



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY  
AMBASSADOR BYRON BLAKE, PERMANENT MISSION OF ANTIGUA AND  
BARBUDA TO THE UNITED NATIONS, AT THE INFORMAL REVIEW  
SESSION OF THE GENERAL ASSEMBLY ON CHAPTER SIX OF THE  
MONTERREY CONSENSUS (New York, 12 March 2008)**

Co-Chairs,

It is an honor for me to make this statement on behalf of the Group of 77 and China in this review of the Section VI of the Monterrey Consensus "Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development."

The goal of the Monterrey Consensus is to eradicate poverty, achieve sustainable economic growth and promote sustainable development, while concurrently advancing to a fully inclusive and equitable global economic system. The achievement of this two-fold goal requires inclusive, coherent and mutually supportive domestic and international environments. In regard to the international environment, it recognized the need to enhance coherence, governance and consistency in the international monetary, financial and trading systems.

There were a number of systemic issues, clearly evident in 2002, which required fundamental reform if the objectives were to be achieved. These include:

- Global economic governance, including leadership for promoting development;
- The international financial architecture;
- The multilateral trading system;

The Monterrey Consensus elaborated in greater detail in paragraphs 52 to 67 a number of the areas in need of fundamental reform and the nature and objectives of such reform. It adopted a strategy for reform relying significantly on collaboration among existing institutions and expeditious action to complete reforms, in particular those which were already underway.

The G77 and China has maintained that, given the fundamental nature of the systemic challenges, the voluntary, ad hoc processes were unlikely to lead to fundamental change. It argued in its statement to High-level dialogue of the General Assembly on Financing for Development in 2007 that the review process for the Monterrey Consensus ending in the Doha Conference would need to look fundamentally on what has happened, what has worked and what should be done.

What has happened or not happened in the area of systemic issues?

We identify the following:

- The challenges arising from the intensified pace of globalization and interlocking of economies; the unsustainable trade and current account imbalances; size, speed and potential contagion effect of capital movement; and exchange rate instability have all magnified.
- There has been a major financial crisis originating in one of the major economies, and involving the reserve currency used for the bulk of international transactions.

- There has been little change in the Economic Governance Structure. There has been an effort to strengthen ECOSOC on the basis of agreement in the 2005 Summit, through the creation of the Annual Ministerial Review and the Development Cooperation Forum. Further, the annual Meeting of ECOSOC with the Bretton Woods Institutions has been expanded to include the World Trade Organization and the UNCTAD. However, the AMR and the DCF have had little operational experience, and attendance at the Spring Meetings has been below the level envisaged by the Monterrey Consensus. In addition, these meetings occur after and not before the Spring Meetings of the Bank and Fund and the outputs do not impact the discussions in those meetings.
- The effort to reform the International Financial Architecture has dragged on, at different speeds, within the IMF and the World Bank. The IMF has increased the quota of four countries and is to consider a program for further reform by its Annual General Meeting this year. The fundamental issues of democratizing the institutions and of increasing the voice and participation of developing countries have not been addressed. Further, leaving the responsibility for reform solely to the IMF and World Bank, as well as the compartmentalization of the reform effort in the two institutions, will make it virtually impossible to achieve, in any coherent manner, one of the stated major objectives of the reform, namely "to enhance financing for development and poverty reduction".
- There has been no evolution of any clear set of principles for management and resolution of financial crises. In the meantime, the G-8 continues to take on to itself the role of management of the international financial system. The current crisis, originating from the failure of the US sub-prime market, demonstrates the continued shortcomings of the system. It also makes it pellucidly clear that the current international financial institutions do not have the capacity to manage the system.
- There is an increasing number of unregulated or poorly regulated areas in the international financial markets such as credit rating bodies, and instruments such as hedge funds and other derivatives. There is a movement to regulate sovereign wealth funds but this is being done outside of any agreed framework.
- Exchange rate volatility and global economic instability remain high. The multilateral institutions such as the IMF and the World Bank do not have the resources required to protect the systems, and so, developing countries have been holding increasing volumes of reserves in developed countries essentially as self insurance.
- The imbalances and inequities in the global trading system remain as the Doha Development Round of negotiations which were in progress in 2002 have stalled.

This is hardly a picture of success in dealing with critical issues after more than six years.

Co-Chairs,

Given the pivotal role of a stable and facilitating international economic environment, the absolute lack of progress on the recommendations in this area of the Monterrey Consensus and the developments since Monterrey, the Doha Review Conference will need to make fundamental decisions to advance the process. The loss of confidence and trust in the international system increases and will make decisions for the needed common action more difficult with time.

The Group of 77 & China would propose that the conference, inter alia:

- Decide on a time-bound and structured process to make recommendations to improve the global economic, financial and monetary governance structures, strengthening the follow-up mechanism

in this regard, including strengthening the leadership role of the United Nations in these areas.

- Reaffirm the urgency of a fundamental restructuring of the international financial architecture to, inter alia, enhance financing for development and poverty eradication, increase the voice and participation of developing countries, reflect the changed global economic realities and enhance stability of the overall financial system. To that end, and taking into account any developments in the Bretton Woods Institutions, recommend the establishment of a time-bound, independent process to examine more closely concepts such as systemic risks and systemic crises and the role of individual countries and autonomous financial movements and make recommendations for the fundamental restructuring and upgrading of the international financial infrastructure, including the regulatory and supervisory frameworks.
- Recommend the establishment of an inclusive process for the regulation of private rating agencies with a view to increasing accountability and transparency.
- Upgrade the present United Nations Committee of Experts on International Tax Matters to a Commission with appropriate representation to reflect all interests.
- Recommend a monitoring of the effectiveness of the new mechanisms under ECOSOC and the further strengthening of ECOSOC in the follow-up of decisions on economic and social development, including financing for development. In this regard, and in light of the experience in the implementation of paragraphs 69 (a) and (b) of the Monterrey Consensus, direct that the annual interactions involving ECOSOC, the IMF, World Bank and UNCTAD be held in advance of the Spring Meetings of the Bank and Fund so that the outcomes, which should be a formal statement, can be submitted for consideration at those meetings.

Co-Chairs,

The G-77 and China will have more to say on this issue when we discuss the overall arrangements for follow-up as set out in Section III of the Monterrey Consensus, "Staying Engaged". We would anticipate, Co-Chairs, a session on this section and would expect fundamental evaluations on the adequacy of the current arrangements and consideration of all options to ensure that, in the future, the objectives can be met on a timely and effective basis.

I thank you.