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Chair: Mr. Andambi (Vice-Chair) .... (Kenya)

Contents

16-18227 (E)

In the absence of Mr. Djani (Indonesia), Mr. Andambi (Kenya), Vice-Chair, took the Chair.

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

Agenda item 17: Macroeconomic policy questions

(a) International trade and development (A/71/275 and A/71/561)

(b) International financial system and development (A/71/312 and A/71/221)

(c) External debt sustainability and development (A/71/276)

Agenda item 18: Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development (A/71/311 and A/71/88-E/2016/68)

1. **Mr. Suescum** (President of the Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of UNCTAD on its fourteenth session (TD/519), as contained in the Note by the Secretary-General (A/71/561), said in a recorded video message that members had adopted the most ambitious UNCTAD outcome document in many years at that session, held from 17 to 22 July 2016 in Nairobi, Kenya. The Nairobi Maafikiano, as the outcome document was called, acknowledged the new development context; it adjusted the UNCTAD work programme accordingly, to address new and pressing trade and development challenges; and it identified how UNCTAD, through consensus-building, research and analysis and technical cooperation, could contribute to the outcomes of major United Nations conferences and summits that defined the global development agenda. Follow-up to and implementation of the 2030 Agenda for Sustainable Development and the financing for development process, in which UNCTAD was a key institutional player, had been placed front and centre.

2. At the fourteenth session of the Conference, UNCTAD Members had committed to full and focused use of the Conference's convening power to address key trade and development issues, including new and emerging ones, thereby acknowledging the widespread recognition and value placed on the innovative thinking applied by the UNCTAD secretariat. The Maafikiano had also called for strengthening the Geneva Dialogues, a forum that drew the development community to Geneva for frank discussions, raising ideas that permeated the development community and influenced global action.

3. Most significantly, members had called for the revitalization of the intergovernmental machinery of UNCTAD, recognizing the importance and potential of UNCTAD as a policy forum. Business as usual was no longer sufficient and the intergovernmental bodies of UNCTAD must therefore engage in more effective consensus-building of clear relevance to both the General Assembly and the major processes in which UNCTAD was involved. That change was reflected in the call in the Maafikiano for the flagship publications and expert meetings to provide concrete policy recommendations for consideration by the Trade and Development Board as inputs to the General Assembly. The outcome document also called for special sessions of the Board in order to better contribute to the various substantive development-related processes. Maximizing impact would require closer, more regular consultations between the Board and the Second Committee on the best ways to improve Board inputs and make them more timely and relevant.

4. To that end, it would be useful to consider other ways of enhancing and strengthening the relationship between the Board and its main parent body. For example, there could also be a modest process to explore how better to structure the work and outcomes of the Board and its subsidiary bodies, including reviewing the timing of the meetings in Geneva and the nature and scope of outcomes of the intergovernmental meetings. Another avenue to explore was improved implementation of the New York outcomes through the work of the UNCTAD intergovernmental machinery in Geneva. The UNCTAD secretariat conducted regular interactions with New York as part of its regular secretariat processes. Under the Nairobi Maafikiano, members should try, as a matter of priority, to make interactions in the intergovernmental pillar more effective.

5. **Mr. Trepelkov** (Director of the Financing for Development Office, Department of Economic and Social Affairs), introducing the report of the Secretary-General on the follow-up to the International Conferences on Financing for Development (A/71/311) and the report of the Secretary-General on the

international financial system and development (A/71/312), said that the reports provided an overview of steps taken towards the implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and related financing for development outcomes. A number of cross-cutting initiatives had been taken in the past year, including the launch of the Economic and Social Council forum on financing for development follow-up and the Global Infrastructure Forum. The International Labour Organization and the World Bank had also initiated a joint programme aimed at realizing universal social protection.

6. To support domestic public finance, the international community was taking steps to provide access to beneficial ownership information and require country-by-country accounts reporting from multinational enterprises. The Inter-Agency Task Force on Financing for Development provided a platform for inter-agency work on illicit financial flows.

7. While there were commitments in the Addis Ababa Action Agenda to increase mobilization of international public finance, many donors were falling short of the United Nations target. Similarly, there was strong interest in increasing institutional investor allocations to sustainable development, but such developments were far from being mainstreamed in financial markets. Furthermore, there were questions on how to better align investment incentives with sustainable development. As called for in the Addis Ababa Action Agenda, the Inter-Agency Task Force was establishing a work stream in that area to examine incentives in capital markets and impediments to greater investment in sustainable development. Work was also ongoing to address the decline in correspondent banking relationships, which could have negative repercussions on remittances and financial inclusion.

8. The Financing for Development Office of the Department of Economic and Social Affairs had launched the preparatory process for the 2017 report of the Inter-Agency Task Force and its online annex. Substantive work had started across the nine chapters of the report, drawing on the expertise of the more than 50 member agencies of the Task Force.

9. **Ms. Mashayekhi** (Head of the Trade and Negotiations and Commercial Diplomacy Branch, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development (A/71/275), said that global trade might have passed its peak levels after trade associated with global value chains had become less dynamic, especially relative to gross domestic product (GDP) growth rates. That might represent a more fundamental shift in the global trade structure.

10. That gloomy trade picture suggested the necessity for immediate, deliberate policy actions by countries and the international community, given that harnessing the development potential of trade was not an automatic process. The fourteenth session of UNCTAD had set out a global consensus on major action lines essential for moving from decisions to actions to achieve the Sustainable Development Goals. In that connection, the report of the Secretary-General highlighted the importance of developing national development strategies that built on and encouraged transformative shifts in international trade. One strategy was related to the potential of global value chains to serve as a platform for faster industrialization. Some global-value-chain-related trade had led to “thin industrialization”, whereby a country specialized in low-skill and low-productivity activities in line with its existing comparative advantage. Policy intervention, including technology and innovation, reskilling and retooling might be warranted in such cases, in order to transition to higher value-added activities and to promote economic diversification and upgrading.

11. The significance of the services economy and trade had increased, and the digital economy was also on the rise. Trade in services had been more resilient than trade in goods, including for least developed countries. Services were also a key enabler of trade, providing essential inputs to agriculture and manufacturing, and they represented 46 per cent of employment globally. Services value-added accounted for nearly 60 per cent of gross exports in developed economies and over 40 per cent in developing and transitional economies. Hence, efficient and well-functioning services, particularly infrastructure, business and professional services, were essential for production and trade. More broadly, services were also instrumental for the achievement of the Sustainable Development Goals, as they supported access by the population, and by micro, small and medium

enterprises, to essential and infrastructural services, such as energy, transport and finance.

12. The elimination of agricultural export subsidies agreed at the Tenth World Trade Organization (WTO) Ministerial Conference was the first multilateral agreement on agriculture adopted under WTO auspices. A decision had also been taken there to extend the least developed countries services waiver until 2030, further operationalizing it so that services and services suppliers from least developed countries would enjoy preferential treatment of commercial value in export markets. However, uncertainty had also emerged, as WTO members could not agree on a way forward in the Doha Development Round.

13. Parallel integration processes through plurilateral and regional configurations had had an increased bearing on the multilateral process. New-generation large-scale regional trade agreements must complement and support the multilateral trading system to provide an enabling environment for all countries. The report suggested the wider adoption of a soft rule approach that would allow countries to clarify issues, engage in dialogue with other stakeholders, build national capacities and establish cooperative arrangements before formally engaging in hard-rule making.

