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Summary record of the 8th meeting
Held at Headquarters, New York, on Monday, 12 October 2009, at 3 p.m.

Chairperson: Mr. García González (Vice-Chairperson). . . . . (El Salvador)

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09-55353 (E)

In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.20 p.m.

Agenda item 51: Macroeconomic policy questions (A/64/81 and A/64/65)

(b) International financial system and development (A/64/178)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (A/64/167)

(d) Commodities (A/64/184)

1. **Mr. Trepelkov** (Acting Director of the Financing for Development Office, Department of Economic and Social Affairs), introducing the report of the Secretary-General entitled “International financial system and development” (A/64/178), said that the transfer of financial resources from developing to developed countries, which had reached a record total of $828 billion in 2008, was expected to decline in 2009 to $448 billion. That decline was due to collapsing demand, employment and income in developing and developed countries alike, spawned by the current financial and economic crisis. In the wake of that crisis and as external financing costs had soared, net private capital flows to developing countries and countries with economies in transition had dropped by more than 50 per cent in 2008, from a peak level of more than $1 trillion in 2007, and were expected to decline by a further 50 per cent in 2009. It was also feared that the crisis might lead to decreases in the volumes of official development assistance (ODA), including aid for trade, thereby placing a dangerous added burden on developing countries and undermining progress towards the Millennium Development Goals (MDGs).

2. There was a shared intention to reshape regulatory systems in order to strengthen the international financial architecture; however, the success of such reforms depended largely on significantly enhanced international cooperation among regulators. New international mechanisms needed to be established in the coming years to coordinate regulation, minimize conflicting standards and enforce arrangements. It was also essential to ensure multilateral surveillance in order to reduce global imbalances; that could be achieved only if key countries adopted a coordinated approach to fiscal and monetary policy with the aim of shifting aggregate demand from deficit to surplus countries. Other concerns were policy coordination against the backdrop of ongoing governance reforms in the international financial institutions and the development of orderly and cooperative strategies for the withdrawal of government support for financial institutions as the world economy improved.

3. In addition, despite positive changes in multilateral lending facilities, there was room for further innovation in how official liquidity was deployed. Instruments for broad-based precautionary financing needed to be further enhanced, and lending by the International Monetary Fund (IMF) to low-income countries should be more flexible. The World Bank and the IMF were reviewing in that connection the Debt Sustainability Network, which needed to take each country’s circumstances into account while still performing its role in preventing a re-accumulation of unsustainable debt burdens.

4. The crisis had highlighted the deficiencies of the current international monetary arrangements, based essentially on the United States dollar, and had revived discussions on an international reserve currency. The international community should seize the opportunity to improve the international monetary system, including by broadening existing Special Drawing Rights arrangements, which might eventually evolve into a new and widely accepted world reserve currency. Last but not least, global economic governance issues must be addressed as a prerequisite for all other changes in the international financial architecture. The next round of reforms of the international financial institutions must therefore aim at giving them a more representative, responsive and accountable governance, reflecting the realities of the twenty-first century, in particular by increasing the quota shares of developing and transition countries in IMF and the World Bank.

5. **Ms. Li** Yuefen (United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General entitled “Towards a durable solution to the debt problems of developing countries” (A/64/167), said that the financial and economic crisis had had the effect of reversing progress towards the MDGs; it was expected to push some 90 million more people into extreme poverty by the end of 2010. Economic growth had slowed worldwide, with a resulting drop in average per capita

income and decreasing debt sustainability: debt servicing cost more because of the depreciation of developing countries' currencies. For those reasons, as well as the continuing decline in net private capital flows to developing countries, many of those countries were expected to issue public debt; there was also a likelihood of tighter monetary policy, with higher interest rates.

