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

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New York

President: Mr. D'Escoto Brockmann. . . . . (Nicaragua)

The meeting was called to order at 10.10 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*): I now have the honour to give the floor to His Excellency Mr. Rafael Correa, President of the Republic of Ecuador.

President Correa (*spoke in Spanish*): In the Atlantic Charter, which served as a basis for the foundation of the United Nations, Roosevelt and Churchill affirmed that

> "after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want".

However, several decades after the United Nations came into existence, the lack of conviction, will and political generosity have become manifest, as have the lack of a humanistic project imbued with equity and solidarity, and the prevailing greed and utilitarianism of the capitalist system.

Those of us who have embraced our status as world citizens cannot understand schemes that always end up trampling on the poorest and that contradict their own claims. How are we to understand a so-called globalization that seeks to create not citizens of the world, but consumers of the world; that seeks to create not a world society, but a world market; that continually seeks greater mobility for capital and markets, but criminalizes the mobility of human beings? All of this, we feel, is the work of a sort of clan of the powerful that boasts of respect and equality, but bends international organizations to its own ends and never treats others with fairness.

We talk not of tolerance, because it arises from domination, but of concepts that, in all religions and cultures, have been the source of every struggle and every aspiration: justice and equality. However, equality has been manhandled, used rhetorically or reviled by power, as the poet Juan Ramón Jiménez said in his verses: "They wanted to kill him, the equals, because he was different".

Now, it is we who are different here, and we have come to the G-192 to demand democracy and to highlight the other possible world, the other world that we urgently need, the world of peace and justice, made possible through respect for the sovereignty of peoples and through balance among human beings, countries, nations, peoples and continents.

We, the different, are here, and we have come from all corners of the world. Here we have our African brothers, who have overcome the shameful oppression of apartheid, but who continue to be cursed with inequality, disdain and indifference. While their drums, magic and incorruptible struggle managed to break the spells and fears, today the whole world must heal the wounds of the African people. As Nelson Mandela once said, “Let there be peace for all. Let there be work, bread, water and salt for all”.

Here we have the peoples of the East, age-old and wise, but hidden from us because the distribution of the universe concealed them from our sight, surely because we would have discovered much sooner a life consecrated to peace. In other words, as Confucius said: “Nothing can be done with the corrupt; it is like trying to build on a swamp”.

Here we have Muslims of various origins, but united and rooted in religion and humanism, even as some in the Western hemisphere, with their tyrannical powers, have prevented us from being brothers with our fellow men. Here age-old civilizations are represented, cultures built with talent and on the basis of necessity and diversity. A living example is the Palestinian people, living on shifting sands, with its memories and its martyrs.

The different come also from Latin America, an ignored and humiliated continent, but one that, today more than ever, is insurgent, rebellious and aware of its historical responsibility. From Latin America, almost 45 years ago, on 11 December 1964, Commander Ernesto “Che” Guevara came to this very forum to tell the world: “Yes, now history will have to take the poor of America into account, the exploited and spurned who have decided to begin writing their history for themselves for all time”.

The different, we who are the vast majority, demand transparency and truth now that it is time to reveal who was at the origin of today’s crisis, who plundered the peoples and who benefited from their adjustment policies, illegitimate debts, coups d’état, subterfuges and institutionalized illegalities, such as the Washington Consensus, a paradoxical and cynical agreement signed behind the backs of peoples and Governments and limited to the conclaves of the dominating and colonialist Powers.

Let us now talk about issues that, it seems, are absent in other exclusive and exclusionary forums such as the Group of Eight (G-8) or the Group of 20 (G-20), alien to those who consider themselves to be equal, because our manifesto is based on mutual respect, solidarity, justice, environmental sustainability and the pre-eminence of human beings over capital.

It was the constant violation of these principles that caused the crisis which still spreads menacingly, with powerful destructive effects on the countries of the South. After the attacks of 11 September 2001, the United States decided to lower interest rates to a minimum to revive consumption and production. In a deregulated environment, that decision exacerbated the growth of subprime credit — extremely risky second-category subprime loans. The subprime rates were high-risk rates, especially for mortgage lending.

In 2004, it was decided to raise the rates to offset inflationary outbreaks. That decision did not stop the bankers, who resorted to securitizing their assets to have greater liquidity. But when delinquency grew and it was revealed that the largest banks had committed a large part of their assets to subprime loans, panic spread. Mistrust reduced the supply of money, volatility shot up and stock markets crashed.

We all know this: the crisis originated in the United States financial markets. But it is no longer only a financial crisis, and the whole world has been contaminated. The South, which bore no responsibility whatsoever for the crisis, has now become its main victim. For years, the United States maintained huge trade and fiscal deficits, with the connivance of the International Monetary Fund (IMF). Any other country would have been forced to devalue and “correct” its imbalances. But in this case the double standards that prevail in the IMF governance forced it to choose complicity, which led to the unhinging of the capitalist system. And now, the G-20 wants to recapitalize it just like that, without even changing one seat on the Fund’s Board of Governors. This is totally absurd.

The world financial debacle is just a symptom of the crisis of a system that favoured the speculative-financial economy over the real economy — where goods and services are actually created to meet the needs of human beings. I hope we never forget that. My colleagues here know that, even though I am an economist, I am a good person. Economics is a science with real variables: basically, productive capacity, upon which depends the availability, allocation and efficiency of the use of productive resources. But in recent years everything became unhinged, and it was claimed that money simply generated more money by itself.

During the first quarter of 2009, the United States economy fell at the rate of 6.1 per cent per annum, and investment dropped by 38 per cent. In 2009, Japan expects a recession of 3.1 per cent and the euro zone expects a fall of 4 per cent in gross domestic product (GDP). As these markets demand fewer goods produced in Latin America and the Caribbean, this year our region may lose between 2.3 million and 3.2 million jobs, according to estimates by the International Labour Organization.

Since October 2007, immense amounts of money have been allocated to "rescue" the private financial sector. It is estimated that in 2008 alone such disbursements totalled some $9 trillion, without any oversight or control mechanisms, and without knowing for certain where those funds have gone or how they have been used.

Something must not be working right, or at least not working to its full extent, in this gigantic rescue. This year, the GDP of Latin America and the Caribbean will decrease by between 1.5 per cent and 2 per cent. The World Trade Organization (WTO) estimates that in 2009 international commercial exchanges will go down by 9 per cent, which suggests the largest downturn since the Second World War. And, as always, the powerful are placing the greatest burden on the most vulnerable: the drastic measures taken against our migrants, combined with the contraction of productive activities in the countries of the North, will cause a 5 per cent reduction in remittances without any counterbalances.

We are faced with a crisis unlike the others repeatedly provoked by capitalism. Some have wanted to compare it with the Great Depression of the 1930s, but it is much more than that: climate change, along with the global energy crisis and the grave risk of a worldwide food crisis, places us in the presence of a true problem of civilization. Our action must be commensurate with the challenges imposed by history. The gravity of this crisis requires that it be addressed within the United Nations, an organization that groups all the Governments of the world and that must, for the sake of its own credibility and validity, face up to a comprehensive transformation of the world economic order.

To reform Bretton Woods would be an insufficient and unjustified stopgap. For some time its institutions have served only to engage in ideological marketing for the benefit of neo-liberalism and the Washington Consensus. If the speculative markets of the capitalist core were directly responsible for this world crisis, it would be absurd and irresponsible to let the solutions be proposed, planned and carried out by the very system that caused it.

However, every crisis is also an opportunity, and this one is no exception, although for my part I prefer opportunities without crises. "Every crisis is an opportunity" is a cliché, is it not? The orthodox notions of macroeconomic stability and the role of the State in the era of neo-liberalism have proven obsolete in less than one and a half years of crisis. We have the historical responsibility to seek the re-emergence of our peoples and to walk on our own feet, starting by redefining the global financial system, freeing us from the blackmail to which we have been subjected by rich countries.

The response to Ecuador's proposals for a new regional and global financial architecture by the members of the Commission of Experts appointed by the President of the General Assembly and chaired by Joseph Stiglitz, Nobel laureate in economics, is an endorsement of the relevance of the proposal that I wish to share this morning.

We propose, simultaneously and in parallel, and in line with the political and economic realities of each region, to enhance the integration of spaces of supranational monetary-financial sovereignty which are capable of reducing the evil effects that our economies suffer because of their links of dependency with the international financial system.

This proposal began to be forged in regional Latin-American forums such as the Quito Declaration of May 2007, the European Union-Latin America Summit held in Lima in May 2008 and the San Salvador Ibero-American Summit of October 2008. We are already working in our region to create a development bank for the South, capitalized by the countries of the region. In fact, its role has already been defined; we need only make it operative. There are seven signatory countries in Latin America for the Bank of the South. Its objective will be to finance development projects, particularly multinational ones, and to improve systemic competitiveness and connectivity among our countries, on the basis of our own priorities and giving space to local and regional currencies.

Linked to this, we must establish a common reserve fund for Latin America. This would prevent the deposit of more than $200 billion in reserves from our countries in banks of the North. Imagine: the poor are financing the rich. On one hand we are getting down on our knees, or subjugating ourselves, so that the international bureaucracy of the International Monetary Fund and the World Bank will give us a few dollars, and on the other hand we are sending more than $200 billion to the North. It is absurd and irrational. It is paradoxical that, in the midst of the crisis, we still allow our money to finance rich countries in exchange for a few dollars in interest. That is one of the traps inherited from the long and unfortunate neo-liberal night. In the first half of the 1990s, on the basis of studies that would make a first-year economics student blush for shame, the World Bank imposed, throughout Latin America, the autonomy of central banks. These are bureaucracies that are independent of their countries, but sufficiently dependent on international bureaucracies. We see how many central bank chairmen and Finance Ministers end up as Washington bureaucrats at the IMF, the World Bank, the Inter-American Development Bank, et cetera. I stress that these bureaucracies are independent of their countries, but quite dependent on the international bureaucracies which, in turn, manage our reserves and which, for the sake of supposed "prudence", invest them in the first world. Our savings are financing the rich. This irrational system must change, starting by ensuring that Governments gain control over their central banks.

If we pool our reserves in a common fund, we will need less money to tackle regional contingencies and crises, and excess funds would serve to capitalize the Bank of the South. This fund could be supplemented with a regional payment system, which would be the precursor of a regional central bank that would give us more autonomy vis-à-vis the financial circles of the North. Let us recall that the new regional financial architecture that we are proposing — which is already being implemented in Latin America — is first and foremost a development bank, in the form of the Bank of the South, which has already been created in name. Secondly, it is a common reserve fund: instead of sending our reserves to the first world, and in order to avoid the absurdity of financing the first world, we can use our own reserves. With this reserve pooling, we can with less money have greater security with respect to the balance of payments crisis and financial crises in the region.

Thirdly, this new regional financial architecture will make us less dependent on — or totally independent from, as I would wish — the speculative international financial markets. We propose here to build a common monetary system, which could begin as an electronic currency to facilitate regional exchanges. This system of regional electronic payments can be set up immediately. It is only a matter of coordination and political decision. In fact, we are doing it in the framework of the Bolivarian Alternative for the Peoples of Our Americas (ALBA), a democratic forum which my country formally joined just 24 hours ago. The proposal is making significant progress in that forum, as the Regional Single Payment Compensation System (SUCRE) is about to begin operation. This is an electronic currency to facilitate our exchanges and thus to minimize the use of extraregional currencies such as the United States dollar. But in the medium term the idea is to have a physical regional currency. We firmly believe that larger monetary blocs constitute the only way to survive this inhuman, cruel globalization — which as the world's citizens, not the world's consumers, we do not seek, just as we do not seek to create a planet-wide society or planet-wide market. We believe that, sooner or later, Latin America will have to move to monetary union and possess a physical regional currency.

I must add also that during the negotiations for this Conference, the Group of 77 and China expressed their appreciation for and welcomed these two regional initiatives, which they considered concrete examples of financial cooperation at the regional level. They will assist countries of the region in addressing possible balance of payment problems in an alternative way, and promoting trade among them, moving away from the iron rule imposed by the dollar.

The current international financial system obliges us, against all sense of justice, to provide cheap financing to the North and, at the same time, to seek expensive funding in the North. This cannot continue in the twenty-first century. What sense can there be in using an extraregional currency for our trade, if in that way we only maintain our dependence and, on top of that, we pay seigniorage? Seigniorage is the fee paid to the country that issues the currency used for exchanges. If a box of biscuits costs a dollar in a given country, when the United States issues $10 it is as though it is gaining 10 boxes of biscuits from that country's production — merely by issuing the currency. What sense is there in paying special fees to whoever issues the currency used for world trade, when this right to seigniorage could belong to our own countries?