14. **Ms. Blankenburg** (Head of the Debt and Development Finance Branch, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on external debt sustainability and development (A/71/276), said that UNCTAD was very focused on strengthening and continuing its efforts to provide up-to-date policy analysis and capacity-building on debt-related issues. The report should help to achieve further advances to mitigate debt problems.

15. Between 2000 and 2008, indicators had been positive, with total debt stocks of GDP falling from 36 per cent in 2000 to 22 per cent in 2008, and debt service relative to export performance of developing countries falling from 22 per cent to 9 per cent. Debt indicators had showed considerable improvement across a range of countries. Since 2009, there had been a downward trend. There had been a marked drop in export growth rates from just over 16 per cent per year to 6 per cent after the global financial crisis. There had also been a gradual deterioration of debt ratios and indicators across almost all developing economies, although performance varied across countries and regions. It was not yet a highly alarming picture calling for immediate action, except in specific countries, but there were increasingly serious problems.

16. Small island developing States were the only group whose situation had deteriorated throughout the entire period from 2000 to 2015. Their total debt stocks had increased to slightly over $50 billion from slightly over $10 billion in 2000, and the total debt-to-GDP ratio had risen from 40 per cent to over 80 per cent during that period.

17. The situation of least developed countries resembled that of other developing countries, with relatively quick progress just before the crisis followed by a gradual deterioration starting in 2009. Some least developed countries in sub-Saharan Africa had relied increasingly on the issuance of sovereign bonds in international financial markets. Many countries that had issued those bonds under favourable conditions with high demand were now facing sharply increased yields on them that were causing considerable problems.

18. Sustainability problems arose not only from overall debt relative to a country’s economic and export performance, but also from changes in debt composition. Two key factors analysed in the report were a shift from publicly guaranteed debt to privately financed debt. Public and publicly guaranteed debt owed to private creditors had risen from 41 per cent in 2000 to over 60 per cent in 2015. There had also been a marked increase in private non-guaranteed debt across developing countries as a share of overall long-term external debt.

19. Although official development assistance (ODA) flows had increased, particularly to the poorest economies, donors were still far from meeting obligations. ODA should remain focused on development issues and on poverty in particular.

20. The second part of the report summarized challenges to debt sustainability in developing countries. Public debt in developing countries was shifting to domestic bond markets and domestic public debt. Data availability on that issue was poor. The shift to issuing domestic public debt had been considered advantageous for developing countries, as Governments could shift the currency risk to

international lenders and reduce exposure to exchange rate vulnerability. That was very tempting for many developing economies. It worked as long as there were enough international lenders in search of high yields in developing country markets. Until recently that had been the case following the economic crisis, but considerable risks included the growing presence of foreign investors in domestic bond markets. While there could be advantages to broadening the investor base, large foreign investors in particular tended to follow a different logic from domestic ones.

21. Developing countries might be trading protection from high exchange rate volatility against increasing maturity matches. In poorer developing countries, public financial institutions often lacked the ability to issue loans with long maturity. As a result, developing countries quickly faced maturity risks and had to service long-term loans that they could not roll over in the short term. A large share of domestic debt was often not inflation-indexed, creating immediate pressure on developing country Governments to monetize fiscal budget deficits and leading to large inflationary pressures on those economies. Ultimately, such arrangements could work for relatively high-productivity developing economies with deep financial markets, but not in the poorer countries where there were considerable shifts to domestic public debt.

22. Another area of concern was the rise of private debt, especially increased indebtedness on the part of non-financial corporations. That debt — for which most available data came from emerging and large developing economies — had more than tripled, from $7.6 trillion at the end of 2008 to $24.5 trillion in the first quarter of 2016. Such growth was related to the huge volatility in capital flows and net capital flows going to selected developing countries. The core problem was that there had been negative trends over the past two years, in a situation of high indebtedness. The debt burden in developing countries was much higher than it had been, and would increase further. There was a similar trend in developed countries. Private and household debt was a concern in just a few economies in South and East Asia, but it was being overlooked, as it affected primarily the microfinance sectors.

23. The core problem was a much less favourable global economic environment to leverage debt financing by developing countries for sustainable development. That had direct implications for the financing for development follow-up process and implementation of the 2030 Agenda, as there were considerable gaps in the associated financing. While domestic public finance was a major source for implementation of finance for development follow-up, debt sustainability and debt issues in developing countries suggested that without systematic attention and mitigation, implementation of the 2030 Agenda would fall far short.

24. Concerted efforts were needed to improve data availability and quality in order to facilitate sovereign debt restructuring, where necessary, by providing increased transparency. ODA and its use and definition also required greater attention. The international community must consider what new forms of debt relief might be possible for the poorest economies, where needed.

25. **Ms. Aueareechit** (Thailand), speaking on behalf of the Group of 77 and China, said that the Group strongly believed that the Addis Ababa Action Agenda was integral to the 2030 Agenda. The latter could never be achieved without adequate financing and effective resource mobilization. The agenda items currently under discussion, including international trade, the international financial system and external debt sustainability, were key action areas under the Addis Ababa Action Agenda.

26. The Development Assistance Committee countries of the Organization for Economic Cooperation and Development had provided $131.6 billion of ODA in 2015, which represented an increase of 6.9 per cent from 2014, but the overall ratio of ODA to gross national income (GNI) for that group of countries was constant at 0.3 per cent, well below the United Nations target of 0.7 per cent. North-South cooperation remained the main channel of financing for development. ODA providers who had not met their commitments should make additional concrete efforts to fulfil them.

27. Other challenges that undermined economic growth and impeded effective implementation of the 2030 Agenda included the prolonged weakness of the global recovery, a sharp decline in commodity exports, financial market volatility, high unemployment rates and rising private and public debt burdens in many

developing countries. Coherent and coordinated macroeconomic policies were needed more than ever.

28. A fair, balanced, open, inclusive, non-discriminatory, transparent, equitable, rule-based and predictable multilateral trading system must be promoted and strengthened, allowing developing countries to engage effectively in global trade. The Group called for a timely conclusion to the Doha Development Round and facilitated WTO accession, especially for developing countries. It also welcomed the convening of the fourteenth session of UNCTAD in Nairobi. Strengthened complementarity between the work of UNCTAD, WTO and other relevant United Nations agencies was vital to the realization of the full development potential of trade.

29. To strengthen the voice and participation of developing countries in international economic decision-making, norm-setting and global economic governance in order to realize inclusive growth, the Group called for the full implementation of the 2010 International Monetary Fund (IMF) quota and governance reforms and the early completion of the fifteenth General Review of Quotas, including a new quota formula that further shifted quota shares to dynamic emerging market and developing countries, while protecting the quota share of the poorest countries. The Group also supported the shareholding review of the World Bank Group that aimed for equitable voting power between developing, transition and developed countries, while protecting the smallest poor countries.

30. The Group was concerned by the ongoing debt crisis, which had severely impacted the heavily indebted poor countries in particular, undermining their efforts to attain sustainable development. Tailored debt assistance to vulnerable developing countries, including coordinated policies for fostering debt financing, debt relief, debt restructuring and sound debt management, would be most relevant. The Group supported the joint efforts of debtors and creditors to resolve those problems mutually. It also welcomed the efforts of IMF and the World Bank Group to promote debt sustainability and timely and orderly debt restructuring, and to address potential holdout problems in sovereign debt restructuring.

31. While the Group welcomed the launch of the Economic and Social Council forum on financing for development follow-up, the intergovernmentally agreed conclusions and recommendations failed to address obstacles and challenges to the implementation of the financing for development outcomes. They also failed to provide policy recommendations for action by the international community, in particular with regard to support from developed countries to developing countries. The Group therefore called for further strengthening of the forum as the main follow-up mechanism for financing for development outcomes.

