



Conference on the World Financial and Economic Crisis and Its Impact on Development

Official Records

6th meeting

Friday, 26 June 2009, 10 a.m.

New York

President: Mr. D'Escoto Brockmann (Nicaragua)

The meeting was called to order at 10.15 a.m.

Agenda item 8 (continued)

General debate on the world financial and economic crisis and its impact on development

(a) General exchange of views on the world financial and economic crisis and its impact on development

The President (*spoke in Spanish*): For the benefit of speakers, may I remind delegations that in adopting the proposals contained in section IV of document A/CONF.214/5 it was agreed that oral statements for the plenary meetings would be limited to five minutes.

I now have the honour to invite His Excellency Mr. Celso Amorim, Minister for Foreign Affairs of the Federative Republic of Brazil, to take the floor.

Mr. Amorim (Brazil): First let me, from the bottom of my heart, congratulate you, Mr. President, on the great accomplishment of arranging for the United Nations to deal seriously and in great depth with the matter of the financial crisis. The losses entailed as a result of the current economic crisis affect economies and societies all across the globe. Brazil has been an enthusiastic supporter of a stronger role for the United Nations in the debate on the financial and economic crisis. President Lula has been personally committed to this goal. In his statement to the General Assembly he advanced proposals for a United Nations response to the crisis. Since then President Lula has consistently raised the issue in a number of meetings,

meetings, such as the Group of 20 (G-20), the Brazil, Russia, India, and China (BRIC) summit and other summits, and in contacts with other leaders. At the United Nations countries without a voice in the existing financial governance structures are able to present their views. Some of them are among the poorest in the world and the hardest hit by the global economic downturn. They bear no responsibility for the current crisis. We must listen to their concerns. We must keep their interests in mind in our collective actions to achieve recovery.

Last December in Doha the daunting possibility of a financial collapse in the developed world faced us all. The depth and scope of the turmoil remained largely unknown. Our decision to create a mandate for this Conference proved to be timely. We established a multilateral process to discuss the financial crisis based on the inclusiveness and legitimacy of the United Nations. Six months later, despite some positive signs, the global picture is still gloomy, particularly for the poorest countries. Many of their hard-earned gains in economic growth, poverty reduction and social development over recent years have been lost or severely reduced. The possibility of achieving the Millennium Development Goals (MDGs) by 2015 has been seriously jeopardized.

Contraction of demand and scarcity of trade finance for poor countries dim the prospects for recovery. Greater market access opportunities could pave the way for developing countries to eradicate poverty and hunger. We cannot overstate the importance of a successful conclusion of the Doha

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Development Agenda. It would send a strong message against protectionism, which includes the potentially negative effects of the stimulus packages put together by rich countries.

Most developing countries depend on agricultural exports. The elimination of distorting subsidies granted by rich countries would have an important impact on the ability of poor countries to trade their way out of recession. It would also make an effective contribution to the food security of these nations. Additional efforts by developed countries to fulfil their obligations in relation to official development assistance (ODA) are urgently called for. Cash transfers of 0.7 per cent of the gross domestic product (GDP) of rich countries amount to a relatively small figure for those who would be in a position to hand them out. Indeed, this is less than the amount paid by countries of the Organization for Economic Cooperation and Development (OECD) to their inefficient farmers, but they may represent the difference between life and death for some of the potential beneficiaries.

ODA alone will not suffice. Additional measures by multilateral and regional financial institutions to provide liquidity and trade financing for South-South trade is also necessary. The resources of the International Monetary Fund (IMF) and the World Bank should be increased. Regional development banks must be reinforced, so that they can help to rebuild ailing economies. Least developed countries should, of course, receive priority attention. Brazil announced, for the first time, a contribution to the IMF and has expressed support for the recapitalization of multilateral development banks. We are in favour of a new allocation of special drawing rights (SDRs). Distribution of these resources must take into account the needs of developing countries, especially the poorest ones.

The regime of restrictive conditionalities imposed on developing countries by multilateral financial institutions must be thoroughly overhauled. Counter-cyclical policies — targeting social protection, cash transfer programmes, health and education, industry bail-outs, infrastructure and employment — should not be the privilege of the rich. In fact, developing countries need them most. These include countries not in a position to finance such measures by their own means. Lending institutions must update their paradigms in favour of stimulus measures in developing countries. It is imperative that the policy

space and ownership of programmes of these countries be fully respected.

The belief in the self-regulation of markets was one of the main causes of the crisis. We welcome the effort made so far to expand and reinforce the regulation of economic and financial activities. But these actions have been limited to the national realm. They must be coordinated globally. Developing countries and emerging economies should continue to look for creative means to protect themselves from the fluctuations of major currencies. Our experiment with Argentina of trading in local currency is a case in point.

The path to full recovery may be long and winding. We need to look beyond the short term and define a new framework for development and financing that could outlast this crisis and prevent new ones. The role of the State, alongside private enterprise, as a regulator and promoter of development must be reappraised. If anything, this crisis has relegated the theory of the minimal State to the museum of ideological misconceptions. Let me take the example of Brazil. Brazil, as everyone else, was affected by the crisis but was spared from some of its worst effects. To a great extent that was due to the fact that we diversified our trading partners, invested in the internal market by redistributing income and promoted the expansion of infrastructure. In all three dimensions the role of the State was crucial.

The challenges we face call for reforms in global governance. The 60-year-old decision-making structures of certain bodies in the United Nations itself and of the Bretton Woods institutions are outdated. They no longer reflect the current economic and political reality. The current structures fall short in terms of legitimacy and effectiveness. Quotas and voting rights in multilateral financial institutions must be updated. We are confident that a comprehensive reform can be achieved by April 2010 or January 2011. The Bretton Woods institutions must be more open to cooperation with the United Nations General Assembly and the Economic and Social Council (ECOSOC). That is essential in order to ensure greater transparency and accountability in the global economic policy debate.

This Conference is a historic opportunity for change. It has brought the United Nations membership closer together to strengthen, improve and reform global economic governance. The fact that we have

been able to agree, under your leadership, Sir, on a balanced and ambitious outcome document, is a testament to the vitality of the United Nations. It has disproved many of the sceptics. We owe much of the success of this enterprise to your able leadership and to that of the facilitators. This Conference should not be a final point, nor should it be an end in itself. It is incumbent upon us, United Nations Members, to ensure that it is the beginning of a process by means of which the whole of mankind, and not just a few, take ownership of their own destiny.

The President (*spoke in Spanish*): I now have the honour to give the floor to His Excellency Mr. Reinhold Lopatka, State Secretary in the Federal Ministry of Finance of Austria.

Mr. Lopatka (Austria): It is my honour to speak on behalf of Austria today. As a European Union member State, Austria fully aligns itself with the statement made earlier by the Czech Presidency of the European Union, but wishes, in its national capacity, to make some additional comments on points that are of particular relevance to us.

Owing to high economic growth rates in recent years a majority of the developing countries were on track to reach the internationally agreed international development goals, including the Millennium Development Goals (MDGs). Last year's food and fuel crises, however, hampered that promising development. Furthermore, the triple challenge of the food, fuel crises and now the financial and economic crisis heavily imperils their development prospects. In light of all these adverse developments we must further increase our efforts towards achieving the Millennium Development Goals.

The global financial and economic crisis, the most severe since the Great Depression, is turning into a human and development crisis. The financial and economic crisis originated, of course, in the developed world but spread rapidly to the developing world, sparing no country. It may not be a short-lived crisis. Even the economically most successful industrialized countries are severely affected by the crisis. The world gross domestic product is projected to decline in 2009 for the first time since the Second World War and world trade is projected to register its largest decline in the post-war period. The poor countries — in particular low-income countries and least developed countries — are especially vulnerable, as they lack the resources to

respond with adequate economic policies. The crisis and the sharp slowdown in growth pose serious threats to their hard-won achievements in fighting poverty and hunger, reaching sustainable economic growth and achieving progress towards reaching the internationally agreed development goals.

Improving the quality and effectiveness of aid by accelerating progress on the implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action is decisive.

Applying best practices in aid effectiveness in our crisis response will also help to maintain continued public support for official development assistance (ODA) despite the economic downturn. The United Nations can and must play a key role in helping developing countries to cope with the financial and economic crisis. In this context the Organization's capacity to deliver as one has to be strengthened. Coherence and coordination of policies and actions between the United Nations and the international financial institutions must be improved. Duplication of tasks and work should be avoided.

Another occasion on which to address the impact of the global financial and economic crisis on the development prospects of the least developed countries is the Fourth United Nations Conference on Least Developed Countries (UNLDC-IV) in 2011. Donors, the least developed countries, organizations of the United Nations system and other relevant international and regional organizations will have to work together to make that Conference a success and produce a tangible result that will help the least developed countries to better respond and adapt to the challenges of the crisis. Donors should encourage developing countries to draft national response plans to the financial and economic crisis and review their development cooperation programmes and activities on the basis of the priorities of developing countries. While recognizing the responsibility and ownership of developing countries for their own development, donors should scale up their support to mobilize domestic resources for development with a strong focus on pro-poor development, improving public financial management that incorporates gender-responsive budgeting, effective tax and customs systems, and the capacity to create an enabling business environment, which is indispensable for attracting foreign investment. One possible way to scale up resources for development-related issues is

through a financial transaction tax. In this context, Austria, as an observer in the Leading Group on Solidarity Levies to Fund Development, is looking forward to the report of the Secretary-General on innovative sources of development finance, which will be presented to the sixty-fourth session of the General Assembly.

We are convinced that a collective response to the crisis on a global scale and the commitment of donors on aid volumes and aid effectiveness, together with the intensified efforts of the developing countries and the relevant organizations of the United Nations system and other international stake-holders, will contribute to reversing the negative effects of this financial and economic crisis on developing countries and bring them back to the path of sustainable economic and human development.

The President (*spoke in Spanish*): I now have the honour to call on Her Excellency Mrs. Paula Quintana, Minister for Planning of Chile.

Mrs. Quintana (Chile) (*spoke in Spanish*): I should like to start by speaking briefly on behalf of the Union of South American Nations (UNASUR), composed of Argentina, Bolivia, Brazil, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay, Venezuela and Chile. UNASUR is a forum for integration among South American nations to meet the need of the countries in that part of the world to speak with one voice in order to meet common challenges. In this context UNASUR very much welcomes the convening by the President of the General Assembly of this United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, which will show the world that the United Nations has an important role to play in issues related to the economic development of its Members. For this reason, those of us who compose the Union will actively support the implementation of the outcome document of the Conference to ensure that it becomes an effective tool for a joint and coordinated response to the impact of the world economic and financial crisis on development.

That having been said, I shall now address the General Assembly in my capacity as head of the Chilean delegation to this Conference and I wish to emphasize the following points.

This Conference is very timely, given that we are in the worst financial and economic crisis since the

Great Depression with much uncertainty as to whether the worst is still to come. The convening of this Conference is an example of the vitality and ability of the Organization to respond to the major challenges of our time. The economic crisis was viewed as a widespread crisis threatening to cause major setbacks in rates and levels of progress being made by the various countries and therefore in the quality of life of their inhabitants. However, the reality has tended to be worse than was initially foreseen. Experience shows — and this also relates directly to Doha — that the impact of world crises is not equally shared but the most vulnerable economies, already affected by being less developed, suffer more. Countries that have nothing to do with the origin of the world financial and economic crisis are nevertheless the ones where its adverse effect is most strongly felt. That is reflected in greater unemployment, a higher incidence of poverty, less gender equity, hunger, more malnutrition and other setbacks in the achievement of the Millennium Development Goals (MDGs).

