

Statement by Ambassador Bagher Asadi, Chairman of the Group of 77 (Islamic Republic of Iran), at the High-level dialogue on strengthening international economic cooperation for development through partnership

New York, 20 September 2001

Mr. President,

This is the second time the intergovernmental body at the United Nations is engaged in a high-level dialogue on strengthening international economic cooperation for development through partnership; the overall theme being "responding to globalization: facilitating the integration of developing countries into the world economy in the twenty-first century". An indeed daunting challenge and a very tall order. Our collective enterprise this year takes place under very difficult circumstances, emanating from the horrendous terroristic inhuman acts perpetrated last week here in the United States. Let me seize the occasion right here to extend, on behalf of the Group of 77 and China, our most profound condolences and sympathy to the Government and People of the United States, and to the family and relatives of the victims of these tragic events. If anything, these events make the case for international cooperation and partnership proper all the more imperative and urgent.

Mr. President,

It appears that globalization has become part and parcel of our collective life; its impact being felt in different forms, to different degrees and in different arenas of the national life of all societies. Beyond value judgement, it is now an undeniable fact and a still unfolding process. And it continues to impact the overall situation on a global scale and affect the development policies of all societies, particularly in the developing world. What is important, though, is that globalization should not be seen as an inevitable blind force beyond the control of human beings or of countries. Rather, globalization is, to a large extent, an interactive process and the result of policy choices and decisions; a process that needs to be harnessed and even directed. Now that the international community has for the past several years dealt with this seemingly unruly, unbridled process, it should be clear to all of us, both developed and developing, that cooperation across the board, particularly between and within North and South, is an absolute necessity in order to utilize the tremendous potentials of this phenomenon and process for development, especially through strengthening interdependence and multilateralism. It goes without saying that the international community in its entirety, and we the intergovernmental body here at the United Nations, should spare no effort in making optimal use of the on-going multilateral processes and upcoming major events towards building partnership in the service of development. In this context, the International Conference on Financing for Development stands out as a unique process and occasion.

Mr. President,

Integration of developing countries into the world economy in the twenty-first century should be seen as a comprehensive process, and it cannot but be based on cooperation and partnership. Trade; investment, private flows and debt, international financial cooperation for development, and governance and participation of developing countries in the monetary, financial and trading systems, are, among others, some of the major elements for addressing the challenges before developing countries for integration into the world economy. Trade is the most important mechanism for almost every developing country for economic interaction with other countries and plays an important role in development. Trade is also the major instrument for integration in the international economy. An open, rule-based, transparent and non-discriminatory and predictable multilateral trading system is an essential component for the global economic system and would contribute tremendously to the world economic growth and smooth integration of developing countries into the world

economy. Many developing countries have made major progress in liberalizing their trade regimes which has resulted in the expansion of their trade. While emphasizing the importance of sequential liberalization, we would also like to stress the necessity of promoting market access for goods and services of interest to developing countries and removing constraints on their exports by our developed partners which impose costs on us that far outweigh aid flows. Strengthening supply-side capacity in areas such as infrastructure, human development, export expansion, and economic diversification are other important components for promoting trade which could lead to expeditious integration into the world economy.

Foreign direct investment and private flows to developing countries which could bring a range of dynamic benefits, including better market access to the markets of countries of origin, could also enhance integration of developing countries into the world economy. The Group of 77 and China believes that volume of such flows and investments should increase and their distribution among developing countries should become more equitable while ensuring their profitability to both the investors and host countries. Addressing the volatility of short-term capital flows is also imperative. Dissemination of information on investment opportunities in developing countries, technical and financial assistance for strengthening the institutional infrastructure of those countries could as well lead to more financial flows and investment. Other measures such as extension of fiscal support to outward investors, insurance schemes and market access could also increase opportunities for investment in and financial flows to developing countries. Optimization of the impact of Foreign Direct Investment (FDI) and materialization of its potential benefits for development through strengthening technological capabilities and capacities, boosting export competitiveness, generating employment, and establishing networking between foreign affiliates with their host economies, especially with small and medium size enterprises, would also contribute to the integration of developing countries into the world economy. Finding a durable solution for external debt and debt-servicing problems of developing countries through enhancing international cooperation to assist these countries to exit from the rescheduling process and unsustainable debt burdens - which undermines domestic resource base and deprives developing countries from those resources - is vital for creating the necessary environment conducive to integration into the world economy.

