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Second Committee**Summary record of the 21st meeting**

Held at Headquarters, New York, on Wednesday, 28 October 2015, at 10 a.m.

Chair: Mr. Krapp (Vice-Chair) (Germany)**Contents**Agenda item 18: Macroeconomic policy questions (*continued*)

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In the absence of Mr. Logar (Slovenia), Mr. Krapp (Germany), Vice-Chair, took the Chair.

The meeting was called to order at 10.05 a.m.

Agenda item 18: Macroeconomic policy questions
(continued) (A/70/410; A/C.2/70/2)

(a) International trade and development

(continued) A/70/15 (Part I), A/70/15 (Part II), A/70/15 (Part III), A/70/152 and A/70/277; A/C.2/70/3)

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(continued) (A/70/311)

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(continued) (A/70/278)

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Agenda item 19: Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development (continued) (A/70/85-E/2015/77, A/70/320 and A/70/410; A/C.2/70/2 and A/CONF.227/20)

1. **Ms. Premabhuti** (Thailand), welcoming the 2030 Agenda for Sustainable Development, said that trade must promote the inclusion of all stakeholders at all levels in order to decrease existing economic disparities. To ensure that no one was left behind, Thailand would allow greater access to conventional and innovative means of financing for micro, small and medium enterprises. Small holder farmers would also receive access to micro-finance, and local communities would be empowered by developing their traditional knowledge as their own intellectual property so that it could be an indirect source of financing their businesses.

2. In view of the need for a freer and fairer multilateral trading system and the removal of unfavourable trade restrictions, her delegation called for the timely conclusion of the Doha Development Round and the successful implementation of the Bali Package and its related work programme.

3. Noting that vulnerable groups, such as the least developed countries, landlocked developing countries and small island developing States, should be given sufficient policy space and certain levels of flexibility to attain inclusive and sustained socioeconomic development, she said that Thailand had been

providing full duty-free and quota-free market access for least developed countries since April 2015. Thailand also continued to deliver various types of official development assistance (ODA) through South-South and triangular cooperation.

4. Many countries, including Thailand, were largely dependent on commodity exports, and concerted efforts were required to address the ongoing volatility in commodity prices in a timely and holistic manner. Her country was therefore committed to providing a wide range of capacity-building programmes for agricultural sector workers and to promoting and strengthening social business initiatives.

5. There was an urgent need to reform the international financial architecture. It was high time to create an enabling environment for trade and development by strengthening the participation of developing countries in international economic and financial decision-making and norm setting. Reform of the Bretton Woods institutions and the International Monetary Fund quota and governance reform package of 2010 remained of paramount importance.

6. Although indebtedness was unavoidable, given the enormous financing needs in many developing countries, debt sustainability was not impossible. Creditors should provide sound and realistic lending conditions, particularly for countries affected by natural disasters and epidemics.

7. There was also a need to mitigate the unintended consequences of economic crises. In that regard she drew attention to Thailand's philosophy of "sufficiency economy", which had enabled her country to emerge from the 2008 economic crisis mostly unscathed and to retain a low level of external debt.

8. Lastly, she called for stronger banking regulations and transparent and independent financial institutions. Successful reforms would enable countries to counter illicit financial flows, protect their tax bases, curtail trade mispricing and safeguard their rightful sources of revenue.

9. **Mr. Shava** (Zimbabwe) said that if all countries were to achieve the Sustainable Development Goals under the 2030 Agenda, the continuing structural inequalities and flaws in the global financial system would need to be addressed through reforms that enabled developing countries to achieve economic development and growth, and to have a greater voice in

international affairs. A more stable system must be created to help developing countries better withstand and manage external shocks. The Bretton Woods institutions, in particular, needed to provide more financial resources to support developing countries, while respecting their national policy space and meeting their lending policy needs.