This crisis has presented us very starkly with major challenges. It has revealed our weak spots and has given us tasks and responsibilities in both the multilateral and the national arenas involving various emergencies, responsibilities and commitments. First, speedy and urgent action is required to mitigate the effects of the world financial and economic crisis and its impact on development, especially the development of the most vulnerable lower-income economies, in which social problems are most acute. At the global level, specific measures are needed, both to stabilize the financial markets and restore the confidence of economic agents, and to bolster commitment and solidarity, especially of those who bear a greater responsibility for the financial and economic crisis towards the most affected developing economies. In that connection, we draw attention to the importance given in the final document of the Conference to the rise in liquidity at the world level in order to overcome the financial crisis, particularly by raising the allocation of Special Drawing Rights (SDRs) and also examining their use in development goals.

In turn, each of our nations must remain alert and do everything possible to prevent the deterioration of the social indicators and the living conditions of millions of people in the economies that lag furthest behind and, accordingly, assess the need for additional financing. In this situation the least developed

countries have an even greater need for the resources required to pursue counter-cyclical policies that will allow them to heal their economies and maintain and extend their social protection systems. We know from past experience that ground lost in the social sector takes more than twice as long to recover, compared with the recovery in economic indicators.

Secondly, we must not lose sight of the origin of the financial and economic crisis and the conditions that allowed it to happen, and we must take steps to ensure that it will not happen again. We are paying for the extreme imbalance between market and Government. The weakness of the systems of supervision and financial regulation, together with the irresponsible behaviour of the persons involved and the lack of transparency, resulted in extensive risk-taking and an unacceptably high price for certain assets, all of which precipitated a series of economic contractions. In turn, we must redesign the global financial architecture, so as to establish regulation, monitoring and supervision mechanisms that avoid systemic risk, avert new financial crises and protect people. Financial stability is a global public good. It requires broad leadership capable of creating this new financial architecture at the global level. We believe that the United Nations, the Group of 192 (G-192), is the forum destined to spearhead this process more actively and to ensure that it is correctly designed and implemented.

Thirdly, and no less important than the foregoing, the challenge in the medium term is to move more rapidly towards global economic convergence. Now is the time to redouble efforts to implement the Monterrey Consensus, to give more decisive support to the innovative financial initiatives of the campaign against hunger and poverty, and to move towards a fair trade that removes protectionist barriers and gives special treatment to the least developed.

Finally, I should also mention that, while the financial and economic crisis and its social impact have spread to the various regions and countries of the world, their magnitude has varied. Credit is due to countries that have made a greater effort and have behaved in an economically responsible manner. For example, the crisis found Latin America in better shape than on previous occasions. In the specific case of Chile, fiscal discipline based on counter-cyclical policies and the structural balance rule implemented from 2001, enabled us to reduce the vulnerability of the national economy to financial crises and

fluctuations, preserve ongoing social programmes and even launch new ones. Savings derived from the application of broad counter-cyclical fiscal policies are reflected in: aggressive programmes of investment in infrastructure and housing; securing financial inflows; support for small- and medium-sized enterprises; improvement of unemployment insurance; increasing benefits and coverage of social security reform; the implementation of employment programmes and subsidies for the employment of young people; increased childhood benefits; and extensive temporary tax relief measures. All these were made possible. They do not make us immune to the crisis, although they do mitigate its impact.

To sum up: the financial and economic crisis confronting us presents us with major challenges. To tackle them will require major global leadership. In view of the Organization's legitimacy and capacities this leadership must be assumed by the United Nations. This Conference is thus an important milestone and we are sure that it will be remembered as a multilateral moment in which we succeeded in creating opportunity out of crisis, an opportunity to improve globalization based on a sense of inclusion, solidarity and sustainability.

The President (*spoke in Spanish*): I now give the floor to Ms. Karnit Flug, Director of the Research Department of the Bank of Israel.

Ms. Flug (Israel): I wish to thank you, Mr. President, for convening this important gathering. Before I begin I should like to note that owing to time constraints I will read only part of Israel's statement today. However, the full text of my remarks is being distributed in printed form.

Today the world faces an economic crisis unparalleled since the Great Depression. The current economic downturn is not constrained by national borders or archaic notions of geography. This crisis is global in nature and affects us all — rich countries and poor ones, developed nations and developing ones. As such, the crisis requires a global response: joint and coordinated action that builds upon cooperation among all nations. In addition to reviving the global economy and implementing required reforms, we must pay special attention to the adverse impact of the economic crisis on developing countries. The global economic crisis threatens to erode and reverse the progress made on the internationally agreed development goals,

particularly the Millennium Development Goals (MDGs). The crisis, if unchecked, could undermine the reduction in global poverty rates and would slow the gains made in economic growth in developing countries. Education, health and social stability are all at risk of severe deterioration, with women and children bearing the brunt of such harmful trends. Therefore, we must confront these concerns before they become exacerbated. With its vast network of agencies dealing with development issues, the United Nations is the most suitable entity through which to address the impact of this economic crisis on developing countries.

The required global response to the crisis reflects the numerous dimensions of this crisis, as discussed in the draft outcome document and by other speakers. Let me elaborate on a few of the essential principles of any such response.

There must be increased coordination among the responses of countries to the crisis. Additional cooperation and exchange of information is highly desirable and would enhance the effectiveness and consistency of our actions. However, decisions and actions should be taken within the existing international financial institutions. The International Monetary Fund (IMF) has been active in promoting such coordination, and continued effort in this regard should be encouraged.

A counter-cyclical fiscal stimulus is desirable whenever possible. However, its scale and nature must be tailored to the specific circumstances of each country and its ability to pursue a policy of fiscal expansion given its overall fiscal situation and the need to maintain macroeconomic stability.

The collapse of trade has served as a major catalyst transmitting the effects of the crisis from large advanced economies to the economies of many smaller countries that were initially at the periphery of the financial crisis. As such, it is most important that countries do not enact protectionist legislation. The allowances recently made for trade finance at the Group of 20 (G-20) are very welcome in that respect. It is also important that countries do not design their stimulus plans in ways that are counter-productive to world trade.

With regard to improved financial regulation, including better international harmonization of accounting standards, the crisis has highlighted major

deficiencies in financial regulation and supervision, and the lessons learned need to be implemented worldwide in a concerted and coordinated manner.

On the subject of improving the functioning of existing international financial institutions and their representativeness, it should be pointed out that various countries and the world economic system as a whole have benefited enormously from the functioning of the IMF and the World Bank. Their independence and professional authority must be preserved and should not be compromised. However, the responsiveness and representative nature of these institutions may be improved with greater flexibility to extend their assistance to recipient countries as needed. In this regard we welcome the important modifications that these institutions have already made. Rather than seek the creation of alternative institutions we should focus on improving the functionality of the current institutions so that they benefit all their members.

With these principles in mind, let me now turn to a brief review of the Israeli experience thus far in responding to the economic crisis. Israel is a small, open, export-oriented economy, highly integrated into the global economy and financial markets. Hence the results of the global crisis on the domestic economy have been substantial since the latter part of 2008.

Monetary policy in Israel has responded swiftly to the deterioration of the world economy since September 2008. The Bank of Israel cut its key rate dramatically in several successive steps to its current lowest-ever level of 0.5 per cent. These cuts were augmented by additional steps to increase liquidity in the markets and lower market rates. Viewed from a global perspective, these actions resemble similar steps taken by other central banks in what can be seen as a global, even if not explicitly coordinated, monetary expansion.

In an effort to increase foreign reserves, last year, and for the first time in a decade in which it had refrained from intervening in the foreign currency market, the Bank of Israel bought foreign currency on a regular basis. The increase in foreign reserves should enhance the resilience of the economy to shocks and reinforce its stability.

With regard to a fiscal stimulus, Israel's ability to pursue a major fiscal expansion is constrained by its high debt-to-GDP ratio. Hence the Government was required to strike a balance between concerns about a

significant hike in yields, resulting from fiscal expansion, and the desire to mitigate the effects of the crisis through an expansionary fiscal policy. Consequently, the Government recently decided on a limited increase in the deficit to 6 per cent for 2009 and 5.5 per cent of GDP for 2010. This decision allows the automatic stabilizers to operate through a decline in tax revenues, which have indeed fallen quite dramatically. Some increases in expenditures that are directed at dealing with the labour market and other consequences of the crisis are offset by measures to raise tax revenues, so as to limit increases in the deficit.

We recognize the importance of international trade, as exports are crucial to the maintenance of economic activity in Israel and to its growth. Hence the decline in world trade has been a major, though not exclusive, force in driving Israel into recession. The decline in demand has prompted enhanced pressure from interest groups to adopt some protectionist measures, but this pressure has been resisted.

With regard to the deficiencies in financial markets and required remedies, the crisis in Israel, as elsewhere, has highlighted deficiencies in the functioning, regulation and supervision of financial markets. Israel can and should draw upon the experience and lessons gained abroad regarding the required reforms, while tailoring the specific changes to the particular features of the Israeli financial markets.

Drawing on these insights from the Israeli experience, this extensive crisis requires an extensive global response. The response should be coordinated in a timely and effective manner based upon a sound economic foundation. It must take into account the particular circumstances of each country. These objectives would best be served by working within the existing international financial institutions and frameworks. We should take special care to address the concerns of developing countries and to mitigate the adverse effects of the crisis on their long-term development prospects. These challenges to development policy should be the priority of the United Nations and its agencies in response to the global crisis. The many different institutions and mechanisms that have sought to minimize the impact of this crisis must work in concert so that we may overcome the challenges we face today.

The President (*spoke in Spanish*): I now give the floor to the Chairperson of the delegation of Nauru.

Ms. Moses (Nauru): I am honoured to speak on behalf of the Pacific small island developing States represented at the United Nations comprising Fiji, Federated States of Micronesia, the Marshall Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu and my very own country, Nauru. I will only present part of our statement, as the full text is being distributed.

At the outset allow me to ask a rather pertinent question: what do Member States, individually and collectively, expect from this Conference? In answering this question permit me briefly to articulate our views on expected outcomes. First, this Conference must, in clear and unambiguous terms, identify and acknowledge the root causes of the financial and economic crisis we currently face. Secondly, this Conference must determine how the international community can strengthen and better coordinate ongoing emergency response efforts. This must include proposals for mitigating the negative impacts of the crisis on sustainable development and strengthening funding mechanisms available to those developing countries most affected by this crisis. Thirdly, and finally, this Conference must craft long-term proposals for reforming the international financial system in order to ensure that we do not repeat past mistakes.

While the causes of this crisis have been articulated in recent meetings of this Conference, allow me to focus on two major underlying factors that have been identified by the Stiglitz Commission and have particular relevance to Pacific small island developing States. First, there have been policy failures at both micro- and macroeconomic levels. Loose monetary policy, inadequate regulation and lax supervision have interacted to create financial instability. Secondly, at the global level a number of international financial institutions continued to recommend policies such as financial sector deregulation and capital market liberalization, which are now recognized as having contributed to the creation and rapid diffusion of the crisis. Globally these factors have reduced the level of credit available in financial markets. Furthermore, global economic growth and national incomes have fallen, unemployment has increased, and global investment levels have decreased.

Allow me to highlight just a few of the impacts of the financial crisis in the region. Although the Pacific banking system appears to be well shielded from the immediate effects of the crisis, the market value of our offshore investments held by the region's trust funds and superannuation funds has declined. Tourism, which is the mainstay of many Pacific Island economies and is directly linked to economic conditions overseas, is on the decline. Labour mobility will be severely compromised with developed countries blocking access to national labour markets. Many of our countries are highly dependent on remittances from our citizens working abroad. Preliminary data indicates that remittances have already begun to fall.

The growth in foreign aid to the region may slow as major donor countries act to stabilize their own financial systems and redirect resources to domestic economic stimulus packages. The economies of our main trading partners have slowed considerably after a prolonged period of strong economic growth driven by high commodity prices and a housing boom. As commodity prices fall owing to the slowing global demand, so too will the export earnings of our Pacific small island developing countries. As our trading partners experience drops in demand for both imported and domestic goods, the region will ultimately experience a significant decline in its export volumes. Should this occur it will greatly weaken our fragile economic growth. Our trade balances and official foreign reserve levels will also be negatively affected, compromising our ability to weather economic fluctuations in the future.