However, as the crisis advances unstoppably, helped by the passivity — or complicity — of the International Monetary Fund and the World Bank, we need more urgent measures. We cannot commit the historical error of falling into a war of depreciation in which our production will lose value and from which, at the end of the day, only the countries of the North will benefit, as they will purchase our goods at cheaper prices. We need to negotiate a regional monetary agreement immediately, in order to coordinate our monetary policies and prevent the crisis in our region from broadening, to the benefit of third countries.

This proposal is made in the framework of a broader concept that challenges the dominant paradigm. Competition among poor countries is absurd, and we must move towards cooperation and integration. When poor countries compete with one another, third countries — the rich countries — benefit. We must not fall into that trap. The response of the poor countries must be coordination, complementarity and integration.

Making this possible depends only on the political decisiveness of our States and Governments. There can be several levels of regional monetary coordination. The highest, I repeat, would be a single monetary instrument, as in the European Union. But we know that the heterogeneity of visions, of Governments and of productive structures makes that highly unlikely, at least in the short term. This falls within what in economics we call the theory of optimal monetary areas. Latin America far better meets the criteria for possessing a common currency than the European Union. Technically speaking, the European Union was the antithesis of what was needed for a common currency; it was a political decision by European leaders that led to that monetary union. Latin America far better fulfils the theoretical requirements for a single currency.

However, it is perfectly possible to reach agreements so that monetary oscillations will take place only within certain margins or foreign exchange bands, which would enable us to predict the evolution of the currencies of our trade partners, preventing devaluation wars and calming financial markets. At the same time, this would offset the uncertainty caused by countries that allegedly were an example of solid institutions and good policies.

Patching up the Bretton Woods system, which we do not control, makes no sense for the countries of the South. This is our opportunity to consolidate our presence and to develop greater powers of deliberation and decision in international forums so that we can finally become the owners of our own destinies. But it will be impossible to attain this objective unless we have our own international financial architecture. The structure we are promoting for Latin America can be replicated in other regions of the world, under other conditions and with different priorities. We all have the conditions to do so, and we no longer have to depend on what the countries of the North do or fail to do. This implies, obviously, invigorating and strengthening regional integration forums such as the Union of South American Nations (UNASUR) or the Bolivarian Alternative for Latin America and the Caribbean.

However, at the global level, we must promote the creation of a coordinating entity of planet-wide proportions, based on a monetary council established with clear criteria for representation and accountability; through the issuance of special drawing rights, it would endorse new foreign exchange commitments and regional institutional arrangements. This issuance of special drawing rights, which has been postponed for decades by the big Powers of the North, will contribute to breaking the monopoly in the provision of liquidity that guarantees the unipolarity of the United States dollar and the asymmetric decisions of the International Monetary Fund.

Furthermore, if by means of the necessary institutional changes we succeed in channelling these special drawing rights through multilateral regional bodies or entities in charge of urgent tasks, such as the Food and Agriculture Organization of the United Nations and the United Nations Development Programme, we will prevent the IMF from reproducing the asymmetrical relations that have allowed it to impose conditions on our countries, something that will be inevitable if we allow the recapitalization proposed by the G-20 to go forward without a total change in the governance of that entity. That would be quite different from the decency the IMF should display — the mea culpa it should offer — as one of those that caused the crisis.

Yesterday, when I was talking with President Daniel Ortega of Nicaragua, he told me that the conditionalities that the Fund wanted to impose for a $90 million loan were truly intolerable for Nicaragua. How can we continue to accept this: that the international bureaucracy, through its machinery of pressure, and with its new twentieth- and twenty-first-century bombers — the dollars that the international bureaucracies give us — try to tell sovereign countries what to do and what not to do? That is unacceptable.

It is necessary to change the governance of the International Monetary Fund. In principle, it would be better to eliminate it, because it has already done too much damage. It has betrayed all the principles for which it was created. Paradoxically, the International Monetary Fund and the World Bank were created to stabilize world demand, but they have been the main factors in the destabilization of demand, through their adjustment programmes and so forth — is that not true? — and through their pro-cyclical policies. In principle, they should be eliminated, but there is a desire to retain them because of special interests. But there should at least be substantial changes in their governance.

In this scenario, while an alternative governance system is decided upon, all new funds handed to the International Monetary Fund should be placed into a new emergency facility, agile and without the conditionalities of traditional adjustment. The administration of this facility must be entrusted to a different governing body, such as the one already created for the World Bank's Global Environmental Facility.

We must intensify our pressure to demand that the capitalization of these agencies of the United Nations system through special drawing rights is used to tackle food, climate change and development problems of the countries of the South with more resources.

These special drawing rights must be issued immediately. The 60 per cent corresponding to developed countries may be used to meet, at least partially, the 0.7 per cent of GDP that in the 1970s they offered to dedicate to the development of counter-cyclical policies and to the fight against poverty. By the way, this would also help us escape from the liquidity restrictions imposed by financial unipolarity.

The imperative of redefining the world financial order, which has been unhinged by speculation and privilege, is also warranted from a human rights perspective. At the global level, human beings have fewer rights than capital does, thanks to bilateral investment agreements and to international arbitration systems regulated, by the World Bank and the World Trade Organization, at the International Centre for Settlement of Investment Disputes (ICSID). These, the worst things that can happen to us, are incredible and constantly challenge our capacity for amazement. What is happening in Latin America is genocide. It is amazing that when human rights are undermined, one must first exhaust all of a country's national legal machinery before being able to turn to the Inter-American Court of Human Rights of the Organization of American States. But here is what happens when you are facing up to capital: if any transnational feels itself harmed by a Latin American country, it can immediately take us to ICSID without filing any legal motion within our countries. It can take us to extraregional arbitration: a transnational can do this to a sovereign State. And only this extraregional arbitration body — the World Bank's ICSID — can judge whether or not the law of this sovereign State has been complied with vis-à-vis that transnational. It can even hand down a judgement when the law is very harsh, when the legal punishment is disproportionate to the error that has been committed. Imagine the asymmetry in the current system between defence of the "rights" of capital and defence, for example, of human rights. Do we have a forum where we take countries with the death penalty? United States law employs the death penalty, the most drastic penalty for a crime: no human being deserves to die for any crime. There is no such forum, but for capital there is a forum which can oppose the laws of sovereign States. That must come to an end; it is madness.

The right to life, to health, to the education of our peoples, to a good life — to *sumac kawsay*, as the ancestral peoples of my homeland say — is above the interest of the international speculators of Wall Street. If this minimum principle is considered as insubordination, so be it. Ecuador has succeeded in cancelling its illegitimate commercial debt. With an investment of almost $900 million, we will have avoided paying principal plus interest of almost $9 billion by the year 2030.

The history of underdevelopment, dependency and domination of Ecuador and of Latin America is also the history of the foreign debt. Bonds, renegotiations, conditioned policies and debt agreements have been the modern mechanisms of domination through forced and hereditary indebtedness, which in Latin America was called *concertaje*. These mechanisms have also been, in our time, the instruments by which the financial centres of industrialized capitalism have dominated our peoples. I repeat: they do not use gunboats or bombers; they only use the International Monetary Fund, the World Bank, the unregulated stock markets. Those are the modern-day "*encomenderos*", the true insatiable traffickers of wealth at the expense of the education, health and food of our children — 26 per cent of whom suffer from chronic malnutrition in a country such as Ecuador — and at the expense of peace, well-being and the very lives of millions of our fellow countrymen and women born as slaves of a foreign debt.

In my country, the Government of the citizen revolution set out from the very outset to find a final solution to the yoke of foreign debt. And, in line with its promise and its proposals, and with profound conviction, it succeeded in doing so. Now Ecuador can be declared free from illegitimate external commercial debt. That declaration pays homage to the bicentenary of our independence and honours the memory of our heroes: Bolívar, Alfaro, Sucre and Manuela. As we have said, for the first time in history, a Government has established a debt auditing commission. There have been experiments with such commissions, but these have been carried out by civil society and have been very few in number. This is the first time that a Government has designed a debt audit commission.

The commission's report declared the debt illegitimate because of all the malice, fraud and deception it entailed from the very outset. On that basis, there was a unilateral suspension of payments, and then an intelligent mechanism and a proposal for buyback at a large discount in order to eliminate the main source of that debt's illegitimacy and ease the impact on prices. On this basis, we were able to renegotiate. The deception was incredible. For instance, in 1999 Ecuador suffered one of the worst crises in its history: per capita GDP fell 9 per cent in a single year. Poverty doubled; unemployment rose to 16 per cent in a country that has no unemployment insurance. In the midst of the effects of the crisis, our country had to declare itself in default of its debt payments, and began to renegotiate its debt. But what did the negotiators do? They said that the renegotiation should raise bond prices so that creditors would not lose any money. Even though the bonds were trading at 15 to 20 per cent, they were renegotiated at 60 per cent of their nominal value, so the bond-holders lost absolutely nothing, while the country was broke and lost its historic ability to resolve the debt problem. That is just one example of the suffering involved in the handling of foreign debt.

The financial oracles told us to use market mechanisms to renegotiate: in order not to become pariahs in the financial system, let us go to market mechanisms; let us renegotiate through the international financial markets. Let us not be naïve. Behind that debt are explicit powers, and it is precisely those evil powers that Ecuador objected to. We advocate the power of an entire people that wishes to be free and says "no" to illegitimate debt.

Debt audits must be the rule, not the exception. Even the G-20 proposed, in November 2008, restoring ethics and transparency in international finance as a priority issue. Let us hope that they go from talk to action.

We will never tire of asserting the right of all human beings to free mobility throughout the planet. The reduction of remittances is just the monetary expression of the social discrimination and employment restrictions that affect migrant workers. We demand once again the elimination of all discriminatory measures against them and the full enjoyment of the right to universal citizenship, acknowledged in our new political constitution. As we have said in other forums, for us there are no illegal human beings; what exist are illegal and immoral practices, such as racism, xenophobia and the trafficking and exploitation of persons.

All of this is to overcome predatory patterns of production and consumption. We propose to address climate change in a different way. We no longer have the time to continue doing it at a mere declarative level or, as latterly, through market mechanisms. It is time to tackle the issue in a technical way, and especially in a political way, initiating a new economic approach that compensates the creation of value, and not only the creation of goods. Indeed, this will inaugurate economic justice and will promote new mechanisms of redistribution of wealth in the patterns of production and consumption and a true change in the correlation of forces at world level.

Last week in Europe, in the German parliament, we presented our Yasuní-ITT — Ishpingo-Tambococha-Tiputini — initiative. Under this initiative, we undertake not to exploit oil reserves amounting to nearly 850 million barrels to prevent carbon emissions and associated contamination in one of the regions of the greatest biodiversity in the world: the Yasuní national park, where two peoples live in voluntary isolation. We call for compensation from the rest of the world. This is a first step towards turning my country from an oil exporter into a country that exports environmental services, which could be the starting point for a new era not only in the economic sphere but also in global energy policies. Experiences in the area of the carbon market have been very encouraging, but they are not enough. The Yasuní-ITT initiative is a far broader and more complete concept: to compensate for the prevention of contamination — for the conservation of the value of use, for the conservation of the environment.

After the crisis of 1929, most Latin American countries emerged with stronger and more active public institutions that helped them to maintain stable growth rates until the 1970s. We must not repeat the mistake made after 1982, when we were forced — from the centre — to respond to the debt crisis by paralysing our public institutions, with the supposed aim of reaching optimal fiscal policies, policies that would be satisfactory in honouring a foreign debt manipulated by those at that very centre.

In Latin America, and in the developing world in general, we have full creative, technical and political capacity to promote our own responses, without any need for supporting or fostering them on the basis of proposals that are alien to our regions, as has happened before with the so-called Washington Consensus. I do not know why they call it a consensus when they never consulted Latin America on anything. This has been to the shame of the region in recent decades, with the implementation of public policies arising from that so-called consensus, in which we in Latin America never participated. We shall not be colonized, even in intellectual terms. We are quite capable of developing our own thinking and our own responses on the basis of our reality, our values, our principles and our interests — not interests alien to our regions.

Our peoples deserve no less than what the constituents of rich countries are demanding. These demands have already been expressed in drastic changes in their public policies: financial regulation with more controls on investment funds and greater international coordination; regulation of international commodities markets and subcontracting; a new industrial policy more committed to the promotion of environmentally friendlier industries; and universal social policies, that is, coverage for all citizens and the development of public insurance programmes.

This Conference must be the turning point towards strengthening the role of the United Nations in world governance, in order to advance towards a true democratization of international relations, beginning with substantial changes in financial institutions.