10. The comprehensive regulation and supervision of banks was necessary to stem harmful speculative activities, and efforts should be made to move to a global currency reserve and payment system that was not based on one country's currency. Furthermore, development assistance from international financial institutions should be channelled directly to Governments, not through intermediaries.

11. The international tax system must be reformed as a matter of urgency. In that regard, international tax coordination should be strengthened by creating an intergovernmental tax body under the auspices of the Economic and Social Council, since the United Nations was the most appropriate global forum to deal with international tax matters.

12. The World Trade Organization (WTO) must place the development needs of developing countries at the centre of international trade, respect their policy space and create a level playing field for all, so that those countries could select policies appropriate for their development circumstances. Given the urgent need to conclude the Doha Round, his delegation looked forward to a comprehensive and balanced package from the forthcoming Tenth WTO Ministerial Conference that addressed all the unresolved issues, in particular on trade barriers and agricultural subsidies.

13. Achieving the Sustainable Development Goals also required a well-functioning sovereign debt restructuring mechanism. To ensure that sovereign debt was addressed in a transparent and predictable manner that supported sustainable development, the international financial institutions, including the Bretton Woods institutions, should embrace the nine basic principles on sovereign debt restructuring processes set out in General Assembly resolution 69/319.

14. **Mr. Eshanta** (Libya) said that structural changes over recent years had endangered the future of open and non-discriminatory multilateral trade. If trade was to continue to contribute positively to economic growth and international development it must be just

and equitable, and take into account the different dimensions of development. WTO provided the only framework for the regulation of international trade.

15. Shortcomings in global economic governance continued to be highlighted through repercussions from the 2008 financial and economic crisis. Lessons needed to be learned, and the role of the United Nations in the international economic and financial areas should be strengthened. The decision-making processes of international financial institutions should also be reviewed to make them more democratic and better able to respond to different development requirements.

16. His delegation stressed the importance of countries meeting their ODA commitments and noted the need to review the issue of external debt, which could have a detrimental impact on the efforts of some developing countries in the post-2015 period. Capital flight to developed countries and to certain tax havens slowed down development, and in that context Libya called for international cooperation to fight corruption, including through the United Nations Convention against Corruption, and to ensure the restitution of funds to their country of origin.

17. **Mr. Andanje** (Kenya) said that his Government had adopted policy measures to tackle the challenges of a low export base, budgetary deficits, low commodity prices and the high cost of debt servicing, which, if not addressed, could adversely impact Kenya's external debt sustainability. Efforts were being made to add value to traditional export products, and measures were in place to ensure transparency in Government financial management.

18. The Government had also adopted a medium-term national debt strategy, so that external borrowing was on sustainable and responsible terms. In accordance with legislation to reform public finance management, his country continued to seek new sources of funding to support macroeconomic stability and achieve debt sustainability. The focus was on fiscal transparency, the quality of data and the effectiveness of public financial management expenditure controls.

19. The high degree of concessionality on all Kenya's external borrowing was a negotiating challenge for lending. While consideration was being given to the negotiation of semi-concessional rates on loans for key areas, such as infrastructure and energy, priority continued to be given to sectors with immediate high returns.

20. Noting that the Constitution provided for responsible borrowing, he said that public sector debt had remained sustainable with a low risk of distress. External debt had also remained sustainable, largely thanks to prudent borrowing on non-concessional terms.

21. In accordance with its fiscal consolidation path, Kenya was seeking to achieve a net public debt ratio of approximately 40 per cent from 2017 to 2018 and a 3 per cent fiscal deficit. That would meet the convergence criteria of the East African Community and it could be achieved by continuously strengthening the legal and regulatory framework governing borrowing, and by developing the oversight role that the national treasury, central bank and parliament played in setting the borrowing ceilings.

22. **Mr. Carrillo Gómez** (Paraguay) said that the discussion on macroeconomic policy issues and financing for development should be guided by the principle of poverty eradication and sustainable development in its three dimensions. Paraguay had promising rates of economic growth as well as monetary stability and a climate conducive to investment, thanks to its efforts to strengthen its institutions through human capacity-building and international cooperation.

