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## Second Committee

### Summary record of the 15th meeting

Held at Headquarters, New York, on Tuesday, 23 October 2012, at 3 p.m.

*Chair:* Mr. Talbot ..... (Guyana)

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*The meeting was called to order at 3 p.m.*

**Agenda item 18: Macroeconomic policy questions**

- (a) **International trade and development** (A/67/183, A/67/184, A/67/15 (Part I), A/67/15 (Part II), A/67/15 (Part III) and A/67/15 (Part IV<sup>1</sup>))
- (b) **International financial system and development** (A/67/187)
- (c) **External debt sustainability and development** (A/67/174)

1. **Mr. Valles** (Director of the Division on International Trade in Goods and Services, and Commodities, United Nations Conference on Trade and Development), said that the thirteenth session of the United Nations Conference on Trade and Development XIII (UNCTAD XIII) had taken place in a context of global financial instability, very weak recovery of the developed economies, euro crisis and deadlock in the Doha multilateral negotiations. In addition, a major economic shift was occurring towards a multi-polar economic world. UNCTAD XIII had agreed to focus on "development-centred globalization", advocating policies and instruments to achieve social inclusion, social stability and social justice. Over the next four years, UNCTAD intended to work for finance to support the real economy, for growth with more employment, for fairer distribution of wealth, for policy space and a bigger development role for governments, and for development of productive capacities at the heart of development strategies. It would bolster inclusive, sustainable growth, and would prioritize rethinking of economic policies and strategies.

2. Introducing the report of the Secretary-General on international trade and development (A/67/184), he referred also to the UNCTAD *Trade and Development Report 2012*, which revised downward some of the GDP estimates given in the Secretary-General's report. Global economic growth was expected to further decelerate to 2.3 per cent in 2012 and a new risk of particular concern was the predicted deceleration of developing economies that had witnessed past growth, such as India and China.

3. Among the topics covered in the Secretary-General's report, he mentioned the continuing sovereign debt crisis in the euro zone and the growing share of developing countries in world merchandise exports

4. Protectionism was a source of concern but must be distinguished from legitimate policy measures to

promote industrial development and employment. Real appreciation of exchange rates often led to deterioration of the manufactured trade balance and was equivalent to across-the-board import subsidies and export tariffs. Another area of concern was the availability of trade finance.

5. Global supply chains were altering the way trade was conducted, and its composition: intermediate goods had represented 55 per cent of world non-fuel manufactures in 2011. A clear understanding of the role of such chains was essential for policy development, especially with regard to industry, trade, and employment.

6. The report of the Secretary-General also focussed on transition to a green economy, in the context of sustainable development and poverty eradication. The United Nations Conference on Sustainable Development (Rio+20) had reaffirmed the imperative of mainstreaming sustainable development, and integrating its economic, social and environmental aspects. Paragraph 58 of its outcome document had also clarified that the move towards a green economy should not be biased against developing countries. Unnecessary trade barriers should not be created and unwarranted conditionalities should not be imposed on official development assistance (ODA). There was no single acceptable green economic model, and UNCTAD would work with developing countries to face the challenges and explore the opportunities on their individual paths to sustainable development.

7. Non-tariff measures were dealt with in paragraphs 42 and 43 of the report. There was an obvious need for more transparency with regard to such measures, and a need to classify them. UNCTAD was collaborating with other international organizations such as the World Bank, the International Trade Centre and the African Development Bank to measure non-tariff measures' effects on trade and development. It was ready to conduct much-needed research on policy with regard to non-tariff measures.

8. The importance of food and energy security, and access to raw materials, was emphasized in paragraph 39 of the report. The increasing recourse to export restrictions and taxes was causing serious friction between importing and exporting countries.

9. The multilateral trading system, which had provided a robust institutional framework for the last 65 years and underpinned a rapid growth of interna-

tional trade, was currently at an impasse. The long-standing stalemate of the Doha Round gave rise to doubts about the ability of the World Trade Organization (WTO) to effectively deal with important issues of trade and fairness and reflected tensions between globalization and national development issues..