6. Low-income countries had been hard hit by the crisis: according to The Least Developed Countries Report, 2009 prepared by UNCTAD, the debt burden remained unsustainably high in most of them. At a time when export earnings were falling, that was dangerous and gave greater leverage to the banking system, making those countries vulnerable to systemic banking crises. Moreover, it was difficult for them to maintain debt sustainability in the face of growing fiscal pressures.

7. The report of the Secretary-General (A/64/167) highlighted the problem of private external debt and its vulnerabilities. Over the previous 15 years, private firms and banks had been drawing increasing amounts of finance from international markets, resulting in a steep rise in the share of external long-term debt owed by private borrowers. Since mid-2008, several Eastern European and Central Asian countries had accessed IMF facilities and many more had received support from the European Union; however, the measures taken so far might not suffice to restore market confidence. Without substantial financial assistance, more countries would face insolvency and not be able to benefit from the imminent process of recovery.

8. There was a need for a temporary debt moratorium on official debt for poor countries. Like an increase in ODA, that would benefit all countries: scarce foreign exchange earnings could be used to buy imports rather than to service debt. Moreover, increased ODA for low-income countries would entail an international coordinated effort; that would also provide an element of greater countercyclical stimulus to global demand. The fulfilment of existing commitments to increase aid and its effectiveness could help poor and debt-distressed countries to surmount a crisis that was not of their making but whose effects they were suffering because they had not followed good policies.

9. Introducing the UNCTAD report on world commodity trends and prospects (A/64/184), she said that the global economic and financial crisis had triggered a dramatic downward spiral in commodity prices. The report examined the root causes of the recent commodity price boom and bust and the role of market fundamentals and non-fundamentals in the dynamics of commodity prices. There was strong evidence that excessive speculation in the commodities market played a critical role in the volatility of prices. For that reason, there was a need to apply an appropriate combination of regulatory and market instruments to achieve greater stability in commodity markets. Instability in those markets would cause commodity-dependent developing countries and transition countries to continue to be subject to extreme terms-of-trade fluctuations, thus diminishing their capacity to participate effectively in commodity supply chains and diversify their production and export base. At the same time, major improvements were called for in the management and organization of commodity sectors at the national level, particularly with a view to global energy and food security and sustainable development.

10. Excessive speculation on commodity markets had been a critical factor in recent price volatility, especially in food crops, and there was an overwhelming need for better regulation of all commodity futures markets. However, there were also structural factors affecting the global commodity economy. The fall in commodities trade was the result not only of cyclical downturn but also of related protectionist measures, which were likely to persist if there were a further long delay in concluding the Doha Development Round.

11. The current momentum for change needed to be harnessed in order to promote the social and economic development of the more than 90 countries that depended on primary commodities for the bulk of their exports. That would imply major shifts in policy paradigms and improvements to the institutional arrangements for cooperation between commodity-exporting and commodity-importing countries, a greater role for commodity-dependent developing countries and more active participation by the corporate sector in the emerging cooperative frameworks.

12. **The Chairperson** invited the Committee to engage in a general discussion on the item.

13. **Ms. Osman** (Sudan), speaking on behalf of the Group of 77 and China, said that all aspects of the unprecedented ongoing crisis must be analysed with a view to reforming the international financial system and architecture, mitigating its impacts and preventing its recurrence. Its main causes lay in the fragilities and inequalities affecting the current international economic order, particularly lack of multilateral surveillance and early warning systems, over-reliance on market self-regulation and insufficient emphasis on ethical and equitable human development. Above all, the unfolding crisis had demonstrated the need for a robust and more focused role of the State in the economy and in the formulation and implementation of social policies and for a substantive and comprehensive reform of the mandates, scope and governance of the international financial institutions. The governance structures of the Bretton Woods institutions, in particular, which suffered from a democratic deficit, should be based on the full and fair representation of developing countries so as to enhance their legitimacy. The reforms must reflect current realities and ensure the full voice and participation of developing countries in the decision-making and norm-setting process of those institutions. In that context, it was imperative to promote an open, inclusive and transparent discussion for a new international economic and financial system and architecture.