23. Noting that trade was one of the pillars of sustainable development, his delegation called for increased market access for products from developing countries, in particular from landlocked developing countries, whose integration into global and regional value chains should be promoted.

24. Landlocked developing countries should be included in the generalized system of preferences, they should be granted preferential access to finance for trade, and their aid-for-trade programmes should be strengthened. At the same time, non-tariff barriers and trade-distorting subsidies must be eliminated, particularly in the agriculture sector, and efforts should be made to reduce commodity price volatility; to promote sustainable consumption patterns; to develop the infrastructure and logistics for an efficient system of transport and free transit for landlocked developing countries; and to advance the implementation of the WTO Agreement on Trade Facilitation concluded in Bali in 2013.

25. Development of the services sector was a useful alternative to trade in goods for landlocked developing

countries. His delegation therefore welcomed initiatives on sustainable tourism, particularly in rural areas, which would benefit vulnerable populations and link economic development with environmental sustainability. It would also welcome initiatives within the United Nations that not only promoted dialogue and joint undertakings between the public and private sectors but also fostered the involvement of small and medium enterprises in international trade.

26. To ensure that no one was left behind, particular attention must be given to mainstreaming the special needs and challenges of landlocked developing countries into the world trade and international financial system.

27. External debt and its servicing must not compromise national growth prospects. His delegation therefore welcomed the adoption of basic principles on sovereign debt restructuring processes.

28. In closing, he called on the United Nations to strive to eradicate poverty and achieve economic, social and environmental sustainable development on the basis of the consensus reached in international agreements, including the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024.

29. **Mr. Sukhee** (Mongolia) said that international trade was important for achieving sustainable development. However, transport costs for landlocked developing countries were 30 to 50 per cent higher than for representative coastal economies, which constituted a major impediment to trade potential.

30. It was crucial to provide technical assistance in order to support the participation of landlocked developing countries in trade negotiations. Since their effective involvement in the multilateral trading system was fundamental, his delegation looked forward to the successful conclusion of the Tenth WTO Ministerial Conference.

31. Debt was an issue of concern to many developing countries, including Mongolia where sovereign debt had reached 58.3 per cent of gross domestic product. Accordingly, his delegation welcomed the work carried out by the Ad Hoc Committee on Sovereign Debt Restructuring Processes and General Assembly resolution 69/319 concerning basic principles on sovereign debt restructuring processes.

32. The steadfast growth in Mongolia's mining sector over the previous decade had led to the economy becoming more dependent on a few commodity exports and thus more vulnerable to international price fluctuations. One of the Government's major policy goals was to diversify the economy through further integration in international markets and to use resources more efficiently. The growth in the mining sector in Mongolia had been to the detriment of the social and environmental dimensions of sustainable development, and it was still unclear whether mining development would lead to a better livelihood for all citizens.

33. Lastly, his delegation fully supported the holding of a high-level dialogue on commodity markets during the first half of 2017. That would provide an opportunity to discuss an integrated and participatory approach to the multidimensional issues at stake.

34. **Ms. Sumarno** (Indonesia) said that trade was an essential source of financing for development which, alongside ODA, helped to promote economic growth, create jobs, increase income levels and alleviate poverty and hunger.

35. The multilateral trading system must be reformed so that global trade rules better reflected current realities and fully met the needs of developing and least developed countries. In that regard, it was crucial to update the trade rules for agricultural and non-agricultural products in the Doha Development Round of negotiations.

36. While trade in commodities had the potential to contribute to sustainable economic growth and poverty reduction, challenges persisted, such as volatile prices, speculation and problems associated with diversification. Developing countries therefore required the policy space to build industries around more sustainable commodities production that promoted value addition and created a multiplier effect.