10. Trade liberalization and openness did not necessarily guarantee job creation, The WTO architecture should be adapted to focus on sectors creating employment, such as agriculture and certain manufacturing and service sectors. It was also important to work for multilateral harmonization of regionally fragmented regulatory regimes. Framing and encouraging the kind of trade that would support inclusive, sustainable development was a major challenge. UNCTAD XIII had expressed support for regional integration and cooperation, and an open, transparent, inclusive, non-discriminatory and rules-based trading system. The Conference would continue to work for multilateral consensus on issues related to inclusive and sustainable development, and for greater coherence in international economic policymaking.

11. **Mr. Seilenthal** (President of the Trade and Development Board of the United Nations Conference on Trade and Development), introducing the reports of the Trade and Development Board (A/67/15, Parts I to IV), said that the main outcome documents of UNCTAD XIII were the political declaration (Doha Manar), which stated members' shared commitment to development-centred globalization, and the mandates document (Doha Mandate), which reaffirmed the mandate of UNCTAD as set out in the Accra Accord, and provided guidelines for pursuing development-centred globalization, including new policies to adapt and control economic forces to support social inclusion, social stability and social justice. UNCTAD XIII had been a victory for multilateralism, showing that, despite deep divisions over policy, member States could come together and identify cooperative solutions.

12. The debates at the fifty-ninth session of the Trade and Development Board, which had met in September, following UNCTAD XIII, had provided insight on how to work towards development-centred, inclusive globalization in different policy areas. Member States had also suggested that the management of UNCTAD should be strengthened. The Board had examined the active use of fiscal and incomes policies to restart economic growth and address inequality. In the high-level segment, panellists had addressed the challenges Africa

faced in achieving growth and creating jobs. They had emphasized the role of the developmental State in promoting inclusive development and growth, proposing that African countries should make greater use of industrial policies to encourage diversification and industrialization. In discussions on the Africa report of UNCTAD, measures had been identified which could form part of a strategy of sustainable structural transformation.

13. The need for more active policies to support growth had been further highlighted in discussions on the least developed countries. Work would continue towards the goal of the Istanbul Programme of Action: half of the least developed countries should meet the criteria for graduation from that category by 2020.

14. UNCTAD had begun designing an Investment Policy Framework for Sustainable Development, with the aim of assisting policymakers to create a legal and regulatory environment that would harness foreign direct investment for inclusive growth.

15. The deliberations of the Board on the evolution of the international trading system had been structured around two themes: the impact of trading on inclusive development, and the implications for trade and development of the outcomes of Rio+20. The deliberations had focussed on global supply chains and the growing importance of non-tariff measures. It was necessary to better understand the implications for developed and developing countries of the rise of global supply chains in international trade, and UNCTAD would be conducting relevant research.

16. Regarding the implications of the outcomes of Rio+20, UNCTAD would launch a green economy forum and conduct green economy policy reviews at the specific request of countries. It would serve as an institutional space for the consideration of issues related to achieving sustainable development and a green economy. The importance of building the capacities of least developed countries, so that they could transition to green economies, was stressed. However, potential costs in Africa, such as the dangers of diverting food-producing land to biofuel production, must be considered.

17. The Trade and Development Board had registered concern over constraints on Palestinian development. Delegations had appreciated UNCTAD research and technical cooperation activities in support of Palestine's development, but requested that they be in-

creased in line with the work programme mandated by UNCTAD XIII. The contribution of UNCTAD to the implementation of outcomes of major United Nations economic and social conferences had been discussed. It had been suggested that UNCTAD should find better ways to bring development into the main discourse, to improve the global development agenda, and to translate its analytical findings into action.

18. In preparation for the review of the Millennium Development Goals (MDGs) in 2015 (which would coincide with the fiftieth anniversary of the creation of UNCTAD, and of the Group of 77 and China), he hoped to meet with those involved in initiatives to review the MDGs, financing for development and Rio+20 implementation, in order to ensure the contribution of UNCTAD to those processes.

19. **Mr. Trepelkov** (Director, Financing for Development Office, United Nations Department of Economic and Social Affairs) introduced the report of the Secretary-General on the international financial system and development (A/67/187).

