable to agree on important issues, it risked having no voice and, worse still, disenfranchising itself in the global debate on issues of vital importance to all States.

20. **The President** recalled that in chapter II of his note on coherence, coordination and cooperation on financing for development (E/2011/74), the Secretary-General had raised several issues for discussion, including how, nine years after the Monterrey Conference, the United Nations, the Bretton Woods institutions and WTO could learn from past experiences and efforts to more effectively coordinate

their actions so as to increase the coherence and consistency of the international monetary, financial and trading systems in support of development; what the modalities of engagement between the United Nations and informal groups of limited composition such as the Group of Twenty should be; which ways to strengthen the role of the United Nations in global economic governance were most effective; whether new structures were the answer or whether the focus should be on improving the standing and impact of the Economic and Social Council and its coordination functions; what could be done to ensure that the United Nations and its subsidiary machinery would arrive at and implement decisions on global economic issues in a timely fashion; and in what ways regional cooperation mechanisms could complement global economic governance.

Interactive dialogue

21. **Mr. Arrigo Sadun** (Executive Director, International Monetary Fund) said that, of the two options for strengthening coordination and cooperation within the United Nations system, it was more realistic to further develop existing structures than to design a completely new mechanism.

22. The recent global crisis had offered an opportunity to make substantial progress towards stronger, more comprehensive economic governance. The Group of Twenty had largely superseded the Group of Seven, not as a club of like-minded members, but as a de facto steering committee of the global economy. The time had come to involve the Economic and Social Council and other United Nations agencies more fully in that process.

23. A few years earlier, he and Timothy Adams, former Under Secretary of Treasury for International Affairs of the United States of America, had proposed transforming the Group of Seven into a global economic council. In order to achieve that goal, the Group must acquire universal representation through a constituency system, which had worked well at IMF, and must have an institutional relationship with agencies such as IMF and the World Bank. Under the current system, governance guidelines were established by the Group at the level of ministers or Heads of State, and implementation was delegated to specialized agencies such as IMF or the World Bank. However, since the Group lacked direct control of or institutional linkages with those institutions, their governing bodies

had to approve the guidelines before they could be implemented. The system worked in practice, but was neither elegant nor rational. It would make sense to establish a constitutional linkage between a reformed Group and, for example, IMF. In that case, intermediary bodies such as the International Monetary and Financial Committee, which currently had an advisory but not a directive function, would have to be eliminated when that function was assumed by the Group.

24. If such a path was chosen, the most practical and effective way for the Economic and Social Council to play a role would be to establish a stronger relationship with the Group of Twenty; it would be even more effective to make the Group a body with truly universal representation.

25. **Mr. Suárez Salvia** (Argentina), speaking on behalf of the Group of 77 and China, said that efforts to reform the international financial architecture should be coordinated internationally and should lead towards the full inclusion of developing countries in international economic decision-making and norm-setting. Reaching agreement on those issues required political will and the strong support of the entire membership to translate reform commitments into reality. He welcomed the dynamic, interactive nature of the dialogue between Member States, the Bretton Woods institutions, the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization, civil society and the business sector, an exercise that had proven immensely useful for all stakeholders.

26. **Ms. Ortiz de Urbina** (Observer for the European Union), said that the international community should make strengthening and adequately funding the United Nations a priority so as to ensure that the Organization remained relevant and capable of facilitating cooperation on global issues and responding to challenges. Enhanced cooperation between the United Nations and the Group of Twenty could help in that regard. The Organization might follow the lead of the Bretton Woods institutions, which were going through major reforms.

27. He asked both panellists to elaborate on how the Group set its agenda and whether there was any provision to ensure that efforts made and steps taken were followed through under future presidencies.

28. **Mr. Acharya** (Observer for Nepal), speaking on behalf of the Group of Least Developed Countries, said that the role of the United Nations on economic and social issues was of paramount importance as it reflected the hopes and aspirations of large numbers of people; it was therefore necessary to make the Organization more capable of dealing with new challenges. In order to improve coordination, meetings should be held more frequently than at present. Furthermore, as the failure to achieve international development goals was sometimes a consequence of the fact that institutions were not working towards the same objectives, it was important for stakeholders to aim for more coherence in standard-setting.

29. He expressed concern at the lack of representation of the least developed countries in the deliberations of the Group of Twenty on development and related issues. While the Group was not a decision-making body, issues discussed at its meetings would be likely to be taken up by other international institutions. When development issues were discussed, representation of the least developed countries was key to making the Group more inclusive and sustainable.