14. The crisis had also impaired the growth prospects of developing countries, which found it difficult to secure much-needed foreign investment and financing. Many might have to choose between investing in social programmes or servicing their external debt. Without international support, developing countries might face another debt crisis in the coming years; they needed additional substantial resources in order to achieve their development goals; they should not be denied the right to resort to debt standstills, as called for by the Secretary-General in his report (A/64/167). A debt moratorium could be part of a multifaceted approach that would also involve a reassessment of eligibility criteria for the Heavily Indebted Poor Countries (HIPC) Initiative and of the current situation of HIPC countries. Debt sustainability should not be seen simply in terms of the capacity for continued debt servicing, since increases in the costs of such servicing meant less availability of funds for fighting poverty. The Group of 77 and China called again for the establishment of an international mechanism for sovereign debt and for debt standstill and restructuring.

15. Turning to the question of commodities, she said that the failure to address the causes of commodity price volatility was a particular concern at a time when developing countries and economies in transition needed to expand agricultural production in the interests of food security. Any successful food security strategy must involve stronger institutions with better accountability, stability of global markets, enhanced market access for agricultural products from developing countries, elimination of subsidies by developed countries, sustainable investments in agricultural production and research and targeted support to the advancement of the agricultural sector in developing countries. The Group of 77 and China accordingly called for policy actions, including a global regulatory framework, to address excessive price volatility and international support for increased investments in infrastructure and social services in order to promote agricultural development and enhance commodity diversification with a view to better integration of low-income commodity-dependent countries into global commodity supply chains.

16. **Mr. Fries** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the European Union fully supported the global initiatives, including the policy framework launched by the Group of Twenty (G-20), to address the interconnected challenges currently facing the world. Global challenges required global responses. A global partnership within the international community, based on the Monterrey Consensus, should accordingly work towards the internationally agreed development goals, including the MDGs, the achievement of which was currently at risk. The European Union reiterated its firm commitment to the Monterrey Consensus and welcomed the steps recently agreed by the Economic and Social Council to strengthen the follow-up process. It would step up its efforts to help countries to assume primary responsibility for their own development, in accordance with the Monterrey principles, particularly by partnering them in their efforts to strengthen public financial management and tax and customs systems and to create an enabling business environment. In that context, he expressed support for the expansion of the Global Forum of the Organisation for Economic

Co-operation and Development on Transparency and Exchange of Information, involving the participation of developing countries. Moreover, as private flows of resources to developing countries were expected to decline in 2009, all countries should take measures to facilitate them, including through increased domestic resource mobilization, and by reducing the cost and improving the safety of remittance flows.

17. On the subject of international trade, the European Union remained fully committed to swiftly reaching an ambitious, balanced and comprehensive Doha Development Round Agreement, which should be of real value for developing countries, particularly the poorest, and also contribute significantly to recovery from the current economic turbulence. The European Union called on all countries to provide, where possible, duty-free and quota-free market access for least developed countries, on the lines of the Everything but Arms initiative, and remained committed to implementing its 2007 Strategy on Aid for Trade. It likewise reaffirmed all its ODA commitments, while giving high priority to improving the effectiveness of its aid and attaching importance to the further development and implementation of innovative sources of financing.

18. On the subject of action to address climate change in developing countries, existing instruments and institutions should be built upon, so far as possible, in order to provide the financing mechanisms needed to deliver the scale of finance required. The European Union remained committed to contributing its fair share of scaled-up international public support for such action, which should also draw on other sources such as domestic finance and carbon market-based financing.

19. The European Union continued to support existing debt relief initiatives and to apply in its lending decisions the Debt Sustainability Framework; it also supported the Evian approach of the Paris Club, as well as discussions on enhanced forms of sovereign debt restructuring mechanisms, based on existing frameworks and principles. It recognized the need to improve global economic governance and the functioning of the international financial system and welcomed and supported recent initiatives and reforms to that end, including a merit-based and transparent process of selection for the head and senior management of IMF and the World Bank.

20. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that, at a time of incipient global economic recovery, continuing measures to achieve sustainable levels of economic growth were needed to nurse the global economy back to full health. It was also important to find the right time and way to implement exit strategies from a government-stimulus-driven economy and to put in place policies and measures to prevent any recurrence of the recent crisis. The United Nations had played a significant role in the collective effort to address that crisis, as had such bodies as the G-20. It was however critical for the G-20 to strengthen institutional links with non-members of the group, in particular through the involvement of regional bodies, such as ASEAN. He expressed the hope that such involvement, which had already marked the G-20 meetings in London and Pittsburgh, would continue and be formalized as a standing arrangement.

21. It was important for ASEAN that its work should contribute to the global effort to strengthen and reform the international financial system, in particular the financial regulatory framework, and to enhance governance of international financial institutions. Continued vigilance was also needed to ensure that the increasing debt incurred by developing countries in their efforts to resuscitate their economies would not lead them into a debt crisis. The current crisis had strengthened the resolve of ASEAN to continue its efforts to build a politically cohesive, economically integrated and socially responsible community. Its members were continuing to strengthen the institutional mechanisms established under the ASEAN Charter and were working to make the Association the economic centre of East Asia. The Association was also taking measures to promote economic and financial stability, in particular by improving macroeconomic cooperation, standing firm against protectionism; and, in the context of ASEAN+3, strengthening the regional self-help financing mechanism under the Chiang Mai Initiative Multilateralization and developing a regional surveillance mechanism to monitor and analyse regional economies and support the CMIM decision-making process.

22. ASEAN members were currently focusing on attaining the MDGs by the 2015 target date. They had accordingly adopted a Joint Declaration on the subject, on 1 March 2009, outlining a number of key areas of

action. They were greatly concerned about the continued impasse in the Doha Round, since the outcome would open new markets, especially for developing countries. Responsibility for delivering an outcome rested essentially with the major players, who needed now to demonstrate resolve and leadership.

23. **Ms. Critchlow** (Guyana), speaking on behalf of the member States of the Caribbean Community (CARICOM), said that her region faced particular challenges, such as balancing growth and social equality, reducing indebtedness and building resistance to natural disasters. Those challenges had been intensified by the economic crisis. There was little prospect of recovery before the end of 2011, and it was not clear that the actions taken by the leading economies had worked. The fact that the causes of the crisis had yet to be fully acknowledged could lead to avoidance of responsibility and set the stage for a recurrence.

24. The small countries of the Caribbean had no capacity to respond with countercyclical measures. To provide assistance to countries hit by external shocks, the international community must relieve the debt of small economies, including those not previously considered for debt relief because of their income level.

25. The G-20 must take into account the concerns of small, highly indebted economies that were overlooked because they were classified as middle-income countries. In fact, such countries had high levels of poverty, and debt and were dependent on commodity exports. A coherent and supportive international macroeconomic framework was necessary to achieve development goals.

26. A level playing field with respect to the treatment of offshore tax jurisdiction was of particular importance. Unilateral actions could damage the financial services sector of CARICOM member States. CARICOM would remain in the vanguard of efforts to strengthen the United Nations Committee of Experts on International Cooperation in Tax Matters.

27. The international financial institutions must be reformed and made relevant to current circumstances. It was their role to prevent systemic crises, preserve financial stability and provide an early warning system. Many heavily indebted countries had had to resort to commercial borrowing. Greater access to stable financing sources was necessary. It was increasingly difficult for middle-income States to find adequate financing on concessionary terms. Any reduction in climate change commitments could convey the signal that the issue could be addressed only during times of prosperity.