The draft outcome of this historic conference does not meet all the expectations of our countries. We faced great resistance to bringing this issue before the parliament of mankind: the universal and democratic forum of the General Assembly. However, it has the merit of having marked the beginning of a process of political agreement to effect comprehensive reform of the current international financial system, thanks to the commitment that all countries are assuming here and now. Now we must define the institutional path towards collaboration and dialogue and towards monitoring what is decided here.

It is in the framework and under the aegis of this Group of 192 — different but truly equal — that we must discuss comprehensive, equitable and democratic solutions to this crisis, which originated, as always, in greed and disdain. It is we, the different, who must guide the convulsed world of today. Time is of the essence. We have to advance towards models of society that put human well-being above the interests of capital, respecting the limits imposed by nature. This can be possible not through market mechanisms, but only through the required political will, collective action, cooperation, coordination, a new ethics of planetary coexistence and an in-depth process of decolonization, including the decolonization of thought.

It can be possible, as well, only through unwavering defence of sovereignty. Our collective response to imperial thrashing is, once again, solidarity and our inexhaustible strength; it is based on the unity of the peoples, the unity of the poor and the unity of the different.

Always, until victory!

The President (*spoke in Spanish*): I thank President Rafael Correa of the Republic of Ecuador for his excellent, frank and courageous statement.

I now give the floor to His Excellency The Honourable Ralph Gonsalves, Prime Minister, Minister for Finance, Planning, Economic Development of Saint Vincent and the Grenadines.

Mr. Gonsalves (Saint Vincent and the Grenadines): I align myself fully and enthusiastically with the statement made yesterday morning by the Prime Minister of Belize on behalf of the Caribbean Community (CARICOM). The presence at this Conference of the Prime Ministers of Belize, Barbados, Grenada, Saint Lucia and Saint Vincent and the Grenadines, along with the Deputy Prime Minister of Jamaica, the Finance Minister of Guyana and other high-ranking ministers from our region indicates the importance with which the Caribbean views the global economic crisis and this summit.

Recent years have seen the small, open and vulnerable economies of the Caribbean being globalized out of our agricultural exports, in particular bananas. Global warming and sea-level rise threaten us with being climatized out of our similar reliance on tourism. We are now being stigmatized out of our attempts to diversify through financial services. Today, the uninvited tides of an insidious international malaise are washing on our shores, gathering force into a veritable tsunami of economic and financial distress.

Contrary to the official title of this Conference, we view our global family as ensnared in more than a mere financial and economic crisis. Rather, it is profoundly a crisis of capitalist globalization — of international capitalism in crisis. Although there has been regulatory failure of the banks, insurance companies and other financial institutions, all that is reflective of the triumph of a neo-liberal ideology which sought to roll back any interventionist role of the democratic State. The organs of the State, as the neo-liberal thesis held, were to be minimalist. The international capitalist system, driven by the market, was best left to be self-regulatory, according to neo-liberal ideologues.

Well, the chickens have come home to roost, as poor and working people suffer consequentially. The worst crisis in international capitalism since 1929 to 1931 is upon us. Caribbean countries, including Saint Vincent and the Grenadines, suffer from the socio-economic fallout. We are casualties — nay, victims — of this external crisis not of our own making.

The real, current and future impacts on national development are numerous. Poverty and unemployment are rising worldwide, straining already fragile social safety nets. Foreign direct investment is scarcer and becoming much smaller. Commodity price volatility and contractions in world trade strain fragile budgets. Official development assistance is receding, and our regional aspirations for the timely achievement of the Millennium Development Goals seem increasingly remote.

This crisis has therefore laid bare a mode of production, consumption and distribution that is unsustainable and unethical. The limited and unimaginative corrective measures suggested by some States and institutions are similarly bereft of logic and value. Why should we be forced by circumstances beyond our control to borrow from those whose bad advice and reckless regulatory neglect precipitated this crisis? Why are we once again paying for the mistakes of others? The International Monetary Fund and the World Bank may view many of our developing friends on the periphery of globalization as being heavily indebted, but the debt of responsibility for this crisis lies in the unregulated financial centres of the developed world, in the arrogant ignorance of those who consider it their right to prescribe and proscribe our policy space, and in the unfounded ideological sanctimony of those who hold us to a higher standard than they hold themselves. Indeed, it is the rich nations that are heavily indebted. They are indebted to the poor peoples of the world — based on a history of broken promises, failed advice, neglect, fiscal hypocrisy, ideological bankruptcy and welfare colonialism. Today, they must begin the process of rectifying that massive global debit, from each according to its abilities and to each according to its needs.

We speak not to point the finger of blame, but to point out the path to collective recovery from this global depression. The noble and pragmatic people of Saint Vincent and the Grenadines are less enamoured with esoteric ideological problems than with their practical solutions. Those solutions necessarily include the quest for economic and political space, which is critical to developing our economies and improving our people's living standards. In that quest for enhanced space, the role of the State is vital. The democratic State has been a force for good in our Caribbean region. It cannot retreat, especially in the current circumstances, but the State must exhibit more profound and effective democratic governance.

Secondly, our solutions must be lodged within a regional and appropriate internationalist context. Thirdly, a comprehensive framework has to be elaborated and implemented in order to build a modern, competitive and many-sided post-colonial economy that is at once local, national, regional and global. Fourthly, a necessary and desirable socio-cultural rubric must be unfurled in practice to ennoble further our Caribbean civilization and an authentic historical reclamation. And, fifthly, the entire project must be people-centred in life, production and rewards.

We have also sought to strengthen the bonds of regional solidarity and international cooperation in the face of a hostile or indifferent developed world. Saint Vincent and the Grenadines has forged deeper links with its Caribbean and Latin American brothers and sisters through PetroCaribe, the Bolivarian Alternative for the Americas, the CARICOM Caribbean Single Market and Economy, the economic union with the Organization of Eastern Caribbean States and the proposed economic union with Trinidad and Tobago.

We have forged additional beneficial links beyond, but not separate from, our traditional friends and allies, with the Republic of Turkey, Malaysia, Mexico, the Republic of Austria, the Portuguese Republic, the Federative Republic of Brazil, the Libyan Arab Jamahiriya, the Islamic Republic of Iran and the Bolivarian Republic of Venezuela. We also seek to deepen our cooperative relationship with our cherished and long-standing allies in Canada, Cuba, the European Union, Taiwan, the United Kingdom and the United States. Only through principled and pragmatic multilateralism can we collectively weather the storms that buffet our Caribbean civilization.

That spirit of renewed multilateralism must also inform the engagement of the United Nations with this crisis. At their recent London summit, the Group of 20 developed economies observed that we are facing a global crisis, which needs a global solution. For the 172 Member States not invited to participate in that G-20 summit, the United Nations is the sole inclusive, democratic and legitimate forum for complementary global involvement in international economic affairs.

Saint Vincent and the Grenadines has long viewed that United Nations involvement and engagement as essential. As such, we have remained deeply and centrally engaged in the process of drafting an outcome document to this Conference. We were honoured to have our Permanent Representative, along with the Permanent Representative of the Kingdom of the Netherlands, co-facilitate the often contentious process of negotiating the draft outcome document. Their work stands as eloquent testimony to what is possible when rich and poor countries work together in pursuit of a common goal. While the document that has been produced does not fully reflect all of our national interests, needs and ambitions, it is an important and actionable first step in the world's engagement with this global depression.

The draft text contains many concepts of critical importance to the developing world, including a veritable 20-point action plan for meaningful change and international cooperation. That plan includes the recognition of the peculiar impacts on and needs of small island developing States and other regions in special situations; a call for an inclusive, equitable, people-centred and development-oriented solution to the crisis; the need for cooperation, coordination and solidarity in our approach to the crisis; the recognition that developing countries require a greater share of additional resources; the need to restore confidence, trust, employment and open trade; an acknowledgement of the right of developing countries to employ trade-defence mechanisms and to seek temporary negotiated debt standstills in response to the crisis; a call for ensuring that developing countries' national stimulus packages do not adversely affect third countries; an understanding that developing countries must have the fiscal flexibility to implement countercyclical measures; support for regional and subregional efforts to address the specific localized needs of affected countries; a call for the successful and equitable completion to the Doha trade and Copenhagen climate negotiations; an understanding of the importance of immigrants' rights and the value of remittances to families in developing countries; a call to accelerate efforts to fulfil long-deferred pledges to increase official development assistance; a recognition of the need for new and innovative sources of financing to developing countries; a call for investigating an enhanced role for special drawing rights to respond to financial shortfalls; an acknowledgement of the intensifying calls for reform of the current global reserve system; the necessity of improved regulation at all levels and for an appropriate State role in regulatory matters; the need for equal and non-discriminatory treatment of all tax jurisdictions; the creation of an independent panel of experts to provide analysis and guidance to policymakers; the need for urgent reforms of the Bretton Woods institutions; and the urgent need for further reforms to the global financial system and architecture.

But as the Assembly knows, a document can be just words on a page. Many hard-fought and commendable United Nations texts languish on the dusty shelves of international indifference and inaction. Saint Vincent and the Grenadines therefore calls on the General Assembly to immediately implement the draft outcome document's call for the establishment of an intergovernmental working group to operationalize and add flesh to those 20 principles.

The revered John Maynard Keynes, whose ideas are very much back in vogue these days, once said:

> "The decadent international but individualistic capitalism in the hands of which we found ourselves after the war is not a success. It is not intelligent. It is not beautiful. It is not just. It is not virtuous. And it doesn't deliver the goods."

That Keynesian declaration could easily have been uttered today. Our collective challenge, therefore, is not so much to embrace new ideas as to forget the old ones. The crisis has opened the eyes of the world to the fallacies, contradictions and inequalities of a culture of short-term greed, selfish national chauvinism and casino capitalism. Our fates are intertwined, and our prosperity is indivisible. This moment can and must be the point at which we take financial ideological orthodoxy outside of the box of stagnation and failure, and instead place the entire global family solidly on the path of sound and sustainable economic progress.

Finally, I would be remiss if I did not recognize the tireless effort and tenacity which you, Mr. President, have pursued this most successful and useful Conference. I also applaud the vision of the Bolivarian Republic of Venezuela, which first conceptualized a formal United Nations conference on this crisis in a draft resolution introduced last November. We also welcome the efforts taken to date in the national and international context by our traditional allies and partners in the developed North, in particular the new regulatory and institutional arrangements proposed at the national level by our esteemed friend President Barack Obama of the United States. We hope that those measures represent modest early steps to avoiding future crises.

Another United States President, the late John F. Kennedy, once said:

> "The Chinese use two brush strokes to write the word crisis. One brush stroke stands for danger, the other for opportunity. In a crisis, be aware of the danger, but recognize the opportunity."

The dangers of this crisis are already apparent. The people of Saint Vincent and the Grenadines feel it and know it. Let us today seize the opportunity to work collaboratively and creatively to place people and their welfare at the centre of our post-crisis progress.

The President: With the Assembly's leave, I would like to take this opportunity to congratulate the Prime Minister. As I think the Assembly is aware, he is the father of Camillo Gonsalves, one of our two excellent co-facilitators, who brought things to a happy end with an agreed-upon draft document.

I now give the floor to His Excellency Mr. Stephenson King, Prime Minister of Saint Lucia.

Mr. King (Saint Lucia): This forum on the world financial and economic situation could not be more timely. The financial and economic crisis is no longer confined to the advanced economies, but its effects are now being felt around the world. Its scale and impact are greater than any seen in modern times, and calls for developed and developing countries alike to be involved in the search for solutions.

There is a real sense, certainly in the developing world, that making a few adjustments here and there while leaving intact the old rules of economic engagement that preserve or even augment the advantage some countries enjoy over others will no longer serve the cause of international development. We cannot return to business as usual once countries have stabilized and begun to grow again. The economic relations among the countries and peoples of the world are surely a significant factor in the degree of international tension. The rules governing such relations must be equitable. In carving a way out of the current recession, we must seize the opportunity to institute fundamental reforms for long-term development at the level of individual countries and on a global scale.

My own country, Saint Lucia, is classified as a middle-income country and shares many of the characteristics and inherent problems of being small in size that are attributed to similar economies. For many years, agriculture was the main source of foreign exchange earnings for Saint Lucia. That was possible through the preferential arrangement with the British Government. The deepening of the economic union in Europe and the formation of the World Trade Organization (WTO) placed pressure on our preferential status, forcing us to compete with producers from larger countries that enjoy significantly lower costs, although without the same quality or labour practices.

Mindful of those factors and putting our confidence in the global system, Saint Lucia sought to diversify its economy and harness more of its natural resources, in particular its climate and its beautiful beaches. We began to look at tourism as another pillar of the economy. We invested heavily in the development of infrastructure to allow us to accommodate the jets, cruise ships and yachts that would bring in tourists. We provided generous concessions to investors to build hotels and invested substantial sums in education and health to offer better services and enable our population to take advantage of the expected return from our investments. We were also beginning to turn around our agriculture sector, with the introduction of new technologies and the help of friendly countries. We were improving our financial, services and manufacturing sectors to truly diversify the economy in order to — ironically, as it turns out — avoid economic shocks such as the ones with which we are now confronted.