30. **Mr. Gálvez** (Chile) said that the issue of global governance should be approached in an inclusive manner. The establishment of a global economic council had been discussed in international forums and in the note by the Secretary-General on coherence, coordination and cooperation on financing for development (E/2011/74, para. 27). Such an entity, modelled on the Group of Twenty and meeting at the level of Heads of State, would make it possible for other important and relevant groups to be represented. Indeed, the way forward might not be the creation of new institutions, but improved coordination among existing international institutions involved in economic governance; a global economic council could provide general policy guidance to those institutions without interfering in their technical work.

31. **Mr. Katz** (Observer for Telecom Advisory Services, accredited to the Financing for Development process) said that with regard to global governance, the United Nations had an important role to play in facilitating partnerships between the private and public sectors in order to foster development of the information and communication technologies sector, which accounted for 5 to 10 per cent of national economies. If either the private or the public sector assumed full responsibility, inefficiencies, such as

market failures or underserved populations, would result. Governments could facilitate private sector investment, set up stable regulatory frameworks and educate segments of the population, while the private sector contributed capital investment, provided quality service and developed applications. Governments should have access to information on best practices from around the world, such as the Malaysian Government's use of taxation to stimulate capital investment and the Japanese Government's role in applications development. The United Nations could meet the need for an institutional platform to share those best practices in a coordinating rather than an institutional capacity that would make a significant contribution to local and global economic development.

32. **Mr. Pérez-Verdía** (Executive Director, International Monetary Fund) said that the latest round of IMF quota reform would become effective by the end of 2012, by which time most countries should be relatively close to their benchmark levels of representation. However, it remained to be seen whether the benchmarks reflected economic reality; quota levels seldom had an impact on outcomes within the Fund, and its Executive Board was often divided when internal administrative measures were discussed. For the most part, its aim was to achieve consensus; that approach was one of the strengths of having a resident Executive Board where single countries or groups of countries were represented by executive directors. The Fund's relationship with the Group of Twenty was a pragmatic one; IMF was in favour of working with existing structures and mechanisms. It would be important to observe how the Group of Twenty evolved over time and, once the crisis abated, it would be up to international agencies to decide on their role in global economic governance.

33. **Mr. Momen** (Bangladesh) called for comprehensive reform of international financial institutions, further strengthening of the concept of ownership and support for coordination of macroeconomic policy decisions related to the multilateral trading system. Noting the least developed countries' minimal share of global trade and gross domestic product and their limited productive capacity, he wondered how the Group of Twenty intended to accommodate them in an inclusive manner.

34. The Director for Global Economy and Development Strategies, Ministry of Foreign and

European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group had rightly pointed out that unified budgetary and monetary policies were impossible in the context of global economic governance. That impossibility was illustrated by the harsh penalties incurred by smaller countries which, in response to domestic crises, pursued policies that did not meet with the approval of international financial institutions.

35. With regard to global governance, he expressed concern about the prospect of working within institutions outside the purview of the United Nations; the Organization enjoyed universal legitimacy and therefore provided a forum to resolve issues more effectively, even if it took longer to do so.

36. **Ms. Hanfstaengl** (Observer, Social Justice in Global Development, accredited through the International Presentation Association) said that in light of the global financial crisis and deteriorating economic situation, it was clear that the Millennium Development Goals (MDGs) would not be met in many countries; meanwhile, the number of billionaires continued to rise. Far-reaching financial reform must be brought about by concerted international efforts, not those of the Group of Twenty. Expertise could not replace the political decision-making needed for reform. She welcomed the proposal, made by the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System in 2009, to establish a global economic council with status comparable to that of the Security Council; such a body could be as effective, and would certainly be more legitimate, than the Group of Twenty. One major task of such a council should be to develop a charter for sustainable economic and social development as the overall normative framework of global economic governance. To date, only the Group had begun to work on a charter of that kind; however, it covered only sustainable economic activity and in any event, such important matters should not be decided on by the Group alone. Given the lack of inclusive alternative forums for debate, the case for strengthening the Financing for Development process had never been stronger; a functional commission on financing for development, as a permanent intergovernmental body, should be established in order to ensure concrete outcomes and action-oriented follow up.