32. **Mr. Raja Zaib Shah** (Malaysia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that international trade had decelerated markedly in recent years. In 2015, world merchandise trade volume had expanded at the very modest pace of 1.5 per cent, the slowest since the global economic crisis and, between 2012 and 2015, the annual growth rate in the global goods trade had remained below 3.1 per cent.

33. The ASEAN economy had nonetheless remained relatively resilient in the midst of global uncertainties. The region had achieved significant progress and prosperity, with its combined GDP nearly doubling since 2007 to reach a total of over $2.5 trillion. Average GDP per capita had grown by almost 80 per cent, to over $4,000.

34. ASEAN remained a major destination for global foreign direct investment (FDI), receiving around 16 per cent of world FDI among developing economies, with total FDI flows of $120 billion in 2015. Foreign multinational enterprises continued to strengthen their footprint in the region in manufacturing, finance, infrastructure and other services. ASEAN companies also continued to increase both intraregional investment and the region’s share of FDI in ASEAN.

35. Regional trade liberalization and facilitation had contributed significantly to the freer movement of goods within ASEAN. With tariff elimination down to the few remaining tariff lines, ASEAN reaffirmed its commitments to address non-tariff barriers to trade and accord high priority to trade facilitation initiatives, in order to move towards a transparent, predictable and rule-based business environment in ASEAN.

36. While micro, small and medium enterprises were important economic actors in ASEAN, making key contributions to investment, employment and GDP, they had limited information on how to access markets

and lacked awareness of international requirements. Their lack of technical knowledge prevented those enterprises from participating in the global value chain, and their contribution to exports therefore remained small. Information platforms and capacity-building programmes provided by the international community could play an important role in enhancing their market access.

37. The establishment of the ASEAN Economic Community in 2015 had contributed significantly to strengthened economic development and the expansion of extra- and intra-ASEAN trade and investment. ASEAN reaffirmed its strong commitment to continuing to deepen economic integration over the next 10 years under the ASEAN Economic Community Blueprint 2025. During 2016, the inaugural year of the ASEAN Economic Community, efforts had been focused on completing the few remaining ASEAN Economic Community 2015 measures.

38. At the 48th ASEAN Economic Ministers' Meeting, held in the Lao People's Democratic Republic in August 2016, the Ministers had reviewed progress in deepening integration amongst all ASEAN member States, particularly in trade in goods, services and investment. They had also convened annual consultations with their counterparts from all ASEAN Dialogue Partners, to strengthen partnerships between ASEAN and other economies as part of the ASEAN strategy for full integration into the global economy.

39. **Mr. Rattray** (Jamaica), speaking on behalf of the Caribbean Community (CARICOM), said that the end of the first year of implementation of the 2030 Agenda was a sobering time. It was abundantly clear that "the future we want" would not be delivered by merely espousing the importance of international trade as an enabler of economic growth and job creation, or by calling for financial regulation, international tax cooperation and governance reform of the international financial institutions, among other measures.

40. The reports of the Secretary-General on macroeconomic policy questions and financing for development painted a complex picture of the current state of the global economy, which was moving at a rapid pace, even as it endured the lingering effects of the most recent global economic crisis. Global demand remained depressed, productivity growth had been slow and international trade was sluggish. Mindsets and approaches must change if adjustment to the more difficult environment was to be successful.

41. The small island developing States of the Caribbean were accustomed to facing changed global circumstances. Those economies, which were commodity exporters and service-based, were fully exposed to the vagaries of the global economy, with risks that were exacerbated by structural characteristics including small size, limited production capacity and a narrow economic base. The wide-ranging impact of those characteristics on national economies was manifested in their unsustainable debt burdens, low growth rates and high levels of vulnerability to exogenous economic and environmental shocks.

42. Issues of particular concern to CARICOM included debt sustainability, the implications of the middle-income country classification and the decision of major international banks to discontinue their correspondent banking relationships with domestic banking institutions, including in the Caribbean.

43. CARICOM had the dubious distinction of being one of the most highly indebted regions in the world, with ratios of debt to GDP that had only worsened since the global financial crisis. High indebtedness had led to a decline in private investment that was further compounded by the inaccessibility of concessionary financing for most Caribbean countries from international financial institutions. As a result, loans were secured at relatively high rates of interest, further compounding the debt situation.

44. Moreover, the middle-income country designation obscured the persistent developmental challenges countries in that category faced. While that designation indicated the progress achieved as a result of national development efforts, it also limited access to needed support from the international community.

45. In his recent statement to the General Assembly, the Prime Minister of Jamaica had stated emphatically that it was time for the international community to converge around an initiative for highly indebted middle-income countries, underpinned by the principle that highly indebted countries that had undiversifiable structural vulnerabilities, such as small size or susceptibility to the effects of climate change, yet responsibly serviced their debt, should receive targeted

assistance in the areas of investment, trade, technology transfer, security and energy assistance.

46. To qualify for the initiative, a country should not only be a highly indebted middle income country, but also have a demonstrated track record of commitment to economic, fiscal and social reform under programmes supported by IMF and World Bank loans. The collective size of the problem was such that the initiative in question would not burden the international system. However, the assistance provided thereunder would enable more eligible countries to make greater contributions to the international system in the near future.

47. An additional issue of concern was the decision by major international banks to discontinue correspondent banking relationships with domestic banking institutions. That phenomenon had made it more difficult for CARICOM countries to do business. Its impact had been particularly devastating in countries with few domestic banks and heavy dependence on international services.

48. For CARICOM countries to implement the 2030 Agenda, emphasis must be placed on those sections of the Addis Ababa Action Agenda that mobilized resources across the three pillars of sustainable development in a balanced and coherent manner; ensured that financial flows were aligned with countries' sustainable development objectives; reflected the integrated nature of sustainable development, including the potential knock-on effects across multiple Sustainable Development Goals and targets; and integrated the principle of the universality of the 2030 Agenda while accounting for the different stages of development and the diversified needs of developing countries.

49. Given the unique sustainable development challenges facing CARICOM, its members asked that their specific needs and circumstances be taken into consideration, especially as they related to scale, capacity and local context.

50. **Mr. Sareer** (Maldives), speaking on behalf of the Alliance of Small Island States (AOSIS), said that small island developing States faced vulnerabilities that directly affected their ability to mobilize resources and meet their development needs, including high transport and communication costs. Island States were heavily dependent on imported goods and services. In many such countries, export activity had been stagnant or had even declined seriously. Low world prices for traditional exports, a failure to adapt to changing international market conditions and the adoption of policies that effectively penalized export activity were major obstacles.

51. AOSIS reiterated the need for a fair multilateral trading system to ensure sustained growth in global trade and create new market access and opportunities, while ensuring that any international trade regime accommodated the needs of small island States. Serious reforms were therefore needed to address the systemic shortcomings of international monetary, financial and economic institutions.

52. Small island developing States were among the world's most heavily indebted countries, owing to structural factors such as the declining performance of their export sectors, a reduction in tourism revenue and economic risks resulting from natural hazards and climate change. Their export sectors were heavily dependent on fishing and agriculture, both of which were severely affected by climate change, owing to reduced crop yields and fish stocks. That situation would likely lead to new cycles of debt issuance, compounding existing debt problems. Reconstruction efforts after natural disasters and other climate change adaptation efforts further exacerbated debt burdens.

