



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY THE DELEGATION OF THE REPUBLIC OF THE SUDAN DURING THE HIGH-LEVEL POLICY DIALOGUE WITH THE INTERNATIONAL FINANCIAL AND TRADE INSTITUTIONS ON CURRENT DEVELOPMENTS IN THE WORLD ECONOMY AT THE HIGH-LEVEL SEGMENT OF THE 2009 SUBSTANTIVE SESSION OF THE ECONOMIC AND SOCIAL COUNCIL (Geneva, 6 July 2009)

Madam President,

The G-77 and China believe that the High-Level Policy Dialogue provides a valuable forum for the exchange of views between the United Nations, Member States and the International Financial and Trade Institutions. At a time when the world is confronted by the most severe economic crisis in generations, it is of vital importance that the senior leadership from the key international organizations charged with addressing the current crisis can come together with national representatives to discuss in a frank, open and transparent manner the current developments in the world economy.

It is our understanding that the recently concluded United Nations Conference on the Financial and Economic Crisis and its Impact on Development should be a central point of reference for our discussions. The outcome document - agreed by consensus - expresses the deep concern shared by all Member States with the adverse impact of the crisis on development. It also highlights the acute human costs imposed on the world population, threatening the livelihoods of millions of people, especially vulnerable groups in developing countries.

While a number of important measures have been taken to address the crisis at the national, regional and international levels, the outcome document recognizes that much more needs to be done. In particular, there is an urgent call for a more coordinated and comprehensive response to mitigate the negative impact of the crisis and to ensure the timely adoption of the necessary long term structural reforms needed to prevent future economic turmoil. The senior leadership of the United Nations and the International Financial and Trade Institutions - present here today - cannot afford to ignore this important message.

Madam President,

Developing countries are bearing the brunt of the negative impacts of the crisis, for which they were not responsible. It should be duly noted that the vast majority of the world's developing countries lack policy and fiscal space to implement countercyclical measures that may be necessary to combat the effects of the crisis and ensure economic recovery. It also is important to underscore that most of the developing world face significant foreign exchange shortages, estimated by the World Bank at US\$ 1 trillion in 2009 alone. Even as the world economy slowly recovers from the crisis, over the next couple of years, developing countries may find it extremely difficult to maintain external commitments.

In this context, G-77 and China reiterates its call for substantial new and additional financial resources to be made available, as a matter of priority, to developing countries. As mentioned in the Conference outcome document, it is necessary to adopt effective mechanisms to ensure that adequate resources are provided forthwith, so that developing countries need not incur any additional financial burden in responding to the adverse effects of the crisis.

In the absence of significant additional international support, developing countries may need to make full recourse of the flexibilities accorded to them in World Trade Organization, particularly with regards to balance of payment difficulties. In addition, G-77 and China considers that ambitious measures should be taken to mitigate the effects of the crisis on debt sustainability to avoid a new debt crisis. Until a new structured framework for international cooperation on external debt is put in place, developing countries may need to resort to agreements on temporary standstills. Finally, developing countries should not be penalized if it becomes necessary to impose temporary capital account restrictions to protect domestic policy space.

Madam President,

The current crisis has further highlighted the urgent need for a substantive and comprehensive reform of the international economic and financial system and architecture, including mandates, scope and governance, to better enable it to respond and prevent financial and economic emergencies and effectively promote development. International Financial Institutions in particular must have a clear development orientation. In this context, G-77 and China considers it imperative to promote an open, inclusive and transparent dialogue for a new international economic and financial system and architecture.

With relation to the Bretton Woods Institutions, we stress the importance of undertaking ambitious and expeditious reform, particularly in their governance structures, based on full and fair representation of developing countries, in order to address the democratic deficit and improve the legitimacy of these institutions. The reforms must reflect current realities and ensure full voice and participation of developing countries in the decision making and norm setting process of the BWIs.

The ongoing crisis has also highlighted the shortcomings of the current global reserve system, therefore is important to advance towards a more stable, equitable and balanced reserve system. We fully support the recommendations contained in the outcome document to undertake a comprehensive study on the feasibility of a reserve system with a more prominent and effective role for SDRs, also to be complemented by a stronger role for regional commercial and currency arrangements.

Madam President,

Notwithstanding the respective legal mandates and decision-making structures, G-77 and China believes that the unique perspectives and representativeness of the United Nations is critical for the legitimacy of the reform and the well functioning of the international economic and financial system and architecture. Accordingly, we call for enhanced policy cooperation, coordination and coherence between the United Nations, including its development system, the Bretton Woods Institutions and the World Trade Organization. The recently concluded United Nations Conference represents an important first step in this regard, but additional measures must be taken.

In order to follow-up on the issues contained in the outcome document of the Conference, it goes without saying that G-77 and China is fully committed to the establishment of an ad hoc working group of the General Assembly.

Thank you.