The region's main export goods are not immune to decreases in demand. Adding to our vulnerability, the region's economies are heavily import-dependent, as evidenced by the fact that our gross expenditures on imported goods is on average three times greater than our total earnings on exports.

The region's top ten source countries for investment have been badly affected by the financial crisis. As a result there has been a marked slowdown in the registration and implementation of new projects in the region and many investors have adopted a "wait-and-see" approach. Given that our investment levels were already very low for 2008, we are unlikely to see a further contraction, as our economies experienced this investment shock earlier. Mineral fuels make up the bulk of re-exports heading predominantly to other Pacific Island nations. As the world price of oil fell,

which produced benefits for our import bill, revenues made up from re-exports have also declined.

The Pacific small island developing countries have acted individually and collectively to mitigate the effects of the financial crisis in the region. A number of countries have crafted investment policies that are highly competitive, so as to attract as much investment as possible once the global economic climate improves. However, the achievement of this ultimate aim will depend heavily on the growth prospects for the region and the world at large. Some banking and financial institutions have implemented measures to control the lending rate in order to assist the business sector and create a more conducive interest-rate environment, while others have adjusted lending rates in response to declining remittances. Furthermore, Governments have had to resort to putting reserves on approved budget spending, in order to manage cash flows in light of lower-than-expected Government revenues. In order to further protect fiscal policy the Pacific small island developing countries will continue to exercise fiscal discipline and aim to reduce budget deficits. Efforts will also be focused on trimming low priority expenditures, improving revenue collection, and gradually easing tight monetary policy.

While the region has adopted measures to mitigate the impacts of the financial crisis, more needs to be done. In particular, the region will need financial support from its development partners so as to protect the vulnerable members of the community and to maintain essential services, such as health and education, in an environment where Government revenue flows have deteriorated significantly. Such assistance is essential if the gains made in moving towards achieving the Millennium Development Goals are not to be rolled back as a result of the global economic recession.

For small island developing States, including those in the Pacific, there is an obvious intersection between the current global economic crisis and the climate change crisis. Climate change poses severe barriers not only to the sustainable development of the Pacific region but also to the very survival of many of our island nations. The costs of global inaction, or inadequate action, to deal with climate change will create future financial and human burdens for our populations and those of other particularly vulnerable nations that will be far greater and more complex than the current crisis. In this regard the present economic

crisis offers a true promise for a “green revolution” to rebuild the global economy with a core focus on renewable energy and low-carbon pathways in both developed and developing countries. But to turn opportunistic words into concrete reality all nations must express both firm commitment and political will. As small island developing States, we have, and will continue to express, the will to arrive at an ambitious, binding climate agreement for all at Copenhagen, and strongly urge all other nations to do the same. The present economic crisis, as difficult and tragic as it is, is simply no excuse for the continued failure to address climate change in an ambitious manner. Additionally, the international community must ensure that stable sources of funding for climate change mitigation and adaptation are made available to developing countries.

Mr. Beck (Solomon Islands), Vice-President, took the Chair.

Considerable emphasis has been placed on reforming the global financial architecture in recent years, but the global recession has shown that much more needs to be done, as outlined in the Stiglitz Commission report. The Pacific small island developing countries see considerable merit in the report’s overall recommendations and consider that its adoption will go a long way towards strengthening the global economy and protecting the poor and the vulnerable.

The Acting President: I now call upon the Chairman of the delegation of Mali.

Mr. Dao (Mali) (spoke in French): At the outset, on behalf of my country, Mali, and the Group of the Least Developed Countries and Landlocked Countries, I have the pleasant duty of conveying to the President my heartfelt congratulations on his skilful holding of this Conference and for the excellent way in which he is steering our deliberations. These congratulations are also addressed to the facilitators, the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines for the excellent work that they have done.

This Conference is of particular importance in view of the major challenges and issues currently facing the world, which are of deep concern to the international community. This unprecedented economic and financial crisis affects all countries of the world and requires a comprehensive, agreed solution, which would specifically entail seeking ways and means to

counter the effects of the crisis, put an end to wasting limited natural resources, reform the global financial economic architecture and, lastly, lay the basis for a sustained recovery. As the President clearly stated, the international community must pool its efforts and prevent the current global crisis from becoming a social, environmental and humanitarian tragedy.

The distinguished persons who have come to this rostrum during our deliberations have, with great wisdom and pragmatism, addressed issues related to this crisis, the most serious the world has faced. Very relevant and useful proposals and suggestions have been made, specifically in terms of measures to be undertaken to mitigate the impact of the crisis on development, to restore the global economy and to ensure sustainable development.

However, allow me to address the specific situation of the group of land-locked developing countries, which face specific challenges that make their economic growth and social well-being very vulnerable to outside shocks and the many risks to which the international community is exposed. Although including 12.5 per cent of the global land area and with 4 per cent of the global population, the land-locked developing countries have a GDP equivalent to only 0.3 per cent of the global GDP. The global financial and economic crisis has brought about a decline in their per capita income, which stood at 20 per cent of that of developing countries with a sea coast.

Flows of direct foreign investment and official development assistance continue clearly to be insufficient. To be sure, the land-locked developing countries receive only 0.34 per cent of global direct foreign investment. From 2003 to 2007 such investments amounted to 3.87 per cent of their GDP.

Twenty-one of them have a trade balance deficit. In certain cases this deficit grew by 16 per cent as compared to the level in 2007. The economic recession in industrialized countries and the downturn in demand for some commodities, together with the depreciation of foreign currencies, have led to a downturn in the volume of exports from land-locked developing countries. Those exports have this year seen a decline in growth rates ranging between 6 and 13 per cent.

Beyond the lack of maritime outlets, which has led to a slowing of their economic growth of 0.7 per cent, the land-locked developing countries must also

face the challenges stemming from being located far from major international markets. Although forecasts indicate a decline in the global volume of world trade of 3 per cent, I would stress that land-locked developing countries are the ones most greatly affected, because of their tight internal markets and the low competitiveness of their goods owing to much higher transport and transit costs as a result of their unfavourable geographical situation.

This means that the international community, development partners and the international financial institutions must pay specific attention to this group of countries to help them to meet their specific needs, *inter alia*: the development and maintenance of transport and transit infrastructures; the improvement of transit policies, including administrative procedures; the facilitation of trade, particularly international trade; obtaining preferential treatment for goods from land-locked developing countries so as to put them at the same level of competitiveness as other developing countries; and, lastly, mobilizing private investment, including foreign direct investment, to fund sub regional, regional and interregional projects and programmes.

Today more than ever support from donors and financial organizations continues to be an urgent need in order to accelerate the full implementation of the Almaty Programme of Action to reduce poverty and to achieve the Millennium Development Goals.

The land-locked developing countries take note of the decisions taken by the Group of 20 (G-20) at their latest summit in London in April 2009 and urge them to implement them quickly and fully in order to restore credit, growth and jobs in the global economy. In that connection the land-locked developing countries urge greater democratization of the international economic and financial system, in which the United Nations must play a key role. The peoples of the world aspire to education, jobs, health, and food self-sufficiency; in short, the vast majority is waiting to achieve worthy and more humane living conditions.

In conclusion we express the desire to see this Conference adopt a concise declaration with specific strategic goals reflecting the collective will to act to meet the current challenges and lay the foundations for a true global partnership.

The Acting President: I now give the floor to the Chairman of the delegation of the Philippines.

Mr. Davide (Philippines): The Philippines commends the President for convening this Conference — whose importance, relevance and timeliness are beyond dispute — and praises him for underscoring the equally indisputable link between the subject of the Conference and Mother Earth. For indeed when we speak of the world financial and economic crisis and its impact on development we are irretrievably brought to other crises — the ecological crisis or climate change, the food crises and the energy crisis. In short, the financial and economic crisis is the inevitable result of these crises. Those crises, unparalleled in terms of gravity, duration and the blinding rapidity of their succession and occurrence, indicate more than accidental convergence; they indicate a serialized retaliation by an aggrieved Mother Earth, wounded by manipulation, abuse and plunder by man. Indeed, common sense and experience and scientific findings convince us that climate change is the primary cause of those crises.

On the other hand, the principal culprit of climate change is man. In his quest for progress, in his madness to amass power, fame and fortune and with his avarice, greed and selfishness, man has forgotten that the creator of the universe designed the Earth in such a way as to have perfect balance in everything, a healthful and balanced ecology in accord with the rhythm and harmony of nature, as is proclaimed in the Constitution of the Philippines. It is a balance that assures an independent web of life that is wonderfully self-sustaining and productive. Climate change has resulted in a world in great peril. The United Nations has been preoccupied with the search for solutions to these crises.

This Conference is a defining moment for the United Nations. It is an opportunity for a United Nations moment, because all 192 Member States of the United Nations can work together as one, with faith, hope and love, and take part in finding comprehensive solutions to the crises that not only affect but also afflict all of us. Nonetheless, not much can be done by us if Member States and their peoples are not inspired to have or be moved by the following virtues: first, the humility to accept that they are directly or indirectly to blame for these crises, either as principals, accomplices, or accessories after the fact; and, secondly, the utmost sincerity to restore or repair the rhythm and harmony of nature to ensure that succeeding generations will not — in the language of

the decision of the Supreme Court of the Philippines in a landmark case — inherit a parched earth incapable of sustaining life.

Thus we should approach this with humility and stop blaming each other. With energy empowered by humility and compassion, we should work together, aware that divided, not only will we fail but we will sink and perish together, but united we will prevail. The call of this hour then is for unity. We should remind ourselves that in a very real sense these crises involve the right to life itself, which is solemnly guaranteed by the Universal Declaration of Human Rights.

The various discussions and analyses of the issue at hand bring us to the conclusion that a crisis of such global proportions needs solutions that are not temporary or mere palliatives but are on a similar scale. I am sure that everyone accepts the fact that this crisis will not be short-lived but will last perhaps for many years and will continue to be the main priority for all. It will not be limited to just a few States or Governments. The epochal value that the Conference brings to the fore is our genuine and firm resolve to determine the outlines of the future global regulatory framework and ensure that negative effects on the development agenda are minimized. We must also ensure that our discussions here and the outcome document that we will adopt reflect the critical need to act dispassionately and objectively and to place this crisis and our proposed solutions in the context of the equally important issues of climate change and sustainable development.

The Philippines, like many other Member States, is deeply concerned that, if the current crisis continues unabated or unchecked, our efforts to meet the internationally agreed development goals, including the Millennium Development Goals, will be severely negatively affected. To mitigate the impact of the crisis the Philippines is embarking on an economic resiliency plan that aims to stimulate the economy through a mix of Government spending, tax cuts and public-private sector projects amounting to 330 billion pesos or the equivalent of \$7 billion, roughly 4 per cent of our GDP. To protect the most vulnerable sectors from unemployment, the Philippines is implementing the Comprehensive Livelihood and Emergency Employment Program (CLEEP). This programme aims to hire people on an emergency basis and to fund and supervise livelihood projects.

To protect the poorest of the poor, the Philippines is providing support for conditional cash transfers, for an accelerated hunger mitigation programme, for the indigent programme of the Philippines Health Insurance Corporation, for the upgrading of public hospitals, for the deployment of more nurses in underserved areas, and for the provision of scholarships and student loans.

The Philippines is cautiously convinced that its economy will not be as gravely affected by the downturn, especially in view of the fact that key domestic and global indicators seem to be improving. Indeed, the merchandise exports of the Philippines are recovering; exports of all major commodity goods showed an increase of 15.9 per cent in March this year, compared to the figures in February. The electronics sector grew by 19.9 per cent and followed global trends. Moreover, the negative effects of the crisis on the employment of Filipino workers have bottomed out. Some 14,021 temporarily laid-off workers and those under flexible work arrangements have returned to their regular jobs. Firms are returning to their normal operations.