37. Developing countries remained exposed to sudden financial market changes and volatility of private flows, particularly cross-border bank flows. Accordingly, the global financial system must be fundamentally reformed and developing countries given a greater voice in the decision-making processes within international financial institutions. Furthermore, international agreements, rules and standards must be consistent with one another and with progress being

made towards the Sustainable Development Goals. Development finance institutions should also be encouraged to align their business practices with the 2030 Agenda.

38. **Mr. Bhatti** (Pakistan) said that geopolitical tensions, climate change and humanitarian crises were adding new dimensions to development challenges and constituted a risk, not only to economic recovery in the short term, but also to the potential for long-term growth. Moreover, the continued volatility of the global economic situation was leading to lower international trade and higher debt vulnerability in all countries, irrespective of income level or geographical situation. Pakistan called for the alignment of international macroeconomic policies with a view to developing a cohesive, resilient, responsive and representative global economic system.

39. Implementation of the 2030 Agenda, which would place significant stress on public budgets and capacities, required scaled-up, predictable and effective public and private financial flows and support. The revitalized global partnership must therefore not be confined to ODA.

40. His delegation attached great importance to the follow-up and implementation of the Monterrey Consensus of the International Conference on Financing for Development, which provided a holistic framework for development financing. The Addis Ababa Action Agenda also contained a number of commitments, including with respect to financial regulation, sovereign debt distress and governance reform, whose meaningful implementation was critical for the realization of development goals and objectives. However, that Agenda lacked tangible commitments concerning the mobilization by developed countries of resources and international involvement, and it failed to address the issue of the double-counting of ODA as climate finance.

41. Pakistan called for the conclusion of the Doha Round and the achievement of meaningful results with respect to agriculture and increased market access. Noting that unsustainable external debt remained a major obstacle to development, economic growth and prosperity, he said that Pakistan welcomed General Assembly resolution 69/319 concerning basic principles on sovereign debt restructuring processes.

42. **Mr. Al-Khayarin** (Qatar) said that fluctuations in financial markets and economic instability following

the economic and financial crisis were threatening development gains. Noting that developing countries were experiencing lower trade and investment flows and a decrease in levels of ODA, he said that the international community must honour its commitments with respect to ODA, which was essential for relieving indebtedness. If the Addis Ababa Action Agenda, which provided a solid basis for the achievement of the post-2015 agenda, was to be implemented, predictable resources must be made available at the national and international levels and successful partnerships must be established between the public and private sectors.

43. In order to attain the Sustainable Development Goals, Qatar emphasized the need for additional investment in basic public services to ensure access to education, energy, water and sanitation for all; the empowerment of women; and the development of a mechanism to transfer to developing countries appropriate, clean technologies, including information and communications technologies. It was also necessary to establish an open, non-discriminatory and equitable multilateral trading system, and to develop trade activities and promote investment with developing countries.

44. **Ms. Castro Mazariegos** (Guatemala) said that a stable macroeconomic policy basis was essential to foster growth and generate decent employment: the main objective of any economic policy. In an increasingly interconnected world, new global rules were needed to prevent economic crises and help countries implement countercyclical policies that minimized the impact of events beyond their control. The Second Committee must continue to advance the work that had begun with the adoption of General Assembly resolution 69/319, as much remained to be done to establish an international legal framework for sovereign debt restructuring processes.

45. Although the growth scenario for developing countries did not appear encouraging, growth could be boosted through investment associated with attainment of the Sustainable Development Goals, including social protection for all. To that end, global rules and incentives should be developed so that excess liquidity from short-term investments could be shifted to long-term returns on investments.

46. Lastly, if sustainable development results were to be achieved, development strategies must be financed from domestic funds. An international framework for

cooperation should therefore be established to support tax authorities in developing countries and continued consideration should be given to converting the Committee of Experts on International Cooperation in Tax Matters into an intergovernmental commission.