37. **Ms. Irman** (Observer for Indonesia) said that global governance should be understood as a way to organize decision-making on global issues through the involvement of sovereign entities and other stakeholders. To that end, legitimate global institutions were required. Strengthening the role of the United Nations as the most legitimate institution for addressing the global agenda was important as the Organization's universal character ensured that it raised the concerns of all its members, including the most marginalized. However, legitimacy was not given; it must be earned. While the United Nations was best positioned to assume its role in global governance, it could not be effective without continued institutional reform and action by Member States to align their efforts with the challenges posed by the changing global economic architecture. The existence of the Group of Twenty and other new entities was unavoidable; however, they could work in collaborative and complementary ways with other forums. She therefore welcomed the French Government's efforts to promote constructive dialogue between the Group of Twenty and the United Nations. As a member of both those bodies, Indonesia sought to promote the role of the United Nations as a centre of global economic governance in order to bring about a more equitable global economic architecture.

38. **Mr. Iziraren** (Morocco) said that he recognized the role of the Group of Twenty, as a decision-making forum, in putting the world economy on the road to recovery after the crisis; indeed, the initiative to reform the international financial institutions had come out of a Summit of the Group. It would be necessary to further articulate the respective roles of and the relationship between the Group, which did not have a very precise agenda, and the United Nations, an organization with a specific mandate and purview. He welcomed the priority attention given to development by the French presidency of the Group and wondered how the Group of Eight and the Group of Twenty might coordinate their respective efforts in order to deal with the issue in a coherent manner.

39. **Mr. Wang Qun** (China) said that while the financial crisis had revealed the drawbacks of the current international economic governance structure and prompted the international community to take steps to reform it, the world was returning to "business as usual" as the crisis abated. It was getting harder for countries to coordinate their macroeconomic policies

and the urgency of reform was dwindling, even though deep-seated problems in the international economic and financial structure remained unresolved, developing countries were marginalized in world economic decision-making, the Doha Round remained stalled and the risk of protectionism persisted.

40. In order to strengthen international economic governance, developing countries must be allowed to participate in the process as full and equal partners and to protect their legitimate rights and interests effectively. His delegation hoped that the Bretton Woods institutions, WTO and the United Nations Conference on Trade and Development (UNCTAD) would make full use of the current dialogue, heed the concerns and requests of Member States, and contribute fully to reforming the structure of international economic governance and creating a fair and favourable trade environment for developing countries.

41. In light of General Assembly resolution 65/143, which reaffirmed the need for continued structural reforms, he asked the representatives of the World Bank and IMF whether the senior officials of those institutions had further concrete ideas regarding the next stage of reform of the Bretton Woods institutions.

42. **Mr. Shin** Boo-nam (Republic of Korea) said that his Government supported the central role of the United Nations in addressing global challenges as it was the only global body with legitimacy and expertise on various global issues. However, it required strengthening and reform in order to deal with those issues more effectively. Efforts should be made to foster constructive relations with the Group of Twenty and other global bodies; as Chair of the Group in 2010, his country had worked tirelessly to hold Group-related outreach activities with other member countries in New York and elsewhere and to keep the Group's agenda as inclusive as possible. Following the Group's 2010 Seoul Summit, his Government had organized a briefing on the Summit outcome for United Nations Member States in New York. Two least developed countries and two developing countries had been invited to participate in the Summit, thereby enhancing the Group's engagement with the United Nations. The Republic of Korea would continue to work actively to strengthen the United Nations and to ensure that the Organization's relationship with the Group of Twenty was mutually beneficial.

43. **Mr. Menon** (Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group) said that he agreed with the representative of Nepal on the need for non-member countries to be represented in deliberations of the Group of Twenty on development or other specialized issues so that their views could be taken into account. With regard to the proposals, made at the current meeting, to give the Group a greater say in global governance — even if the object of doing so was to overcome certain cumbersome procedures — he pointed out that in the past, such proposals had been contentious and poorly received by other countries. He cautioned the Group to move carefully if it wished to gain acceptance among the wider United Nations membership.

44. **Mr. Tomasi** (Director for Global Economy and Development Strategies, Ministry of Foreign Affairs, France; and Co-Chair of the Group of Twenty Development Working Group) said that debates on reform and on the establishment of a global “economic security council”, either within or outside the United Nations, had been going on for 20 years with no concrete results. He recalled that the United Nations had come into being in the aftermath of a devastating world war and crisis; reform might be neither possible nor desirable.