20. **Ms. Li Yuefen** (Head of the Debt and Development Finance Branch, United Nations Conference on Trade and Development) introduced the Secretary-General's report on external debt sustainability and development (A/67/174). As a result of the global economic crisis, the positive external factors that had improved the debt indicators of developing countries over the past decade had reversed. The current adverse climate had undermined many of the fiscal and policy buffers, including debt relief, on which developing countries had relied, making them more vulnerable to external shocks. Despite their resilience, the total external debt of developing countries had increased, raising concern about debt sustainability and posing a significant threat to progress in developing countries.

21. There were a number of overlapping trends with significant regional differences and implications, including a shift in the composition of sovereign debt. Overall, increased short-term borrowing linked to trade credit had accelerated import growth, while corporate long-term debt had also risen. At the same time, the ratio of domestic public debt to external debt had also increased.

22. The aggregate debt of the group of least developed countries had grown from \$158 billion in 2010 to an estimated \$170 billion in 2011, and many of those countries were at high risk of debt distress, including

several Caribbean countries with domestic public debt above 100 per cent of GDP.

23. Dialogue on a restructuring mechanism for sovereign debt needed to be revived. The lack of an established procedure and clear rules for dealing with sovereign insolvencies led to costly, lengthy and often ineffective debt renegotiations. In that context, it was also important to stress the role of credit rating agencies in the international financial architecture and reform proposals were under discussion.

24. **Mr. Al-Kawari** (Qatar) said that UNCTAD's role in articulating the post-2015 development agenda across key funds and programmes was critical.

25. UNCTAD XIII, which his country had hosted, had established a new narrative of inclusion, which viewed poverty anywhere as unacceptable, making successful conclusion of the Doha Round more urgent than ever. Global economic governance and the continuing flow of more development-oriented world trade would help to give all nations an equal opportunity to participate in the global processes to bring about a better world.

26. In today's changed world, ethics needed to be at the centre of international economic decision-making. The new structures that emerged should be just, and they should also be conducive to an inter-disciplinary approach that addressed the root causes of underdevelopment.

27. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, said that the effects of the global recession were compounded for developing countries by protectionist pressures and escalating tensions over trade. That was particularly true in the Middle East, and in North and Sub-Saharan Africa, where high unemployment was accompanied by declining wages for the middle class, derailing social progress and the provision of basic amenities, as well as threatening the attainment of the MDGs.

28. Developed countries needed to desist from protectionist measures, especially those affecting developing countries, including tariff, non-tariff and other barriers to trade, along with agricultural subsidies. Since official development assistance was a catalyst for development, full compliance with commitments to provide it was essential. The current situation made conclusion of the Doha Round more critical than ever.

29. Emphasizing the need to strengthen South-South trade, he welcomed the adoption of the São Paulo Protocol during the third round of the Global System of Trade Preferences (GSTP) on 15 December 2010 and encouraged all developing countries to accede to the System and its protocols.

30. The Group of 77 and China reaffirmed the importance of ensuring the full voice and participation of developing countries in the decision-making and norm-setting process of the Bretton Woods institutions. The issue of sovereign debt and the multiple dimensions of debt sustainability, with its repercussions on the poor and vulnerable, showed that discussions on a new debt restructuring mechanism were urgently needed.

31. Developed economies too, particularly in the euro zone, were experiencing increased stability risks and were growing more fragile in handling sovereign debt created as a result of transferring private risk to the public sector. There was an urgent need for solutions to reduce sovereign risk in the developed countries in order to prevent contagion and to mitigate the impact of their crisis on the international financial system.

32. In conclusion, he encouraged continued discussions on the role of the international monetary system, including the role of special drawing rights.

33. **Mr. Wolfe** (Jamaica), speaking on behalf of the Caribbean Community (CARICOM), said that, because of globalization, the effects of the financial and economic crisis had been felt acutely in small developing countries. Earnings from tourism and remittances had declined, as had commodity prices; energy prices had increased, and unemployment had risen. Those factors, combined with a decline in the availability of financial resources for development, and the fact that ODA continued to fall short of agreed commitments, threatened CARICOM countries' ability to achieve internationally-agreed development goals, including the MDGs.