47. **Mr. Abebe** (Ethiopia) said that trade could be an engine for poverty reduction, economic growth and job creation when Governments designed and implemented integrated development strategies in which trade was mainstreamed. However, to harness the full potential of trade for inclusive growth, the international trading system must be transparent, fair and development-centred. Developing countries, particularly the least developed countries, should be supported in harnessing trade for sustainable and inclusive development. The lack of trade financing could be addressed by further enhancing aid for trade and by increasing trade-related technical assistance, as called for in the Addis Ababa Action Agenda.

48. With the performance of the commodity sector playing a critical role in poverty reduction in most developing countries, it was imperative to create a commodity market system that benefited both producers and consumers. Measures should be implemented to ensure the proper functioning of commodity markets and to facilitate timely, accurate and transparent access to market information in order to limit price volatility. Diversification and value addition should also be promoted to foster structural transformation.

49. Concerted action, including debt relief and debt cancellation, must be taken to achieve debt sustainability, which remained a challenge, particularly for least developed countries. External debt could play an important role in accelerating economic growth only if Governments formulated and implemented comprehensive development programmes that ensured debt sustainability.

50. **Mr. Zinsou** (Benin) said that good macroeconomic policies helped to promote rapid and sustainable economic growth and could ultimately help to reduce poverty, which was at the heart of the 2030 Agenda. The economic and financial crisis had weakened the already fragile situation of many vulnerable countries, where commodity price falls, fluctuations and imbalances had decreased income to vital sectors of the economy, such as agriculture. It was therefore crucial to strengthen cooperation and

coordination among international organizations and other institutions involved with commodity issues; to promote public and private capital flows to those countries most in need; and to reform the international financial system in order to implement the 2030 Agenda successfully.

51. Sufficient resources must be mobilized to strengthen climate resilience in those countries disproportionately affected by climate change and with fewer means to tackle it. Efforts should also be made to diversify the economies of the least developed countries, address the issue of sovereign debt and establish a global financial safety net through policy coordination.

52. Recalling the importance of integrating least developed countries into regional and global value chains, he said that more should be done to expedite preparations for the operationalization of the technology bank for the least developed countries as well as the Technology Facilitation Mechanism established by the Addis Ababa Action Agenda. ODA could serve as a catalyst for the mobilization of additional resources, and Benin supported the initiative further encouraging developed countries to provide 0.2 per cent of their gross national income as ODA to the least developed countries by 2020, with that figure rising to 0.25 per cent by 2030.

53. His Government was currently harmonizing its strategic poverty reduction documents with the 2030 Agenda. Access to capital was a prerequisite for the achievement of the Sustainable Development Goals, especially as only 29 per cent of public investment was covered by the national budget. Reforms were being implemented to improve the macroeconomic and financial framework, in particular to strengthen the management of public finances and build the capacity of tax authorities.

54. Contributions of more than \$12 billion over five years had been pledged by financial institutions and partners at the round table on financing for development for Benin, held in Paris in June 2014. Those resources would facilitate the implementation of major infrastructure projects, the creation of many jobs for young people and women, and would lead to a considerable reduction in poverty in the country.

55. **Mr. Lim Hoon-Min** (Republic of Korea) said that it was time for the international community to transform the landmark agreements reached during

2015 into concrete action. To that end, Member States must establish an enabling environment and promote policy coherence among all actors at all levels.

56. Noting the importance of the involvement of all stakeholders in the revitalized global partnership, he said that consideration should be given to the importance of development financing from private sector entities. Furthermore, the role of the private sector, not only as a source of financing but also as a source of innovation and technical development, was critical in the implementation of the 2030 Agenda.

57. The financing for development follow-up process provided for in the Addis Ababa Action Agenda, which was essential, should be integrated with the follow-up and review process for the 2030 Agenda; both must be efficient and inclusive. Member States and the Secretariat must also make continued efforts for the successful operationalization of the Technology Facilitation Mechanism.

