



MESSAGE FROM ABASSADOR JORGE ARGÜELLO, PERMANENT REPRESENTATIVE OF ARGENTINA TO THE UNITED NATIONS AND CHAIR OF THE GROUP OF 77, TO THE EIGHTY-SIXTH MINISTERIAL MEETING OF THE INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT (Washington, DC, 22 September 2011)

Mr. Chairman,
Honorable Ministers,
Madame Managing Director of the IMF,
Mr. President of the World Bank,
Excellencies,

1. On behalf of the Group of 77 and China, I would like to thank you for inviting me to share a few remarks at the Eighty-sixth Ministerial Meeting of the G-24. Let me begin by expressing our appreciation for your tremendous work in the furtherance of the vital interests of the developing countries within the Bretton Woods Institutions. We are confident that the G24 will continue to be effective in its vigilance to promote the interests and needs of the developing countries in such a complex structural environment. On behalf of the Group of 77, we reaffirm our full support and cooperation with the G-24 in your endeavor to achieve our common goals.

2. An importantly vital and timely topic chosen for this meeting focuses on the recovery, growth and development of developing countries from the ongoing world financial and economic crisis which has reversed many important developmental gains in the South and hindered the achievement of the Millennium Development Goals by 2015. The crisis in the financial sector has spread to the global economy, causing, inter alia, declines in GNP, a sharp contraction in world trade, falling remittances, unemployment and a significant rising of social issues coupled with social pressures in many developing countries.

3. Despite the report of some positive developments in the global economy, we all know that the financial crisis will continue to exact a heavy toll on the populations of developing countries. In addition, there is a real and present threat that many developing countries will face the risk of a double dip recession in the coming future, as a result of the curtailment or even reversal of expansionary measures to address fiscal constraints. Moreover, the capacity of developing countries to mobilize much needed foreign investment and financing to support their economies is being compromised.

4. In this context, the Group of 77 recognizes that, while global growth is returning, there is a need to sustain the recovery; we reiterate that an effective response requires timely implementation of all development commitments, including existing aid commitments. We believe that the current global economic governance architecture is not sufficiently able to react to new global challenges. There is an urgent need for a substantive and comprehensive reform of the international economic and financial system and architecture, including policies, mandates, scope and governance, to better enable it to respond and prevent financial and economic emergencies, to effectively promote development and equitably serve the needs of Member States, particularly developing countries. International Financial Institutions in particular must have a clear development orientation.

Mr. Chairman,

5. The G77 takes note of the recent ongoing reforms in the BWIs that aim at improving the responsiveness of these institutions. But we reiterate the need for due flexibility in the policies and instruments of the banks, including its financial policies, and caution against increases in the lending associated costs. The current crisis demonstrates the urgent need for introducing internationally harmonized norms and standards for financial regulation and supervision, so that financial leverage and regulatory arbitrage do not endanger the stability of the global system.

6. The Group is of the view that appropriate measures must be taken to mitigate the negative effects of the crisis on the indebtedness of developing countries and avoid a new debt crisis. Those measures should not be limited to the full use of the existing mechanisms, but should also include the provision of increased funds for debt rollover, innovative debt swap criteria, and increased concessionality. Furthermore, the joint Debt Sustainability Framework of the International Monetary Fund and the World Bank should be put under continued review with a coordinated and cooperative approach and a full inclusion of the views of developing countries, in an open and transparent manner.

7. Taking into consideration the impact of the world financial and economic crisis in the achievement of national development objectives in developing countries - including the Millennium Developing Goals (MDGs) - there is a need to overemphasize the critical importance of Official Development Assistance (ODA), as a key source of Financing for Development. The global crisis cannot be an excuse to avoid existing aid commitments. Developed countries must meet and scale-up their existing bilateral and multilateral official development assistance commitments and targets.

8. In this regard, the G-77 reiterates the need for developed countries to urgently fulfill all their Official Development Assistance commitments in particular the commitment to reach the target of 0.7 per cent of gross national product for official development assistance to developing countries by 2015 and to reach the level of at least 0.5 per cent of gross national product for Official Development Assistance by 2010, as well as a target of 0.15 to 0.20 per cent of gross national product for Official Development Assistance to least developed countries.

Mr. Chairman,

9. In order to fully harness the potential of trade, it is important to uphold a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that promotes recovery, growth, sustainable development and employment, taking into account the needs and interests of developing countries. In this context, developed countries should refrain from all protectionist measures and tendencies, affecting market access of developing countries, including agricultural subsidies and non-tariff barriers to trade, and to rectify any trade distorting measures already taken, recognizing the right for developing countries to fully utilize their policy space consistent with WTO commitments.

10. Developed countries should also demonstrate the flexibility and political will necessary for breaking the current impasse in the WTO negotiations, with a view to concluding the Round as soon as possible to achieve an early, balanced and development oriented outcome, keeping the special and differential treatment for developing countries as an integral part of all elements of the negotiation. The early conclusion of the Round would provide much needed impetus to international markets, contributing to consolidate the recovery and establish the foundations of sustained growth.

11. In order to improve their effective participation in the multilateral trade system, the Group of 77

stresses the importance of facilitating the accession of all developing countries, in particular the LDCs that apply for membership in the World Trade Organization (WTO), without political impediments, in an expeditious and transparent manner.

Mr. Chairman,

12. The financial and economic crisis has not only underscored the need for reform, but the need for policy space and elimination of conditionalities. While we welcome various initiatives for new financial facilities and provision of additional resources, access to these should not be tied to conditionalities. Once more, policy space for developing countries must be maintained. We should also explore alternative modalities of liquidity provision to specific countries adversely affected by crises, including possible trust funds and new loan facilities. We reiterate the need for enhancing the global partnership for development, and the necessity of strengthening international obligations, commitments and the full and timely implementation of commitments already made.

13. Finally, I would like to stress that the response to the financial and economic crisis must take into account the interests and specific needs of the developing countries as well as the particularities of the different regions from the developing world. Our common demand is for a more equitable world order and for a more enabling international environment for development. We are confident that with the support of the G24 we will make concrete recommendations to redress the structural failures of the international financial system and mitigate the impact of the financial crisis on developing countries.

I wish all success to your deliberations.

Thank you.