To do all of that, we resorted to borrowing heavily, which we could as a consequence of our prudent financial management before and after independence. We were so successful that this very body and its agencies graduated Saint Lucia out of the many special assistance programmes. I say that not because we want to return there, but merely to show how well we were doing. Then, just when the debts are coming due, just when the tax concessions are ending and just when we have a trained cadre of young persons coming out of the education system with high expectations, the bubble has burst.

The global economic crisis has been described as having ripple effects all around the world after its initial impact in developed countries. With regard to the particular circumstances of small economies, that description falls far short of the mark. A more apt word would be “tsunami”, not “ripple”. The economic crisis is devastating for small economies, whether they are classified as low- or middle-income.

Mr. Majoor (Netherlands), Vice-President, took the Chair.

We in Saint Lucia are deeply concerned that, because we are classified as middle-income, the international community might be lulled into forgetting how vulnerable all small economies are, in particular small island economies like Saint Lucia’s. Because of the inherent characteristics of being small in size, even external shocks that are less severe than those of the current recession can overwhelm very small island economies like ours. That notwithstanding, we have instituted economic policies and programmes that have been acknowledged by the international community to be sound. Never mind that we have managed our economic affairs astutely; we have still been hit by this twenty-first century economic tsunami. By all accounts, the recovery is likely to be long and painful.

Tourism, the mainstay of our economy, has already been seriously affected by falling demand in our principal markets. The number of stay-over visitors declined by 8.8 per cent during the first four months of 2009, as compared to 2008. The growth of commercial bank credit to the private sector has declined markedly, and liquidity has become tight over the past year or so. Remittances from abroad and private capital inflows for investment are in decline, while the overall cost of capital is increasing, which will have implications for debt sustainability. Rising unemployment and falling Government revenues have further exacerbated the situation and limited the flexibility and options available to counteract the recession.

We have not stood idly by in the face of all those externally generated pressures spawned by the recession. In my budget presentation in April of this year, I enunciated a package of measures aimed at stimulating the economy while setting it on a higher growth path, securing jobs, promoting competitiveness and protecting vulnerable citizens. It included measures to enhance efficiency in Government revenue collection, increase disposable income, reduce waste and inefficiency, and provide a substantial investment expenditure programme.

We are also part of a strategic response to the global crisis being developed and refined by the Eastern Caribbean Central Bank, of which we are a member. Economic growth in the eight-member Eastern Caribbean Currency Union as a whole was very modest last year, and is projected to be significantly negative for the next two years. The fiscal accounts show similar deterioration, mainly because of projected revenue shortfalls and declining financing, in particular external concessionary financing, for our capital investment programme.

Yet, despite the targeted action that we have taken at the level of individual countries and collectively at the regional level, we are concerned that our efforts will prove to be insufficient. We will need considerable assistance to overcome the current crisis. How best can the international community help?

Given our vulnerability, the impact of the global crisis and the importance of avoiding a descent into a sea of debt, small island economies like Saint Lucia's are in urgent need of financing on highly concessionary terms. Multilateral institutions are already in the process of crafting a response to the crisis. However, we would like to urge the international community to make available to us a significantly larger amount of grant funding for the next two years. We simply cannot afford the stranglehold of additional debt.

We welcome the efforts of advanced countries aimed at putting their citizens back to work and restoring economic growth. Given our openness and the extent of our integration into the world economy, their recovery will have a positive impact on our own development, as long as the channels through which their own growth is transmitted remain open. However, we need to rebuild confidence in the international financial and economic institutions, along with a greater understanding and practical appreciation of our economic situation.

I refer specifically to the Bretton Woods institutions and the international financial institutions, including the World Trade Organization. While larger and more diversified economies are better able to withstand profound economic shocks, micro-States can literally be devastated for many years by one deep and prolonged recession. Among other things, the current situation calls for a renewal or extension, for a five-year period, by the World Trade Organization of the preferential privileges previously enjoyed by micro-States like ours. Multilateral institutions, including the WTO, are meant to serve, not hurt us. If ever there were a time for flexibility and enlightened action, that time is now. Such a waiver should be part of the recovery package extended to us.

A threshold should be established for WTO reciprocal arrangements and microeconomies like ours, which are perpetually vulnerable should they fall below a certain threshold, thereby allowing us ongoing access to preferential arrangements. Those matters can be examined and implemented before the five-year period of the waiver expires.

We need to devise a financing package to make the innovative financing mechanism a reality. The mitigation and adaptation funds of the United Nations Framework Convention on Climate Change must be capitalized. Within that basket, special consideration must be made for countries in the middle-income bracket, including small island States, as they are the ones most likely to recover in the shortest time, since the environment for success already exists. We have trained human resources and are developing infrastructure, and we have the will to rebuild. We need assistance to arrest the deterioration in our economy.

The hurricane season has just begun. We pray that we do not have a major hurricane on our hands, especially now that we have to cope with the global economic crisis. Any such disaster would be catastrophic. We therefore need assistance as quickly as possible to recover from the crisis and to enable us to deal more effectively with any potential disaster.

Financial and economic crises breed unemployment, which breeds social upheaval. That can compromise national, and sometimes international, security. We have made great strides in leaving that behind during past years.

Lastly, we cannot postpone action. Every day that passes is a day lost, and every day lost is an opportunity lost. Let us act quickly, decisively, collectively and in harmony with the basic principles of a just and fair world where everyone can truly say, "I am my brother's keeper".

The Acting President: I now give the floor to His Excellency Mr. Peter Power, Minister for Overseas Development of Ireland.

Mr. Power (Ireland): When we gathered in Doha seven months ago to reaffirm our commitment to global development, we knew that the world faced a financial and economic crisis. Today, it is clear that the crisis is more far-reaching and more unpredictable than anybody could have feared. Its impact is being felt in different countries and communities in very different ways. It is seriously undermining progress on the Millennium Development Goals (MDGs). In the General Assembly last September, I participated in the launch of the report of the Irish Government into hunger and food security. Our objective then, as it is now, was to highlight the central importance of global hunger and food security, the most basic of the MDGs.

We are very conscious of the severe consequences of the crisis for those in a seriously weaker position than ourselves. For the poorest people on the planet, not least the 1 billion people who do not have enough food to eat, the financial and economic crisis is truly becoming a human calamity. Macroeconomic statistics cannot demonstrate the true extent of a crisis that is still unfolding across the developing world. Growth projections for sub-Saharan Africa are constantly being adjusted downwards. Crucially, private capital flows, which played a key role in the economic growth of recent years in Africa, are drying up. Whole communities are feeling the decline in workers' remittances. Commodity exporters are seeing a sharp drop in revenues, and tourism and other sources of revenue are also declining.

Households across the developing world are facing stark choices. Poor families will have to ask whether they have the resources to meet basic consumption needs and the costs of keeping their children in school. Several hundred thousand infants will die this year, many because of malnutrition, as a direct consequence of the crisis.

That simple and unacceptable reality demands a more urgent, concerted and effective response by the international community, not alone to work for the restoration of sustainable economic growth, but to ensure that the poorest and most vulnerable are protected through this economic storm.

Ireland and our European Union partners support targeted countercyclical measures aimed at protecting the most vulnerable and sustaining economic activity and employment. We also need to improve the effectiveness of our aid, based on the principles outlined in Accra last year. By the same token, it is also important to focus more clearly on key priorities. In the case of Ireland, that would be on the global hunger crisis.

In recent months there has been important positive action by the G-20, the World Bank and the International Monetary Fund's Development Committee. The crisis has reaffirmed the indispensable role of the international financial institutions. However, it has also confirmed the urgent need to reform them and to strengthen their legitimacy as development actors by giving a greater voice and representation to emerging and developing economies, including, especially, the least developed.

The United Nations has a key role to play in efforts to help developing countries tackle the full range of social, economic, financial and environmental challenges they face. In line with the consensus reached here at the General Assembly by all Member States last September, the capacity of the United Nations to deliver as one must be strengthened. Real progress has been made on system-wide coherence, but more needs to be done to ensure that the United Nations delivers as one for the poorest of the poor across all its agencies.

In building on the successes to date of the One United Nations Pilot Initiative at the country level, it is now essential to foster stronger coherence between the Organization and other development actors, including the international financial institutions. The coherence and coordination of policies and actions between the United Nations, the international financial institutions and the relevant regional organizations also needs to be strengthened.

The United Nations has already reported that the volume of global trade is expected to fall by 11 per cent this year, the largest annual decline since the Great Depression. That underlines the need for an ambitious, balanced and comprehensive agreement in the Doha Development Round of the World Trade Organization that addresses the real concerns of developing countries, particularly the poorest among them.

In agreeing initiatives to respond to the crisis, we must recognize clearly the need to deliver life-saving results in the immediate term for the most vulnerable peoples of least developed countries. However, the cruel fact is that we need to do so in a situation where budgets everywhere for overseas assistance are under serious pressure. In Ireland we have had to take the very difficult decision to adjust our budget in 2009, with the sole objective of providing the foundation and conditions to enable our economy to return quickly to sustainable growth. That is crucial to enabling us to resume the expansion of our aid programme.

In that context, we are maintaining our commitments on official development assistance targets. We are also maintaining our sharp focus on poverty and hunger, in particular in sub-Saharan Africa, and we are ensuring that the fight against the global hunger crisis, which has been accentuated by the economic crisis that we are discussing, is a cornerstone of our aid programme. This seriously difficult environment challenges us all to recommit to global development and to ensure that our financial contributions are delivered more effectively and sustainably, with tangible results.

Let me conclude by congratulating the co-facilitators on their work in achieving broad consensus on the draft outcome document of this Conference. The message we send from New York here today, tomorrow and this week must be that we are ready to put our words into action, to act more effectively despite the constraints of limited resources, and to save lives that would otherwise be destroyed by this economic crisis.

The Acting President: I now give the floor to His Excellency The Honourable Darcy Boyce, Minister of State in the Ministry of Finance, Investment, Telecommunication and Energy of Barbados.

Mr. Boyce (Barbados): I would like to express the gratitude of Barbados to the President for his tireless efforts to convene this Conference. Barbados also wishes to congratulate the co-facilitators, the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines, on their excellent work.

Today, as we consider how best to address the most serious economic and financial crisis of our lifetime, let us be of strong resolve and clear foresight to ensure that we bequeath to future generations the foundations for lasting prosperity and security. In creating such a foundation, nothing short of far-reaching and radical reform of the international financial system and the institutions responsible for administering global economic governance will suffice. If the international financial system is to promote and support global development and prosperity, institutional reforms must ensure that all countries have an equal voice and fair representation in decision-making and that the international financial institutions are responsive to the interests of all members, especially the smallest, poorest and most vulnerable. They must also ensure that they have clear responsibilities and mandates and that they conduct their business in transparency and with accountability to the entire membership.

We must not squander the opportunities for creating a fair and more equitable system of governance in which responsibility for global rule-making and decision-making is vested solely in the entire United Nations family of nations. Throughout history, small States have made an invaluable contribution to strengthening multilateralism and to providing solutions to complex global problems. Our small countries can continue to be effective partners, but they must be accorded a seat at the table when decisions are being made on issues of global concern.

In pursuit of that objective, Barbados believes that the United Nations, which has a unique role and legitimacy, must play a much greater role in economic decision-making and rule-setting. We therefore welcome the establishment of a working group of the General Assembly to advance many of the proposals to emerge from this Conference.

One of the cruellest ironies of the current crisis is that developing countries on the periphery of the global economy, such as those in the Caribbean Community, which have not caused any of the problems, are being forced to bear the brunt of the costs associated with adjustment. In the Caribbean region, we are continuing to feel the impact of the crisis. It is projected that growth in the region will contract sharply in 2009 as a result of falling exports in goods and services, in particular in the tourism sector. That has been compounded by precipitous declines in foreign direct investment. In addition, remittances, which are a major source of financing, are expected to fall by 7.0 per cent in 2009 — or $4 billion — in the Latin American and Caribbean region.

While the Caribbean Community has not been passive in its response to the crisis, the region's lack of fiscal space has prevented it from engaging in more aggressive and sustained countercyclical measures. Nonetheless, the Government of Barbados continues to respond to the threat posed by the crisis to our social and economic development by supporting external sectors while safeguarding jobs to the extent feasible and ensuring that the most vulnerable members of our society are protected. Despite the enormous challenges before us we remain optimistic, given the traditional resilience and resourcefulness of our people.