34. The economic uncertainty of recent years had underscored the need for a transparent, inclusive, well-coordinated and responsive system of global economic governance. CARICOM therefore welcomed the steps taken to improve the governance of the Bretton Woods institutions, and the second phase of governance reform undertaken by the World Bank Group in 2010. It similarly appreciated reforms adopted by IMF during the Fourteenth General Review of Quotas in 2010, which would double quotas, shift more than 6 per cent of quota shares to emerging market and developing

countries and provide emerging economies with two additional seats on the Executive Board. CARICOM urged IMF member countries to ratify those reforms. It looked forward to further changes resulting from the comprehensive review of the current quota formula of IMF, concluding in January 2013; and anticipated that the selection process for the heads of the Bretton Woods institutions would soon be open in fact, and not merely in theory, with serious consideration of qualified candidates from developing countries.

35. CARICOM economies were characterized by high levels of external debt, and several had levels of public domestic debt in excess of 100 per cent of GDP. Debt servicing had become particularly burdensome due to the financial and economic crisis and its impact on key industries, such as tourism and bauxite. The classification of most CARICOM members as middle-income countries was a double-edged sword. While signalling that development progress had been made, it also masked the reality faced by CARICOM economies, with grave challenges and extreme vulnerability to external shocks. CARICOM middle-income countries continued to struggle with high debt-to-GDP ratios, socio-economic inequality, persistently high poverty levels and dependence on commodity exports. The Community welcomed United Nations initiatives that had drawn attention to the plight of middle-income countries. It called for a holistic approach to middle-income countries, including provision of concessionary funding.

36. CARICOM welcomed the outcome of UNCTAD XIII, which highlighted the inextricable links between international trade, economic growth, and sustainable development. It recognized the significance of General Assembly resolution 66/185 on international trade and development and remained committed to achieving an open, inclusive, transparent and rules-based multilateral trading system.

37. As regards the Doha Round, CARICOM would continue to emphasize the centrality of development. Consideration must be given to the constraints faced by CARICOM members as small, vulnerable economies with widening trade deficits and heavy debt burdens. CARICOM sought progress in rural development, poverty alleviation and job creation, and in achieving internationally-agreed development goals, particularly the MDGs. An acceptable outcome of the Doha Round must respond to the development needs of developing countries.

38. **Mr. Abdul Shukor** (Malaysia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the Association had experienced economic growth since recovering from the 2008 global crisis. Its economy had grown in 2010 and 2011, underpinned by domestic demand, strong macroeconomic fundamentals, sound bank and corporate balance sheets, and ongoing structural reforms. ASEAN was confident that its economy would remain healthy, with projected GDP growth of 5.6 to 6.3 per cent for 2012.

39. The financial and economic crisis had highlighted the need to strengthen multilateral surveillance, particularly with regard to finance, policy spillover effects and cross-border linkages. The establishment of the ASEAN Plus Three Macroeconomic Regional Surveillance Office responded to the need for regional cooperation and surveillance. ASEAN had also deepened surveillance discussions on regional management of large capital flows and inflationary pressures. Fiscal soundness was vital for sustainable economic development, and ASEAN was continuing to accelerate structural economic reforms, promote domestic demand and employment, resist protectionism and support trade and investment.

40. ASEAN remained committed to a universal, rules-based, open, non-discriminatory and equitable multilateral trading system. It called on WTO and UNCTAD to monitor protectionism, which had negative repercussions, particularly for developing countries. The developed countries should demonstrate political will and flexibility by breaking the Doha Round impasse. ASEAN looked forward to the ratification of the accession of the Lao People's Democratic Republic to WTO in December 2012.

41. ASEAN was deeply concerned that the global downturn - especially the turbulence that had hit the advanced economies - would further aggravate poverty internationally, and threaten the achievement of the MDGs by 2015. It hoped to play an active role in negotiating the post-2015 United Nations development agenda.

42. By 2015, ASEAN aimed to achieve a single market and production base, which would entail progressive liberalization of its financial services sector, as well as integration of its capital markets. ASEAN integration was an instance of South-South cooperation, aimed at supporting all member states at various stages of development, and it was hoped that the project

would help to ensure that ASEAN achieved sufficient growth to meet the MDGs by 2015.