53. AOSIS was heartened by the establishment of the forum on financing for development follow-up as an avenue for directing implementation efforts, tracking progress across sectors and providing recommendations for the speedy execution of commitments under the Addis Ababa Action Agenda. Efforts to treat financing for development issues in silos or through a single avenue would be detrimental to the achievement of the international community's shared goals.

54. **Ms. del Castillo** (Dominican Republic), speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said that at the fourth Summit of Heads of State and Government of CELAC, held in Quito in early 2016, participants had emphasized the need to fulfil the commitments agreed upon in the Monterrey Consensus of the International Conference on Financing for Development, the Doha Declaration on Financing for Development and the

Addis Ababa Action Agenda, to overcome the challenges of financing for development and create an enabling environment for sustainable development. Developed countries' ODA commitments had received particular emphasis.

55. Poverty, inequality and increasing economic, social and environmental challenges must be addressed in order to help developing countries, including least developed countries, small island developing States, landlocked developing countries and middle-income countries, achieve sustainable development.

56. Effective financing for sustainable development would require the mobilization and effective use of new and additional financial and non-financial resources — public, private, domestic and international — as well as the sharing of knowledge and lessons learned from South-South and triangular cooperation, as a complement to and not a substitute for North-South cooperation. The fact that many countries had yet to completely fulfil their ODA commitments was grounds for concern. South-South cooperation was a favoured tool for complementarity, solidarity, union, integration and the horizontal exchange of knowledge among countries. Latin America and the Caribbean possessed a successful and tangible body of experience related to South-South and triangular cooperation.

57. CELAC reiterated the need to strengthen the international financial architecture in order to promote financial stability and adequate financial flows for development in developing countries from all sources, including through FDI. Development efforts and national policies and programmes must be supported by a favourable international economic environment, with world commercial, monetary and financial systems contributing to development and in alignment with reinforced and improved world economic governance. CELAC supported the coordination and consolidation of the processes under way in various multilateral spheres to advance international financial system reform and strengthen regional financial architecture initiatives that corresponded to the mandate, reach, regulation, transparency, representation and participation of developing countries and encouraged continued open, inclusive and transparent dialogue.

58. All types of financing would need to be mobilized in the context of financing for development. CELAC therefore strongly supported the revitalized global partnership for sustainable development.

59. Piecemeal approaches to poverty diagnosis and reduction, and prioritizing certain dimensions of development to the exclusion of others, distorted the real situation of middle-income countries. In that regard, the Addis Ababa Action Agenda had called for developed partners to ensure that the diverse and specific development needs of middle-income countries were appropriately considered and addressed.

60. There must be respect for each country's policy space and leadership to implement policies for poverty eradication and sustainable development. At the same time, national development efforts must be supported by an enabling international economic environment, including coherent and mutually supporting world trade, monetary and financial systems, and strengthened global economic governance. CELAC recalled paragraphs 129 to 132 of the Addis Ababa Action Agenda and looked forward to the effective implementation of the mandates contained therein.

61. The forum on financing for development follow-up required further strengthening and better planning, as it was the primary mechanism to follow up on the financing for development outcomes. CELAC looked forward to the 2017 forum, which would include the special high-level meeting with the Bretton Woods Institutions, WTO and UNCTAD. Member States should participate in that meeting at the highest possible level and call for equitable and geographical representation in the selection of special guests, moderators and panellists.

62. **Mr. Bin Momen** (Bangladesh), speaking on behalf of the Group of Least Developed Countries, said that trade represented a significant portion of the economies of least developed countries, with their exports and services growing an annual average of 7.6 per cent from 2005 to 2015. The least developed countries had increased their share in world exports of goods and commercial services from 0.7 per cent in 2005 to 1.03 per cent in 2014. However, exports of goods and commercial services by least developed countries had decreased by 20 per cent in 2015, and currently stood at 0.9 per cent, falling below 1 per cent for the first time since the crisis year of 2009. Furthermore, the current share of least developed countries' trade was substantially below the target of 2

per cent by 2020 set forth in the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020.

63. The aforementioned reflected the major challenge faced by least developed countries in tapping the opportunities of international trade. Appropriate measures must be in place to achieve the target set in the Istanbul Programme of Action. Full implementation of duty-free and quota-free market access for all products from all least developed countries, simplified and transparent rules of origin, financial and technical support for trade capacity-building and attention to non-tariff barriers were vitally important for the least developed countries.

64. In 2015, the total external debt stock of the least developed countries had reached $242 billion and that had grown by 72 per cent over the past 15 years. The overall debt situation of the least developed countries had worsened since the onset of the financial crisis in 2008. Debt-to-GDP and debt-to-export ratios had increased, and the ratio of debt service to GDP had also escalated. While countries that benefited from the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative had shown some improvement in their debt situation, many were still at risk of debt distress despite completing the initiatives. The international community must respond to new the challenges that had emerged since the launch of the HIPC Initiative.

65. Given those complexities and a lack of comprehensiveness in the existing debt relief mechanisms, the least developed countries had consistently requested full debt cancellation. If a country met least developed country criteria, it should be eligible for debt write-off. The least developed countries asked the international community to undertake the necessary measures to write off immediately all their outstanding debt, both multilateral and bilateral. Debt relief must be in addition to ODA, as a commitment to the latter had been made by the international community.

66. The Addis Ababa Action Agenda recognized that least developed countries had tremendous potential to contribute to further global economic growth and prosperity, while acknowledging that structural challenges continued to obstruct their growth. Least developed countries needed to make huge investments in combating new and emerging challenges such as climate change, increased incidence of natural disasters and public health emergencies, conflicts, declining commodity prices and rising capital outflows. The least developed countries would also need additional preferential, concessional and most favourable treatment for their access to markets, finance, technologies, know-how and other resources, as well as differential and flexible treatment in undertaking international commitments and obligations.

67. FDI was critical to the development of the least developed countries. The Addis Ababa Action Agenda underscored the importance of investment promotion regimes for the least developed countries and financial and technical support to them. Member States should therefore undertake, at the seventy-second session of the General Assembly, to establish an international investment support centre for the least developed countries under United Nations auspices. Such a centre would provide a one-stop arrangement to help stimulate FDI in the least developed countries.

68. Welcoming the launch of the Global Infrastructure Forum, the first meeting of the annual Economic and Social Council forum on financing for development follow-up and the initial meeting of the multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals, the Group called for strong coordination, coherence and consistency in the international monetary, financial and trading systems. The international financial system should be strengthened and should support least developed countries with an increased share of resources. The least developed countries must be universally recognized and they must have an adequate voice and participation in the global economic and financial decision-making process.

69. **Mr. Bernardi** (Australia), speaking on behalf of the Cairns Group of 19 agricultural exporting countries, said that the Cairns Group had been established 30 years earlier as a strong voice for agricultural trade, reform and liberalization. The trade policy landscape had changed a great deal over those years, which had been marked in particular by the conclusion of the Uruguay Round of multilateral trade negotiations, the commencement of new WTO negotiations under the Doha Round, the agreement of new disciplines in agriculture at the Ninth WTO

Ministerial Conference, held in Bali in 2013, and the breakthrough agreement to eliminate all export subsidies, achieved at the Tenth WTO Ministerial Conference in Nairobi. That outcome had demonstrated the global community's ability to come together within WTO and agree on important agricultural reforms that would benefit global trade, development and food security for decades to come.

70. The elimination of export subsidies had been a high priority for the Cairns Group since its formation. Subsidies harmed farmers around the world and had a negative impact on world prices, agricultural investment and rural wages, all factors that contributed to poverty and undermined food security in developing countries. The elimination of export subsidies was a target identified in Sustainable Development Goal 2 on ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture. The removal of those subsidies should be celebrated.