58. Lastly, the cross-cutting principles of development effectiveness, such as national ownership, a focus on results, inclusive partnership, and transparency and accountability, should be applied not only to international public finance, but also to all development flows and actors.

59. **Ms. Simonyan** (Armenia) said that, to implement the new development agenda, it was critical to promote trade liberalization, as well as effective, well-functioning, universal, rules-based, inclusive and non-discriminatory multilateral trading systems and policies. Coherent steps should be taken at the global level to eradicate discriminatory practices, including closed borders and blockades, which were barriers to international trade and undermined social and economic development. Unilateral measures imposed by one State on another to compel a change in policy were a source of concern to all, undermining the realization of the right to development.

60. Armenia was a landlocked developing country whose access to the sea through a neighbouring transit country was essentially denied by a unilateral coercive land blockade imposed upon it by its neighbour, Turkey. The blockade significantly increased import and export costs, requiring trade between neighbouring countries to be carried out via third countries. It was also detrimental to Armenia's international economic cooperation and severely hampered transit communication routes.

61. Noting that every effort should be made to make the best use of existing transportation networks and infrastructure to facilitate trade, investment and employment, she pointed out that Turkey was financing the construction of an entirely new railroad system that would circumvent Armenia, despite the existence of a highly important inter-State railway from the city of Gyumri in Armenia to the city of Kars in Turkey.

62. Mobility, transportation and connectivity were essential for her country's sustainable development, and the improvement of transport networks was a priority for Armenia to overcome its structural challenges.

63. Her country fully supported all processes aimed at removing barriers to development, and welcomed the recent appointment by the Human Rights Council of the first Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights. Armenia looked forward to continuing cooperation and regular dialogue with countries affected by unilateral measures.

64. The full implementation by all stakeholders of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024, and its six priorities for action, would help to promote a sustainable and inclusive development agenda. A commitment by all to deliver on a global partnership would help to ensure structural transformation for countries with specific developmental needs.

65. **Monsignor Grech** (Observer for the Holy See) said that a large proportion of the world's population was still excluded from the significant economic progress that had been made over recent decades, and some countries still faced enormous challenges in participating fully in the global economy. The problems of global poverty and hunger could not be solved by market forces alone. A more effective manner of international interaction was required, taking into consideration national sovereignty and focusing not only on the economic and financial dimensions, but also on the ethical dimension. A culture of solidarity and fraternal reciprocity should be fostered, and developing countries should be considered as agents of their own development and allowed to participate fully in shaping their own destiny.

66. While each country bore primary responsibility for its own national development, a supportive

international economic environment must underpin development strategies. Noting the need for fair international trade regulations and vigorous financing for development schemes, he said that every effort should be made to mobilize financing for human development from all domestic, international and private sources, as well as from ODA. Particular attention should be given to the financing needs of countries in special situations, including the creation of specific financing mechanisms to enable the least developed countries, landlocked developing countries, small island developing States and countries in conflict or post-conflict situations to achieve sustainable development. Countries should also be given assistance in consolidating the constitutional, legal and administrative systems necessary to sustain long-term development.

67. The problem of foreign debt must be confronted. As Pope Francis had said in his recent address to the General Assembly, international financial agencies should ensure that developing countries were not subjected to oppressive lending systems that generated greater poverty, exclusion and dependence.

68. Lastly, the ecological debt that existed between developed and developing countries must be remedied via sustainable development policies and programmes, and through a dialogue on the environment.

69. **Mr. Kuleshov** (Observer for the Common Fund for Commodities) said that developing countries that relied on commodities for participation in global trade had been consistently experiencing difficulties in converting their natural commodities into sustained economic growth and development. One of the challenges was the volatility in commodity markets, and the Public-Private Initiative on Commodity Market Volatility had been unanimous in recommending that volatility mitigation measures should include investment in capacity for supply response in developing countries. Another challenge was the need to create channels for the reinvestment of commodity-generated financial flows in order to increase resilience to market volatility.

