

STATEMENT BY AMBASSADOR MAKARIM WIBISONO, PERMANENT REPRESENTATIVE OF INDONESIA TO THE UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, AT THE OPENING CEREMONY OF THE FIFTY-NINTH MEETING OF MINISTERS OF THE INTERGOVERNMENTAL GROUP OF 24 ON INTERNATIONAL MONETARY AFFAIRS

Washington, D.C., April 15, 1998

Mr. Chairman,

First of all I would like to congratulate you on your election as well as the other members of the bureau, and to pledge to you and to the Group of 24 the full support and cooperation of the Group of 77. We are confident that under your able leadership the developing countries will forge common approaches and coordinate their respective positions. We look forward to receive you at the forthcoming meeting of the Chairmen/Coordinators of the Group of 77 to be held next September in New York. I would like also to take this opportunity to express our sincere appreciation for the achievements made by the Group of 24 under the competent chairmanship of Venezuela.

Mr. Chairman,

The profound and rapid changes which are transforming the world compel us as Group of 77 and Group of 24, to constantly enhance our solidarity and unity in pursuing our collective goals for development.

In a world characterized by the globalization of the international economy and deepening interdependence among economies, the need for the international community to embark upon constructive and sustained international cooperation for economic growth and development becomes an urgent requirement. As the Group of 77 has noted on many occasions, lasting peace and security cannot be assured nor maintained in the absence of sustained economic growth and development in developing countries.

The economic growth of developing countries has been further compounded recently by the adverse imbalances in the external environment. Turbulent financial markets together with volatile exchange-rates have resulted recently in severely contracted financial flows for development and for many developing countries have increased already intolerable levels of debt and debt-service burdens.

It is true that a few developing countries have managed to make significant progress despite the adverse global economic environment. The majority, however, remain caught in the grip of economic stagnation and decline and trapped in poverty and structural under-development.

The establishment of new trade and financial regimes, and the compulsion to restructure economies, confront developing countries with enormous challenges. We are of the view that increased global competition does not automatically bring about faster growth and development, nor does growth automatically reduce inequality. The liberalization of an economy in itself is not sufficient assurance that growth and development will follow. Such growth and development requires the creation of an enabling international environment which can promote growth with equity to the benefits of all nations.

In this context, the role of the IMF and World Bank should be strengthened to ensure that the economic policies of the more powerful economies would not be detrimental to the growth and development of the developing countries. These measures are indispensable if we are to help create a conducive environment for encouraging financial flows, for offsetting the risk of financial crises, and for helping the developing economies to effectively integrate into global financial markets.

The Group of 77 is also concerned about the recent crises in the currencies of some members of the Group and the adverse impact on their economic stability, growth, trade and development prospect. We are convinced that strengthened regional and multilateral cooperation has a central role to maintain financial stability and preventing such a negative impact on growth and development. It is essential to ensure the transparency of the capital flows, to strengthen the early warning system and to improve the crisis management so as to mitigate the adverse impact of any financial crisis. In this context we strongly support the final declaration adopted by the Special Ministerial Meeting of the Group of 24 held in Caracas from 7 to 9 February 1998.

The Group of 77 stresses the need for a strong commitment by the international community to provide adequate and additional resources in order to contribute effectively to accelerating sustained economic growth in the developing countries. In this context, we strongly support the convening of an international conference on financing of development under the auspices of the United Nations.

Mr. Chairman,

For the Group of 77, the problem of inadequacy of financing of development is closely linked with the issues of external debt and development.

Despite the implementation of several approaches undertaken over the past decade, the debt crisis continues to persist as one of the main constraints for the development of developing countries. The Group of 77 wishes to reiterate its position that the international community, particularly the donor countries and international financial institutions, adopt an effective, comprehensive and equitable, development oriented solution to the debt problem of the developing countries. In this regard, the Group of 77 also would like to note that while many developing countries have adopted economic reforms under the structural adjustment programmes of the Bretton Woods Institutions, these reforms have been accompanied by adverse and significant social costs.