71. However, imbalances and distortions in world agricultural trade remained. The livelihoods of farmers and food security for all depended on continuing reform efforts. In the lead-up to the Eleventh WTO Ministerial Conference, to be held in Buenos Aires in 2017, Cairns Group members would continue to advocate for concrete outcomes to build on the success of Nairobi.

72. A consensus was building towards an outcome on domestic subsidies. For 30 years, the Cairns Group had called for the elimination of trade-distorting domestic subsidies and had had some success in the Uruguay Round, when, for the first time, trade-distorting domestic subsidies had been capped and made subject to global trading rules. Cairns Group members were seeking more cuts and better disciplines to reduce and limit domestic subsidies in agriculture. The Group wanted to create a fairer trading environment for farmers in all countries. Substantial subsidies in economically stronger countries had a distorting effect, promoting excess production and depressing world prices. They discouraged the efficient production of food and undermined global food security. Farmers in least developed countries suffered the most, but all farmers suffered, and the global economy was thereby weakened. Improvements in market access and export competition remained a priority for Cairns Group members.

73. The Cairns Group was committed to working with others and engaging in productive discussions on all three pillars of agriculture: domestic support, market access and export competition, as well as all other issues affecting agricultural trade. In Nairobi, WTO had shown that it was possible to achieve outcomes in agriculture that benefited all members. It was important for WTO to do the same again in Argentina in 2017.

74. **Ms. Mahusin** (Brunei Darussalam) said that much emphasis had been placed on the significant role of trade in achieving the Sustainable Development Goals, including Goals 8, 9 and 17. In that regard, trade would continue to be an essential focus. Given the current economic and financial uncertainty, it was more important than ever to sustain efforts to uphold a multilateral trading system that would enable countries to trade openly with each other, regardless of the size of their economies. It was also important to refrain from enacting new trade barriers, as the potential of trade could be harnessed effectively only if not offset by new, discriminatory measures.

75. Economic integration efforts must advance, despite the growing opposition to open trade. Such negative attitudes served as a reminder of the need for more coherent approaches while recognizing that different countries had different development strategies. The benefits and opportunities provided by open trade must be spread evenly, particularly given that pockets of extreme poverty persisted in various parts of the world.

76. Trade that worked for everyone would promote equitable and inclusive growth, drive poverty reduction efforts and close disparities. Work within inclusive multilateral frameworks such as WTO continued to be instrumental in addressing those issues. In the WTO context, it was important to sustain post-Nairobi engagement. Brunei Darussalam had joined others in submitting its instrument of acceptance of the Trade Facilitation Agreement in December 2015 and encouraged others to do the same, so that the Agreement would come into effect as soon as possible.

77. The Government of Brunei Darussalam was committed to arrangements that aimed to improve trade and investment in the Asia Pacific region, such as the ASEAN Economic Community Blueprint, the Trans-Pacific Partnership and the Regional Comprehensive

Economic Partnership. Such initiatives were pertinent, given the size of the country's domestic market. In Brunei Darussalam, there was continued advocacy for an outward-oriented growth strategy that would take advantage of the country's trade arrangements.

78. Domestic improvements and reforms not only complemented market liberalization efforts, they were also the key to delivering effective and lasting progress. Nationally, Brunei Darussalam had enhanced its overall competitiveness through structural reforms, including by promoting innovation and the use of digital technology, so that small and medium enterprises could become direct, competent players in bigger markets. Regional commitments also made certain policy measures possible. For example, a consumer protection order and a competition order, which would create a more conducive environment for businesses of all sizes to flourish, had been introduced in ASEAN.

79. As a small developing economy, Brunei Darussalam attached great importance to keeping markets open. The country was intensifying efforts to diversify its economy and attract FDI to cushion it from external shocks and challenges. Diversification efforts would also help create quality employment and stimulate economic growth to achieve the goals of the national vision, Wawasan Brunei 2035, thereby securing prospects for stability and prosperity.

80. **Ms. Natividad** (Philippines) said that international trade had decelerated in recent years: the 1.5 per cent expansion of world merchandise trade volume was the slowest since the global economic crisis; WTO had forecast a slow growth rate in 2016; international financial flows to developing countries had fallen in 2015 and were expected to fall further in 2016, reflecting rising global risk and heightened risk aversion; and there was a growing incidence of microdebt crises. Slow economic growth and an uneven recovery of the global financial system could hamper progress in eradicating poverty and limit States' capacities to mobilize domestic resources.

81. The national economy had grown by 7 per cent in the second quarter of 2016, a result which was anchored in sound macroeconomic, fiscal and monetary policies, investments, transparency and good governance. However, the current growth rate invited guarded optimism as fragility, economic shocks and susceptibility to natural and manmade disasters remained potential threats. The health of the country's major global trading partners, which included the United States, China, Europe and Japan, was expected to have an impact on the economy of the Philippines.

82. Trade was a key enabler of the Sustainable Development Goals. The Philippines remained actively and substantively engaged in WTO and hopeful that recent momentum would lead towards the conclusion of the Doha Round. The Philippines had recently supported advocacy on behalf of micro, small and medium enterprises in WTO and had chaired the WTO Preparatory Committee on Trade Facilitation in 2016.

83. The Philippines commended the Economic and Social Council for convening follow-up forums on the Addis Ababa Action Agenda. However, more work was needed to reform the international finance architecture to enable inclusive, participatory trade and development, where the voices of developing countries would be heard. Creditors should provide realistic lending conditions to help developing countries keep their sovereign debt at sustainable levels and achieve financial resilience.

84. The Philippines was instituting tax reform; working on sustained investment in infrastructure; easing restrictions on foreign investments; reducing costs of doing business; and strengthening agro-industrial linkages. Reforms were under way to discourage tax evasion and avoidance and to broaden the tax system's narrow base. Comprehensive tax reform could become the catalyst of an ambitious programme to raise an additional 1 trillion Philippine pesos for unparalleled public investments designed to free some 10 million Filipinos from poverty in six years' time and transform the country into a high-income State by 2040.

85. **Mr. Sukhee** (Mongolia) said that the Government of Mongolia attached great importance to regaining investor confidence and establishing a favourable investment environment. The economic growth of Mongolia had slowed dramatically due to a slump in commodity prices on international markets, massive budgetary expenditures and sovereign debt pressure. Mongolia thus aimed to expand its economy in the midterm, ensure macroeconomic stability, diversify the structure of the economy, reduce vulnerability from commodity price fluctuations, ease balance-of-payment

pressures, reduce the debt burden and generate economic resilience.

86. Mongolia was working towards accession to the Asia-Pacific Trade Agreement and had plans to commence negotiations on free trade agreements with the Eurasian Economic Union and its major trade partners. It was also working to accede to the WTO Agreement on Trade Facilitation. His Government had concluded an economic partnership agreement with Japan, effective June 2016, and would continue negotiating similar agreements with its other main trade partners. Such agreements improved the business and investment environment, ensuring transparency, proper application of customs laws and prompt clearance of goods. Parties to the agreement were required to apply harmonized customs procedures predictably, consistently and transparently.

87. The first summit of the Presidents of Mongolia, China and the Russian Federation had been held in Tajikistan in 2014. An agreement on an economic corridor connecting the three nations had been signed during the third summit, held in Uzbekistan in 2016. The establishment of the economic corridor would focus on cross-border trade and facilitate trade and investment, and the construction of railroads, paved roads and power lines connecting the three markets.