28. **Mr. Adler** (Canada), speaking also on behalf of Australia and New Zealand, said that recovery from the economic crisis was fragile. Mobilization of resources for development must continue. Australia, Canada and New Zealand were increasing their support to the international financial institutions and multilateral development banks. There should also be efforts towards more effective governance and a strong focus on the most vulnerable.

29. In response to recent volatility in commodity prices, Canada had announced the doubling of its support to sustainable agricultural development, with an additional commitment of 600 million United States dollars over three years. Australia had committed 464 million dollars. Canada was committed to liberalizing trade and combating protectionism and had worked to reduce trade barriers.

30. Countries, including middle-income ones, must continue to receive help in managing their debt levels, for example, through the HIPC Initiative, capacity-building and technical assistance.

31. **Mr. Aguiar Patriota** (Brazil) said that it would be dangerous to become too optimistic about the economy. Most of the bailout money had come out of public funds or had generated public debt. It had been transferred to the same private corporations responsible for the crisis, with fewer conditions than were imposed on developing countries struggling for credit. It was not clear whether a failure at the heart of the economy had been remedied or whether irresponsible speculators had simply been granted the opportunity to continue their unregulated activities. The crisis would be overcome only through broad-based countercyclical policies and a jobs-intensive recovery. Financial market regulation remained fundamentally flawed, and developing countries were underrepresented in the international financial institutions.

32. Developing countries faced a large financing gap over the next several years. A durable solution to the external debt problem must be found which encompassed developing countries, including middle-income countries, which had been outside the scope of previous initiatives.

33. The crisis had pushed 100 million people into poverty and hunger. For the first time, the number of hungry people in the world exceeded 1 billion. Without additional international support, it would be very difficult for many developing countries to meet the Millennium Development Goals.

34. **Mr. Gutiérrez** (Peru) said that the outcomes of the mechanisms established to monitor the handling of the international economic crisis must be taken into consideration and incorporated into the deliberations of the Group of Eight (G-8) and the G-20. The situation of middle-income developing countries required attention. The situation of low-income countries facing difficulties in servicing their external debt must also be addressed, and responsible lending and borrowing should be promoted.

35. The export capacity of developing countries had been seriously affected by the current price instability and by reduced demand in international markets. There was a need to supplement domestic policies with fairer rules, within a framework of multilateral and regional coordination.

36. **Mr. Sammis** (United States of America) said that, thanks to swift and decisive actions, there were clear signs that the world economy was on the mend. A year ago the very real possibility of another Great Depression had been discussed, while today it was clear that the world had stepped back from the brink of economic collapse. The United States had taken unprecedented steps to restore growth, boost employment and repair the domestic financial system. Congress had passed a fiscal stimulus package that was equivalent to 2 per cent of gross domestic product (GDP) in 2009 and 2.5 per cent of GDP in 2010.

37. World leaders had mobilized over 1 trillion United States dollars to support the global recovery. IMF and the development banks had made significant funds available to developing countries to help them weather the storm. World leaders were tackling the root causes of the crisis and strengthening oversight, increasing transparency, improving risk management and taking other measures to transform the global financial system.

38. However, it was too soon to declare victory. Countries must draw back from their fiscal stimulus packages at the right time, and with a clear plan. The international community must continue to ensure support to the world's poorest countries. There were intensified discussions in many forums on achieving strong, sustainable growth, encompassing such topics as food security, global health and climate change.

39. **Mr. Li** Kexin (China) said that, in reforming the international financial system, the primary focus should be on enhancing the representation of developing countries. At the G-20 Summit held in Pittsburgh in September, leaders had committed to increasing the voting power and quota share of developing countries in the World Bank and IMF. The recent positive response from those institutions was welcome. Selection of their leaders should follow the principles of transparency and merit, and the two institutions should take concrete measures to increase the numbers of staff from developing countries, especially at the middle and senior management levels.

