



STATEMENT ON BEHALF OF THE G77 AND CHINA BY AMBASSADOR LUMUMBA DI-APING, DEPUTY PERMANENT REPRESENTATIVE OF THE REPUBLIC OF THE SUDAN, AT THE SPECIAL HIGH-LEVEL MEETING OF THE ECONOMIC AND SOCIAL COUNCIL WITH THE BRETTON WOODS INSTITUTIONS, THE WORLD TRADE ORGANIZATION AND THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (New York, 27 April 2009)

Excellencies,

I have the honor to speak on behalf of the G77 and China.

It has become imperative that the unfolding world financial and economic crisis requires a decisive, concerted and sustained action by the entire membership of the United Nations Organization. For if the United Nations is to have any relevance in today's world affairs, then, it must honor its Charter which states in Article 1.3 that one of the four purposes of the UN is, "to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character..." Article 1.4 goes furthermore to say that the UN has 'to be a center for harmonizing the actions of nations in the attainment of these common goals.'

And although we speak of Globalization, markets, development, growth and special drawing rights, the spirit, the motivation and solid basis for our actions and our will to change lies in the unity of the human family and dignity of every person and child. This gyring crisis, if not contained rapidly, and its root causes addressed once and for all, will have unimaginable and immeasurable consequences, which unfortunately and not for the first time, are man - made.

It follows, from our perspective the United Nations Member States have to summon the necessary will to act decisively because the world has and is well endowed with the financial and intellectual resources to address this crisis. We add, UN will fail because of indifference to the plight of the, 'impoverished, the underdeveloped, and poor and peripheral'. And the slippery road to this, is the honed practice in New York of 'falling back to agreed language, realism, pragmatism, and being limited to determining so-called, common ground, which is a priori, minimal and cosmetic', when we know that what is required is strong, bold and innovative action: a solution which is developmental, transformative, just and innovative.

We reiterate our position, because the challenges of addressing the multiple and inter-related global crises, particularly in eradicating poverty and hunger, and achieving sustainable development, and the internationally agreed development goals, including the MDGs, are only becoming more intense and difficult. A coordinated and comprehensive global response to the crisis is needed to maintain the progress made and prevent millions of more people from being pushed into degrading poverty. Past economic crises have had a disproportionate adverse impact on the poor, who are the least able to bear these costs. Similarly, the ongoing crisis will also have severe consequences long after the crisis is over. One reason for previous failure is that they were addressed through the dominant prism of rent-seeking business as usual of the IFIs and logically they had to fail. The IFIs remain institutions that are non-democratic and non-representative and development is not their fundamental and corner-stone business. The UN remains the sole universal body, notwithstanding the contestations of the BWIs, that provides a democratic voice of those non-consultable and those not represented.

Even though the world financial and economic crisis did not originate in developing countries, they face the worst consequences, and most of them do not have the resources to mitigate its multiple negative impacts. Any assistance provided to developing countries to meet the challenges of the crisis should be in addition to the Official Development Assistance (ODA) commitments made by developed countries. In this regard, the downward trends in ODA and capital flows, including FDI, and systemic imbalances in the international financial system, including its institutional architecture, must be urgently addressed. In this context, we reaffirm the need to urgently fulfill their commitment to allocate 0.7 per cent of their GNI to developing countries. Furthermore, in this context we applaud the position of the World Bank in proposing a global vulnerability fund.

But that will not be enough. There is a growing specter of economic nationalism and protectionism. Protectionist policies and economic nationalism only worsen the economic situation as it will stifle-off any possibility for the growth needed to stimulate the global economy. We strongly reject any kind of protectionist measures that can be implemented as a reaction of the current crisis and we consider essential and call upon all States to promptly rectify any of such measures including through the elimination of export subsidies and non-tariff restrictions by developed countries, in particular in agriculture.

We also consider it essential that the international community provides more permanent and stable, concessional, conditionality free financial resources for developing countries particularly the most vulnerable among them. The mobilization of adequate resources at the national level as well as new and additional resources to developing countries from all available funding mechanisms, including multilateral, bilateral and private sources, is critical for the implementation of actions and measures towards overcoming the current crisis.

Your Excellencies, trade and investment are engines for development and key elements for restoring global growth. In that regard, we must reiterate our commitment to the achievement of a universal, rules-based, open, non-discriminatory and equitable multilateral trading system which promotes sustainable development. We also believe that we need to redouble efforts towards the reinvigoration of the multilateral trade negotiations and to achieve a development-oriented outcome of the Doha Round.

It is further indispensable to advance towards a profound reform of the International Financial system and architecture. In this regard, while noting the various initiatives already undertaken, and the Group considers essential to increase rapidly and decidedly the participation and representation of developing countries in the International Financial Institutions: The Nations of the South must be fully represented in the international decision making process on economic and financial matters. It is sufficient to say that this crisis has underscored the need for reform, need for policy space and elimination of conditionalities. The IMF balance of payment loans should not come attached to policy conditionality that is contractionary and procyclical constraining development objectives and needs. While we welcome various initiatives for new financial facilities and the provision of additional resources, access to these should not be tied to conditionalities. Once more, we say policy space for developing countries must be maintained.

The IMF's surveillance capabilities must be strengthened to put in place an effective 'early warning system'. We should also explore alternative modalities of liquidity provision to specific countries adversely affected by crises, including possible trust funds and new loan facilities.

We emphasize that the responses to the financial and economic crisis and its impact on development, must take into account the interest and specific needs of the developing countries as well as the particularities of the different regions from the developing world. At the same time, we

recognize the need to maximize the capacities of the existing regional mechanisms and institutions along with others that could be created in the future, with a view to the progressive construction of regional financial architectures, according to the economic realities and ensuring a democratic representation and a transparent and accountable governance system and regulatory framework.

Your Excellencies and distinguished delegates, this Spring conference should discuss ideas on how the UN could play a stronger role in promoting and enhancing systemic coherence, including through a strengthened role of the GA and ECOSOC, by giving meaningful reflection and impact of the recommendations in the work of the BWIs while also reviewing UN coordination with other existing international bodies that are dealing with global economic issues.

In this regard, the Conference on the Financial Crisis should consolidate the present structures and advance further, laying the foundations for the establishment of an institutional arrangement within the present framework of the UN to address in a comprehensive manner all financial and economic issues of interest to Member States. The G-77 and China is open to discussing the form, composition, mandate and legal status of the new body, based on a common understanding on the need for a renewed permanent institutional mechanism on economic and financial matters.

This gathering and the June Conference are important opportunities to review the relationship between the UN and the BWIs, as well as between the UN and other IFIs, with a view to update the present arrangements and prepare the Organization to meet the challenges of the 21st Century.

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In conclusion, the Group remains committed to engaging in this preparatory process and stresses that the Conference is part of a long-term process which will require an appropriate follow-up and that offers the opportunity to meet the needs and challenges of the 21st Century.

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