International financial cooperation for development has a critical role in development process of all developing countries, in particular LCD's, African countries, Small Island Developing States and Land-Locked Developing Countries and their integration into the world economy. Official Development Assistance (ODA), in its various forms, serves as a source of financing for provision of technical assistance, development of human capital, capacity building to overcome constraints of remoteness and isolation from the world markets, expansion of infrastructure and productive capacity, diversification of export bases, and improvement in the overall environment conducive to a higher level of public and private sector initiatives - all of which are essential components for integration in the global economy. As we all know, and quite ruefully, the volume of ODA and official flows has been decreasing steadily during the past decade, both in real and relative terms. The Group of 77 and China believes that the ODA has a key role to play in ensuring that the benefits of globalization would be shared more equitably by the developing countries. The first step should be to halt the declining trend and, of course, to reverse it, while strengthening the requisite political will to increase the amount of ODA towards meeting the agreed target of 0.7% of GNP of developed countries. Promoting aid effectiveness and efficiency as well as harmonization and simplification of operational policies and procedures of international financial flows is equally important and imperative. Launching a global information and advocacy campaign for raising public awareness in developed countries on the urgency and necessity of increasing ODA should also be encouraged.

Mr. President,

The Group of 77 and China believes that existing institutional arrangements and multilateral cooperation in the areas of international monetary, financial and trading systems are lagging far behind the process of economic and financial integration at the global level. Enhancing the coherence of these systems could

contribute enormously to the consistency of policy- and decision-making at the macro, global level, including as regards the policy recommendations of relevant international institutions in the areas and fields which could assist developing countries in their endeavours towards integration into the world economy smoothly and with less volatility. In the context of promoting increased and more equitable distribution of the benefits of globalization, adequate representation and broad and meaningful participation of developing countries in the international economic decision-making and norm-setting processes and global financial governance should be enhanced and ensured. Better representation and participation can bolster the effectiveness and efficiency of the relevant international forums and committees with responsibilities in the governance of the international economy and will support relevant international institutions in their objectives of being fully responsive to the development challenges of developing countries. It could also help developing countries to better understand the implications of various international monetary, financial and trading policies for their development, which could prevent their marginalization and simultaneously help facilitate their integration into the world economy.

Regional arrangements and cooperation is another area which we believe would help the developing countries in their quest for integration into the global economy. In fact, these arrangements seem to have gained prominence in recent years, perhaps, to some degree, as a result of the disquieting uncertainties in the global arrangements and relationships. These arrangements can undoubtedly assist developing countries to promote their cooperation and coordination in various economic fields, including through establishing necessary institutions at the sub-regional and regional levels. Such arrangements could also serve to improve rules and regulations, and norms and standards in the monetary, financial and trading fields. It should be stressed, however, that a conducive global environment is a precondition for integration of members of regional arrangements into the global economy.

Mr. President,

Let me now turn to another important and emerging aspect of the world economy; an area where special and immediate actions are very much needed to help enable developing countries to benefit from its opportunities and potentials. The information and communications technologies (ICT) revolution has contributed enormously to the creation of the emerging global knowledge-based economy which opens vast new opportunities for economic growth and social development. Integration of the developing countries in this new and emerging knowledge-based economy could be associated with ample opportunities for economic growth, among others, promotion of electronic commerce and less transaction costs, dissemination of information on investment opportunities in developing countries, and networking with foreign enterprises and their affiliates. Potential opportunities are tremendous, more daunting, however, are the immediate challenges developing countries face, including the widening digital divide, which severely constrains their active and meaningful integration in this new economy and could lead to crippling of development and further marginalization.