40. The financial crisis had eroded the capacity of the developing countries to service their debt. Solving the debt problem was a prerequisite for helping developing countries eliminate poverty and achieve the Millennium Development Goals. The international community should provide genuine help to developing countries so that they could break the vicious debt cycle and achieve economic development. Assistance and debt relief initiatives should respect the leading role of the recipient countries.

41. Recently, wild fluctuations in commodity prices had presented a great challenge to the economic growth of developing countries, both exporters and importers of commodities. The international community should reinforce policy coordination and financial monitoring and should curb commodity market speculation in order to limit fluctuation in commodity prices.

42. **Mr. Al-Fayez** (Saudi Arabia) said that his country had done much to create an investment climate which attracted capital and to reach out to developing countries. The country had received high marks from the International Finance Corporation in the area of competitive business performance environment and investment and had implemented economic liberalization policies. Despite a drop in world oil prices, the Government had been able to support the economy through increased expenditure in the private sector. Expenditures on infrastructure would also increase. A new monetary policy would provide more financial liquidity to banks, cut interest rates and improve the organization of banking credit.

43. Saudi Arabia had provided grants for some development projects in other countries and to fight poverty. It had contributed to IMF initiatives to provide debt reduction for poor countries, and had rescheduled loans and written off some debts owed by developing countries.

44. **Mr. Saif-ud-Din Soz** (India) said that efforts to revive the economy had borne fruit and should not be halted prematurely. While India had been affected by the crisis, its economy was resilient, and robust growth was expected to resume shortly. However, many developing countries needed assistance. It was heartening that the trend towards a reduction in ODA had been reversed in 2008. The crisis must not lead to a reduction in aid disbursements.

45. The crisis had caused a fall in exports from developing countries, with an adverse impact on employment and growth. To balance that, India advocated increased infrastructure investment in developing countries. The international financial institutions must encourage growth-oriented investment. Regional development banks must receive an expansion in their capital base to perform that role.

46. The shortcomings of the commodity market must be addressed by eliminating agricultural subsidies by developed countries and improving regulation of speculative activities. Although the total external debt of developing countries had decreased in 2008, there were severe disparities among countries and the situation of some countries had worsened. Special measures should be considered.

47. Protectionist tendencies must be avoided. International governance structures were in need of reform, and there should be an initial 7 per cent transfer in IMF quotas to developing countries. The developing world must participate fully and effectively in the global financial and economic architecture.

48. **Mr. Murakami** (Japan) said that deliberations on the economic crisis in the G-8, the G-20 and the United Nations should be mutually reinforcing. It was important to keep sight of the human faces behind the crisis and adopt measures focused on people, to protect and empower them. Japan was making every effort to return its economy to stability by implementing the necessary fiscal and monetary policies.

49. The financial resources of IMF must be expanded in order to strengthen its capacity to cope with the crisis and prevent a recurrence. Its legitimacy and effectiveness were crucial. In that context, the quota review process must be accelerated.

50. The sovereign debt situation of developing countries had improved significantly. However, there was a risk that the economic crisis could undo the work of many years, as well as gains regarding the debt of developing countries. Vigilance in regard to debt sustainability was needed. Responsible borrowing and lending practices should be promoted. All creditors should contribute their fair share of debt relief and become involved in the international debt resolution mechanisms.

51. **Ms. Wu** Ye-Min (Singapore) said that, while the decisive actions of the G-20 had helped to avert an economic depression, better coordination was needed between the G-20 and the United Nations. For the G-20 to achieve greater legitimacy, a variable geometry approach was called for. That would allow small and medium-sized States to have a voice at G-20 meetings on issues of particular concern to them. There could be different groups of participants for different subjects.

52. Singapore applauded the inclusion of regional organizations such as the New Partnership for Africa's Development and the Association of Southeast Asian Nations at the Pittsburgh Summit, as well as the inclusion of the Secretary-General of the United Nations. A consultation meeting prior to the Pittsburgh Summit had been initiated by the United States to solicit feedback from G-20 and non-G-20 countries in the Asian-Pacific region on the agenda and objectives of the Summit.