70. Reliance on primary commodities was at the root of the development challenges facing commodity-dependent developing countries. Owing to the varied sources of potential vulnerability, a combined approach, coherent with private sector investment, was

required in order to achieve the diversification of economic assets from the commodity sector.

71. Accordingly, the Common Fund for Commodities had undergone extensive reform in 2013-2014, opening it up to innovation from the public and private sectors. The Fund continued to develop and implement instruments for commodity-driven development, such as development impact bonds and targeted public-private impact investment funds, and international commodity bodies and development agencies should work with the Fund to channel investments to projects with the greatest socioeconomic impact.

72. Lastly, he urged the Second Committee to reflect on the need for a global commodity agenda for development that could become a stepping stone for progress to be made by all commodity-dependent developing countries.

73. **Mr. Madiwale** (Observer for the International Federation of Red Cross and Red Crescent Societies) said that concrete action on the ground was required to ensure that the most vulnerable countries had sufficient resources to advance towards sustainable development, as provided for in the Addis Ababa Action Agenda. While resources had been made available to meet the immediate needs of the increasing numbers of people affected by conflict and displacement, longer-term needs, such as education, health care and employment, often went unmet. Development and humanitarian actors must work together to address both long-term and short-term needs simultaneously, with more predictable funding being made available over a longer period for that purpose.

74. Although risk reduction and resilience featured strongly in the Addis Ababa Action Agenda, adequate financing for efforts in that regard had yet to materialize. For example, only 0.4 per cent of ODA was currently allocated for risk reduction. He therefore called on donors to fulfil their commitment to allocate 1 per cent of ODA to disaster risk reduction.

75. It was also critical to strengthen support for capacity-building at the local and national levels in order to manage and finance risk. More direct channels must be found to reach local and national organizations, whose capacity to raise and manage funds should also be strengthened.

76. Given the scale, ambition and overlapping nature of the various global agreements reached in 2015, all

Governments should encourage and facilitate coherence in their implementation efforts. The International Federation of Red Cross and Red Crescent Societies was committed to working with Governments towards that end.

77. **Ms. Barth** (International Labour Organization (ILO)) expressed grave concern that the third faltering in global growth since the 2008 financial and economic crisis might exacerbate the increasing jobs gap, which now stood at around 63 million. Although advanced economies and developing countries were both affected, half of the jobs gap was in South Asia alone. Given current growth conditions and trends, the jobs gap was expected to rise to 80 million over the next four years, with the largest increases anticipated in Latin America and the Caribbean and in Eastern Europe. Persistent unemployment was also a challenge, with almost 43 per cent of the global youth labour force either unemployed or working but still living in poverty.

78. Labour market weaknesses were still on the rise because of a continuing deficit in aggregate demand. The policies used largely to generate employment had resulted in unintended consequences, such as the less productive use of labour and capital, with advanced economies now threatened by deflation. In addition, macroeconomic policy to counter the deficit in aggregate demand had focused primarily on monetary policy in the form of quantitative easing, which had now reached its limits.

79. **Ms. Mucavi** (Food and Agriculture Organization of the United Nations (FAO)) said that although the FAO Food Price Index had fallen over the previous 18 months as a result of large inventories, good crop prospects and weak increases in demand, food prices were projected to remain higher than in the years preceding the 2007-2008 spike. Another challenge was excessive food price volatility. Collaboration between international organizations and Governments, including through the FAO and the Agricultural Market Information System of the Group of Twenty, was vital for an effective response.

80. While falling international food prices and food import bills were positive news for consumers, declining prices might weaken investment in agriculture, which could be detrimental to much of the world's poor and insecure population dependent on agriculture.

81. As shifting food prices would impact the attainment of the Sustainable Development Goals, she called for global and local action to improve policy coordination, enhance the transparency of global markets and reach vulnerable populations. She concluded by noting that an additional investment of only \$160 annually for each person living in extreme poverty was required to end hunger by 2030.