The demand for Filipino manpower by foreign employers continues, with Middle East countries remaining the top countries of destination for our workers. Overseas remittances reached \$16.4 billion in 2008, the highest in history, and remittances grew further by 4.9 per cent in February this year. However, the Philippines realizes that while “green shoots” appear here and there, the situation is still very fragile and one misstep in any of its economic sectors could result instead in our “shooting ourselves in the foot”.

The statements delivered in this Hall recognize that the depth and severity of the crisis call for comprehensive and coordinated measures at various levels. Unilateral approaches will have unintended consequences for other countries. Thus, in addition to its national Economic Resiliency Plan, the Philippines proposed, at the regional level, cooperation among the Association of South-East Asian Nations (ASEAN) and dialogue partners — China, Japan and the Republic of Korea, called ASEAN+3 — to include surveillance and address credit tightening and to strengthen the Chiang Mai Initiative (CMI). The ASEAN+3 Finance Ministers agreed in May to the main components of the Chiang Mai Initiative on multilateralization, which aims to address short-term liquidity difficulties and supplement the existing international financial arrangements in the

region. They also agreed to establish an independent surveillance unit to monitor and analyse economies in the region and to create a panel of experts to enhance the current surveillance mechanism in order to lay the groundwork for the Initiative.

At the global level the Philippines joins others in calling for the early and fair conclusion of the Doha Round of trade talks. It likewise calls on all countries to resist new forms of trade protectionism and reforms disguised as patriotism. Fiscal stimulus programmes should not seek to exclude goods and services from developing countries. A fair and successful outcome of the Doha Round of trade talks is part of the solution to the global economic slowdown, as that would stimulate demand and, eventually, economic growth.

The outcome document that has been presented to us by our very able, dedicated and persevering colleagues, Their Excellencies Ambassador Gonsalves of Saint Vincent and the Grenadines and Ambassador Majoor of the Kingdom of the Netherlands, represents a fine balance of interests that should guide us forward in this extremely challenging and delicate process. They have worked hard on this. They have spent sleepless nights. The General Assembly salutes them and all delegations that demonstrated the utmost flexibility and good faith during the negotiations. May their tribe increase.

There is always great resistance to change, especially at the global level, where many interconnected and sometimes competing interests come into play. Again, as I alluded to earlier, all of us have contributed to this state of affairs, some more directly than others. As a founding Member of the United Nations, the Philippines believes that the Members of the United Nations should make a united concerted effort to address the crisis. The United Nations is the only universal forum that has the capability to bring together different perspectives and proposed solutions. It is the only forum that inspires unique, universal respect and whose actions as the biggest and most prestigious legislature in the world command obedience.

The Acting President: I now call on the Chairman of the delegation of the Islamic Republic of Iran.

Mr. Khazaei (Islamic Republic of Iran): I am delivering this speech on behalf of His Excellency Mr. Parviz Davoodi, First Vice-President of the Islamic

Republic of Iran, who, along with other members of the Iranian delegation, is not able to participate in this Conference as their entry visas were not issued by the host country.

At the outset I take this opportunity to express appreciation to His Excellency Mr. d'Escoto Brockmann, President of the General Assembly, for his determination and leadership throughout the preparatory process. Without him this important Conference would have been very unlikely to have happened. My sincere appreciation also goes to the distinguished co-facilitators for their admirable stewardship throughout the very difficult process of negotiations on the final text.

The current international financial and economic crisis has had grave human costs. The daily lives of millions of people all over the world are endangered and their very survival is being threatened. Developing countries, which are not at all responsible for this crisis, are suffering severely and disproportionately. Serious setbacks are evident in their economic achievements, including in the area of the Millennium Development Goals. This acute human cost clearly highlights once again the long-standing systemic inequalities of the current international economic order. We are facing nothing but a systemic failure that is due to structural imbalances: the imbalance in decision-making and policy-setting on international political and economic issues; the imbalance that gives priority to the financial sector and speculation over the promotion of a real economy, liberalization over sustained economic production, discrimination and marginalization over an equal voice and participation, and double standards over consistency; and it gives precedence to profit-taking and greed at whatever cost to securing and serving public interests.

The crisis, which has been labelled the worst in the past 75 years, has swiftly expanded to impact social, cultural and political aspects of societies. It should be highlighted that good governance, enhanced legitimacy, accountability and transparency, and fighting corruption are advisable and good for all without prejudice and discrimination. Indeed, it was as a result of their absence from the financial centres and surveillance bodies of the most developed parts of the world that we have ended up with the current crisis. Over-confidence and over-reliance on market self-regulation and self-correction, insufficient emphasis on ethics and ethical aspects of business practices, the

lack of proper regulation, supervision and monitoring of the financial sector and an overall lack of transparency, excessive risk-taking, unsustainable patterns of consumption, the reluctance of relevant financial regulators, policy-makers and institutions in the developed countries seriously to take into account the risks as well as the vulnerabilities in the financial system were all a recipe for failure.

Moreover, and to a large extent, the lack of meaningful government involvement in the economy in major developed countries, needed to secure the public interest against market weaknesses and failures, made the realization of all the above-mentioned shortcomings possible.

Extensive discrimination in the current world economic order, injustices, the neglect of universal norms and the self-indulgence of a few have significantly contributed to a deepening of the crisis and its speedy contagion. Certain design features in international bodies, such as the structure of the Security Council and the decision-making mechanism in the Bretton Woods institutions, have been widely and unilaterally misused to impose and aggravate injustices and meet the interests and goals of a few countries. It is further disappointing to see that solutions to the current crisis, which has engulfed the whole world, are themselves emanating mainly from discriminatory processes and only from a group of self-authorized bodies, such as the Group of 8 (G-8) and the Group of 20 (G-20). Obviously, the adoption of such an approach has put the burden of the crisis on the shoulders of countries that had nothing to do with its creation.

Furthermore, several devastating wars, such as the ones in Iraq and Afghanistan, have worsened marginalization and the world's ability to address poverty. As a result, for the past three decades unjust income distribution in the world has deteriorated by a factor of three. The crisis is, therefore, partly due to prevailing systemic injustices and a neglect of the legitimate rights of nations, their cultures, traditions and norms by the greedy attitudes of a few.

It is in that context that an ambitious, substantive and comprehensive reform of the international financial and economic system and architecture seems to be more indispensable than ever. Fixing the current system or doing cosmetic reforms and going back to the status quo ante is not an option, unless we intend to

proceed with current inefficiencies and embrace a new crisis sooner or later. Bearing in mind the inclusiveness and universal membership of the United Nations and foreseeing a central role for this Organization in international economic and financial discussions in general, and the reform of the international financial and economic system and architecture in particular, would lend legitimacy and effectiveness to any final outcome.

At the same time, additional and more predictable financial resources for international development cooperation and the expeditious fulfilment of earlier commitments by developed countries are essential to curb the human cost of the crisis in developing countries, in particular in the poorest ones. A well-funded United Nations development system has a critical role to play at this time of economic crisis so that we can mitigate the sufferings of poor people, while taking into account national priorities and development strategies of the recipient countries.

The quest for justice has always been the dictum of the Islamic Republic of Iran in its international interactions, and in this time of crisis we reaffirm our position and express our readiness to cooperate in establishing a just and fair global world economic and financial order through equal participation and for the cause of development and justice for all.

In conclusion, we think it is a justified expectation that an intergovernmental process should be established under the supervision and responsibility of the President of the General Assembly to follow up the substantive recommendations of this Conference and its outcome document. We do not see the Conference as a one-shot event but as the beginning of a process that puts the United Nations in the centre of the international economic and financial discussions, a legitimate function that has for a long time been denied it, with severe consequences as a result.

The Acting President: I now call on the Chairman of the delegation of Namibia.

Mr. Mbuende (Namibia): I should like to express my gratitude to the President of the General Assembly for organizing this important meeting. I should also like to thank all Member States for viewing the current world financial and economic crisis in a serious light and, above all, for coming together with this common purpose to address the challenge. This Conference offers the international community through the United

Nations an opportunity to exchange views and share experiences not only on how the crisis has affected us but also what measures we can severally and collectively take to mitigate its impact on development and to ensure that its impact on the real economy — and I quote the Secretary-General “is not matched by an extensive humanitarian disaster for the world’s most vulnerable” (A/CONF.214/4, para 2). Namibia attaches great importance to this Conference. The President of the Republic of Namibia regrets that he could not be here personally owing to prior commitments. He wishes the Conference a successful outcome.

This Conference is taking place at a critical time in our history when the world is faced with a number of unprecedented challenges, which, if not addressed in earnest, may result in substantial regression. The current world financial and economic crisis, the biggest since the Great Depression, has affected us all, though its severity varies from country to country and from one sector of the economy to the other. The financial crisis came in the middle of the food and energy crises. Skyrocketing prices of basic foodstuffs, though said to have stabilized now, have left many households unable to place food on the table. Net food-importing countries like mine have had to divert resources from development to emergency relief, and the importation of high-priced food has had a destabilizing effect on national budgets.

The situation has also been worsened by high fuel prices. Oil-importing countries like ours have been negatively affected by the volatility in oil prices, which has also led to price increases in other sectors, as suppliers of goods and services raise prices to make up for their production and transport costs. The combination of this crisis and climate change, with its adverse impact on sustainable development, is a cause for great concern. Namibia, like other developing countries, is an insignificant contributor to the world’s emissions of greenhouse gases. However, our country is one of the most vulnerable. We just hope that this crisis will not result in climate change issues being placed on the back-burner.

The world financial and economic crisis has once again demonstrated the imbalances in the global economic and financial system and architecture. It has further confirmed our long-held view that the current international financial and economic institutions are not in a position to effectively carry out the mandates for which they were created. They have been virtually

reduced to spectators of the unfolding global catastrophe, as they are suffering from both structural and operational paralysis.

The crisis has therefore demonstrated the need for effective surveillance and early warning systems at the global level. This in turn makes the reform of our international financial and economic system more urgent than ever, if similar crises are to be prevented.

Furthermore, the financial and economic meltdown we are witnessing today has quashed the perceived ability of the free market to regulate itself. It has reaffirmed the indispensable role that government has to play with regard to the financial and economic sectors at national levels.

Namibia has not been spared the impact of the crisis. Our economy is vulnerable, and growth prospects are less optimistic due to low demand for our commodities, including our minerals. Potential balance of payments shocks, due to the deteriorating exchange rate, and reduced revenue collection caused by low economic growth are another challenge that we face.

We are also witnessing slower growth in the service sector — in particular, tourism — due to reduced disposable incomes in the developed countries, whose citizens are scaling down on overseas travel.

Lower economic growth due to the international financial crisis can impact our overall fiscal position adversely through reduced revenue collection from domestic tax sources and reduced tax receipts from international trade due to the recession in the economies of our major trading partners.

Namibia had a real gross domestic product growth of 4.1 per cent in 2007. However, analyses project our economic growth to have declined to 2.4 per cent in 2008, mainly due to the reduction in mining activity as a result of the global economic crisis. The decline continues in 2009, and the growth rate is projected to fall to a mere 1 per cent, or even less, as the real impact of the crisis continues to unfold. These negative growth projections, when measured against the 7 per cent growth required to achieve the Millennium Development Goals, raises concern as to whether we will be on target to achieve many of those goals by 2015.

As a Government, we have not been watching the crisis with folded arms. Our response is broad-based, and largely avoids bailouts. We have taken a number of

countercyclical measures in order to stimulate domestic demand and growth. The Government has implemented both fiscal and monetary policies to ensure that shocks from the crisis are absorbed.

We have taken note of the commitments made by the Group of 20 at the London Summit, and call for their immediate fulfilment to help bring the world economy back on the growth path. Regional and subregional development banks need to be recapitalized in order to respond to development financing. On the other hand, world trade needs to be resuscitated. In this regard, my delegation remains deeply concerned about the continued impasse in the Doha Round of trade negotiations.