43. Global economic governance should be strengthened, as should the role of the United Nations, to ensure its continuing relevance. The work undertaken by regional groups such as ASEAN, and financial institutions and organizations, were mutually reinforcing with the work of the United Nations. It was imperative to work together for sustained, inclusive and equitable economic growth.

44. **Mr. Zinsou** (Benin), speaking on behalf of the least developed countries, said that their collective share of international trade remained very low and concentrated in a few export products. The Istanbul Programme of Action called on those countries to double their collective share of international trade by 2020, but they had been seriously affected by the ongoing crisis. Despite an international consensus on the imperative of development-centred globalization, the Doha Round impasse meant that the proposed package for the least developed countries had not materialized; without it, their ability to double their share of exports by 2020 was jeopardized.

45. As agreed in the Istanbul Programme of Action, the development partners of the least developed countries should help them to strengthen their human, institutional and regulatory capacities with regard to trade policy and negotiation; enhance their productivity, competitiveness and diversification; and meet the requirements of relevant non-tariff barriers. A services waiver granting preferential market access would help the least developed countries to benefit from the rapidly expanding trade in services, by boosting and diversifying their exports and reducing their trade deficit. The international community should push for successful conclusion of the Doha Round and an ambitious, development-oriented outcome.

46. Member States should: implement duty-free, quota-free market access on a lasting basis for all least developed countries, and rectify trade-distorting or protectionist measures; eliminate unjustified non-tariff barriers; facilitate and accelerate WTO accession negotiations with least developed countries; and agree on the monitoring procedure for duty-free, quota-free market access and rules of origin.

47. Development partners should increase assistance to least developed countries to respond to their trade capacity needs, according to their national develop-

ment strategies. The developmental State was vital in igniting sustainable growth, and the least developed countries supported developmental regionalism, as it could improve LDC integration into the regional and global economies.

48. **Mr. Zampetti** (Observer for the European Union), speaking also on behalf of the acceding country Croatia; the candidate countries Iceland, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Armenia, Azerbaijan, Georgia, Liechtenstein, Norway, the Republic of Moldova and Ukraine, said that the European Union would over the coming years make renewed efforts to attain the MDGs, to achieve a successful post-2015 United Nations development framework, and to follow up Rio+20. Policy coherence and consistency would be prioritized, not only in achieving those goals but also in a range of processes and initiatives relating, among other things, to democracy, the rule of law, human rights, gender equality, empowerment of women, population and development, and migration and development. Financing for both the post-2015 United Nations development agenda and the implementation of the Rio+20 outcome should be consistent with the Financing for Development framework, and integrated with other commitments.

49. World economic recovery continued, albeit weakly. The European Union continued to support all efforts to promote sustainable and balanced growth, resist protectionism and strengthen the WTO trading system. It remained committed to an ambitious and comprehensive outcome of the Doha Development Agenda, and would welcome an early agreement on trade facilitation.

50. The European Union offered developing countries opportunities to harness the potential of trade through the Generalized System of Preferences and its contribution to the Aid for Trade initiative, and the conclusion of Economic Partnership Agreements helped to integrate trade and development policy. In that context, the ambitious Group of 20 Los Cabos Action Plan for Jobs and Growth was welcome.

51. Rio+20 had affirmed the overarching objectives of and requirements for sustainable development. Mexico's addition of inclusive green growth to the Group of 20 development agenda, and the Group's work on issues such as natural capital accounting, were thus

welcome. Gradual elimination of harmful subsidies, including for fossil fuels, was crucial for sustainability, and climate financing instruments were important in developing sustainable climate policies.

52. The European Union welcomed the recent decisions to strengthen regulation of the international financial system. It supported commitments to increase resources available to IMF and swift implementation of the decision to reform IMF quotas and representation. The European Union would continue to support existing debt-relief initiatives. Countries having benefited from the Heavily Indebted Poor Countries initiative must ensure that their debt stayed at sustainable levels.