88. **Mr. Sinha** (India) said that some extreme inequalities could be explained by the colonial past, while others reflected the continuing unjust terms of international economic engagement. At the same time, there was growing recognition of the need for collective responses to global challenges, of which the Paris Agreement under the United Nations Framework Convention on Climate Change, the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer and the Sustainable Development Goals were examples.

89. The global economic recovery was progressing gradually, with improved resilience and the emergence of new sources of growth. However, growth was weaker than expected, and risks persisted. Challenges included commodity price volatility, weak trade, high private and public indebtedness, inequality and a lack of inclusiveness. Geopolitical conflicts, terrorism, refugee flows, illicit financial flows and “Brexit”, the decision by the United Kingdom of Great Britain and Northern Ireland to leave the European Union, had further added to the uncertainty in the global economy. Jobless growth was also a major concern.

90. In light of the above, the promotion of policies to enhance economic growth should be the top priority. India reiterated its support for the multilateral trading system and the centrality of WTO as the cornerstone of a rule-based, open, transparent, non-discriminatory and inclusive multilateral trading system, with development at the core of its agenda.

91. Mobilizing adequate resources to fill the huge financing gap for development should receive the most focused attention. Donor countries should urgently fulfil their ODA commitments. Funding for other important issues such as climate finance and humanitarian actions must be new and additional, to prevent the diversion of resources from social sectors.

92. The establishment of a Technology Facilitation Mechanism for the implementation of the Sustainable Development Goals was a welcome step. Innovation was a key driver for growth and sustainable development. Research and development could foster sustainable development by building greener, more inclusive societies and addressing various aspects of the digital divide.

93. Developing countries continued to bleed more money owing to tax evasion than they received in aid. International cooperation in tax matters was therefore crucial.

94. IMF reform was important to better address the interests of the developing nations. Welcome steps already made included the establishment of the New Development Bank by Brazil, Russian Federation, India, China and South Africa (BRICS) and of the Asian Infrastructure Development Bank.

95. Debt restructuring was an important concern for countries with high debt. Benefits from growth must be shared broadly and inclusively. Developing countries’ trade and innovation policies, when linked to the development agenda, could benefits from the expansion of international production networks.

96. **Ms. Naeem** (Maldives) said that sustainable solutions to end poverty could not be found without first addressing climate change. The international commitments made with reference to oceans, illegal fisheries, clean energy and disaster risk reduction were

encouraging, and of particular importance to Maldives, whose economy was synonymous with the ocean.

97. Maldives consisted of more than 1,000 small tropical islands straddling strategic shipping routes in the Indian Ocean. It had a diverse marine environment. The country had more territorial sea than land, making nature-based tourism and fishing the main engines of economic growth. Among the world's 20 poorest countries in the early 1980s, Maldives had for the last three decades been a development success story, having become an upper middle-income developing country with a per capita GDP of over $7,000. However, GDP was only part of the story. Since graduation from least developed country status, Maldives had faced challenges in accessing concessional and preferential financing schemes. Large-scale financing for essential infrastructure projects was no longer available.

98. Increasingly, Maldives had faced an economic downturn, and had entered the global economic crisis in a weak macroeconomic position. The economy had crumbled as tourism-related revenues declined sharply. The fishing industry had been severely hurt by the dwindling fish stocks depleted by climate change, ocean acidification and illegal overfishing elsewhere in the Indian Ocean. The country's fiscal position had been under stress following the tsunami of 2004 and was continuing to weaken in the face of global financial meltdown. Deficit financing had been increasingly challenging because of limited financing options.

99. Unsustainable debt was a critical issue for the small island developing States, threatening to reverse all developmental gains. The debt crisis was disruptive and costly and had led to cuts in public spending. Where there was an unsustainable debt overhang, there was no path to growth and no success in poverty eradication. The international community should urgently examine options for an effective, equitable and development-friendly debt restructuring and international debt resolution mechanism.

100. **Ms. Kharashu** (Belarus) said that the current global economic situation provided little basis for optimism. The consequences of the world financial and economic crisis continued to be felt. Global economic growth was weak owing to reduced demand. Trade volume was increasing more slowly than world production rates and, if the situation did not improve soon, the rate of trade growth could well be the lowest in the post-war era. Joint efforts by all parties were needed, under a renewed global partnership, to achieve the levels of development necessary to fulfil the Sustainable Development Goals.

101. UNCTAD played a key role as the body within the United Nations responsible for coordinating trade, development and related issues in the areas of finance, technology, investment and sustainable development. The consensus reached at the fourteenth session of UNCTAD had the full support of Belarus, particularly the focus on middle-income countries. In that context, the United Nations should develop a plan of action for cooperating with middle-income countries. The primary message of the work the international community was engaged in was that no one should be left behind, yet an entire category of countries was in fact being left behind.

102. The international financial institutions should also develop a strategy for engaging with middle-income countries and cooperating actively to strengthen their national banking and financial systems, thereby increasing their ability to withstand changes in the operations of the financial markets. At the same time, it was absolutely clear that the international monetary and financial system was in need of radical reform. The main function of IMF should be to prevent global and national financial crises.

103. Urgent, effective steps were needed to put an end to the practice of unilateral coercive economic measures that were not mandated by the relevant bodies of the United Nations or were incompatible with the principles of international law set forth in the Charter of the United Nations.

104. Regional economic integration was of particular importance to Belarus, enabling the resolution of many sensitive issues. The Eurasian Economic Union continued to develop, and its membership stood at five States. Work was ongoing with Eurasian Economic Union partners to expand the system of free trade agreements with third countries.

105. The idea of integrating integration was based on a search for effective models for the engagement of various integration bodies. Jointly with the United

Nations Economic Commission for Europe, Belarus would shortly be hosting an international conference on that topic. The event was intended to contribute to the promotion of the Sustainable Development Goals from the perspective of regional integration processes.

106. Participation in the WTO multilateral trade system held great interest for Belarus, which sought integration into WTO as soon as possible. Belarus was the only member of the Eurasian Economic Union that did not benefit from membership in the multilateral trade system. Belarus advocated for non-discriminatory and transparent accession for new member States. The actual trade and economic opportunities of acceding countries should also be taken into account.

107. The Addis Ababa Action Agenda had noted the problems facing middle-income countries. Those countries represented the largest category of countries that lacked a specialized plan of action in the framework of the United Nations. That situation must be remedied.

108. **Ms. Ravilova-Borovik** (Russian Federation) said that the continued stagnation of the world economy, low levels of investment and volatile financial and commodities markets were causes for concern, limiting the ability of countries to finance the Sustainable Development Goals. The international monetary, financial and trade systems must operate with increased coordination and transparency, with States demonstrating greater confidence in them.

109. National Governments should take domestic resources more fully into consideration in developing their sustainable development strategies, and work consistently to increase the share of their financing directed to achieving the Sustainable Development Goals. Enhanced investment laws and tax regimes could play an important role in that regard, as could the establishment of public-private partnerships and the development of regional banks. In that context, the Russian Federation had supported the adoption of the Economic and Social Council draft resolution to strengthen the Committee of Experts on International Cooperation in Tax Matters and was following with interest the initiative of Ecuador to adopt a code of conduct for offshore activity.

110. The Russian Federation agreed that infrastructure projects, environmentally clean, energy-efficient technologies, health care, education and sanitation systems, microcredits and financial services should remain priority financing areas. In that connection, in 2017, the BRICS New Development Bank planned to allocate a total of $2.5 billion in credits for global growth and development projects. The Bank's use of the national currencies of BRICS members, combined with a currency reserve pool, would provide guarantees against financial market volatility.