In conclusion, I wish to state that the crisis we are facing today is a global one that requires concerted efforts and coordinated actions in order to find a global solution. We are all affected by this crisis and we should all be involved in finding a solution to it. The United Nations can and should play a crucial role, given its universal membership, its legitimacy and its presence on the ground in many, if not all, of our countries. Time, however, is not on our side. The people of our countries are looking up to us to overcome the crisis. Let us not fail them.

The Acting President: I give the floor to the Chairman of the delegation of France.

Mr. Ripert (France) (*interpretation from French*): France associates itself with the statement made by the representative of the Czech Republic on behalf of the European Union.

The current crisis, in terms of violence, suddenness and extent, is of a magnitude unprecedented since the Second World War. It has spared no country. Everyone has been touched, to various degrees, by the different channels that have transmitted the financial crisis to the real economy: contractions in credit, trade, investment and remittances.

Compounding the effects of the earlier crisis, in particular the food crisis, this crisis could undo all the progress that had been achieved through tremendous efforts in the field of development, and the human cost is dramatic.

This is not just another crisis; it is the product of imbalances and malfunctioning in the world economic and financial system. It is a symptom of insufficiently

regulated and controlled globalization. It also spotlights the challenges that remain: poverty, achieving the Millennium Development Goals and reducing inequality, in particular through effective redistribution policies, providing access for all to education, health and employment; the provision of fairer and more equitable growth; and, finally, the preservation of public property globally.

Our response to the crisis must measure up to these challenges. It must be global, and inclusive, for we are all affected. And in order to be effective it must take into consideration the diversity of situations, so that we may better target our actions.

This Conference is a particularly important step. The United Nations can and must contribute to defining a coherent response to the crisis by completing and strengthening efforts at the international level, in various forums. Through its universal composition and its capacity to cover all the topics and themes of globalization — economic, social and environmental issues — the United Nations has a major part to play.

In the face of this emergency, unequalled financial and economic measures have been adopted, including at the London Summit on 2 April. In addition to ambitious plans for revival of the economy, considerable resources will be mobilized to finance countries in difficulty. Major measures were agreed to better supervise and regulate the financial system and place it at the service of the real economy and development. Rejection of protectionism was reaffirmed, and concrete monitoring measures were put in place. Resolute action was taken against uncooperative jurisdictions in the struggle against tax evasion and illegal flows. This is not a matter for the industrialized countries alone; it is a question of global interest, linked to development. Accelerated reform of international economic governance was agreed. This includes better representativity in international financial institutions, to take into account new economic realities.

The European Union has renewed its commitments. Among them, I highlight its determination to remain committed to its official development assistance pledges and its vigilance with regard to the risks of a new debt crisis, a concern many of those present share. France will contribute to supporting the existing debt relief initiatives. It still

supports the Evian approach as a flexible instrument that can secure sustainability of debt in times of crisis. It advocates discussions where necessary on suitable mechanisms to restructure sovereign debt, based on existing frameworks and principles, including the Paris Club, open to broad participation of creditors and borrowers, and guaranteeing an equitable sharing of the effort between the creditors, with the Bretton Woods institutions playing a central role.

France has played its full part in these efforts. It is renewing its commitment to its development partners, and it will continue to implement its official development assistance pledges in the Group of 20 framework. It will continue to be one of the main defenders of new international financial regulations and one of the main contributors in the health sector. It was one of the first countries to call for a strong, rapid response to the food crisis, by calling for a world partnership for food and food security; by increasing its commitments on agriculture — €1 billion over five years; and by setting up investment funds for African agriculture with several partners.

France will continue to work to find new, more reliable and more predictable sources of financing by examining a menu of options: market mechanisms, such as allocating part of carbon trading receipts to finance the struggle against climate change in developing countries; taxes based on globalized activities; voluntary solidarity contributions; commitment mechanisms guaranteed by States. The change of scale that we agreed at Doha has more relevance than ever. More generally, democratic governance, promotion of the rule of law and human rights remain at the core of these priorities.

Although these efforts are considerable, they will not be enough in themselves to secure the cooperative, equitable and inclusive globalization that we all aspire to. We must commit ourselves to a more coherent and effective multilateral system and international norms that are better expressed and implemented. The United Nations system has an irreplaceable role in this connection, in partnership with the Bretton Woods institutions, in contributing to defining an approach that balances the economic, social and environmental dimensions of development.

We regard several avenues for action as priorities for the United Nations in putting to good use the

expertise and know-how of the system's specialized agencies and the funds and programmes.

The first is the promotion of "Decent work for all". In this regard, we welcome the outcome of the International Labour Conference and the adoption of the Global Jobs Pact, which must now be implemented.

Next there is the vulnerabilities early warning alert system. Using the respective mandates and competencies of the different specialized agencies, funds and programmes should make it possible to strengthen evaluation capacities, particularly as regards the populations most affected, and adapt aid and operational activities to the needs expressed by countries.

The final avenue is pursuing efforts by the United Nations system to reform itself and make its action more effective in the service of Member States.

Our efforts must continue, for much remains to be done. Dialogue and consultation are essential. The spirit of listening to others and seeking consensus, which has marked the work of this Conference, is a sign of hope and unity in facing the great challenges of the coming months.

The Acting President: I remind the Assembly that there are 60 speakers on the speakers' list. I acknowledge those who have made their statements within the time limit, and humbly urge others to follow suit.

I now call on the Chairman of the delegation of Qatar.

Mr. Al-Nasser (Qatar) (*spoke in Arabic*): I begin by thanking the President and the Secretary-General for their efforts to convene this very important Conference to discuss the world financial and economic crisis and its impact on development.

I am pleased to convey the greetings of His Highness Sheikh Hamad bin Khalifa Al-Thani, the Emir of the State of Qatar, and his wishes for a successful and fruitful Conference.

The financial turmoil that gripped the United States took on a global dimension recently. Its implications have not been restricted to the United States and Europe, but have spread to all emerging-market middle-income countries and oil-producing developing countries. In contrast to previous crises caused by failure of the developing countries, the

current crisis has spread from the developed countries to the developing countries.

While this crisis started in the developed countries, the poorest countries will eventually be the ones to carry the heaviest burden, since they are the least capable of taking the measures and actions that allow them to protect themselves. Their best interests must therefore be our main starting point in seeking a solution to the crisis.

One of the root causes of the current crisis, as described in paragraph 3 of the Declaration of the Summit on Financial Markets and the World Economy, held in Washington on 15 November 2008, was that

“During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks”.

The Declaration added, in paragraph 4, that at the same time major underlying factors in the current situation and crisis included

“inconsistent and insufficiently coordinated macroeconomic policies [and] inadequate structural reforms, which led to unsustainable global macroeconomic outcomes.”

All those factors combined contributed to “severe market disruption” and ultimately the collapse of the market.

Although the crisis started in the financial sector, its initial impact will affect global financial flows to the developing countries. Current estimates indicate that global flows will decline by half, and the impact of the crisis is being felt now in all aspects of the global economy. The International Labour Organization (ILO) annual report indicates how the effects and the impact of this crisis have been reflected by the increasing numbers of unemployed and decreasing growth rates. In fact, some regions are just beginning to experience conditions of economic contraction whose impact will have ripple effects on other aspects of the global economy. Such conditions will limit and restrict the ability of the developing countries to finance their own development from growing exports. The volume of trade is expected to deteriorate, and the crisis will limit our ability to provide food security and take urgent measures and actions to ensure the safety of the

environment and achieve real, sustainable development.

By the same token, we cannot exclude the possibility of reducing the levels of official development assistance to the poorest countries, which would negatively affect their ability to achieve the Millennium Development Goals. Therefore, we will not be able to find solutions to the crisis through fiscal reforms alone, since such a solution would require an integrated approach that recognized the interaction between all those issues in the context of today’s interdependent global economy.

The annual report of the ILO indicates that the number of unemployed throughout the world is on the rise; it is now estimated at 50 million people for the current year as a result of the global economic slowdown. The Organization’s current estimates indicate also that 45 million new jobseekers enter the global labour market annually, which means that the world will need to create 300 million new jobs in the period 2009-2015 in order to accommodate the newcomers in the labour market.

The crisis has highlighted the importance of the international financial architecture and structure, and its role in achieving financial stability.

We must bear in mind, however, that the most important goal of the international system is to provide financing to the developing countries. Therefore, when we consider reforming the system it is imperative to set objectives that make achieving stability and providing financing for development two complementary and mutually reinforcing processes.

Contrary to what the world witnessed in the aftermath of the 1997 Asian financial crisis, the International Monetary Fund (IMF) has been excluded from playing any part in the developed countries’ response to their financial difficulties, despite the recent attempts to expand its role as global coordinator of economic policies. Consequently, if it has been unable to play a role in what is considered by far the worst global financial crisis since the Second World War, we need to consider making far-reaching changes in its role and in the international financial architecture and global structure.

It is critical to restructure the international financial system in a way that provides adequate resources to the developing countries and does not

hinder their ability to develop their domestic resources. Such an endeavour requires reforming the global system so as to reflect the weight and fully fledged responsibilities of the developing countries in a manner commensurate with their current role in the global trade and financial system.

The initiative taken by the State of Qatar, with the Swiss Confederation and the Republic of Singapore, includes a programme for international research involving all actors, including States, civil society organizations and businesses and business enterprises, with a view to marshalling their efforts and gathering ideas, suggestions and views to identify the required reforms, necessary amendments, and new bodies, regulations and rules. The State of Qatar has taken upon itself the responsibility to foster the efforts of this international open-ended group.

Finally, I recall that, as a part of its contribution to the promotion of an international partnership to help the developing countries achieve sustainable development, the State of Qatar had the honour to host the Follow-up International Conference on Financing for Development, held in Doha from 9 November to 2 December 2008, which resulted in, *inter alia*, the consensus on convening this Conference on the World Financial and Economic Crisis and its Impact on Development.

The Acting President: I give the floor to the Chairman of the delegation of Costa Rica.

Mr. Hernández-Milián (Costa Rica) (*interpretation from Spanish*): My delegation welcomes the holding of this Conference, and is grateful for the efforts of the President of the Assembly to enable it to take place.

The role of the United Nations, as a multilateral forum, is vital in the assessment and discussion of a crisis that is shaking the world, and whose consequences are still unforeseen. In an interconnected and intensely globalized world, it is not right that developing countries should suffer the worst results of a crisis that we did not cause, but it is even more unjust for us to face it without the collaboration of developed countries.

Hunger, poverty, bankruptcy and unemployment will always end up affecting the weakest and most vulnerable of our world. Behind the statistics, there are always mothers distressed because they cannot give hope to their children, fathers who, despite their honest

efforts, will not obtain employment and therefore the ability to sustain their families. There are young people who, although they have done nothing to deserve it, will suffer the cruelty of shortages and, even worse, indifference and lack of affection. It is to all those people that we owe our presence here today.

We have seen the collapse of giants in a corporate and financial system with insufficient controls. We have witnessed a loss of dynamism in economies, with deep effects on employment, trade, social security, remittances, foreign investment, tourism and other sectors. The crisis compels us to focus on the inequality between the richest and the poorest.

In Latin America, due to its characteristics of inequality and violence, the challenge is greatest for the most vulnerable. For various reasons, fate, their family, the State and the market have all failed them; we have all failed them. Part of our task now is to avoid a loss of respect for democratic institutions associated with a loss of well-being, not only of the most vulnerable groups but also of the middle classes, which end up bearing the economic and social costs of a crisis such as that now being experienced.

At this juncture we cannot afford to risk jeopardizing the attainment of the Millennium Development Goals. My country hopes that the present crisis will not evolve into a structural crisis.

We are also deeply concerned about the impact of a recessive economic cycle on an entire generation, limiting their possibilities of a better future. It is therefore crucial to consider strategic indicators in a society, such as poverty, maternal and infant mortality, truancy, child malnourishment and the risk of violence due to the social exclusion of young people.