45. It was not clear what it meant to call the Group of Twenty an “economic security council”. The Group attempted to coordinate macroeconomic policy; it was not clear whether such a council would be able to take immediate decisions and, on that basis, impose sanctions. The term raised questions with respect to national sovereignty, interdependencies between nations and international law. Since collective interests were limited by individual interests, collective governance might be possible, but reform was difficult.

46. The economic crisis was far from over and attempts must be made to reduce or eliminate its causes. President Sarkozy had tried to include difficult questions in the Group's agenda and had noted that a failure to address them would be a failure for the entire international community. The Group had shown its ability to deal with the most dramatic aspects of the crisis, but it had yet to demonstrate whether it was able to bring about structural reform in order to reduce the structural imbalances in the world economy; if not, other approaches were called for.

47. The Group did not take decisions; its meetings concluded with communiqués, which had no legal force. Heads of State and Government needed to meet the Group's commitments and to convince governments and international bodies that its recommendations should be followed.

48. The Group generally worked by consensus. Its presidency could propose placing certain issues on the agenda and there had been other proposals to add new topics, including in connection with reform of the international monetary system and reduction of the volatility of agricultural commodity prices. But those proposals had been made in the context of follow-up to decisions, taken at previous Summits, on topics such as non-cooperative jurisdictions, tax evasion and the establishment of international regulatory framework for banks (Basel III) standards. The Group had decided by consensus that as the Seoul Action Plan, which included 9 pillars and 25 actions, was already very ambitious, nothing would be added to the Group's agenda during the current year.

49. The Group of Twenty dealt with development issues while the Group of Eight no longer saw itself as coordinating economic issues, as had previously been the case, but rather as a forum for addressing such issues as "green growth" and innovation. Peace and security were dealt with in the Group of Eight, but not in the Group of Twenty.

50. Under the Canadian presidency of the Group of Twenty, in 2010, the Muskoka Accountability Report 2010, on the implementation of development commitments, had been produced. Food security and health issues were also dealt with in the Group of Eight. The Group of Eight Partnership with Africa included a mutual accountability process; its goal was to exchange experience with a view to improved cooperation with Africa.

51. With regard to the least developed countries, there was much that the Group of Twenty could not do. The topic should be dealt with at the Fourth United Nations Conference on the Least Developed Countries, to be held in Istanbul from 9 to 13 May 2011, where follow-up commitments would be discussed. The Fourth High-Level Forum on Aid Effectiveness, to be held in Busan from 29 November to 1 December 2011, and the Istanbul Conference would be crucial to discussions on development issues. It had been suggested that a meeting between Group of Eight

representatives and representatives of least developed countries should be held at the Istanbul Conference. As part of the Group of Twenty preparatory process, Equatorial Guinea and Ethiopia would represent Africa and present the point of view of least developed countries in the discussions.

52. **Mr. Dance** (Observer for the NGO Committee on Financing for Development, accredited through Passionists International) said that despite frequent calls for coherence and integration, the World Bank, IMF and the Group of Twenty still wished to operate in self-contained units of influence. Their expertise continued to be relevant and needed, but they could no longer operate with full autonomy and without being accountable to the rest of the international community.

53. Global challenges were beyond the ability of any one country to meet. Long-term solutions and an overarching instrument were needed. Because of its universality and legitimacy, the United Nations must be the forum for policy creation on financing for development, with human rights as its foundation and framework. Its Financing for Development Office must grow into a functional commission of the Economic and Social Council, and a representative, independent panel of experts could become a source of valuable second opinions in policymaking.

54. Tax systems were vital to development; States must cooperate in combating tax evasion. The Committee of Experts on International Cooperation in Tax Matters should be upgraded to an intergovernmental, multi-stakeholder body to complement the work of the Organisation for Economic Co-operation and Development (OECD).

55. Unfortunately, numbers played an overly important role in discussions of representivity, particularly with reference to the least developed countries. The call for more meetings such as the present one was heartening; economics, social reality and ecological necessity could no longer be dealt with in separate forums. He was therefore in favour of establishing a global economic council for sustainable development.

56. **Mr. Saxena** (Observer for Vedanta Capital, accredited through the International Chamber of Commerce) said that two primary sources of corruption were the granting of licences and government procurement. If it was appropriate for the United Nations to monitor elections to make sure that they

were conducted fairly, there was no reason that it could not monitor licences and procurement as well.