53. Several developing countries had shown resilience during the crisis due to pre-existing macroeconomic policy buffers and support from IMF, the World Bank and the European Union. Developing countries should continue to strengthen their buffer instruments, but at a pace consistent with supporting the current economic recovery. Strong, sustainable, and balanced growth should be a key focus. Structural reforms and fiscal consolidation might be necessary, and increased multilateral discussion and cooperation were essential in improving economic performance and sustainable development.

54. **Mr. Haase** (Australia), speaking on behalf of the Cairns Group, said that agricultural trade reform was inexorably linked to food security. In order to move ahead with the Doha process, it was important to keep in mind that advances in agriculture could contribute to early harvest outcomes. The Doha Development Agenda should focus on elements on which provisional or definitive agreements could be reached based on consensus even before completing the full undertaking. Addressing disparities in world agricultural trade would improve market efficiencies and create more effective price signals for farmers and agricultural investors.

55. As the world population soared to 9 billion by 2050, agricultural production would have to increase by 70 per cent but the growth in food production would not occur in the areas of population growth. Trade would therefore play an increasingly crucial role in meeting the nutritional needs of those populations. Although such facts were well known, distortions and imbalances in agriculture continued to be much greater than those affecting industrial goods.

56. **Mr. Rivard** (Canada), speaking on behalf of Canada, Australia and New Zealand (CANZ), said that national ownership and good governance were fundamental, and that success in reducing poverty would be measured by the extent to which people would be able to generate their own incomes, provide for their families and transform their ideas into the economic ventures of the future. Collaboration between the public and private sectors was critical.

57. Despite the impasse on the Doha Round, it was important for countries to resist protectionist pressures and “supply side” constraints, which continued to hamper the least developed countries. While recent affirmations by the Group of 20 and the Asia-Pacific Economic Cooperation forum in that regard were encouraging, commitments to sustaining recovery and building resilience to future shocks had to be respected.

58. Excessive public debt remained a concern in both advanced and developing economies, functioning as a brake on the global economy. A balance was needed between short-term stimulus measures and medium-term debt reduction in order to rebuild macroeconomic stability and market confidence. To make the global development architecture more efficient but also more inclusive, it was important to reform the Bretton Woods institutions to increase the voice, quota, representation and participation of under-represented countries.

59. **Mr. Vongxay** (Lao People’s Democratic Republic), speaking on behalf of the landlocked countries, said that their geographical status made them the most disadvantaged nations in their respective regions.

60. Despite the doubling in external Aid-for-Trade commitments to \$9 billion from 2002 to 2010, and despite improvements by the landlocked least developed countries and their transit neighbours in transportation, communications and streamlined administrative and border procedures, those countries had still not reached their full trade potential. Among the most significant obstacles were lack of export diversification, excessive reliance on natural resource commodities, lack of strong productive capacities to make exports more competitive, high trade transaction costs that increased unpredictability in the supply chain, infrastructure gaps, increased protectionism, the stagnation of the Doha Round, and reliance on agriculture, which was being negatively affected by climate change.

61. The individual levels of development and the special needs and geographical disadvantages of landlocked least developed countries needed to be taken into account during the WTO accession process. They should enjoy all special and differential treatment prescribed in the General Agreement on Tariffs and Trade and in all WTO agreements.

62. Speaking in his national capacity, he said that the Lao People’s Democratic Republic was pleased that its own WTO accession process had been successfully concluded.

63. **Ms. Medvedeva** (Russian Federation) said that her country had consistently supported a fair and balanced international trade system based on compliance by all participants with the decisions reached by inter-governmental agencies. Trade was an essential tool for gradual economic growth and sustainable development.

64. The Russian Federation had finally become a fully-fledged member of WTO. Its membership would remove barriers to access to markets in a wide range of goods and services and improve the business climate for investors. By meeting WTO requirements, primarily with respect to transparency and to the predictability of legislation to protect the rights of entrepreneurs, it intended to actively contribute to the development of more liberal trade rules and mechanisms. In that regard, it hoped that the Doha Round would be successfully concluded with a balanced outcome.

65. Her country was actively promoting integration processes through the Commonwealth of Independent States. In addition, the newly formed Customs Union with Kazakhstan and Belarus, largely based on WTO norms and on the Kyoto Convention on the Simplification and Harmonization of Customs Procedures, had created a single economic space that would reduce administrative barriers and simplify trade both within the Union and with third countries.