53. However, the G-20 must be even more representative. Hosts of G-20 Summits might consider consulting all States Members of the United Nations before Summits and providing updates after the meetings. The G-20 had taken critical decisions to tackle the financial crisis, but what it decided could not be assumed to be what the world had agreed to. The United Nations might consider whether to welcome or endorse decisions by the G-20. Singapore endorsed the G-20 agreement not to raise new trade barriers.

54. **Mr. Maksimychev** (Russian Federation) said that further delay in establishing reliable international financial and economic regulation mechanisms was not acceptable. Building on the Doha Declaration on Financing for Development, the decisions of the United Nations Conference on the World Financial and

Economic Crisis and Its Impact on Development and the communiqués of the G-20 Summits, the Second Committee should work to develop common approaches to future discussions on concrete aspects of the reform of the international financial system. First of all, it should search for the best possible adjustment mechanisms to deal with global financial and economic imbalances.

55. Artificial limits on capital flows would not be helpful. A new international financial architecture should include an automatic stabilization system. That could be facilitated by an agreement to promote debt instruments denominated in the currencies of developing countries and increased lending to developing countries in their national currencies, as well as an increase in the use of currency swap operations among national central banks. That would reduce the need to accumulate large gold and currency reserves and would redress the global imbalance. Reserve and regional currencies could also be used for international settlement. That would require certain economic and financial prerequisites and sound monetary policy by the issuing countries.

56. The contribution of the Russian Federation to debt workouts for developing countries was well known. It had the highest contribution, as a proportion of GDP, of all donors. There must be an effective mechanism to ensure the long-term debt sustainability of low-income countries whose heavy debt burden undermined their pursuit of efficient monetary and fiscal policy and their ability to withstand the economic crisis and engage in development.

57. An advocate of the establishment of stable commodity markets and enhancement of the commodity export capacity of the developing and least developed countries, the Russian Federation had, in 2008, made a significant contribution to development projects involving every phase of the production chain. Since 2007, it had been a full member of the International Grains Council and had contributed to global food security. The World Grain Forum in St. Petersburg in June 2009 had discussed the creation of a system for managing global food reserves, harmonizing world grain market prices and establishing adequate infrastructure for grain storage and transportation, inter alia. The Russian Federation had also hosted the seventy-ninth session of the International Cocoa Council in Moscow in June 2009, which had devoted much attention to ensuring balance on the world cocoa market and promoting production methods which were consistent with social, economic and ecological requirements.

58. **Mr. Benfreha** (Algeria) said that the ongoing crisis had originated in the developed countries and was rooted in the policy premises of the global financial and economic system. It was due to a failure of macroeconomic management and to blind faith in a deregulated financial market. The current system of global economic governance was not equal to present-day challenges; inclusive, transparent, regulated financial and monetary systems were called for. Durable recovery could be ensured only through a sound global policy, which should be the concern of the entire international community, irrespective of country size.

59. Algeria continued to call for equitable representation in the Bretton Woods institutions, which meant increasing the voice and participation of developing countries in their decision-making processes. His delegation therefore welcomed the increase in the quota shares of developing countries in IMF. There also needed to be short-term and long-term provision of liquidity by the international financial institutions in order to promote socio-economic development and a focus on systemic linkages between the global financial and trade systems. Moreover, in the same constructive spirit, some of the stimulus funds for the recovery of the international community should serve to meet vital needs in the most vulnerable developing countries.

60. The global crisis had slowed or even reversed efforts to combat poverty and hunger, particularly in Africa. The international community should nevertheless respect its commitments and strive all the more keenly to support the special needs of Africa and thereby mitigate the multidimensional impacts of the crisis on that continent; additional financial support should also be provided to help African countries balance their national budgets. The achievement of the internationally agreed development goals, including the MDGs, should remain a development priority for the United Nations.

The meeting rose at 6.20 p.m.