My country believes that it is necessary to strengthen the role and contribution of the specialized agencies of the United Nations, such as the United Nations Development Programme and the United Nations Children's Fund, and to improve the cooperation that they and other agencies and organizations give to vulnerable sectors. Here I think particularly of those dealing with the condition of women, children and youth.

There is today a better institutional framework for societies in general to protect themselves against the effects of a crisis. However, we are concerned that because the current crisis came not through the usual

financial channels, but, rather, through the real economy, it will have a greater effect on the lower and middle classes. This makes it imperative to invest in people and promote universal protection models. A society that does that will benefit from better social buffers to preserve the rule of law and the peaceful coexistence of its population. The most sensible way to proceed is to face the crisis with strategic and robust social policies, together with responsible fiscal, economic and business policies.

The crisis also knocked at the door in my country, forcing us to take compensatory measures for families, workers, enterprises and the financial sector. Those measures, including action in the social and labour spheres, seek to prevent the crisis from hitting hardest the more vulnerable and unprotected sectors.

We are sceptical about simple ways to stimulate the economy, such as yielding to the temptation to put new life into the productive sector through military spending, which is ethically irresponsible and counter to achievement of the Millennium Development Goals. In this regard, President Óscar Arias proposed here at the United Nations the Costa Rica Consensus, an initiative to create mechanisms to forgive debt and support developing, poor or middle-income countries, with international financial resources, in order for them to invest in protection of the environment, in education and in health and housing, and spend less on weapons and soldiers. Under the initiative the international community would reward economies that spend their limited resources not only prudently, but also ethically, and in the current crisis it would reiterate the need to further the struggle against poverty, violence and inequality by reducing military expenditures.

The response to the crisis is linked to the reinvention of the international system. The present situation is partly the result of excesses in the economic order, the ambition and greed of specific groups, and the lack of regulation and proper supervision in the financial systems. We need an international financial architecture with more transparent systems of control, regulation and information in order to avoid repeating this scenario.

In the set of international financial relationships, because of the systemic nature of the crisis, we call for a more symmetrical distribution of the burden between our countries. Costa Rica is convinced of the benefits of an integrated and sustainable approach to

development. We should work hard to avoid paralysis in trying to attain the objectives that at the beginning of the millennium we all proposed to reach.

Middle-income countries need financing to survive and tackle the crisis. It is not enough to balance macroeconomic indicators; we urgently need resources to stimulate social investment and empower people, so that small and medium-sized enterprises can flourish and farmers can harvest their products and feed the thousands that depend on their work.

We need public policies that enable the young to participate in democratic processes and avoid being drawn into gangs and violent life styles, by providing them with social security.

It is the responsibility of the financial institutions and the developed world to unfreeze credit and forgive debt or provide it with limited conditions. Trade should expand without protective barriers.

Overall, these processes should emerge from an ethical approach by securing safe family, communal and societal environments so as to reduce individual suffering as much as possible.

We are concerned that emphasizing only the financial and economic aspects of the crisis will exclude other priorities needing urgent global attention. For example, we must engage in a genuine partnership with nature. We cannot allow the ongoing negotiations on global climate change to fail.

This crisis gives us a creative opportunity to redesign the international economy, so that it brings into harmony the production of goods and services and information technologies on the one hand, and social development and environmental sustainability on the other. This is the time for societies to aim for modernity and innovation while seeking the population's well-being and protecting the individual's pursuit of happiness and the right to a dignified life.

My country hopes that the international community has the vision to handle this crisis responsibly. It is time to put into practice the principles of real human security. Economic and financial decisions cannot ignore the fact that human beings are the main beneficiaries of inclusive development. It is our moral duty to measure the success of our efforts by the positive effect of our actions on human lives. Full stomachs, hope sustained by real opportunities, timely

solutions — for these things the United Nations was created.

And that is why the Organization should be directly involved in providing solutions to the global crisis. The United Nations has the institutional capacity and the operational mechanisms to reflect the realistic aspirations of 192 nations facing today's development challenges. Its ultimate reason for existence is not just to pass resolutions and issue well-intentioned statements, but to promote change, to place our will at the service of our common dream of a just and fraternal humanity, in which we are all responsible, especially those of us who are privileged to be here at the United Nations.

In facing our common challenge of addressing these uncertain times, let solidarity and partnership be the engine that motivates us to move forward. Nothing should deny our hopes and dreams of achieving a better world.

The Acting President: I give the floor to the Chairman of the delegation of Lebanon.

Mr. Salam (Lebanon): First, I express my delegation's appreciation to the President of the General Assembly, Father Brockmann, for organizing this United Nations Conference on the Financial and Economic Crisis and Its Impact on Development.

The magnitude, severity and adverse impacts of the current international financial and economic crisis have faced the whole world with a tremendous challenge that requires the swift adoption and implementation of measures to address the systemic vulnerabilities of the international economic order.

The crisis emerged as a financial crisis in the advanced, developed countries. However, due to the globalization of markets and the accompanying transmission mechanisms, it rapidly spilled over and spread to developing countries. In so doing, it hit the real economy and led, in turn, to a social crisis. If not addressed promptly and appropriately, the crisis may lead to political unrest and turmoil.

In fact, due to the financial and economic crisis, the developing countries are facing new and additional challenges to which they are responding by diverting resources originally earmarked for development towards coping with the crisis and mitigating its multidimensional impacts.

The crisis is negatively affecting the financial and economic stability of developing countries. It will set back their efforts to eradicate poverty and hunger and attain the internationally agreed development goals, including the Millennium Development Goals, since it will affect the achievement of their national development strategies and goals.

The livelihood of the poorest of the poor is threatened. Women are facing greater income insecurity and increased domestic burdens. Access to health services and education is also in danger of being reduced. Moreover, the financial and economic crisis is further compounded by the food crisis, volatile energy prices and the adverse impacts of climate change.

The economic, human and social impacts of this crisis are alarming. They are manifest at a number of levels.

First, at the level of employment, International Labour Organization reports indicate that worldwide the number of unemployed will increase by 59 million people, and that 200 million people will join the ranks of the working poor in 2009.

Secondly, at the level of hunger, the Food and Agriculture Organization indicated in a recent report that the number of undernourished worldwide could reach 1,020 million, which is about a hundred million more than last year.

Thirdly, at the level of foreign direct investment, the International Monetary Fund estimates that the amounts going to developing countries will decrease by 32 per cent in 2009.

Fourthly, at the level of remittances, the World Bank estimates a 5 per cent to 8 per cent decrease in migrants' remittances to developing countries.

Fifthly, at the level of financial markets, developing countries are facing higher costs for external credit from both public and private sources.

Sixthly, at the level of international trade, the World Trade Organization projects a 9 per cent decrease in the total volume of trade.

The root causes of the current international financial and economic crisis are multidimensional, lying principally in deficient regulation and mounting international imbalances. The crisis represents a global problem that requires a global response through concerted and coordinated efforts by all States to

address those causes and take prompt, decisive, and adequate action.

Mitigating the adverse impacts of the international financial and economic crisis requires the adoption of a global stimulus package in order to help developing countries achieve economic recovery, sustained economic growth and sustainable development. Moreover, the crisis should not be used as a pretext for developed countries to go back on their commitments.

Developing countries have a narrow fiscal space, and cannot be left alone to address the crisis. Therefore, developed countries need to scale up their assistance to developing countries through the provision of adequate and predictable financial resources without conditionality. The allocation of such resources could help developing countries acquire the necessary fiscal space to implement the counter-cyclical measures needed to address the adverse impacts of the crisis and help them strengthen their social safety nets and social protection programmes.

Likewise, the adoption of debt cancellation and debt relief will provide developing countries with additional resources. The current crisis also highlights the need for a global reserve system.

We are encouraged by the commitment on 2 April in London of the Group of 20 (G20), which made available an additional \$1.1 trillion for world economic recovery. Yet we note with great concern the adoption by 17 of the 20 members of the G20 of protectionist measures in response to the crisis. The developed countries should avoid the adoption of protectionist measures, including financial protectionism. In fact, the current crisis highlights the need for the resumption of the Doha Round of trade negotiations.

The crisis revealed the pressing need to reform the international financial and economic system and architecture in order to meet the new financial and economic realities and challenges of the twenty-first century. It is about time to reform substantially the Bretton Woods institutions, particularly their governance structure, in order to augment their effectiveness and enhance their legitimacy by increasing the voice and participation of developing countries in the process of decision-making and norm-setting.

Lebanon has so far been able to minimize the adverse impacts of the international financial and economic crisis, due to its adoption and implementation since the early 1990s of an adequate framework of regulations and supervision of its financial market. The sound financial situation of its banking system has increased consumer confidence and led to an increase in deposits of foreign private capital.

Yet Lebanon could not be completely shielded from the adverse impacts of the crisis, especially since 20 per cent of its gross national product comes from the remittances of Lebanese migrants, many of whom are also at risk of losing their jobs due to the hardship of the economic situation in their host countries. Hence, any decrease in remittances, foreign direct investments and trade will adversely affect Lebanon's economy and will undoubtedly have a significant human and social cost.

My Government has adopted a development-oriented, nationwide plan to reinvigorate the economy in order to address the adverse impact of the crisis. It includes a significant increase in the wages of public and private sector employees and in the implementation of infrastructure development projects.

However, the crisis remains a global problem requiring a comprehensive response through concerted and coordinated efforts by all States. The United Nations, by virtue of its universal membership and legitimacy, has a critical role to play in the formulation of action-oriented policies to mitigate the adverse impacts of the crisis, to enhance the regulation and monitoring mechanisms of the international financial system, and to reform its institutions.

The Acting President: I now give the floor to the Chairman of the delegation of Uzbekistan.

Mr. Askarov (Uzbekistan) (*spoke in Russian*): Today's forum has brought together representatives from more than 150 States to discuss the reasons for, consequences of and ways to address the economic crisis, unprecedented since the Great Depression in the United States in the period 1929 to 1932, which is confronting all States with serious economic, social and political problems.

Given that the world has globalized in the last 20 years, one can hardly now say that a specific group of countries or cluster of States could independently overcome all the negative impacts of this crisis in the

global economy, which is marked by a number of factors.

The first is the dramatic, universal decline in demand for and prices of manufactured products and mineral raw resources, which has led to a considerable reduction in global trade, one of the key drivers of economic growth over the last decades.

The second factor is the adverse situation in the financial and banking sectors of key economies, which have been drained by various kinds of toxic assets, including securities lacking in reality, high-risk mortgage loans and other such instruments. Those economies are only at the very beginning of financial recovery. Mistrust of leading financial and banking institutions of each other and a lack of landmark, large-scale projects that could ensure long-term economic development, as we saw in the 1930s, 1940s and 1950s, mean that the consequences of this crisis will be felt for years to come.

Thirdly, we see the collapse of major financial, global and industrial giants that quite recently embodied the very image of economic success. As a consequence we witness processes of restructuring the global economy, and the shifting again of centres of industrial innovation and infrastructure development in countries of the Asia-Pacific region and, in a broader sense, Asia itself.

Fourthly, the development of human civilization has reached a crucial, if not pivotal, moment. Unlike in previous historical phases, today States cannot resolve emerging economic problems by extensive development of production, developing new markets or creating new types of technological production. The volumes of global consumption of resources, but above all energy resources, have created a general threat to global consumption, with all the ensuing negative consequences. Attempts to develop new breakthrough technologies, in terms of using alternative types of fuel, face fundamental laws of physics, such as entropy, the law of conservation of energy, the laws of thermodynamics and so on. Trying to replace present auto fuel with bio-ethanol produced from grain almost led to a global famine last year. In 2008 the world witnessed a threefold, and in some cases fourfold, growth in food prices.

Worldwide we are seeing an ever-worsening shortage of water, which is the very basis of agriculture and life in Central Asia and many other regions. Today

Uzbekistan is experiencing a water deficit — 20 per cent to 25 per cent down from normal consumption.