57. In India, the number of certain types of licences issued over the past decade had increased by a factor of 10. If a system of open auctions had been used to grant them, the savings realized could have been used to offset a significant reduction in the costs of telephony and digital access for ordinary people.

58. **Mr. Pintado** (Mexico) said that the Group of Twenty had been a useful forum for coordination and discussion, especially in the aftermath of the economic crisis. It should not be seen as competing with the United Nations but as complementary, cooperative and mutually reinforcing.

59. **Mr. McCarthy** (Observer for the Holy See) said that in a recent encyclical, *Caritas in Veritate (Charity in Truth)*, Pope Benedict XVI had made it clear that international cooperation was based on the recognition that human race was a single family that must strive for global solidarity. The smallest countries and most vulnerable populations needed help to protect their interests when national governance broke down, to give them voice and to revive economies hit by sudden economic crises. The dialogue between the Economic and Social Council and the Bretton Woods institutions should lead to concrete proposals for strengthening global governance.

60. **Mr. Guerber** (Switzerland) said that the United Nations, IMF and the World Bank should be at the core of global economic governance owing to their legitimacy and professional expertise. There was a need for a system based on complementarity, inclusiveness and transparency and for more transparent links between economic policy norm-setters, such as the Group of Twenty, and the international organizations mandated to implement norms. International organizations' contributions to the Group or to similar bodies should be approved by the governing bodies of those organizations. If institutional interfaces between the Group and implementing international organizations required re-engineering, that should be undertaken as a matter of priority.

61. If it could provide fresh views, the Council was well placed to play a significant role in an improved global economic governance system. Establishment of a panel of experts on systemic risks was an attractive idea; although the idea had not garnered broad support, the Council would take a decision by the start of the

next substantive session. Such a panel could offer influential inputs, provided that its members had quality, expert knowledge, access to reliable information and regular involvement with WTO and other relevant bodies.

62. **Ms. Jackson** (United Kingdom) said that if everyone were as frank as the Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group, discussions would be much more productive. Ideas on how to achieve goal at the United Nations would be appreciated. The United Kingdom welcomed the increasing links between the United Nations and the Group of Twenty and valued the Group's efforts to alleviate poverty. Since the emergence of the Group as a high-level forum, the United Kingdom had been one of the strongest advocates of full involvement by the Secretary-General in its summits, negotiations and meetings of ministers of finance. It was gratifying that successive host countries had made cooperation with the United Nations before and after those summits a priority. Of particular value were the comments in the Seoul Summit Document about the will to conclude the Doha Development Round and the Seoul Development Consensus for Shared Growth. However, she agreed that much remained to be done in the field of trade. The United Nations must mobilize its expertise across agencies to make an effective contribution to the Group's work, including through the Ad Hoc Open-ended Working Group to follow up on issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

63. The sudden emergence of the Group of Twenty showed that existing governance structures were outdated and unable to adapt quickly in response to the crisis. While reform would be neither comfortable nor fast, it must be pursued.

64. **Mr. Glucksman** (United States of America) said that the remarks made by the Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group were extremely valuable. There were too many papers, resolutions and interventions at the United Nations and it was difficult to focus when so many issues were being discussed; a better balance must be struck between inclusiveness and effectiveness. He urged representatives of the Bretton Woods institutions and the civil society and business sectors to indicate their views on the

comparative advantage and added value that the United Nations could provide.

65. **Mr. Herman** (Observer for the NGO Committee on Financing for Development, accredited through Passionists International) said that in 2002, there had been strong political momentum in favour of financing for development. At present, however, the emphasis was on tactics rather than strategy. Many civil society organizations felt that participation in meetings such as the present one was not worth the expense since decisions were generally made behind closed doors by members of restricted clubs, or not at all. Few problems were solved, and few people believed that the reforms instituted by the Group of Twenty had removed vulnerability to financial crises.

66. While it would be idealistic to say that the United Nations was the place where the lion lay down with the lamb, the Organization could structure discussions and allow good ideas from small countries to receive a hearing and gain political momentum. The United Nations should be more than a “talk shop”; it should be a place where decisions were made; leaders among the delegates must convince their colleagues that it was time to take risks.

67. **Ms. Samuels** (Observer for Global Clearinghouse for Development Finance, accredited to the Financing for Development process) said that in recent years, the power of Governments in the financing for development process had receded, and the influence of the private sector had grown, yet little weight was given to inclusion of the business sector. Central to the Monterrey Consensus had been the recognition that governments could not do it alone.