111. States' increased reliance on foreign loans should be accompanied by an increased responsibility for maintaining sustainable debt levels. The timely provision of objective data on debt levels could do much to ease sovereign debt restructuring processes, where necessary.

112. The Russian Federation intended to be actively engaged in the forum on financing for development follow-up. The Addis Ababa Action Agenda had conferred upon the forum an autonomous mandate that was not limited to implementation of the 2030 Agenda. Attempts to turn the forum into a preparatory committee for the high-level political forum on sustainable development under the aegis of the Economic and Social Council, including by scheduling it close to the session of the high-level political forum, would distort the arrangements made in Addis Ababa. The Russian Federation looked forward to the 2017 report of the Inter-Agency Task Force on Financing for Development, which would provide an opportunity to determine whether switching the schedule around was in fact justified.

113. The Russian Federation attached great importance to international trade for sustainable development and welcomed the outcomes of the fourteenth session of UNCTAD. However, the weak progress in the Doha Round was worrisome and, in that context, it might be worthwhile focusing on those agenda items on which countries' positions were closest. At the same time, the Russian Federation supported negotiations on new areas such as electronic trade, investments, competition, services, anti-dumping, fishing subsidies and regional trade agreements.

114. The Russian Federation supported integration processes in the world economy and was promoting integration through the Eurasian Economic Union, which was consistently removing barriers to trade,

investment, technology and the labour force. As a member of the Eurasian Economic Union, the Russian Federation supported cooperation with other countries and integration bodies. Building on the provisions of the Nairobi Maafikiano, the outcome document of the fourteenth session of UNCTAD, the Russian delegation noted prospects for engagement between UNCTAD and the Eurasian Economic Union to strengthen trade and economic and regional cooperation and to achieve the Sustainable Development Goals.

115. In the context of providing the necessary assistance to States engaged in the process of WTO accession, UNCTAD activity should be more practical in nature, and the quality of its expert meetings and the work of its commissions could be improved. Its analytical work and technical assistance programmes, including the consideration and development of recommendations related to non-tariff trade barriers, should be strengthened and expanded.

116. **Mr. Chandra** (Indonesia) said that in 2016, global economic growth had hovered at 3 per cent and was projected to increase only slightly in 2017, to 3.4 per cent. The lack of resilience in the global economy was hurting everyone. Many of the answers to the current challenges lay in deeper multilateralism. The international community must remain resolute in its commitment to work in solidarity on a coordinated, comprehensive global response to the ongoing impacts on development of the 2008 crisis.

117. Trade was an important avenue for meeting the Sustainable Development Goals. It was necessary to revitalize the multilateral trading system and give it renewed momentum. Public and private finance must be aligned with sustainable development. However, the international financial system still needed to take concrete measures to allocate resources appropriately for long-term sustainable development needs. Investment in infrastructure and technology was needed to address climate change, health, education and sanitation services for the poor and to provide financial services for all.

118. It had been encouraging to hear, at the Global Infrastructure Forum, that the multilateral development banks had agreed to improve their alignment and cooperation, which included collecting data and information, promoting compatible and efficient approaches, strengthening project preparation and promoting financing for infrastructure. However, more serious reform of international financial institutions was needed, including in the areas of international tax cooperation and debt restructuring.

119. **Ms. Loe** (Norway) said that the Addis Ababa Action Agenda had set a path that rendered an exclusive focus on traditional forms of development finance insufficient. ODA was important. Indeed, Norway allocated a full 1 per cent of GNI to development assistance, but new forms and sources of finance were needed, and in volumes that far exceeded ODA. That was especially important in a new macroeconomic environment where low growth, low interest rates and low inflation represented the new normal for most countries.

120. Competition for investment was tough. Domestic resource mobilization was therefore decisive. It entailed more effective tax collection, a broader tax base and effective tax systems. Low-income countries were especially vulnerable to the harmful effects of tax base erosion and profit-shifting.

121. Addressing illicit flows of capital was the other side of that same coin. According to some estimates, more than $1 trillion, or seven times the volume of development aid, was lost yearly in illicit capital flows in developing countries. In just a decade, the issue had risen from relative obscurity to become a core development issue, spurred in part by the release of the Panama Papers. That momentum should be maintained.

122. It was worrisome that global growth in trade was lower than the already anaemic global economic growth. Trade must again become an engine of growth. An open, rules-based trading system was good for business. There should be greater use of trade as a development policy instrument to help integrate the poorest countries into the global economy.

123. While borrowing was important for financing investment, there were signs of debt accumulation and distress in some countries as a result of lower economic activity. The current economic situation made it all the more important to undertake responsible borrowing and lending. The success of the HIPC Initiative must be safeguarded.

124. To deliver on the Sustainable Development Goals, huge infrastructure financing gaps must be filled, and initiatives from emerging actors must be

supported, often in collaboration with multilateral and regional banks.

125. Finally, women were half of the world's workforce, and the 2030 ambitions could be reached only with women's economic empowerment and participation.

126. **Mr. Meza-Cuadra** (Peru) said that his Government was looking forward to the implementation of the Addis Ababa Action Agenda, which was expected to complement the means of implementation required to translate the Sustainable Development Goals into reality. Efficient follow-up and review would be necessary within the framework of a revitalized alliance for sustainable development in order to eradicate poverty and ensure prosperity and sustainability for future generations.

127. His country had proved that it was possible to transform a country within the space of one generation. In the past 15 years, economic growth in Peru had made it possible to lift a quarter of that country's population out of poverty. By the bicentenary of its independence in 2021, it was hoped that his country would be a prosperous, inclusive and sustainable democracy, with poverty reduced to at most 15 per cent of its population and extreme poverty eradicated. That would be achieved through robust macroeconomic management and respect for the rule of law. In line with the Addis Ababa Action Agenda, the economy had been stimulated by the promotion of private investment and an opening to international trade. The result had been sustained growth of 6 per cent since the beginning of the century.

128. Economic growth had enabled his country to mobilize more resources to finance development and tackle poverty, for example through money transfer programmes that set conditions for health care for pregnant women and children, as well as universal access to water and sanitation. The productivity and competitiveness of the Peruvian economy were also dependent on a transition to the formal sector. Human-centred development required decent jobs, which in turn would enlarge the tax base needed to boost financing for development. Financial inclusiveness and digitized payments were therefore policies with cross-cutting benefits supporting the achievement of most of the Sustainable Development Goals that his Government prioritized through public-private partnerships.

129. However, systemic limitations continued to cause concern. Much remained to be done to create an international environment conducive to sustainable development and a reduction in inequality within and between countries, thereby leaving no one behind. Poverty eradication and sustainable development faced serious challenges in countries like Peru. Although Peru was ranked as a middle-income country, inequalities and structural limitations continued to restrict its ability to invest and redistribute. It was especially vulnerable to sluggish global economic growth, fluctuations in the price of exported raw materials, climate change and disaster risk. Accordingly, the Second Committee should implement the commitments made in Addis Ababa.

130. **Mr. Tiare** (Burkina Faso) said that eight years after the financial crisis, States continued to face tremendous challenges, including a drop in commodities prices, persistent poverty and increasing instability in exchange rates and capital flows. The situation was of great concern, particularly in the context of the 2030 Agenda.

131. International trade was an important determining factor in growth and development worldwide. There were considerable benefits still to be derived from international trade, and a multilateral, universal and non-discriminatory trade system would be central to accessing those benefits. However, limited progress in the Doha Round was a source of great concern.