In his book *The global financial-economic crisis, and ways and measures to overcome it in the conditions of Uzbekistan*, the President of Uzbekistan, Mr. Islam Karimov, gives an assessment of the status of, and ways to resolve, the global crisis. He says that the global financial crisis has demonstrated serious gaps and the need to radically reform existing global banking systems, and has reaffirmed the lack of due oversight of the activities of banks, which essentially serve their own corporate interests by being involved in varying speculative operations in the credit markets and the securities market.

The scope, depth and consequences of the financial and economic crisis in each State will greatly depend upon the durability of the currency system, capitalization and cash available to national credit institutions and their dependence on foreign or corporate banking structures, and also on the size of gold reserves and the ability to pay foreign loans. Ultimately they depend on the level of sustainability, diversification and competitiveness of the economy of each country.

A prompt end to the global financial crisis and mitigating its consequences will very much hinge upon the effectiveness and coordination of measures taken within specific States and within the world community in general. Here I note that the economic policies pursued by Uzbekistan in recent years, under the leadership of the Head of State, have laid the groundwork for stability, which will make it possible to minimize the consequences of the global financial crisis for my country's economy.

First, by the mid-1990s Uzbekistan had achieved food and energy independence. Today Uzbekistan has full guarantees of essentially all types of food, fuel and energy, including oil and gas, and is one of the major exporters of natural gas to the countries of the Commonwealth of Independent States. Producing more than 5 million to 7 million tons of fruit and vegetables per year, we are one of the primary exporters of such products to the countries of the former Union of Soviet Socialist Republics.

Secondly, since 1996 Uzbekistan has experienced a consistent growth of its gross domestic product, which over the last five years has on average exceeded

7 per cent annually. In June this year the Managing Director of the International Monetary Fund, Mr. Strauss-Kahn, stated on a visit to Tashkent that, despite the financial crisis, Uzbekistan's gross domestic product (GDP) would grow by an average of 5 per cent to 7 per cent this year and next.

Thirdly, Uzbekistan is one of the countries with the lowest ratio of foreign debt to GDP and to volumes of exports. The ratio of such debt to GDP in terms of United States dollars is 30 per cent, but in terms of purchasing power parity it is about 3.5 per cent. In the last several years Uzbekistan's foreign trade surplus has averaged \$46 billion annually. Non-raw-material resources and high-value-added products amounted to more than 71 per cent of our overall exports in 2008.

Fourthly, as soon as we saw the magnitude of the crisis our Government planned and implemented a number of effective anti-crisis measures in the framework of its national programme for 2009 to 2012.

The first measure was to recapitalize the banks and increase the cash available to the financial market. The assets of commercial banks in Uzbekistan exceed UZ\$360 billion — approximately two and half times the amount of deposits of the population and businesses.

The second measure was State financing of major national infrastructure projects. In 2008 we completed construction of 165 kilometres of electric supply lines to the Fergana valley. We are continuing to implement projects to construct high-voltage lines. We have built 192 medium-level specialized institutions of learning, 651 schools, 184 facilities for children's sports and so on.

Thirdly, in 2008 the Government financed the targeted purchasing of agricultural products, totalling UZ\$1 trillion, or \$700 million.

Fourthly, we are giving priority attention to developing small and medium businesses. We have simplified the taxation system and reduced taxes. By 2008 the share of small businesses in gross domestic product had risen to 48.2 per cent. We have created about 661,000 new jobs this year.

Fifthly, to modernize and retool the foundations of Uzbekistan's economy, we plan to carry out 300 investment projects in the fuel, energy, chemical, oil processing and metallurgical areas, as well as for light and textile industry and facilities to produce

construction materials and machines. About \$18.5 million will be allocated for projects of modernization, retooling and technological updating. Particular importance will be given to construction and upgrading of international roads and railroads.

Sixthly, great prospects are seen in terms of the decision to create a free industrial economic zone based on the airport of Navoi, and also to transfer the management to a new international operator, Korean Air. The creation of this new international inter-modal centre for logistics will make it possible not only to use it as a trans-continental transport hub, joining South-East Asia and Europe, and help establish new high-tech production in the Navoi area and neighbouring areas, but also to give a major impetus to providing new prospects for this new economic growth of all of Central Asia.

In conclusion, I note again that the world has become more complicated, and that we need common efforts in our work on the global economic crisis; we need the coordinated efforts of all States to establish a universal, stable international financial system and to define common denominators on the basis of which we can construct a new model for world economic development and banking and financial activities, as well as international trade.

The attention of the developed economies — above all, those of the Group of Eight — and of the world community as a whole should not be simply on resolving their own problems; they should also propose recipes for recovery from the current financial illness and provide effective assistance to developing countries in strengthening their capacity for long-term, sustainable development.

Ultimately in these processes we see the role of the United Nations as a unique universal forum with legitimacy and credibility, recognized by all States.

The Acting President: I now give the floor to the Chairman of the delegation of the Syrian Arab Republic.

Mr. Ja'afari (Syrian Arab Republic) (*spoke in Arabic*): At the outset I express to the President our deep esteem and our gratitude for his efforts in convening this very important Conference. We also thank him for his excellent work since the beginning of the crisis to raise awareness of its dangers and to determine ways and means to counter it. Here I think

of the General Assembly thematic debate organized under his guidance and the establishment of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System. The Commission has made recommendations on how to deal with the crisis.

All speakers are agreed that the world is confronting an economic and financial crisis that is one of the most dangerous crises humanity has faced for many decades. It has been worsened by the fact that it is accompanied by a continuing food crisis and the climate change challenges that threaten humankind.

Although developing countries were not the source of the crisis, they suffer from its repercussions, because of a weakness of trade, strict international financing conditions and the decline in remittances from migrant workers. There has also been a decline in direct foreign investments in developing countries. Therefore, the crisis threatens everyone and threatens many achievements already made by developing countries over the decades in terms of countering poverty and achieving the internationally agreed Millennium Development Goals (MDGs). This is compounded by the fact that developing countries, unlike the developed countries, do not have the financial resources to adjust their economies to counter the crisis.

The spread of this financial crisis from a limited number of developed countries at a tremendous speed, reaching all economies around the world, is clear proof that the international financial and economic system truly needs radical reform in order to be able to meet the needs of the twenty-first century, and to adapt to a constantly changing situation.

The current system is not democratic. Its standards and principles, established on the basis of the interests of a minority of industrialized countries around the world, include unilateral, non-inclusive conditions.

The Syrian economy has strong points, seen in the stability of exchange rates of the Syrian pound, the diversity of our production base, the existence of a strategic reserve of foreign currency and the adjustment of external debt, because Syria is now seen as one of the least indebted countries in the world. All of this means that we can strengthen trust in the methods and economic approach adopted by my country.

The realities of the crisis and the ways to confront it have demonstrated that the role of the State is stronger than ever in terms of overseeing an economic financial system, nationally and internationally. But Syria, like other developing countries, was not sheltered from the repercussions of the global economic downturn that resulted from the crisis.

The Government of Syria is working to mitigate the negative impacts of the crisis. A range of decisions taken by the Government have had a positive impact in addressing certain aspects of the crisis. In addition, Damascus hosted the Economic and Social Commission for Western Asia (ESCWA) Regional High-level Forum on the Impact of the Financial Crisis on the ESCWA Member Countries, which was held from 5 May to 7 May this year. The outcome was the Damascus Declaration on Responding to the International Financial Crisis in the ESCWA region.

The unilateral economic measures imposed by certain developed countries against many developing countries have worsened the impact of the crisis on the economies of those developing countries. Similarly, those measures contribute to worsening an atmosphere in which there is no longer any trust in the economic and global system. The doubts with respect to it have increased due to this crisis. As a result, States taking these unilateral measures must avoid using such policies and comply with the relevant Assembly resolutions.

In addition, developing countries are now dealing with impediments that prevent them from joining the World Trade Organization (WTO). These obstacles essentially stem from the politicization of the membership process and the fact that certain influential countries use the process as a way to bring political pressure to bear within the WTO framework. This does not contribute to creating an international enabling atmosphere for developing countries in which they would be assisted in their efforts to mitigate the impacts of the current crisis or help them to develop their economies to be mainstreamed into the global economy.

From this standpoint, we should not overlook the fact that there is a situation of peoples being under the yoke of foreign occupation; they essentially suffer from a crisis affecting varying aspects of their economic and financial, social and political lives, with

the ongoing foreign occupation that we regret. That is why the impact of the global economic and financial crisis will be even worse for these peoples in particular. Therefore, the international response to the crisis must take into account the needs of peoples under the yoke of foreign occupation.

The current crisis is global. It calls for solidarity and international solutions. The holding of this Conference is an opportunity to consider the causes of the crisis and policy responses and reforms. What sets the Conference apart from other initiatives in the fight against the current crisis is that it is being held under the auspices of the United Nations and the General Assembly. Therefore, all Member States can take part on an equal footing in crafting appropriate responses to the crisis and proposing necessary reforms.

Issues affecting developing countries are not necessarily the subject of the required attention in Group of 20 meetings, which is why my country's delegation believes that the United Nations, represented by the General Assembly, is the best venue for reaching global, consensus solutions to the crisis. One necessary outcome of the Conference is to bring about genuine reform in the management of the Bretton Woods institutions, based on equitable representation of developing countries. Political conditionalities should be removed from those institutions, and developing States should have an increased capacity to take part in financial decision-making at the international level.

The delegation of my country believes that the results of the Conference will be part and parcel of an ongoing process in which the United Nations plays a pioneering role, that of coordinating the international response to the global financial and economic crisis.

The Acting President: I now give the floor to the Chairman of the delegation of Monaco.

Mr. Noghès (Monaco) (*spoke in French*): The lack of regulation of international financial institutions and markets has highlighted the limits of a growth model. The recession in which the global economy finds itself affects more than ever the developing countries, which are increasingly integrated into the global economy and are therefore more sensitive to its upheaval.

The collapse of trade and commodity prices, the decline or reversal of capital flows and the increased

cost of borrowing have aggravated the existing tenuous situation resulting from the considerable increase in food prices. The consequent decline in jobs and incomes only worsens poverty and hunger.

Like the climate crisis, the current financial and economic crisis has a greater effect on the poorest and most vulnerable, who lack the means to deal with the threats that it brings.

We are aware of the negative economic impacts of past crises and their particularly adverse impacts on women, who form the major part of the labour force in developing countries' export sectors. For this reason, working with the Government of the Principality of Andorra, the Government of Monaco has decided to finance a joint programme of the World Food Programme and the United Nations Population Fund to reduce the vulnerability of women of child-bearing age. This initiative should make it possible to counter the impact of the food crisis on maternity conditions in certain African regions.

The achievement of the Millennium Development Goals was already in question before the outbreak of the economic and financial crisis. The combination of numerous crises and the predictions made by the World Bank on 23 June call upon us to work together. The spectre of a humanitarian disaster requires an urgent and coordinated response by the international community, and, naturally, by the United Nations, in order to build a new multilateralism, with a moral dimension.

Monaco supports many of the measures advocated by the United Nations System Chief Executives Board for Coordination, such as establishing minimum social protection and emergency arrangements to meet humanitarian needs.

Our delegation also supports the speedy establishment of a follow-up mechanism to detect vulnerabilities and alert the relevant authorities, so that they can draw up the necessary measures as quickly as possible.

The Government of Monaco welcomes the adoption by the Group of 20 of an unprecedented programme to provide a global solution to the economic and financial crisis by supporting budget recovery, and welcomes the decision to triple the resources made available to the International Monetary Fund.

As a United Nations Member State, the Principality of Monaco reaffirms its determination that we achieve the MDGs, which inspire its international cooperation policy and its other commitments, such as those recently undertaken at the Follow-up International Conference on Financing for Development, held in Doha.

Gravely concerned about the environmental consequences of the crisis, the Principality will continue its efforts to promote a green economy, including the implementation of essential measures to adapt to climate change.

The Acting President: I now give the floor to the Chairman of the delegation of the Libyan Arab Jamahiriya.