68. As the Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group had said, the United Nations must become more nimble and avoid bureaucratic turf wars. The challenge was to engage civil society and the private sector so as to become more results-based. There must be more structured follow-up on financing for development. The expression “expert panel” was worrisome; such a panel, if established, must be innovative and results-based and must focus on how to solve problems. Success stories would be a valuable source of information for policymakers. The emphasis should be on optimal policies for economic growth and global prosperity.

69. **Ms. Navarro Barro** (Observer for Cuba) said it was unfortunate that the discussions had focused so much on the Group of Twenty, rather than on broader issues central to the question of global economic governance, such as reform of the international financial institutions, the multilateral trade system and the global reserve system.

70. While every country had the right to meet in whatever forum it considered appropriate, decisions relating to global problems should not be taken by an exclusive group of countries. Any ineffectiveness in the United Nations was related not to the number of countries represented, but to their political will. It was strange that some advanced economies were happy to discuss certain issues in the Group of Twenty but resisted the same discussions at the United Nations, thereby preventing agreements from being reached or implemented.

71. She asked what reforms needed to be made to the multilateral trade system to make it function more efficiently and in accordance with the priorities of developing countries, and how the international financial institutions intended to implement the United Nations resolutions pertaining to their reform.

72. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that reform of the international financial system was an important process in which the United Nations had a central role to play. The Ad Hoc Open-ended Working Group 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 on financial issues was an appropriate forum for discussion of the necessary policy recommendations.

73. The countries of the South had also called for the establishment of a panel of experts to advise the Council and the General Assembly on financial issues and, through their foreign ministers, had proposed holding a United Nations conference in 2012 to assess the impact of and follow-up to the financial crisis. That would also be an appropriate occasion for discussion of such issues, since those countries were not represented in other forums. He supported the proposal to establish a financial commission within the Council in order to interact with the international financial system. Lastly, like the representative of Cuba, he wondered how the relevant General Assembly and Council resolutions and

mandates could be implemented in coordination with the Bretton Woods institutions.

74. **Mr. Meetarbhan** (Mauritius), responding to the comment made by the Director for Global Economy and Development Strategies, Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group concerning the three components of global governance, said that while there was generally some agreement with regard to the global legislative framework, there was less agreement on the executive function. The failure or inadequacy of financial regulation had been blamed for the financial crisis and much debate about financial regulation reform had ensued. However, any proposal to establish a global executive function was so controversial as to preclude agreement on the legislative framework. Therefore, States should be able to act both in their own national capacity, and as agents of the international community in enforcing agreed universal norms. Given the uneven levels of development, he recognized that not all States would have the latter capacity in the case of economic governance. Effective regional cooperation was therefore the best way to enforce the agreed international normative framework and was a key pillar of international cooperation.

75. **Mr. Elkaraksy** (Egypt) said that on the issue of global governance, his country sought to empower the United Nations to fulfil its purpose: strengthening international cooperation in order to solve international problems, including those of an economic nature. International economic policy issues were part of the mandate of the specialized agencies established by intergovernmental agreements, including WTO and the Bretton Woods institutions. It was imperative for the United Nations to play a central role in global governance in order to ensure coherence in the multilateral system. The argument that effective decision-making bodies should include relatively small numbers of leaders in order to be able to reach consensus was not acceptable; the commitment and political will of Member States was needed in order to make the United Nations more effective. If, as had been asserted, the Group of Twenty was not a decision-making body, then perhaps the Seoul Development Consensus for Shared Growth should have been brought to the United Nations for discussion rather than being adopted directly by the Group.

76. **Mr. Schuldt** (Ecuador) said that global economic governance needed stronger, inclusive, coherent,

transparent, effective and representative coordination mechanisms. Ecuador recognized the right of all countries to meet in different groups and cooperation mechanisms; indeed, it was an active proponent of and participant in regional economic and financial cooperation mechanisms for addressing the effects of the crisis. The leadership of the Group of Twenty had improved its information-sharing with the United Nations and while that was welcome, such one-way sharing of information had no capacity to take into account the views of non-members of the Group. Perhaps its important and hard-won agreements should be brought to the United Nations as “pre-agreements” in order to facilitate negotiations on international agreements and decision-making.

77. **Mr. Tomasi** (Director for Global Economy and Development Strategies, Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group) said that combating corruption was the focus of one of the Group’s two working groups that France co-chaired. It was an important issue that needed support, and anything that could be done to raise awareness in the wider international community was welcome.