82. **Ms. Özgür** (Turkey), speaking in exercise of the right of reply, said that Turkey's support to countries in special situations, including landlocked developing countries, was well known. Its track record of cooperation with such countries, both at the bilateral and multilateral levels, spoke for itself.

83. The remarks by the Armenian delegation regarding the so-called blockade imposed on Armenia by Turkey were baseless and did not reflect reality. Following Armenia's independence, the Kars-Gyumri border gate between the Union of Soviet Socialist Republics and Turkey had been converted into a border gate between Turkey and Armenia. The railway by the same name that linked the two countries had been operational at that time. The land border gate between Turkey and Armenia had been closed in 1993 following the outbreak of war between Azerbaijani and Armenian forces, and the invasion of the Kalbajar district by Armenia. Although the border gate had been closed as a result of Armenia's policy towards its neighbours, transit transportation between Armenia and third countries was carried out over Georgia and the Islamic Republic of Iran through Turkey. In addition, Armenian hauliers could transport goods to and from the Russian port of Novorossiysk through the Turkish ports of Trabzon and Samsun using transit permits provided under the Black Sea Economic Cooperation system. Turkish goods were transported and sold to Armenia via third countries, and Turkey was one of the biggest exporters to Armenia. Its airspace was open to civil aviation to and from Armenia, and charter flights were operated between Yerevan and Istanbul. Armenian citizens could visit Turkey with a valid visa.

84. She noted that the peaceful resolution of the Nagorno-Karabakh conflict would pave the way for full and comprehensive normalization in the region and enable Armenia to participate in existing regional cooperation schemes.

85. **Ms. Simonyan** (Armenia), speaking in exercise of the right of reply, said that Armenia had good

neighbourly relations with all of its neighbours, with the exception of one, and sought clarification of Turkey's comments that the border gate had been closed as a result of Armenia's policy towards its neighbours.

86. The unilateral blockade imposed on Armenia by Turkey was an incontrovertible fact. It continued to seriously affect Armenia's natural progress in all areas and no single area of economic and social activity remained unaffected. Reports by the World Bank, the United States Department of State and the European Parliament had outlined the devastating impact of Turkey's blockade against Armenia, which had been in place against for over two decades.

87. Referring to the Secretary-General's report on unilateral economic measures as a means of political and economic coercion against developing countries (A/70/152), in which Turkey had stated that it did not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries and that only in certain cases might "smart/targeted sanctions" be useful, she said that she failed to see how the imposition of a unilateral blockade against a landlocked neighbour could be perceived to be either "targeted or smart".

88. Instead of allowing the railroad linking Armenia and Turkey, which remained closed as the border was shut, to become operational, Turkey was constructing a new railroad system that would circumvent Armenia at a cost of over \$600 million. Another example of a unilateral discriminatory policy imposed by Turkey was its decision to invoke Article XIII of the WTO Marrakesh Agreement concerning non-application of multilateral trade agreements with respect to Armenia. That Article had only ever been invoked eight times and remained in effect for three countries, including Armenia.

89. The unilateral measures that had been imposed were unfair, discriminatory and unlawful. Armenia and Turkey were not in a state of war, nor had Armenia engaged in any acts of aggression. No formal normalization or mediation process existed. It was time for Turkey to start acting responsibly and put an end to its unilateral policy against a landlocked neighbour. It should normalize relations without preconditions and restore trade, transportation and infrastructure links between the two countries.

90. **Ms. Özgür** (Turkey), speaking in exercise of the right of reply, said that her country would be interested to listen to an analysis of the impact that the occupation of 20 per cent of the territory of a neighbouring country had had on its national economy and development efforts.

91. **Ms. Simonyan** (Armenia), speaking in exercise of the right of reply, said that it was not clear to which country the delegate of Turkey had been referring. Should the occupation of Turkey have been implied, she had no information to provide.

The meeting rose at noon.