This crisis has clearly exposed the need for an urgent re-evaluation of the criteria used by international financial institutions to graduate middle-income developing countries from access to concessionary financing. Per capita gross domestic product (GDP) is a poor indicator of economic sustainability. Its continued use severely hurts small middle-income developing countries, especially those with a high degree of economic openness to the rest of the world. In determining the eligibility of a developing country for concessionary financing, we must assess what the increased cost of borrowing by that country in the private capital markets means in terms of foregone jobs and GDP and increased debt and strain on the balance of payments of that country. That is what must matter to us — the highly indebted, so-called middle-income small island States with high external economic vulnerabilities.

When we roll back the graduation of developing countries from borrowing from multilateral development banks, we will begin to address the most fundamental aspect of the governance of those institutions — why they were created and why they continue to exist. The original purpose to aid development is no less important now, and must again apply to all of us in the developing world, irrespective of per capita GDP. Surely no one wishes us to revert to poverty.

Apart from the matter of graduation, these middle-income developing countries should also receive grants or concessionary financing to repair the damage caused to our countries by climate change.

We have made the point before, and we have to make it again lest it may have fallen on deaf ears: we, the small island States of the Caribbean, did not cause climate change, but we are bearing the fiercest impact of it. This has dire consequences for our major economic lifelines — tourism, agriculture, fisheries — unless we spend huge sums of money to protect them from further damage. We have to borrow that money, mainly on commercial terms, to repair the damage. That is not justice.

Further, tourists travelling far distances by air to visit our shores now have to pay an onerous ticket tax levied in some developed countries to fund climate change adaptation measures. That hurts us very badly; we who have to borrow heavily to fix the effects of climate change caused by others now have this new threat to the very industry that would enable us to generate the funds to repay those loans. Where is the justice?

This crisis has increased the demand in almost all countries for borrowed funds to levels hitherto unseen. At the same time, the supply of capital has contracted sharply in the private capital markets, and the premiums that developing countries pay in those markets have increased very substantially. The downgrades of several borrowers by the rating agencies have also made those premiums greater and may reduce the access of some of us to the private capital markets. Small, highly indebted, middle-income countries like ours will have to access more of the critical capital we need from the multilateral development banks, especially the subregional development banks. We need that capital to keep our economies afloat, repair our ailing infrastructure and increase our productive capacity.

The response of the world to solving this crisis must therefore include making and keeping commitments to the multilateral development banks, including the smaller subregional development banks such as the Caribbean Development Bank, to enable them to raise more capital in the near future. This is necessary if these institutions are to channel the appropriate volume of loans to all the developing countries, including the middle-income countries, at rates that we can afford. Otherwise, all the talk about helping the world recover from this crisis will be simply that — talk — for the developing world needs to grow again to ensure that the recovery throughout the world is not shallow and anaemic.

At this unique moment in history we must all stand together in the search for global solutions to the crisis. As we seek to build, for succeeding generations, the foundations for a more secure future, each of our nations must work with the others to help restore economic and financial stability, and to promote justice, long-term growth and prosperity for all.

The Acting President: I give the floor to Her Excellency Ms. Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development of Germany.

Ms. Wieczorek-Zeul (Germany): First, I express gratitude for the marvellous task carried out by the two facilitators, the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines. They have done an excellent job, and we thank them very much.

I have listened, as we all have, to the debate. It is important to listen, because we have to understand that we are in this one world, and we have to understand the different situations in which poor people are hit most severely. We know that more than 100 million people will remain trapped in poverty and that many will lose their jobs and livelihoods.

The long-term prospects are even worse: every child now that is pushed out of school to work will lose out for the rest of his or her life; every mother unable to pay for proper medical attention during pregnancy and childbirth is risking her life and that of her child, and also therefore risks being unable to care for the family.

If national Governments of developing, poorer countries are forced to cut back now on social spending and spending on education, health and so on, their countries will lose the invaluable human capital they need for the future.

Unless we take action now, an average of between 200,000 and 400,000 more children will die each year between 2009 and 2015. That is what the World Bank has told us.

We must do everything to prevent such a humanitarian catastrophe from taking place. I am happy that I have the possibility to work in the Commission of Experts that the President of the Assembly has put to work, under the leadership of Joe Stiglitz, trying to prepare some of the conclusions of this Conference.

The financial and economic crisis is a rupture of historic dimensions. It is the evident failure of market radicalism and an obvious sign of a lack of responsible, sustainable and coordinated political action on global economic issues. That is why this Conference was necessary and why we have to do everything to ensure that such a crisis never happens again.

We need to shape a global economy that serves the people and the peoples with social and ecological rules obeyed by all: a more just world order.

More crucial than ever is global cooperation, which is the only option. The United Nations must lead the way.

The Group of 20 has taken important, far-reaching decisions, some of which have yet to be implemented. It was necessary that they be taken. And yet it takes an organization with the legitimacy of the United Nations to tackle the crisis, in our search for a solution in which all countries' voices must be heard. It is good that in this Conference the 192 countries can make their voice heard. It is important that the Conference is taking place.

With this Conference and its outcome document we strengthen the United Nations role in global economic governance. This is a remarkable success. In all our discussions we should not forget that it is a success on which we have to build.

As Governments, we specifically welcome the proposed panel of experts on the world economic and financial crisis. Its work should encompass expertise from all regions of the world and help identify structural global risks. I emphasize that this means all regions, and not the traditional ones that influence other economic institutions.

The Intergovernmental Panel on Climate Change has done pioneering work in the climate field. The new panel should do the same in the economic field under United Nations auspices. Let us make it happen and let us get into action on this panel.

But it is also necessary to take specific action now to tackle the crisis. We need a global stimulus package that will benefit the poorest of the poor and also embrace the ecological dimension — in other words, what we call a green new deal.

In the German national stimulus package we have included a substantial share for developing countries. That is an example that shows that we are interconnected in this world; we have to cooperate, and we must take the situation of developing countries into our perspectives in discussing our stimulus packages in industrialized countries. We will deliver on our official development assistance (ODA) pledges. ODA is now more important than ever.

But we also need more financing for development, mobilized by, for example, fighting tax evasion and avoidance; fighting tax havens; and making greater use of innovative financing instruments, emissions trading, “debt2health swaps” and taxes on stock market transactions. The banks must also accept financial responsibility for the crisis they unleashed.

The initiative means, of course, that developing countries also have the possibility to act in a counter-cyclical way. The industrialized countries do so, and we should also make it possible for developing countries to act in their respective perspectives.

The allocation of special drawing rights will provide an important foreign reserve cushion for developing countries. This is also mentioned in the draft outcome document. And, beyond that, it is essential to examine the potential role of special drawing rights in providing liquidity and preventing crises.

At the same time, we must ensure that developing countries are not pushed into a renewed spiral of debt by development partners. We can do this by providing more concessional funding and establishing a sovereign debt workout mechanism.

None of us should forget the social dimension. Elements of social security systems should be strengthened by consolidating the International Labour Organization’s Decent Work Agenda.

And if we really want to boost the economy we need to adequately engage women and unleash their economic and political potential. Without women, no movement to the better is possible.

This Conference is ultimately a strong signal that we — the international community — join efforts to achieve freedom from want, freedom from fear and freedom to live in dignity.

The Conference is an expression of solidarity with all those who have so far been denied these rights, including freedom of expression. Today, we have this singular window of opportunity, a unique chance to enter a new era of international cooperation. Let us seize this opportunity and adapt global governance to the realities of the twenty-first century.

Finally, let us make the priorities clear. We can all participate in this. Military expenditure in the past 10 years has risen by 45 per cent. Let us make sure that we do not fail in the fight against poverty, the fight against hunger and the fight against climate change and unemployment.

The Acting President: I now give the floor to His Excellency Mr. Syed Salim Raza, Minister and Governor of the State Bank of Pakistan.

Mr. Raza (Pakistan): At the outset, we must thank the President of the Assembly for his deep commitment to and close personal engagement in what has been a difficult and complex process.

We also thank the two co-facilitators, the Permanent Representatives of Netherlands and Saint Vincent and the Grenadines, for their very valuable stewardship of the negotiation process.

It is fortunate that, after extensive deliberations based on respect for mutual concerns, and through mutual accommodation, we have reached a consensus outcome, which provides us with the framework, directions and timelines for actions needed to combat the adverse impacts of the global financial and economic crisis.

The sense of urgency and spirit of collaboration that helped us travel a bumpy road, but conclude successfully, must not be allowed to subside.

We need urgency, because the challenges posed by the crisis still remain daunting, with the poorest populations being hit the hardest and pushed farther away from timely realization of development goals and objectives.

For the poor, low-income countries, the worst may still lie ahead. Experts fear that the second-round effects of the global crisis will aggravate the risks of debt distress in vulnerable developing countries, whose budgetary positions are likely to worsen further owing to shrinking revenues and foreign financing flows, exchange rate volatility and pressures to increase spending to protect the poor and vulnerable. International trade, with depressed demand in the developed countries, has already decelerated and is expected to contract further on account of possible trade protectionist measures.

For the poor, the crisis is rapidly turning into a human and development catastrophe, as Governments in developing countries are increasingly limited in their capacity to maintain social safety nets and to provide health and education. Children, women, the working poor, migrants and people already disadvantaged are the most vulnerable.

As with other countries, the crisis has impacted Pakistan’s economy in more than one way. Our export earnings have declined. Much needed foreign direct investment flows have reduced, and the Government’s ability to raise resources from international financial markets has been severely affected.

Although Pakistan’s banking sector has remained largely immune to the direct impact of adverse international developments, indirect impacts of the crisis have negative implications for the overall performance and growth of the banking system.

To mitigate the impacts of the crisis, Pakistan has taken various concrete steps, focusing on the scale, depth and intensity of the effects of the crisis on different segments of the economy. Especially, steps are being taken to broaden the country’s export base and to achieve regional diversification of trade. However, this will take time to realize.

Moreover, with limitations on the expansion of its domestic resource base in the short run, the Government has had to embark on severe conservation of available resources. It has curtailed non-development expenditures and prioritized development activities quite sharply.

Although unprecedented monetary and fiscal stimuli have been provided by many developed economies, their full benefits have yet to materialize. If the response of the real economies in those countries remains muted and if financial intermediation takes longer in returning to normal levels, the challenges to developing countries’ economies will grow even larger and the impact on the global economy will be correspondingly higher.

The establishment of the open-ended working group of the General Assembly to follow up on the specific decisions and actions suggested in the Conference draft outcome document is indeed a welcome development. It marks the start of an important process. We are heartened by the international community’s resolve to work in solidarity in a coordinated and comprehensive global response to the crisis and to carry out significant actions committed to at the Conference.

On the systemic and structural reform issues, the need to further review the workings of both the International Monetary Fund and the World Bank has been fully acknowledged in the draft outcome document. Enhancing the voice and participation of the developing countries in these institutions and other standard-setting bodies has also been underscored.

Clearly, this Conference has provided a number of openings to start a dialogue on redesign of the global financial and economic architecture and on what principles should lead and guide the process. The draft outcome document and the elements considered in it provide useful pointers on where and how far we can go.

It is our view that the redesign of the global economic and financial governance architecture should be underpinned by the following principles.

First, the new architecture should be United Nations-inclusive, with the United Nations signifying global participation and legitimacy. We need to develop global, inclusive, integrated and collaborative approaches to deal with these challenges without limiting them to select groupings of only the rich and powerful. The idea of setting up a global economic coordination council, preferably under the Economic and Social Council, to address areas of concern in the functioning of the global economic system, should be seriously considered in the follow up to the Conference.

The idea is not to let any institution overtake the role or functions of any other, but to advance coherence and collaboration between the key actors, given the transnational reach of this problem and its multifaceted nature, while respecting the mandate of each individual entity.

Secondly, these globally acceptable, legitimate and encompassing institutions and responses should be built around the imperatives of need and equity.

Thirdly, the new global compact for development, growth and prosperity should be premised on a people-centric approach based on a mix of policies designed to ensure the welfare and well-being of people.

Lastly, it should be based on a carefully crafted balance between the role of Governments, markets and civil society.

We pledge our commitment to work with the international community fully and effectively to help implement the specific actions and measures agreed at the Conference.

We look forward to the early establishment of the open-ended working group to follow up on implementation of commitments made to mitigate the impact of the crisis in the short term and to address the longer-term systemic and structural weaknesses of the global financial and economic architecture.

I am grateful for the opportunity to address the Assembly.

The Acting President: I now call on His Excellency Mr. Paavo Väyrynen, Minister for Development and Trade of Finland.

Mr. Väyrynen (Finland): The current economic slowdown is exceptionally deep. The crisis threatens to reverse the progress already made in achieving the Millennium Development Goals. This is totally unacceptable. We need targeted, concrete and coordinated measures to mitigate its worst effects.