132. It was also important to reposition the international financial system to align it with the 2030 Agenda. As the international financial system channelled savings to productive uses and investment to provide sustainable economic growth, it was central to implementation of the 2030 Agenda. While the financial needs of the Agenda were very great, global public and private savings would be adequate if the financial system could serve as an effective intermediary for those flows in accordance with the Sustainable Development Goals.

133. The mobilization and effective use of public development assistance, which would continue to play a key role in achieving sustainable development, would require increased and more effective international

public financing. South-South cooperation should be strengthened, as should efforts to address tax fraud, tax evasion and illicit financial flows. The Economic and Social Council forum on financing for development follow-up was crucial to mobilize the financing needed to achieve the Sustainable Development Goals by strengthening international cooperation.

134. One important improvement would be to make external debt sustainable for countries. According to estimates, implementation of the 2030 Agenda would require between $1.6 and $7 trillion annually over the 15 years to come. If savings, FDI and ODA remained at current levels, GDP in Africa would have to increase by 15 per cent each year in order to achieve Sustainable Goal 1, namely ending poverty in all its forms everywhere.

135. For some years, significant macroeconomic stability had prevailed in Burkina Faso, where, from 2005 to 2015, the annual average growth rate had been 5.7 per cent. The inflation rate was relatively low, the trade deficit was improving and the debt was sustainable. Those achievements were the result of major reforms in the productive sectors, tax revenue mobilization and overall macroeconomic management, with support from technical and financial partners. Those macroeconomic results, however, had had limited impact on poverty reduction. The Government had adopted an ambitious economic and social development plan that aimed to substantially improve living conditions through structural transformation of the national economy.

136. To strengthen global economic stability, it was more necessary than ever to adopt coordinated trade, financial and debt policies at the global level. Such strategic coordinated efforts would play a crucial role in achieving the 2030 Agenda.

137. **Mr. Yap** (Singapore) said that the ultimate objective of macroeconomic policy was not growth in and of itself, but growth for the purpose of improving people's lives. However, the extremely difficult and volatile global economic environment posed both long- and short-term challenges to domestic priorities such as jobs and growth, as well as a longer-term threat to achieving the Sustainable Development Goals. Overcoming those challenges and emerging with solid fundamentals for inclusive and sustainable future global growth was the core macroeconomic policy question currently facing the world.

138. His country's approach to addressing economic volatility was focused on the desired forms of growth and drew on many different intellectual, ideological and political traditions. Essentially, Singapore adopted policies that worked. That was why it had a currency that floated freely, but within a defined band, allowing for a marriage of free-market efficiency and price stability to support growth and trade, while also helping to manage domestic interest rates and inflation. Not everyone might agree with that approach, but it was tailored to the circumstances and was the best solution for Singapore.

139. While many believed in the benefits of trade, IMF had indicated in its recent *World Economic Outlook* that political discord and a fraying consensus on the gains from trade posed a growing risk to global economic recovery. Engaging citizens early and often was therefore essential. Open-ended engagement helped to identify blind sides, bridge ideological divides and generate discussion on policy trade-offs. Singapore had in recent years made a concerted effort to better engage its people and the business community through improved customer service interactions and multiple national engagement efforts, such as Our Singapore Conversation in 2013 and the ongoing Committee on the Future Economy. Such efforts helped build understanding and trust.

140. After first considering the creation of a business grant to fund innovation in order to drive productivity improvements, the Government had instead decided on an automatic scheme administered through tax credits and deductions. The purpose was to avoid the increased workload for businesses and public servants created by grant applications. Such approaches of principled pragmatism, engagement and effective implementation were helping Singapore to address economic challenges.

141. Indeed, Singapore supported an open, transparent, principled and rules-based international environment that enabled all States to operate on a fair playing field while choosing their own paths. The United Nations and other international organizations had a key role to play in engendering cooperation and promoting a rules-based multilateral system. That was

important in macroeconomic policy, where the potential for cross-border impacts was quite real.

142. **Mr. Kaunda** (Zambia) said that, in sub-Saharan Africa, macroeconomic indications suggested an economic slowdown in 2016 owing to a further drop in commodity prices, geopolitical and civil strife in some countries, the effects of climate change, and challenges in financing fiscal deficits and public investment programmes. As a result, the external positions of most resource-dependent countries, including Zambia, had continued to deteriorate for the past two years, putting pressure on foreign reserve holdings and exchange rates.

143. As a trade-dependent country, Zambia had not been spared when external shocks and domestic pressures had intensified. The slow growth had dampened demand for copper, resulting in reduced foreign exchange earnings. That had put pressure on the exchange rate and had affected effective budget implementation. The decline in export earnings, which had been greater than expected, had led to a widening trade balance deficit. Other domestic pressures included electricity supply constraints and fiscal pressures, coupled with continued current account deficits that had affected macroeconomic stability. The Government of Zambia therefore called on its development partners to support its efforts to insulate the national economy from external shocks in order to sustain development efforts in various sectors of the economy.

144. Zambia took debt sustainability issues very seriously and had continued to undertake prudent management strategies. Its most recent Debt Sustainability Analysis had taken place in 2014, and although the national debt remained sustainable, another such analysis was planned for late 2016.

145. With a focus on implementation of the 2030 Agenda and the seventh national development plan being readied for adoption in January 2017, Zambia was charting a new course for the economy and for the well-being of all its citizens, especially the more vulnerable among them. Current adversity must be transformed into opportunities, through diversification of the economy and empowerment of the people.

146. **Mr. Fox-Drummond Gough** (Brazil) said that it would be difficult to overemphasize the importance of a stable, transparent, rules-based multilateral trading system focused on development, with adequate special and differentiated treatment that allowed developing countries to preserve and exercise the policy space needed to align national policies with development needs.

147. Brazil was deeply concerned that the multilateral trading system was heavily distorted to the detriment of agriculture and therefore to the detriment of development. The international community had not even begun to address the barriers to agricultural trade maintained by developed countries, such as trade-distorting subsidies, which had a direct and negative impact on the domestic agricultural production of developing countries.

148. The international community must intensify efforts to fight protectionism in all its forms. Tariff barriers, such as tariff peaks and especially tariff escalation, must be brought to light. The harm those barriers caused developing countries' efforts to increase added value in their exports must be exposed. Agricultural export subsidies, originally scheduled for elimination in 2013, had existed far longer than originally intended. Non-tariff protection, such as technical barriers and sanitary and phytosanitary measures, must be applied in accordance with multilaterally agreed standards, and in the case of agriculture, they must have a solid scientific basis.

149. The effects of such measures were compounded in the context of global value chains, hampering developing countries from moving higher on the value chain and undermining the promotion of much-needed structural transformation in developing countries.

150. As agreed in Addis Ababa, each country had the primary responsibility for its own economic and social development, and national policy space and leadership were crucial to the implementation of national policies and development strategies. It was necessary to have an international environment that included coherent and mutually supporting world trade, monetary and financial systems and strengthened global governance. It was also essential to respect the common but differentiated responsibilities of developed and developing countries, taking into account different national realities, capacities and levels of development, and respective national policies and priorities.

151. Adoption of the 2030 Agenda represented a historic opportunity to anchor the international trading system in development-friendly approaches and to advance reform of the international financial architecture so that it would provide more representation, legitimacy and effectiveness. Governance reform should lead to stronger means of implementation, including trade and financing, but also capacity-building and technology development and transfer, to enable developing countries to achieve sustainable development through structural economic transformation.

The meeting rose at 6.05 p.m.