The Group of 77 believes that consistent with various international agreements, the international community should adopt a common set of principles in order to ensure a substantial reduction of all categories of debts of all debtor developing countries and to meet the debt-servicing capacities of these countries. The measures to reduce the stock and service of external debt and to provide debt relief and, where appropriate, the cancellation of debt, should be broadly implemented. These measures could also include the expansion of existing modalities of debt-for-equity, debt-for-nature, and other types of swaps or conversion programmes.

Mr. Chairman,

The Bretton Woods Institutions as a part of the UN system were designed to provide member countries with credit on a concessional basis for development projects and to assist them in the event of balance-of-payments difficulties. Today, there is a need to increase IMF and World Bank funding with view to promoting long term investment flows to all developing countries and enhancing their growth potential.

The Group of 77 considers it essential that collaboration between the UN system and the Bretton Woods Institutions should be strengthened at all levels - at the level of intergovernmental decision-making, the inter-secretariat levels and at the country level. Through a systematic sharing of ideas, information, expertise, and within the context of their respective mandates and comparative strengths, organizations of the United Nations system and the Bretton Woods Institutions could collectively enhance their capacity to provide support to the developing countries. This collaboration assumes added significance in the context of steadily diminishing resources for development.

In stimulating and sustaining economic growth, the Group of 77 believes that developing countries would benefit a great deal from the combined wisdom of the Bretton Woods Institutions and development

institutions such as UNDP, UNCTAD and other UN agencies, particularly in the field of the eradication of poverty. The combination of expertise in macro-economic policies and sectoral strategies in those organizations would enable developing countries to view development issues from a broader perspective. It is the G-77's view that the UN system and Bretton Woods Institutions should jointly explore alternative models of structural adjustment, especially those models that have built in the social dimension in the adjustment process, rather than devising measures to deal with the social consequences of structural adjustment after the fact.

Mr. Chairman,

Policy dialogues among all partners in the development process are important and should be encouraged. Similarly, closer concurrence between the policy framework papers of the World Bank and IMF and the country strategy note of the UN system would lend a greater degree of coherence to external support to national development. Such concurrence would be aided greatly by effective field-level coordination among the resident coordinator and the representatives of the World Bank and the IMF under the overall guidance and coordination of the national governments. It is recognized that some progress has been achieved in these areas but much more needs to be done. The Group of 77 continues to believe that it is crucially important to work towards ensuring both policy coherence and programme cooperation at the country level.

Finally, the UN system and the Bretton Woods Institutions should expand their collaboration in cofinancing development field programmes and projects. They should continue to explore innovative ways of combining their resources in support of a common programme to optimize the benefit to the countries concerned. They should also work closely with recipient governments to determine the optimal mix of funds from grants, concessional funding in support of development programmes and projects in developing countries.

Mr. Chairman,

To conclude, let me address the issue of South-South cooperation. The Group 77 expresses its firm commitment to further strengthening cooperation among developing countries. This modality of cooperation is increasingly important, both as a strategy in support of development and as a means of ensuring the effective participation of developing countries in the emerging global economic order. Efforts to promote South-South cooperation are increasing and need to be strongly supported. We believe that there is a need to consolidate ongoing efforts, to further increase resources and to identify priority areas for South-South cooperation. These priority areas should include cooperation among economic groupings to enhance their understanding of complex global economic issues and to formulate joint strategies, especially in the area of sub-regional and regional economic integration. In this context, we look forward for an active role of the Bretton Woods Institutions in this field.

I wish to take this opportunity to inform you that the Group of 77 will be convening several conferences this year in pursuit of South-South cooperation. A high-level conference on sub-regional and regional economic integration will be held in Bali, from 10 to 14 August 1998; the 10th session of the Intergovernmental Follow-up and Coordination Committee on ECDC (IFCC-X) is scheduled for September 1998 in Africa; and from 1 to 13 June 1998 in Jakarta a High-level advisory meeting to prepare the South Summit in accordance with the decision adopted by the Ministerial Meeting of the Group of 77 held in New York, in September 1997. We hope that the Group of 77 will be able to draw upon these meetings in its ongoing effort to evolve a common strategy of action relevant to the needs and challenges of the end of the century and the dawn of a new millennium.

I wish all success to your deliberations.

I thank you, Mr. Chairman.