Finland emphasizes that this Conference provides an excellent opportunity to focus on the development aspects of the economic crisis, concentrating especially on the least developed and most vulnerable countries. It is crucially important that we have been able to reach agreement on a draft outcome document. There were differences of opinion, but now we have a broad consensus on our future action.

It is important that different parts of the international system focus on the areas where they have strongest expertise and where they can best provide added value.

The United Nations needs to focus on the impacts of the crisis on the developing countries. The role of the international financial institutions is also essential, particularly in responding to the systemic financial issues. Both have a role to play in development cooperation in the field.

There has been some progress already in strengthening the financial resources of the international financial institutions and accelerating their reform processes. It is at least as important to enhance the reforms of the United Nations system. Strengthening system-wide coherence and the one United Nations concept is crucial. The Economic and Social Council should be made stronger and play a more meaningful role.

Finland encourages closer cooperation between the United Nations system and the Bretton Woods institutions at all levels.

Whatever improvements are made to the international multilateral system, it is necessary that we all focus on development issues in a more comprehensive and rigorous way.

We all — both the developed and developing countries — must keep our commitments to effective poverty reduction and sustainable development. The commitments made in Monterrey and Doha, in Paris and Accra, must be safeguarded. We must have a substantial increase in the funding for development and we must use these resources effectively.

But increasing aid and improving aid effectiveness is not enough. In order to meet the enormous global challenges of development we need effectiveness in our development policies as a whole. We must have better development policy coherence and better development policy effectiveness.

Effective poverty reduction must be a central goal in all international negotiations in areas such as trade, energy, climate change and the environment. Special attention must now be paid to the World Trade Organization Doha Round negotiations and the preparations for the Copenhagen Climate Change Conference. We must reach in both forums agreements that effectively support our efforts for poverty reduction.

On the other hand, we have to understand that our development efforts can be effective, in that they can bring fast and lasting results, only if we follow the principles of sustainable development, commonly agreed in many United Nations summit meetings and conferences.

If our policies are not ecologically sustainable, both globally and locally, we undermine the basis for prosperity and well-being of ourselves and the generations to come. The environment must be protected and natural resources must be utilized in a sustainable way. We must focus strongly on food security, rural development and agricultural productivity, and base our development efforts on the sustainable utilization of renewable natural resources in agriculture, forestry and energy production.

Poverty reduction has been most effective in countries with sustainable economic development based on opening markets and a flourishing private sector. Economic growth has lifted people out of poverty, and the Governments of these countries have been able to gather revenues for financing their own poverty-reduction programmes.

Social sustainability is many times understood too narrowly only as progress reached in education, health care and social welfare. Still, the foundation of social sustainability is formed by good governance, human rights and democracy. Social sustainability is important as such, but it is also a necessary precondition for all development.

We have enormous challenges in front of us. Let us meet them with a more and more effective development policy.

The Acting President: I give the floor now to His Excellency Mr. Urmas Paet, Minister for Foreign Affairs of Estonia.

Mr. Paet (Estonia): We are witnessing the greatest economic recession since the Second World War. No continent, region or country is left untouched by this crisis.

The World Bank just last Sunday published the new Global Development Finance Report for 2009. Global growth is expected to be negative in 2009, with an estimated 2.9 per cent contraction of global gross domestic product.

Most of the attention around the unfolding global financial crisis is focusing on its causes as well as effects in the banking and broader finance sector, particularly among developed and leading emerging economies. However, in a global economy, the crisis also has serious implications for developing economies, which are increasingly dependent on trade, foreign investment and remittances to meet their economic growth and social needs.

The global economic and financial crisis follows hard on the heels of the food and fuel price shock, which, according to the World Bank estimates, has already had disastrous effects on the poor: 100 million people have been driven into poverty in the last two years as a result of high food and fuel prices. In 2009, the spreading crisis may drive another 53 million people into poverty, thus bringing the total number of those living below the poverty line in the developing world to over 1.5 billion.

The impact of the crisis has hit developing countries through many channels. The combined effect of falling remittances and export and commodity demand, slumping aid and private capital outflows, with dropping net inflows, means that a large number of developing countries will face a serious financing shortfall already this year.

The international community is deeply concerned about the impact of the global crisis on the developing world, and the serious setback this is having on efforts to meet the Millennium Development Goals. In an increasingly globalized world, where seemingly distant crises can spread quickly across the globe, the response must be truly global, coordinated, flexible and fast. The United Nations has an important role in creating this coherent response. The major policy challenges need to be addressed at country level, but it is now more critical than ever that the international community act in a coordinated and supportive way to make each country’s task easier.

The financial crisis has also demonstrated the risks of excessive use of leverage, and disclosed weaknesses and gaps in the regulation and supervision of the financial sector. We must respond to this crisis by remaking our international institutions for the challenges we face today. The development finance institutions, backed by the assets of industrialized countries, should play a strong counter-cyclical role by providing credit in areas from which commercial players have retreated, thus helping to finance social safety nets as well as long-term investments in agriculture, infrastructure and sustainable energy.

Economies are receding in countries with both closed and open economies, in exporting and importing countries. Global disruptions and the economic crisis are also affecting my country. As a small and very open economy, Estonia felt changes especially quickly and sharply. The most serious problems were created by the sharp contraction in global trade at the end of last year and the beginning of this year. Despite the first positive signs of a halt in recession, risks to economic growth have not notably mitigated. The main preconditions for a rapid recovery of steady economic growth are to enhance economic growth and exports, and in my country's case the clear prospect of joining the European Union euro area in the near future and restoring fiscal balance and surpluses in the years ahead.

Estonia has collected considerable reserves over the past few years, and our Government and Parliament have been fiscally prudent and introduced severe budgetary cuts. The cutting of budget expenses is indeed painful and unpleasant, but still essential. Only in this way can we avoid an excessive increase in government debt, keep some reserves for the future and maintain the hope of joining the euro area in 2011.

I would like to stress the importance of trade in fighting the global recession. Estonia has a positive experience with trade liberalization, and we believe that this can be one of the best guarantees for the economic development of all countries. However, in order to be able to reap the benefits of global competition, a gradual approach is necessary, allowing countries to adjust to the world market. For this to succeed, liberalization has to be accompanied by serious reforms supporting competitiveness.

I would also like to touch upon the very important topic of foreign direct investments. Our experience shows that the liberal investment framework, together with other necessary elements such as rule of law, good governance, modern infrastructure and general openness of the people, create the most attractive environment for investors, which in turn keeps both international and domestic entrepreneurs interested. Good governance is needed to guarantee that the benefits of the involvement of foreign capital are extended to the widest possible share of the population.

It is also important to stress that foreign direct investments often contribute to the transfer of technology and intellectual know-how, and therefore are conducive to economic development.

The Acting President: I call on His Excellency The Honourable Gamini Lakshman Peiris, Minister of Export Development and International Trade of Sri Lanka.

Mr. Peiris (Sri Lanka): At the outset, allow me to congratulate the President on this timely initiative by the General Assembly to meet at the highest level to look into the causes and consequences of the world financial and economic crisis — the worst since the Great Depression in the 1930s — and its impact on development. I also take this opportunity to convey to him and the other members of the Assembly the best wishes of President Mahinda Rajapaksa, President of Sri Lanka, to arrive at a positive outcome, founded on consensus, from this global Conference. We have today the potential to make a beneficial impact on the billions of people affected by the crisis.

The root causes of the current crisis are complex, involving as they do the consequences of the food crisis, continuing instability in fuel prices, widening of economic imbalances among major players in the world economy, complexities associated with increased globalization, constraints in access to financing, failures of regulatory and early-warning systems, and the challenges posed by climatic change, among other issues. The crisis has created an unprecedented urgency with regard to finding more sustainable solutions to these deep-seated global problems. Macroeconomic adjustments and shock therapy, through the provision of temporary financing alone, will not be sufficient to prevent more frequent world crises in the future.

The full scale of the socio-economic impacts of the crisis is yet to be seen. The aggravation of balance of payments difficulties by a shrinking of markets and of incomes from remittances, exports and tourism, together with the drying-up of trade financing, will have drastic socio-economic effects. Many developing countries are left on their own, at the mercy of the crisis, in the absence of adequate support from the multilateral aid and financing architecture that we created after the Second World War.

The current crisis has exposed grave lapses and failures of the early warning systems and supervisory and regulatory systems in developed countries. In the context of the economic crisis and growing economic imbalances, the movements of interest rates, exchange rates and commodity prices have become more unpredictable.

As the representative of an emerging middle-income country, I am pleased to tell the Assembly that Sri Lanka also falls into the group of nations that have been able to maintain an overall positive economic growth rate, despite the adverse impact of the world crisis. We consider that to be a considerable achievement. I attribute this to the clear vision, strategy and development policies being pursued with vigour in our country under the leadership of President Mahinda Rajapaksa.

After we maintained a growth rate of over 6.2 per cent in 2008, the recently released data for the first quarter of 2009 indicated 1.5 per cent growth, and we expect it to improve in the remaining quarters to reach approximately a 3 per cent to 4 per cent average rate for 2009. Despite a contraction of international trade and trade-related activity, it has been encouraging that the performance of the agriculture sector, in particular, and rural economic activities continue to show significant improvement.

We are, however, concerned that the current depressed environment has seriously constrained the resource flows for investment in developing countries, and that this situation is unlikely to show any significant improvement in the foreseeable future. The declining demand from developed countries has adversely affected the services sectors, such as tourism, in developing countries such as my own.

Similarly, lack of investment in developing countries, or reversal of portfolio investment flows from developing countries, has of course a direct impact on job markets, which can lead to higher unemployment rates — a situation that has grave consequences for the vulnerable segments of the community. This, together with the adverse impact of the crisis on government revenues, could seriously constrain our ability to devote an adequate amount of resources to social expenditures such as public health, education, poverty alleviation programmes and much needed infrastructure development.

Globally, there should be an early enhancement of resource flows to developing countries, without which the hard gains achieved in realizing development goals, including the Millennium Development Goals, could well be placed in jeopardy.

Existing institutional mechanisms may not always be sufficient or effective in containing the volatility of financial markets, coupled with the negative impact of globalization and the contagion effects of the crisis.

The correction of these defects also requires fundamental reforms in the governance framework in the Bretton Woods institutions, in order to enable them to play a more positive and pragmatic role in supporting sustainable economic development and international financial market stability. The governance structure of these institutions should have adequate representation of developing countries, particularly the emerging economic powerhouses.

It is ironical that some of the crisis measures implemented in developed countries, instead of mitigating the social and economic disparities emanating from the current crisis, tend to worsen the situation in vulnerable countries. The subsidies provided for agricultural commodities and the financial stimulus packages offered by industrialized countries to revive their domestic markets often distort international trade. Developing countries are hardly allowed to protect their domestic markets from dumping with such subsidized imports. They should also have the right to resist any moratorium on raising the tariffs applied in world trade. The short-term bailout loans available for developing countries from the International Monetary Fund remain marginal on account of tight conditionality, and access to financing, regrettably, appears to be selective. These weaknesses need to be addressed as a matter of priority.

In the context of the current crisis, the urgent need to introduce an alternative reserve asset to provide liquidity support as and when required to ensure smooth functioning of the world trade and payments system in particular becomes apparent. While we welcome the call for a new allocation of special drawing rights, as proposed by the Group of 20 and often requested by developing countries, we urge that this proposal be implemented as early as possible.

Debt issues of developing countries need to be addressed in a more practical way. Debt accumulation of developing countries is sometimes due to factors beyond their control. There is no doubt that the countries themselves need sound economic policies and appropriate adjustments in addressing their formidable debt difficulties. As part of the debt burden is also associated with currency appreciation, there needs to be exploration of a mechanism to compensate borrowing countries for such unfavourable developments, while those countries make concerted efforts to improve their economic performance.

Several initiatives have been proposed in the draft outcome document. I hope that they will be discussed in our deliberations and agreed upon as required. In this regard, we hope that the United Nations, as the most representative and legitimate world body, will play a more effective role in helping the international aid and financing architecture to be redesigned so that it can reflect new realities and support rapid, equitable and sustainable development for all.

The Acting President: I now call on His Excellency the Honourable Datuk Ahmad Husni Hanadzlah, Minister of Finance of Malaysia.

Mr. Ahmad Husni Hanadzlah (Malaysia): I begin by thanking the President for convening this meeting and for his strenuous efforts in ensuring its success.

The effects of the crisis, particularly on the weakest, who are suffering through no fault of their own, are clear. We are now also clear about its causes, which are a “casino capitalism” mentality, focusing on short-term gains, and an imbalanced global economic model dependent on consumption regardless of debt.