We hardly, if at all, need to engage in the further description of the potential benefits of ICT or its perils, for that matter. The overall situation, with its implications - serious and even grave as it is - is quite clear to all of us; including the challenges in the areas of lack of capacity and infrastructure, connectivity and local content. What needs to be done is equally clear; the potentialities of the ICT should be utilized towards serving the cause of the long-term comprehensive development of the developing countries. Put in very practical terms, the aim should be to assist these countries to catch up with the global developments and advancements and to integrate into the world economy as effectively as possible, and of course, as expeditiously as possible. Utilization of these technologies, which happen to be practically inaccessible to many developing societies, should help them make strides in the never-ending quest for achieving reliable sustained economic growth and in the improvement of such critical areas as health and education and also in empowerment of civil society, and in one word, towards the ever-illusory strategic objective of poverty alleviation and poverty eradication.

Let me just emphasize one of the areas of particular constraint to developing countries; that is, the area of infrastructure and capacity. Obviously, existence and provision of the necessary infrastructure and capacity simply goes beyond the mere access to a computer set connected to the internet. Rather, they deal with some fundamental issues and problems, inter alia, the existence and functioning of an educational system with universal coverage including basic and digital literacy; existence of well equipped telecommunications system; technological skills to utilize and support and administer information technologies facilities; making the necessary investment in human resource development and strengthening the institutions and networks for utilizing all aspects of knowledge products; and establishing the capacity for research and development of indigenous technologies for producing hardware and software products. Connectivity and endeavors to achieve universal connectivity is another major component of any strategy for dissemination of information and communication technologies. Connectivity should be accessible and affordable for all, including through community-based approach and provision of public access points as well as through market-based approach and competition. Local content, as another major and prominent element for utilization of ICT, should be promoted. Generation, development and enhancement of local content through introduction of local language character sets could assist and justify stronger private investment in ICT products and internet contents as well as creating the necessary platform for reaching economies of scale which makes the connectivity and access cheaper and possible.

While emphasizing the importance of comprehensive national actions for establishing necessary capacities and infrastructure and encouraging connectivity and generating and expanding local contents, it is, nevertheless, necessary, in fact, imperative, to have a strong international support for such programmes and actions, by international and multilateral institutions, most particularly the United Nations system, and also the World Bank, regional banks, and developed partners. While welcoming the establishment of the ICT Task Force as a practical step aimed at strengthening the United Nations system's role in this area, we believe effective and meaningful collaborative efforts are required to enhance the developmental impact of the ICT. We would also like to underline the importance of the Task Force building upon the expertise already existing within the United Nations system, including, in particular, the Commission on Science and Technology for Development. The importance of provision of adequate financial resources to the Task Force does not need to be further emphasized. The Task Force should receive every assistance to devise appropriate policies at the global as well as regional levels to accelerate and promote universal access to knowledge and information, and development of norms and standards on a transparent, meaningful and participatory basis. The element of development of projects, devising measures to reduce the cost of access and connectivity in developing countries, innovative actions to increase the number of computers and other internet access devices in developing countries, facilitating the transfer of information and communication technologies to developing countries, and supporting research and development on ICT technologies and their applications in those countries, are some of the major elements in the work of the Task Force that we would like to underline at this stage. Of course, most urgent and immediate of all is to have the Task Force start its work.

Mr. President,

I close my statement right at this point and wish you and the Bureau every success in steering the work of the 56th Session of the General Assembly. In dealing with the huge, daunting challenge that awaits you, you can rest assured of the full cooperation of the Group of 77 and China. Our mutual cooperation will certainly help the success of the Assembly, on this agenda item as well as on all other items.

Thank You very much Mr. President.