



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY H.E. MR. PETER THOMSON, AMBASSADOR, PERMANENT REPRESENTATIVE OF FIJI TO THE UNITED NATIONS, CHAIR OF THE GROUP OF 77, AT THE 5TH SESSION OF THE OPEN WORKING GROUP ON SUSTAINABLE DEVELOPMENT GOALS (New York, 25 November 2013)**

Co-Chairs,

1. I have the honor to deliver this statement on behalf of the Group of 77 and China.
2. At the outset, the Group of 77 wishes to thank you for convening this fifth session of the Open Working Group meeting on Sustainable Development Goals (SDGs), after a lapse of five months since the last session in June. We also take note of the various issue papers relating to macroeconomic policy questions; sustained and inclusive economic growth; and energy; prepared by the Technical Support Team. We would also like to thank Professor Jagdish Bhagwati of Columbia University and Mr. Li Yong, Director-General of UNIDO for their interesting and insightful presentations.

Co-Chairs,

3. The Rio+20 outcome document noted the importance of, and complementarities and linkages between, the economic, social and environmental dimensions of sustainable development. Inclusive and sustained economic growth is absolutely necessary for poverty eradication - today's greatest global challenge and an indispensable requirement for sustainable development. Despite its critical role in eradicating poverty and in attaining sustainable development, the economic pillar has been neglected. For example, the MDGs had focused mainly on the social pillar, while the Rio+20 process had focused mainly on the environment pillar.
4. Historical evidence has shown that no country has ever achieved constant improvements in living standards and human development without sustaining a steady pace of economic growth. An expanding economy, however, does not necessarily mean that everyone benefits equally from increased prosperity. Hence, the challenge for the SDG process and the post-2015 development agenda is to incorporate macroeconomic issues that were not prominent in the MDGs, to ensure the kind of inclusive growth that generates decent jobs and gives opportunities for all segments of society, especially those socially excluded individuals and groups, and distributes those gains more equitably across society and between countries.
5. Macroeconomic policies, including those related to international trade, finance and debt management, are critical to support an enabling environment for growth and sustainable development. There is legitimate concern that framing systemic issues in macroeconomic policies, trade, debt and other macro-issues into goals, may be a risky over-simplification in the overall SDG framework. However, in whatever formulation the SDGs may take shape, it is important that macroeconomic policy issues be recognised as a crucial part of an enabling environment to achieve sustainable development goals, alongside methodological and qualitative factors.
6. The Group of 77 reiterates that it is important the SDGs reflect the different national realities, capacities and development priorities of all members of the United Nations, and that they do not place additional restrictions or burdens on the national priorities and development plans of

developing countries. In this regard, in fulfilling their SDGs, developing countries should be supported by an enabling international environment, which includes a supportive and just international system where the rules are fair and pro-development, as well as a genuine global partnership to enable developing countries to achieve the SDGs. This should be done through the provision of new and additional financing resources, technology transfer with concessionary and preferential terms, capacity building, pro-development trade policies, and effective means of implementation for developing countries.

Co-Chairs,

7. International trade is a catalyst for achieving socioeconomic objectives and development goals. While recognizing that international trade can be a useful tool for the attainment of development goals, we are cognizant that the trade and development nexus is not automatic. For trade to have a positive impact on development, it needs to be conducted in a fair manner with a strong emphasis on the development dimension of trade, assisted by an enabling environment at both the national and international levels.

8. The Group of 77 reaffirms the primary importance of the multilateral trading system embodied in the rules-based World Trade Organisation (WTO). We hold the view however, that in order to ensure effective functioning of the multilateral trading system, one that benefits all countries, particularly developing countries, the WTO must undertake serious institutional reforms. These reforms should focus on addressing the Organisation's structural bias, unfair rules, as well as the substantial power asymmetries in negotiations between developed and developing countries.

9. The Group underscores the necessity of timely conclusion for the Doha Round of multilateral trade negotiations, which must fully respect its development mandate and take into account the needs and priorities of developing countries. We call for a balanced and pro-development outcome at the upcoming WTO Ministerial Conference in Bali in December, in accordance with the Doha Development mandate.

Co-Chairs,

10. The Group reiterates the importance of debt relief, including debt cancellation and debt structuring, noting that no path can be construed or fostered when a country is faced with unsustainable debt overhang. Sovereign debt management has been an important issue for developing countries, particularly in view of the persistent economic and financial crisis, exacerbated by the activities of vulture funds. The speculative and profit-seeking nature of the vulture funds hamper the debt-structuring efforts of developing countries, and pose a serious risk to all future debt-restructuring processes for both developed and developing countries.