The tentative green shoots of recovery seem to be withering away. Global growth will be low at a time of higher oil prices. Countries may be tempted to take protectionist measures, further threatening recovery. Indeed, studies have shown that, notwithstanding commitments made at the Group of 20 meeting in London, 17 of the Group’s members had taken protectionist measures. A combination of these threatens especially the most vulnerable economies, which are dependent on aid and which possess no oil reserves of their own.

Given the seriousness of the situation, I firmly believe that we should now focus on the immediate, and view the past only to the extent that it can inform our future action.

We now need to consolidate our efforts in ameliorating and mitigating the effects of the crisis and in preventing its recurrence. In doing so, we must be guided in our actions by what works and by common resolve. Focusing on divisive ideological battles will not address our present troubles.

I therefore call for unity and a common focus.

Identifying what works requires a fundamental rethinking of, and action on, the following issues.

The first is the relationship between consumption, debt, risk and economic growth. We cannot return to a model in which global economic growth is underpinned by the demand of Americans borrowing more, sustained only by the purchases by the rest of the world of American financial instruments, whether toxic or safe.

The second issue is to find the optimum balance of regulation, with a level able to prevent bubbles and yet still promote innovation.

The third issue concerns the role of financial institutions, which must return to their central role of allocating capital most efficiently to the most productive investments and activities.

Fourthly, the international financial architecture must better inform Governments on, and alert them to, systemic flaws. Its reform is required so that it reflects changing realities and better takes into account various needs and perspectives.

Fifthly, at the same time, there must be greater cohesion between the international financial system and the broader international development system, encompassing trade, aid and the environment, so that one works in favour of the other. Given its unique nature, the United Nations has an important role to play. At the same time, we must ensure that we take consistent and sustained action on all these matters in all forums and bodies.

Strong fundamentals and sound macroeconomic policies have not sheltered Malaysia from the crisis. To mitigate the effects of the global downturn, we have instituted two stimulus packages to the tune of almost $20 billion. Despite these measures, our economy continues to be impacted by plummeting external demand.

While stimulus measures may have ameliorative effects and will help to resuscitate a sick economy, long-term growth and economic health require increased private demand, which is dependent on resolving global private debt. The key question is whether global stimulus actions already undertaken are sufficient to avoid financial collapse resulting from global private debt.

The indications are that more will need to be done, and we must do what it takes. I therefore call for us to take further collective action.

Let me repeat a cliché: “there is opportunity in troubled times”. Malaysia is using this time to make our economy more broad-based, leveraging on innovation, creativity and entrepreneurship to spawn high-value-added industries.

The new model will focus on liberalizing the services sector in view of its potential to expand rapidly and contribute significantly to economic growth. The process of liberalizing our services sector has begun, with more to come.

I want to be categorical: we are not liberalizing to conform to some new economic orthodoxy. We are doing so to ensure that Malaysians benefit from the competitive dynamics that are shaping the global marketplace.

We all know in our hearts that economic progress is often associated with our expectations for the future. Governments all across the globe must therefore foster hope among our peoples and ensure that from this crisis there will emerge a new dawn.

I therefore call for the creation of a new economic system that will benefit all.

The Acting President: I now give the floor to Her Excellency Mrs. Preneet Kaur, Minister of State for External Affairs of India.

Mrs. Kaur (India): The United Nations provides a unique forum, with unparalleled legitimacy and inclusivity.

This United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development is only the second such United Nations gathering on the financial and economic system and architecture, the first being the United Nations Monetary and Financial Conference held in Bretton Woods in 1944, with the participation of all the then 44 members of the United Nations. In that sense, this is truly a historic meeting.

It is vitally important that this landmark event, coupled with the United Nations convening power, be used to hear the voice of the entire global community on the extraordinary crisis faced by the global economy today. Therefore, at the outset I express our appreciation to the President for all his personal efforts in organizing the Conference.

The global financial and economic crisis was the result of a failure of global regulatory and supervisory mechanisms, excessive speculation and excessive risk-taking. This was further aggravated by global imbalances. There is now a general acceptance that the present economic and financial crisis is the worst recession since the Great Depression and the first-ever contraction of global gross domestic product in the post-war period. Given the magnitude of the crisis and the widespread meltdown, some have dubbed it the Great Recession.

Developing countries were not the cause of this crisis, but they are among the worst affected victims. Their exports have been hit, and they are facing vastly reduced capital flows and foreign direct investment. The economic crisis, coupled with the food and fuel crises of last year, has slowed down their economic growth and casts an ominous shadow on the eradication of poverty and the achievement of the Millennium Development Goals. The human dimension to this crisis is even more frightening, with estimates of additional millions being pushed back into extreme poverty.

For Governments in developing countries, the loss in export earnings and remittances, with adverse consequences on employment and growth, has meant reduction in the fiscal space for investments in critical infrastructure and social sectors, such as education and health, as much larger social safety nets have now to be financed. As the Prime Minister of India, Mr. Manmohan Singh, said at the Group of 20 (G-20) London summit,

> "While India will be able to manage, many other developing countries may not be in the same position and this is where the international community can help. We must ensure that countries hurt by the massive withdrawal of private capital that has taken place … are able to rely upon an increased flow of resources from the international financial institutions. This will help these countries to maintain a higher level of demand than would otherwise be possible and thus help global revival."

Any new thinking for a more sustainable global economic system has to be based on a conscious policy in which there is a building up of the capacities of the poorer countries and regions to play a healthy and equitable role in tapping the potential of the free market for their prosperity and advancement.

Specific responses to the financial and economic crisis must address both short-term needs and the longer-term imperatives of reforming structures of global governance, including here at the United Nations and at the Bretton Woods institutions.

These reforms need to redefine the role of the institutions of global economic and financial governance to reflect contemporary realities, while being rooted in pragmatism and collaboration. It is imperative that in key decisions and decision-making processes the voice and real participation of developing countries are substantially strengthened and increased.

The future shape of international governance, including of international financial institutions, and the crafting of a new global financial architecture are perhaps the most far-reaching element of reform for providing global stability and security.

At the United Nations, the General Assembly must be revitalized, along with a real reform of the Security Council. We believe that this requires expansion in both the permanent and non-permanent categories of the Security Council and reform of its working methods.

The present crisis has once again underscored the need for the Economic and Social Council to be robust and effective in coordinating global responses to global challenges for a better quality of life for the vast majority of humankind.

At the Bretton Woods institutions, the voice and quota reform needs to be accelerated so as to make those institutions both responsive and effective as well as credible and relevant in continuing to play vital roles in global economic affairs. Again, as my Prime Minister said at the G-20 summit,

> "The world has changed greatly since the multilateral institutions were established, and the role of these institutions needs to be redefined and their mandate suitably revised. The representation of the developing and emerging market countries in the decision-making levels of these institutions also needs to be improved. Better representation is essential if the institutions are to have the legitimacy they need to play their role."

Of immediate importance is the revival of the world economy. Counter-cyclical stimulus measures are therefore critical. There must be a substantial increase in lending by international financial institutions and the multilateral development banks, with increased limits for developing countries and emerging economies. The capacities of the multilateral development banks to increase lending, including adequacy of their capital, requires to be urgently addressed.

There is a particular imperative to make good the decline that has taken place in capital flows to developing countries by increased multilateral and bilateral flows, including official development assistance. Increased resources for international financial institutions are very relevant, but conditionalities associated with the use of these resources need to be softened, otherwise their deployment will be counter-productive in the countries affected.

Measures to address the crisis should not create other problems for the future.

We need to address regulatory and systemic flaws. There should be a better and transparent regulatory mechanism for capital markets, including the non-banking sector, together with redefining capital requirements, to avoid pro-cyclicality, and avoiding build-up of excessive leverage.

There should be a better system of surveillance and regulation. Surveillance should be even-handed, with greater focus on the systemically important institutions. We also need to develop an effective early warning system to spot a build-up of risk. It is particularly important that in any such vulnerability assessment there is no intrusiveness.

In this context, it is particularly necessary that we should not permit protectionist tendencies — not just protectionism in trade in goods, but also protectionism in free flow of persons and in financial services, as well as the imposition of non-tariff barriers — in order to succeed in our response measures.

Developing countries have limited policy space. They must continue to have this space to determine measures that best fit their specific requirements.

In so far as India is concerned, we have fared much better than others, though we are also affected and our growth rates have come down from the nearly 9 per cent average of the past four years to 6.7 per cent in 2008-09.

In response to the crisis, we have made aggressive use of fiscal and monetary policy, with particular focus on fiscal stimulus in infrastructure investment.

Our primary challenge is to get rid of the chronic poverty, ignorance and disease that still afflict millions and millions of our citizens. For this, we need a high rate of growth coupled with measures to make it inclusive.

We have endeavoured to achieve this through huge investments in the rural and farm sector, a massive rural employment guarantee scheme, infrastructure development projects, major national food security and rural health missions, and an urban renewal mission.

Leaders of some of the largest economies, the G-20, have met twice in the past months and declared their determination to instil confidence in, and restore stability to, the world economy. They have also pledged to strengthen regulation, reform international financial institutions, reject protectionism and build recovery. The package of $1.1 trillion to restore credit and growth, together with national measures, constitutes a global plan for recovery on an unprecedented scale.

India has actively engaged in the G-20 framework aimed at redressing the current global economic situation so as to bring the global economy back to the trajectory of sustained growth. The Commission of Experts appointed by the President of the Assembly, which included the former Governor of the Reserve Bank of India, Mr. Y. V. Reddy, has also made several recommendations that deserve serious consideration.

We have a vested interest in the world economy doing well, as that is a key enabler for our growth too. But, as we strive for global solutions to this global crisis, we must remember that development or economic growth cannot be slowed, halted or sacrificed in the search for solutions to the crisis.

The Acting President: I now give the floor to His Excellency Mr. Salaheddine Mezouar, Minister of Finance and Economy of Morocco.

Mr. Mezouar (Morocco) (*spoke in French*): It is a pleasure for me to speak on behalf of the Kingdom of Morocco and extend sincere thanks to the President of the General Assembly and to the Secretary-General, as well as the two co-facilitators, for the arrangements made for the Conference.

The Conference is being held at an especially crucial time. The world has been experiencing one of the harshest economic crises in decades, and expectations for crisis exit solutions are tremendous; the need for them is more and more insistent.

It was therefore natural that the United Nations should be chosen as the framework for this Conference to identify urgent measures and define an exit strategy for the crisis. Indeed, the United Nations composition, universal legitimacy and moral responsibility, especially to the most vulnerable, enable it to play a decisive role in stimulating the appropriate responses to the world crisis and to ensure that the Millennium Development Goals remain a high priority for the international community.

This occasion gives us an opportunity to design fundamental measures to support developing countries in mitigating the effects of the crisis and boosting their economies. At the same time, we should not overlook the framework the United Nations offers to continue to pave the way towards reforming the international financial system architecture, so as to correct dysfunctions, prevent future crises and guarantee the involvement of all countries in this effort.

The crisis we confront will have long-lasting consequences for all developing countries, very few of which have sufficient means to face it. Most recent projections indicate that the financial crisis will continue to have a negative impact on the global economy during this year and the years to come, and that developing countries will be even more acutely affected and face enormous difficulties in mobilizing the financial resources needed for their development.

The financial crisis has already become a global credit crunch, increasing capital costs on international markets and resulting in a slackening of foreign direct investment.

In addition, a drop in remittance inflows from migrant workers, declining official development assistance, a slump in tourism and a contraction in overall trade are already being felt.

The crisis has had severe social consequences for all countries, especially African countries, plunging millions of people into poverty. Its impact on the labour market is disastrous, with an additional 11 million unemployed in 2008 and even worse prospects for the current year. For the most vulnerable countries, the crisis is even challenging political stability and economic and social survival.

In short, the crisis is jeopardizing the efforts made during two decades of adjustment and threatening the achievement of the Millennium Development Goals.

In the present daunting financial and economic circumstances, the international community is called upon to show solidarity with the poorest countries.

In this regard, it is necessary to honour the development commitments made, particularly within the framework of the Monterrey Consensus; the Doha Declaration on Financing for Development, made at the Follow-up International Conference on the subject; the Group of Eight summit; and the Group of 20 summit. Those commitments must continue to guide action on official development assistance.

Alongside conventional assistance, which has so far proved insufficient to meet the scale of developing countries' financing needs, it is also necessary to diversify both the sources and the mechanisms of innovative financing so as to secure additional financial resources that are stable and predictable.

The international financial institutions, for their part, must more than ever support developing countries' efforts to re-establish and keep their macroeconomic balance, the basis of all sustainable, lasting economic growth. Therefore, we urge the international community to increase its support so that developing countries may maintain their fundamental balance and create the budgetary space needed to finance programmes for investment in infrastructure and the education and social sectors and for the restructuring of their economies. Any setbacks at this level would be a serious drag on the efforts of developing countries to converge and catch up, efforts that benefit the whole world economy.