78. Responding to the question about the proposed establishment of a global economic council, he said that many countries, including France, had economic advisory councils attached to the Office of the President, which provided opinions on macroeconomic issues. While such bodies were not fully comparable to a global economic council, certain international organizations provided their expertise and analysis of major macroeconomic issues and thus, in a sense, filled that role.

79. He agreed with the comment, made by the representative of the United States, that the challenge for the United Nations with regard to governance was to find a balance between inclusiveness and effectiveness; that would also become an issue for the Group of Twenty, as its mandate grew.

80. Some non-governmental organizations (NGOs) had questioned the Group’s effectiveness, but he noted the apparent contradiction in the fact that while some accused it of doing too much, others thought it did not do enough. While the Group was not perfect, it had succeeded in a number of important areas. Official development assistance (ODA) had played a countercyclical role in the crisis and the Group had

been able to accelerate reform of the tools at the disposal of financial institutions in order to ensure that they were able to react rapidly, inject liquidity and avoid serious balance-of-payment issues in developing countries.

81. It was true that the Group had begun to meet at the level of ministers of finance and had suddenly evolved to the level of Heads of State and government. However, given the volatility of the current global situation, it was important to have instruments of governance with the capacity for rapid reaction. Issues such as capital movement could not wait; a balance needed to be found between universality and the capacity for timely action.

82. With regard to regional cooperation, mentioned by the representative of Mauritius, there needed to be links between global, regional and national governance. Regional cooperation was indispensable for addressing financial and economic issues; for example, the fragmentation of Africa was holding back its economic development.

83. The Group did not make economic policy decisions in the place of the governments that it represented, rather, it coordinated a response on their behalf and tried to improve the coherence of macroeconomic policies. It also made proposals to international organizations, but it could not substitute for the decision-making power of those institutions and certainly not for that of the United Nations.

84. One question that could perhaps be discussed at a later date was how to ensure the coherence of the multilateral system. Increasingly, links were needed between the specialized agencies in order to coordinate action. Coherence between norms that addressed trade issues and those that addressed social, environmental and development issues was essential and the capacity to coordinate the agenda and activities of the various multilateral organizations was lacking.

85. **Mr. Menon** (Permanent Representative of Singapore to the United Nations and Convener of the Global Governance Group) said he agreed with the Director for Global Economy and Development Strategies, Ministry of Foreign and European Affairs, France; and Co-Chair of the Group of Twenty Development Working Group that at the most critical point of the financial crisis, there had been a vacuum in which only a group of developed countries with a vested interest in ensuring that the world economy

continued to function could respond. The Group of Twenty had put the world economy back on track and all the world's nations should be grateful.

86. The Group's outreach had improved tremendously in recent years and that effort was appreciated. While in an ideal world all countries should participate in decision-making, in the real world decisions were taken in smaller groups. Even in the absence of conclusion of the Doha Round, international trade had continued and even grown because the business sector could not wait; free-trade and regional trade agreements were still being made.

87. The Group was there to respond to urgent problems. The United Nations was a good forum for debate, but it was not without its own issues. Many seemingly simple recommendations on the revitalization of the General Assembly had remained unimplemented. While blame was being assigned in many directions, it seemed that the United Nations was not prepared to implement its own decisions.

Concluding comments and closure of the special high-level meeting

88. **The President** said that the Secretary-General, in his address to the meeting, had highlighted the uneven progress towards the MDGs, particularly in the areas of job creation, food production, infrastructure development and "green technology". He had stressed that accelerating progress towards the Goals required development cooperation with more effective policy coordination at the national, regional and global levels and mutual accountability among development partners. He had also called for strengthening the role of the United Nations in global economic governance and for improved coordination, accountability and effectiveness within the United Nations system.

89. The President of the Trade and Development Board of UNCTAD had expressed the view that the recent economic boom in the least developed countries was associated with an unsustainable pattern of global expansion; greater trade openness and integration had been accompanied by increased commodity dependence and export concentration. Volatile food prices and increased food imports in the least developed countries had increased the risk of a devastating food crisis. The Vice-President and Corporate Secretary of the World Bank Group and Acting Secretary of the Development Committees had

spoken about the particular challenges faced by fragile and conflict-affected countries, which could not be resolved by short-term or partial solutions without efforts to provide security, justice and employment. The Secretary of the International Monetary and Financial Committee of IMF had outlined recent developments in the Fund, including stepped up crisis lending; expanded technical assistance; more risk-management-based approaches to financial sector supervision; greater emphasis on macro-prudential regulation; and the implementation of governance reforms, including voice and quota reforms.