Mr. Dabbashi (Libyan Arab Jamahiriya) (*spoke in Arabic*): I begin by congratulating the President of the General Assembly on holding and presiding over this Conference, on the interest he has shown in the success of its work and on the contribution of the United Nations in responding to the challenges of the global financial crisis and its resulting economic and social problems.

We all understand that the financial crisis has led to the worst downturn and economic setback in the last 60 years. Economic recession has led to serious consequences for the economic and social condition of many peoples and communities. There is no doubt that this crisis, whose chapters have not yet fully opened, will impede global economic development and undermine the progress made towards attaining the Millennium Development Goals and other internationally agreed development goals.

Although developing countries did not cause the crisis, they were more exposed and more vulnerable to its dangers and its adverse impact. Having limited potentials and resources, they are still not capable of taking effective measures that would allow them to face the impact of this crisis and particularly the growing lack of financial resources, which forces them to restrict their expenditure on basic sectors such as education, health and social protection programmes. Therefore, it is not surprising that there is growing concern about the impact of the crisis on poor countries, and particularly their efforts to combat poverty and hunger.

It is reported that the volume of exports of many developing countries has declined greatly, and that financial flows and investment activities have seen a continuous fall, which has led to a contraction of economic growth, increased numbers of unemployed, reduced income levels and deteriorating social and economic conditions. The challenges resulting from the financial crisis have also led to an increase in the problems and difficulties surrounding international immigration. Illegal international immigration has seen a continuous growth, because the financial crisis has doubled the economic and social problems for immigrants' countries of origin. We therefore call for support and encouragement of development programmes in those countries, including development of their production capabilities so as to safeguard sustainable economic growth to absorb the unemployed and bring about prosperity and economic and social stability, a matter that Libya has underscored continuously in discussing practical solutions to the problem of illegal immigration.

It has become very clear that the financial crisis in the United States has turned into a global economic problem. But the globality of its adverse impact should not make us forget the financial crises of the last two decades, although they were smaller and narrower and had less impact. There is no doubt that all these crises result from a financial and economic global system which was set up more than 60 years ago, which is regulated by inequitable rules and which does not take into account the interests of all. This truth has not escaped the developing countries, whose peoples make up 80 per cent of the world's population. They have called continuously for essential, deep reforms of the international financial institutions, which would give them an active role and enable them to participate in establishing global financial policies taking into account human and development aspects — in particular, combating poverty and hunger and improving health and education services for the poor and the needy.

On this basis, the description of the current financial crisis as a cyclical crisis, and dealing with its symptoms without dealing with the root causes, is an attempt to disregard the truth and to entrench the present financial order. Everyone knows that that order is biased in favour of the rich and does not contribute to dealing with the development challenges that poor people face. Everyone also knows that financing is

always provided on the basis of inequitable conditionalities imposed by the Bretton Woods institutions.

Many efforts have been made to deal with the negative impact of the financial crisis. We have talked about a bundle of policies and measures for global economic recovery. We recall here the recommendations made by the Group of 20, the lack of appreciation of these efforts and the results. The recommendations were adopted in the absence of the developing countries, which are more impacted by the crisis. It would be much better if the Group were expanded to include regional groupings, which express the point of view of everyone.

Here I refer to the Addis Ababa Declaration of Heads of State and Government of the African Union on 3 February 2009, which expressed regrets over Africa's inadequate representation at the Group of 20 Summit. The African Union regarded that as marginalization of African countries, and said that in deliberations about the financial crisis Africa should have been represented through its Chairmanship, as the European Union was through its Presidency.

Many African countries, including Libya, depend on the export of one commodity, and are therefore more adversely impacted by price fluctuations caused by the financial crisis. That endangers their fragile economies, restricts their capacity to fund sustainable development programmes and social programmes and impedes their achievement of the Millennium Development Goals. That is why it is important to support those countries and encourage them to diversify their exports, through building and strengthening their economic institutions, developing their human resources and facilitating access of their products to global markets.

The African continent was colonized for long periods, and its natural human resources were exploited by others. It therefore has the right, on the basis of justice and equity, to enjoy a special position that will contribute to dealing with its very difficult economic and social conditions, imposed by colonial legacies and external interventions based only on narrow interests, at the expense of the future of a small and marginalized people.

We emphasize that the poor countries, whose right to support and assistance the international community has recognized, today need to see pledges

translated into concrete results that will allow them to transcend their problems, including the financial and economic problems that have been exacerbated by the impact of the financial crisis. It is also important to reach an appropriate understanding by which multinational corporations would pledge support and subsidies to developing, poor countries in return for their huge profits and returns in those countries. That would make a positive contribution to development programmes, improve health and education services and bring about economic growth.

The international financial order, the shortcomings of which have been shown by the present financial pressure, needs international cooperation and concentrated efforts for its reformulation on a just and robust basis responding to the interests of all. It should contribute to the prosperity and well-being of all countries and nations, and should not be allowed to return to the stalemate in which human and social aspects were not recognized.

With regard to rapid solutions and policies to deal with the impact of the crisis, we emphasize the importance of the initiatives that have been discussed to bring about global economic recovery; safeguard the flow of concessionary loans to productive sectors; allow the developing countries a higher proportion of financial liquidity; and provide more official development assistance for Africa. That would enable Africa to make long-term investments in its natural resources and develop its human resources.

The present financial and economic crisis has shown the need for multilateralism in seeking a coordinated solution. We must ensure that the inadequacy of international coordination does not endanger economic revival and the achievement of the Millennium Development Goals, with probable far-reaching security repercussions.

History has shown that economic unilateralism often leads to political unilateralism and increases tension between many countries. Therefore, we call on the United Nations to take a prominent role in dealing with the present financial and economic crisis. Strengthening the Organization's coordination with international financial institutions would ensure that we stood up to the adverse effects of the crisis and sought new fundamentals to prevent its recurrence. In this context, it is important to consider the proposed establishment of a global body to study acute financial

and economic crises and how to deal with them in a just manner that leads to stability of the global economy. It is also important to remodel the Economic and Social Council and activate its role in dealing with such issues.

In conclusion, we emphasize that the draft outcome document to be adopted by the Conference represents a first step in a new trend of strengthening the role of the United Nations in facing global crises. We look forward to the Conference's contributing to defining the details of the financial crisis and showing the reality of its dangers. The crisis provides new proof of the need for the international community, more than at any time in the past, to consider consolidated efforts to find objective, serious and sincere solutions. It must be recognized that solutions that entrench the interests of some countries at the expense of others will not be successful in the long term, but will lead to more tension and instability in many countries, threatening the security and stability of all.

The Acting President: I now give the floor to the Chairman of the delegation of Maldives.

Mr. Khaleel (Maldives): At the outset I congratulate the President on his initiative in convening this important Conference. I wish also to express my delegation's gratitude to the two co-facilitators, the Permanent Representative of Saint Vincent and the Grenadines and the Permanent Representative of the Netherlands, for their hard work in crafting the delicate consensus on the draft outcome document.

The Maldives belongs to two of the three most vulnerable groups identified by the United Nations — the Group of Least Developed Countries and the Group of Small Island Developing States. Therefore, the impact of the economic and financial crisis has been tremendous on our fragile economy.

The current crisis is already stretching the limited resources that we have, and challenging our efforts to implement change at a time when change is necessary in all aspects of Maldivian life.

The Maldives currently faces a myriad of challenges, including serious social challenges, such as inadequate housing, lack of modern transportation systems, substance abuse and unprecedented fiscal challenges.

Although a comprehensive study of the impact of the economic and financial crisis has not yet been done, the impact of the multiple challenges over the past few years, starting with the devastation caused by the Asian tsunami, the food and fuel crisis, and now the economic and financial crisis, has resulted in a shortage of foreign currency, primary commodity price hikes and the withdrawal of private capital flows and foreign investments.

The tourism sector, which is the largest contributor to the country's gross domestic product (GDP), amounting to 30 per cent over the past decade, has declined by 11 per cent over the first four months of this year. The sector is expected to continue to decline over the coming months, before recovering early next year.

The fluctuations in oil prices and falling tuna prices in the international market have also had a considerable effect on the fishing industry, which employs more than half of our work force.

The contraction of the tourism, trade and construction sector has a very real and direct impact on the human security of our people and far-reaching implications for the economy as a whole.

The Maldives, like other least developed countries and small island developing States, does not have the necessary fiscal capacity and institutional arrangements to counter the fallout of the crisis. We have limited or no foreign reserves at our disposal. The only means of funding for domestic expenditures are borrowed sources and foreign grants.

The impact of the financial crisis has the potential, therefore, to further aggravate our public external debt burden. It is forecast that by the end of 2009 public external debt will reach 45 per cent of GDP, with debt service projected to increase to 10 per cent of total exports of goods and services.

Without the appropriate immediate and long-term remedial measures in place, the economic and fiscal crisis that we face has the potential to unravel the modest achievements that we have made over the past decades and seriously compromise our development estimations.

We need urgent assistance and support from the international community to stabilize the situation and jump start our economy. In particular, we need assistance in the areas of maintaining the growth rate,

stable employment, investments in physical and social infrastructure, and expansion of the social safety nets for the most needy.

For the past two decades, the Maldives has had the good fortune of rapid socio-economic development. We were, indeed, among the few countries which were on track to achieve the Millennium Development Goals on target. Our strong socio-economic performance has earned us the right to graduate from least developed country status.

We have also successfully pursued far-reaching political and human rights reforms that have ushered in, for the first time in the history of our nation, the most cherished values of democracy and fundamental freedoms. Under our new Constitution, we have held the first multiparty presidential elections; they resulted in the establishment of the first democratically elected Government, which proudly stands on the pillars of good governance, human rights and democracy.

This is precisely the time when we need the help and assistance of our development partners more than ever. The Maldives will graduate from least developed country status by the end of 2010. We cannot, therefore, afford to see the present economic and financial crisis derail the development trajectory that we have achieved over the past two decades through the hard work of our people and valuable support from our development partners, including the United Nations system.

We need special and differentiated treatment and commitment from our partners in our efforts to ensure a smooth transition from least developed country status to the status of a middle-income developing country. We need our partners by our side as we work to strengthen and consolidate democracy in our country. Moreover, we need the understanding and cooperation of all stakeholders as we work to adapt to the changing climatic conditions that threaten the very survival of our tiny island nation.

Graduation from least developed country status will not change the inherent and structural vulnerabilities of the Maldives as a small island developing State. These vulnerabilities arise from the interplay of a wide range of factors, including size;

geography; remoteness; isolation from markets; vulnerability to natural disasters; fragility of ecosystems; limited commodities and consequent dependence on imports; and the limited ability to reap the benefits of economies of scale.

The United Nations recognizes small island developing States, along with least developed countries and landlocked developing countries, as the most vulnerable groups of countries. However, a small island developing State does not enjoy any special treatment specifically by virtue of its small island developing State status. Of the three recognized categories, only the least developed countries receive special attention on vulnerability grounds.

This situation has had two key knock-on effects. First, small island developing States that are classified as middle-income countries, such as most of the Caribbean States, are disadvantaged by being placed in a group that does not take account of vulnerability issues. Secondly, small island developing States that currently enjoy special benefits and concessions as least developed countries are reluctant to graduate and lose least developed country preferences in the absence of special treatment opportunities outside least developed country status. Therefore, the Maldives intends to work with its small island developing States colleagues and Alliance of Small Island States colleagues to see how the small island developing States category can be improved at an operational level.

Before I conclude, I echo what Secretary-General Ban Ki-moon said in his opening statement about the importance of the need to commit resources to help the poorest and most vulnerable adapt to climate change and to seal the deal in Copenhagen. A comprehensive and well-crafted agreement in Copenhagen to address climate change and move to a greener economy is an imperative for our future. Failure to achieve it will have far-reaching consequences and lead to a crisis of catastrophic dimensions that it will not be possible to overcome. The unconditional commitment and support of every country represented in this Hall is crucial in this regard.

The meeting rose at 1.20 p.m.