Morocco believes, in particular, that the crisis has had different impacts on developing countries, and therefore calls for well-adapted responses, targeted at the specific needs of each country.

Moreover, the financial and economic crisis should not serve as a pretext for resort to protectionist measures. In this regard, concluding the World Trade Organization negotiations will constitute the best barrier against protectionist practices. We must work together relentlessly for a balanced Doha Development Round agreement conducive to sustainable growth in developing countries.

Neither should the financial bailout and economic stimulus measures adopted by some countries lead to a financial protectionism that would be detrimental to financial flows towards the countries of the South as well as to trade.

My country, like all other countries, has not been spared by the crisis, though its impact has been less, thanks to the specific characteristics of our economy, where the growth of the past five years has essentially been driven by domestic demand. This has made it possible to alleviate the effects of the crisis, at least in 2008 and 2009, but we are talking about a lasting crisis, which will be felt for the next three to five years. It will have a serious impact on all economies, particularly as a result of contracting international demand and falling foreign exchange values. This will also pose problems for developing economies, particularly with regard to their capacity for sustainable growth based on public investment and domestic demand, naturally linked to a need for international finance.

Our country has made a crisis-management effort involving the Government, the public sector, the private sector and the banking system, with measures targeted at the most affected sectors. We have chosen a policy not of recovery but of shoring up growth in order to maintain growth of 5 per cent for 2009.

In its efforts to overcome the crisis, the Kingdom of Morocco naturally wishes to learn from the experiences of others and is ready to share its modest experience. This is another way for developing countries to make a collective contribution to a concerted management of the crisis and to prepare the best conditions for coming out of the crisis, in which we should not be yet again those who pay the highest price.

The international community's efforts to restore confidence and jump-start the global economy cannot succeed in the long run if they fail to tackle the systemic causes of the crisis and the structural problems that led to it. This crisis has shown us the urgent need to reform the international financial architecture to ensure that the global economy is more resilient and less vulnerable.

In this context, we welcome the recommendations of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System, which deserve serious examination within the framework of the international financial governance reform process. We also commend the efforts made within the G-20 to achieve this goal.

This process will require pragmatism and political resolve to bring about a bold reform of the existing system, ensuring that it is adapted to the realities of today's world and the world of tomorrow, that it reflects developing countries' contribution to the global economy, and that it meets their development interests and needs. In order to achieve that goal, all countries must be involved in the reform process.

Showing solidarity at this difficult time is the best proof of our confidence in the future and of the firmness of our commitment to the Millennium Development Goals. In this regard, the Kingdom of Morocco reiterates its appeal for respect for international commitments on the flow of assistance, debt reduction and the opening of markets to goods from less advanced countries. In this context, the international community must pay special attention to Africa, which is exposed to the most harmful effects of the crisis after the glimmers of hope in recent years. We bear a collective responsibility today, here and now. An immediate and massive emergency mechanism must be decreed.

Beyond all these actions, it is imperative that we give due importance to the revitalization and strengthening of regional integration areas, which are the ideal places to express complementarities and synergies. It has also been amply demonstrated that strengthening those areas and designing common solutions within them is a response that furthers and reinforces national strategies and the actions of the international community to combat the crisis.

In conclusion, we emphasize our confidence in and support for the efforts of the United Nations to meet development challenges and to find appropriate solutions for the crisis. We must act together, rapidly, collectively and in solidarity.

The Acting President: I now call on His Excellency Mr. Héctor Miguel Dada Hirezi, Minister of Economy of El Salvador.

Mr. Hirezi (El Salvador) (*spoke in Spanish*): On behalf of the people and Government of El Salvador, I express our sincerest congratulations to the President of the General Assembly on the initiative of convening this important United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development. The Conference makes it possible for the different members of the United Nations to participate with our own approaches in the task of confronting together the immediate effects of the crisis, while we design a reform of the international structure in order to build an institutional framework that promotes greater economic stability and more fairness in a world that is excessively inequitable.

In this context, El Salvador endorses the comments made by the representative of Sudan on behalf of the Group of 77 and China, and those of the representative of Mexico on behalf of the Rio Group.

The Government of President Mauricio Funes assumed the leadership of El Salvador on 1 June during a crisis resulting from a combination of internal causes and from internalization of the international crisis. Historic structural conditions and the results of a long civil war were confronted with policies — promoted from outside, but at the same time satisfying concrete domestic interests — that in many cases excessively limited the capacity of the State apparatus to act, and that were based on a faith, not well founded, in the intrinsic capacity of the market to regulate itself.

Since that model had become obsolete, the new Government of El Salvador had to take measures to relieve the effects on the poorest sectors, while beginning to redesign economic policies through dialogue and agreement between the various sectors of national life. But when the time came to assume that task, the process of change for which Salvadoran citizens voted had to begin in the framework of a profound international crisis. Together with other developing countries, which, without having caused the crisis, are suffering its devastating effects, we have seen placed at risk the possibility of achieving the goals of international commitments such as the Millennium Development Goals, and in many cases we face the difficulty of maintaining the precarious level of social well-being achieved by various sectors of the population.

In this context, President Funes has launched an anti-crisis programme to protect the poorest through public investment programmes, while generating massive temporary employment to make substantial improvements in the physical infrastructure of populations with a high poverty level.

At the same time, a series of subsidies has been designed for sectors in extreme poverty, in both rural and urban areas. This includes providing health and education services.

None of this is possible if we do not confront the profound financial imbalance inherited by President Funes's Administration, resulting from inadequate management of public finances and worsened by the financial effects of the downturn in the economy. We cannot do everything, but we are shouldering the responsibility of protecting those citizens that usually have not benefited fairly from periods of growth and are often punished more than others when crises occur.

The document prepared by experts at the request of the President of the General Assembly shows that measures to promote recovery in the present crisis must be related to the need for long-term structural changes. The Government of El Salvador has taken up this challenge at the national level. There is a need to establish medium-term national development goals, and to that end it is essential to replace all those established policies that have proved incapable of meeting the requirements of a different reality, one which is in constant change, as we redesign the State apparatus in order to have mechanisms to implement the new policies.

President Funes sees this as needing to be done through national consensus, in which the different sectors participate in defining national objectives and share the costs and benefits of pulling out of the crisis and of recovery. To that end he has called for the establishment of an economic and social council. I am pleased to say that that idea has been welcomed by the labour sector and by small businessmen and cooperatives, as well as by owners of larger companies.

While agreement at the national level is necessary, it is essential, in order to take up the challenge of adapting the international system to prevent future crises, that the various members of the international community engage in dialogue. We need to agree that the crisis is an opportunity to discuss necessary international mechanisms that can contribute to giving a content of solidarity to the growing internationalization of the economy — that is, globalization — and that have the capacity to prevent, or at least soften, the effects of future crises.

The seriousness of what is happening in the world today, and the meagre response capacity of global mechanisms in the face of a global phenomenon, clearly show the need for a change of approach and of the structure of those mechanisms. That change includes substantive reforms, both in the international financial system and in the coordinated action of the different parts of the international institutional framework in order to confront in an integrated way the problems of growth and development in our societies, which are increasingly interdependent.

And we cannot forget that, above and beyond the economic and social effects, what is happening in the world now is a conceptual challenge that cannot be evaded as we get down to work to define measures and proposals.

I again reiterate the importance that El Salvador attaches to the holding of this Conference and to the follow-up of its results. This is a first step by the 192 Member States to tackle the challenge facing them and the international community as a whole: the international crisis. We value the fundamental role of the United Nations and its legitimacy in tackling the issues that affect the development and well-being of the world's peoples. This Conference is the outcome of the efforts that have been made, but at the same time it is a point of departure, at which all the Member countries of this world Organization commit ourselves, each on the basis of our own potential and responsibilities at the world level, to work towards a world that is more united and more equitable.

The Acting President: I now give the floor to His Excellency Mr. Manuel Chang, Minister of Finance of Mozambique.

Mr. Chang (Mozambique) (*spoke in Portuguese; interpretation provided by the delegation*): First, on behalf of His Excellency Armando Guebuza, President of the Republic of Mozambique, I wish to express warm greetings and convey his most sincere apologies and regret for not being available to take part in this very important Conference, due to a tight domestic schedule.

It is a great honour and pleasure to participate in this historic Conference on the World Financial and Economic Crisis and Its Impact on Development. I am mindful that it will open doors for us all to frankly discuss the current global problem, which can potentially derail the progress made so far in pursuit of the internationally agreed development goals, including the Millennium Development Goals (MDGs). I hope that concrete results will be achieved in the identification of necessary measures to mitigate the impact of the crisis and prevent the development of similar crises in the future.

We are witnessing the unfolding of a chain of alarming events that began as a financial crisis in a limited number of developed countries but soon, through the recession and deceleration of the most developed economies, affected the wider world economy, triggering a global economic crisis, with dire consequences for the productive sector, exports and employment, thus hitting the most vulnerable groups of the population.

As we all recall, the current financial crisis further weakened our economies, a weakening aggravated by the negative effects of the increase in oil and food prices on the international markets, as well as the effects of climate change, which also posed tremendous challenges to our development and to progress made towards the achievement of the MDGs.

This chain of events is, therefore, providing us with unequivocal evidence that our economies, from the North to the South, rich and poor, are ever more interconnected through globalization. Therefore, we need to find common, harmonized and unified measures to mitigate the impact of the crisis in order to move towards sustainable development and poverty reduction.

The crisis broke at a time when sub-Saharan Africa, the region lagging behind in the achievement of the Millennium Development Goals, was witnessing impressive economic performance, as a result of prudent macroeconomic and structural reforms, including fiscal and monetary policy reforms, good governance, transparency and implementation of an appropriate business environment framework.

Therefore, we emphasize the importance of urgent actions from our development partners, through innovative and flexible financing solutions, short-term and long-term, in order to avoid a major reversal trend in the development programmes under way. Those solutions should be in line with what we agreed in Doha last December, mainly the need to strengthen financing for development.

In this context, we affirm that the current financial and economic crisis cannot be seen as an obstacle to the allocation of financial resources internationally committed, as well as to the provision of additional resources. Thus, we strongly call upon developed countries to double their efforts with a view to fulfilling their commitment to allocate 0.7 per cent of their gross national product to developing countries in general, and 0.15 per cent to 0.2 per cent to the least developed countries in particular, as well as other bilateral commitments made for development assistance to developing countries. It can be through direct budget support, infrastructure projects, aid for trade, private capital flows, public-private partnerships, concessionary funds, liquidity facilities and so on.

In this regard, I would like to convey the Mozambican Government’s appreciation of the commitments by the Group of 20 London summit to make available additional funding of $1 trillion to support actions against the impact of the crisis in the emerging economies and developing countries. We thus hope that least developed countries, including Mozambique, will be able to secure more affordable and substantial financial resources, through flexible, fast disbursing and unconditional facilities.

Allow me to draw attention to my country’s experience in facing the crisis. Mozambique is exposed to natural disasters, including cyclones, floods and drought, as well as exogenous shocks, such as the volatility of prices in the international markets. Despite this adverse environment, the overall economic performance has been reasonably robust and stable in the last 10 years, with growth rates reaching about 7 per cent of real gross domestic product and poverty decreasing from 69.4 per cent in 1997 to 54.1 per cent in 2003. We expect to reduce poverty to 45 per cent at the end of 2009.

This positive expectation can be frustrated as the negative effects of the financial crisis are becoming deeper in our economy. Indeed, statistical reports reveal a decline of exports; a fall in raw material prices; the cancellation of, or delays in, the implementation of foreign direct investment projects; and the depreciation of our national currency against the dollar, impacting negatively on the balance of payments, foreign reserves and fiscal income, and ultimately on economic growth, which is forecast to slow to 4.3 per cent in 2009. In the real sector, the crisis is threatening the agriculture industry and the tourism, transport and fish sectors, jeopardizing the welfare of the population and the economy as whole.

In concluding, I would like to share a few lessons drawn from the crisis. First, there is a need to be more vigilant and follow carefully the policy we adopt. Secondly, Governments should play an increased proactive role for a good market performance. Lastly, we need to reform the current international economic and financial system and architecture, and adapt it to the real needs of the twenty-first century, as a prerequisite to restoring world economic confidence and achieving sustainable development.

Therefore, the structure of governance of international cooperation should be unique and inclusive, with the voices of both rich and poor countries deserving equal consideration. In our humble opinion, the current reform of the voice and participation in the Bretton Woods institutions should reflect this principle, and the United Nations should play the role of catalyst in building consensus on these matters.

The meeting rose at 1.25 p.m.