90. In the debate on Theme 1, it had been emphasized that a new international development architecture for least developed countries, including not only aid, but also finance, trade, commodities, technology transfer and climate change adaptation and mitigation, should be considered. The central development challenge in achieving long-term growth in those countries was to increase their productive capacities through productive-capacity-building mechanisms. Sustainable ODA flows were essential for the least developed countries. Although a focus on results was important, long-term investments that could not be evaluated with short-term indicators were required. Innovative sources of finance and South-South cooperation were key to fostering development and should complement ODA. Aid for trade should be targeted and enhanced in order to build the least developed countries' supply-side capacity and strengthen their trade-related infrastructure. A speedy completion of the Doha Round of trade negotiations would ensure growth in global trade, prevent protectionism and create new market access opportunities for the least developed countries. Debt sustainability and indebtedness remained serious challenges for those countries. There had been calls for renewal of the extension of the Heavily Indebted Poor Countries (HIPC) Initiative, a transparent and participatory debt resolution system and a debt moratorium or standstill to allow affected countries to achieve the MDGs. International cooperation in tax matters was key to halting capital flight. The transaction costs of remittances should be reduced in order to unleash their potential for human development through investment in health care and education.

91. During the debate on Theme 2, it had been pointed out that, given the slow growth of global demand, growth and expansion in middle-income countries should rely more on domestic demand,

supported by the appropriate monetary, financial, income and employment policies. The use of industrial policy in long-term development strategies had also been discussed. According to most speakers, South-South cooperation could be an important element of international development strategy. Such cooperation should not be limited to trade, but should also include infrastructure and industrial projects. Participants had stressed that surging capital inflows could be a source of instability and had emphasized the importance of capital account management, including the imposition of capital controls. Many speakers had focused on the issue of reserve accumulation, noting that accumulating and holding reserves was not without cost in terms of lost productive investment and social spending.

92. Many participants had emphasized the need to intensify efforts to conclude the Doha Round of trade negotiations, eliminate agricultural subsidies in developed countries, further strengthen aid for trade and avoid "green protectionism", while developing a "green economy". Several speakers had emphasized the need to establish a sovereign debt workout mechanism; the formation of a working group on the topic, as a first step, had been suggested. Speakers had also stressed the importance of improved debt sustainability analysis, taking into account investment in attainment of the MDGs.

93. In the debate on Theme 3, the uneven progress towards the MDGs had been discussed. Many participants had stressed that a global partnership for development, drawing on the comparative advantages of all stakeholders, provided the best foundation for progress towards all the Goals. The *World Development Report 2011* served as a good example of constructive cooperation between the World Bank and the United Nations, but greater collaboration on the ground was needed, particularly in light of the current food price volatility, high unemployment and climate change.

94. Fragile economies would benefit from greater cooperation between the United Nations family and other partners, and between the Bretton Woods institutions and multilateral development banks. There was a need to focus on justice reform, security and employment and to work through the permanent institutions of developing countries. The importance of gender issues in fragile and other countries needed to be emphasized; there were opportunities for greater

cooperation with, inter alia, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). It was critical to prevent regional spillover from conflicts and to tackle the fragility that could lead to conflict while recognizing the importance of national ownership of development strategies.

95. In the debate on Theme 4, it had been stressed that the United Nations system was uniquely placed to promote the international development agenda and serve as the major forum for global economic governance. There was a need for genuine reform in order to enhance its transparency and effectiveness and ensure effective accountability and implementation of commitments made in United Nations processes. The contribution of the Group of Twenty in coordinating the global response to the recent world financial and economic crisis had been recognized. However, there were real concerns about the lack of representation for most developing countries, particularly the least developed of them. More must be done to build on recent measures for constructive engagement between the Group and the United Nations at both the Secretariat and intergovernmental levels and to ensure that their roles were complementary. Several speakers had noted that the current global economic system was fragmented, inconsistent and incoherent and although some had suggested strengthening the Economic and Social Council, others had called for new mechanisms with rotating and geographically representative membership. While welcoming recent moves to enhance representation in the Bretton Woods institutions, many delegations had stressed the need for continued efforts to enhance the voice and representation of developing countries.

96. He declared closed the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development.

The meeting rose at 6 p.m.