66. Recognizing the preeminent coordinating role of UNCTAD in international development, including research into global trade, investment and information technology, the Russian Federation reaffirmed its support for an open dialogue aimed at improving the international financial architecture and for effective reform of the international financial institutions, which would remain a priority during its presidency of the Group of 20.



67. By November 2012, her country would have a central securities depository designed to facilitate foreign investment on its domestic financial market and to make the system of registration of securities ownership rights more transparent and understandable. With the adoption of laws on clearing and clearing activities and on organized training, the legal conditions had been established for the development of infrastructure organizations, including stock exchanges and a central counterparty. Those organizations would comply with international standards, significantly reducing risks to market participants. The leading Russian stock exchanges (the Moscow Interbank Currency Exchange (Micex) and the Russian Trading System (RTS)) would merge to create a single competitive trade platform at the global level. The establishment of an international financial centre would help to ensure the gradual development of a regional financial market and improve the stability of the entire global financial architecture.

68. The Russian Federation had consistently made a substantial contribution to alleviate the debt burden of the poorest countries, particularly in Africa where its contribution had exceeded \$20 billion. However, Russia believed that international debt relief would be effective only if developing countries pursued economic policies designed to establish a stable macroeconomic framework and a predictable investment regime while also combating corruption and stimulating private enterprise.

69. To prevent debt crises and ensure debt sustainability, it was critical to improve the system for monitoring the borrowing policies of the corporate sector and the largely State-owned banks.

70. **Mr. Lee Dong Lee** (Republic of Korea) said that, while Aid for Trade initiatives had been important, they were but one tool in achieving a more equitable global economy. Now that intermediate goods accounted for 55 per cent of all non-fuel merchandise trade, early progress on the Doha Round was critical for expanding trade opportunities for developing nations. Under the current international trade structure, trade in tasks was replacing trade in goods. That made protectionism even more destructive to all countries, including the initiators of protectionist policies. Global financial and economic difficulties should not be an excuse for protectionist policies. His country called for an immediate standstill and rollback of measures affecting trade and investment until 2014.

71. The financialization of commodity trading had made commodity price volatility even more complex. Transparency and proper regulation were key to maintaining a stable supply of commodities. It was also clear that food price volatility was exacerbating the difficulties of the global economic recovery. While some developing countries had benefited from the rise in commodity prices, others were being negatively impacted. A more coordinated response was needed to enhance food security, with sustained and active support from the Secretary General's High-level Task Force on Global Food Security Crisis and the Agricultural Market Information System of the Group of 20.

72. **Mr. Elmajerbi** (Libya) said that to break the deadlock of the Doha Round and unleash trade development potential by means of a rules-based, non-discriminatory multilateral trading system, it was necessary to focus on the liberalization of the agricultural sector and the movement of persons within the framework of the General Agreement on Trade in Services, the lifting of customs barriers, guaranteed special treatment for developing countries and a strong industrial property rights system geared to development.

73. It was important to deal with fluctuations in commodity markets from the angle of reducing poverty and achieving development; increase investment in commodity production to make it possible to cope with imbalances between supply and demand; establish a multilateral trading system favourable to economic growth and development, inasmuch as trade was a strategic component of the development process; and devise new ways to help commodity-dependent developing countries break out of the cycle of dependency by enhancing agricultural productivity.

74. The effects of the economic and financial crisis were ongoing, especially in respect of financial planning, multilateral surveillance, policy coordination, sovereign debt, the global financial safety net, management of capital flows and governance reform at the Bretton Woods institutions. Consequently, the international community must continue to pursue the reform agenda aimed at dealing with the weaknesses in the financial system exposed by the crisis and focus on the Basel III framework.

75. The crisis had especially affected developing countries with fragile economies, whose ensuing heavy indebtedness tended to thwart their development efforts. His delegation therefore stressed the need for

greater efforts on the part of the international community to provide those countries with the necessary resources to prevent the accumulation of debt, reform the international financial institutions and increase representation of developing countries in them. It supported initiatives to reduce such indebtedness, in particular the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative .

*The meeting rose at 6.10 p.m.*