11. The inability of States with heavy debt burdens to access affordable credit during the current crisis has revealed problems with the existing debt framework. The Group believes this universal problem of unsustainable debt should be addressed by establishing an independent and fair public debt workout mechanism, with ex-ante rules for fair burden-sharing in order to promote responsible lending and prevent build up of unsustainable debt. We stress that times are ripe for the creation of a structured mechanism for resolving sovereign debt crises, for we cannot have sovereign insolvency still operating in a legal vacuum in the 21st century. We further hold the view that the United Nations is well-placed to coordinate such a mechanism.

Co-Chairs,

12. As pointed out in the report by the 2012 UN System Task Team on the Post-2015 Development Agenda, working towards achieving sustainable development requires a broad approach to macroeconomic policies. This approach should combine macroeconomic and financial stability with broader structural policies.

13. We note with concern that financial deregulation and financial liberalisation have given rise to massive expansion of speculative financial flows and derivatives trading. The 2008 financial and economic crisis has illustrated that international finance has created an economy of its own, which has become increasingly disconnected from the real economy of production, direct investment, job creation and wage growth. Key aspects of financialisation include volatile capital flows, excessive commodity and food price fluctuations, rapid shifts in exchange rates and boom-bust cycles of financial crisis and economic recession. International efforts to re-regulate the financial sector should include the Credit Rating Agencies (CRAs). Governments should limit their regulatory reliance on CRAs and reform legal regimes to hold them liable for negligent behaviour in order to suppress conflicts of interest and ensure integrity and accountability.

14. To address the gaps and failure in the global financial governance, there is an urgent need for a global, universal and integrated response by the international community. Reforms and initiatives are urged to uphold commitments already made towards narrowing the democratic deficit in global financial governance. In this regard, the Group calls upon all IMF members to expeditiously implement the agreed reforms to the voting system and the reform of the quota formula, and calls for further reforms to increase voice and representation of developing countries. We also hold the view that the process of selecting leaders of all global financial institutions must be transparent, merit-based and reflective of the composition of membership. The membership of financial standard-setting bodies should also be broadened to give developing countries greater voice and participation.

15. Since long-term economic success continues to depend on establishing strong links between resource mobilisation and structural transformation, the post-2015 development agenda must address financialisation by reviving a focus on heterodox and innovative policies, tailored to local conditions, that allow for a shift of resources from the financial economy to the real economy. Financial regulation in this regard, should be directed to support policy paradigms that aim at improving quality of life and reducing unsustainable drains on natural resources, as well as creating decent jobs and guaranteeing human rights for all.

16. In order to achieve development goals, the Group reiterates the necessity for developed countries to honour their Overseas Development Assistance (ODA) goals and targets of disbursing the equivalent of 0.7 per cent of their Gross National Income (GNI), out of which 0.15 to 0.20 per cent of their GNI should target the LDCs, with a clear timetable. We express grave concern at the decline in ODA in absolute amounts and in relative terms since 2011, at a time when we are elaborating on a transformative global development agenda beyond 2015.

Co-Chairs,

17. For developing countries to attain the macroeconomic goals and to succeed in achieving inclusive sustained economic growth, developing countries need to have adequate policy space in the course of their industrialisation and development efforts. Industry today accounts for around 31 per cent of global GDP and is a creator of jobs and an engine for growth and prosperity. As a key contributor in this growth, which must be decoupled from increased raw material use and negative environmental impacts, industry must play its part by becoming significantly cleaner and vastly more efficient. In this regard, we acknowledge of the work of UNIDO in promoting inclusive and

sustainable industrial development in developing countries, with a particular focus on Africa.

18. Technology plays a key role in promoting inclusive and sustainable industrialisation. Developing countries require increased access to technology transfer on favourable terms, including through concessionary and preferential terms, in order to shift to a more sustainable development path. It is imperative that the international community take urgent actions to bridge the technological divide so as to promote industrialisation and inclusive growth across the developing world. These actions include reforming the international Intellectual Property regime with a view to facilitating technological catch-up for developing countries, as well as concerted efforts to establishing the technology transfer mechanism, including the creation of a Technology Bank for the LDCs.

Co-Chairs,

19. The Group acknowledges that energy is an important element to sustainable development, and that no country has developed without access to reliable and affordable energy. We express concern that in this modern age, nearly one out of every five people still has no access to electricity and that nearly 3 billion people use biomass or animal waste to cook their meals or heat their homes.

20. We urge countries, particularly industrialised countries, to refrain from excessive and wasteful consumption of energy. We also urge effective measures, both at the national and international levels, to address national energy deficits through the development of new energy sources, especially renewable energies; and through the development of appropriate technologies relating to energy. Increased institutional and system capacities of developing countries, particularly LDCs and energy-poor countries, are crucial to enable their access to and benefits from financing, technology, knowledge and partnerships in the field of energy.

21. In conclusion, the Group of 77 and China wishes to stress that a macroeconomic strategy, one that uses all available instruments, being supported by an enabling environment, and having adequate policy space, is an essential strategy to achieving poverty eradication and sustainable development.

I thank you, Co-Chairs.