



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY H.E. MR. SACHA LLORENTTY SOLIZ, AMBASSADOR, PERMANENT REPRESENTATIVE OF THE PLURINATIONAL STATE OF BOLIVIA TO THE UNITED NATIONS, CHAIR OF THE GROUP OF 77, ON AGENDA ITEM 17: MACROECONOMIC POLICY QUESTIONS, AT THE SECOND COMMITTEE OF THE 69TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 14 October 2014)

M. Chairman,

I have the honour to deliver this statement on behalf of the Group of 77 and China, regarding Agenda Item 17.

Mr. Chairman,

The Group of 77 and China firmly believes that the questions of international trade, reform of the international financial system, the global economic governance, and debt are crucial to pursue developmental objectives.

Mr. Chairman,

The ongoing world financial and economic crisis and its impacts on development underscores the importance of a global, universal and integrated response by the international community to address systemic fragilities and imbalances inherent in the international financial institutions (IFIs). This requires serious actions to resolve the structural problems of financial instability and unavailability of liquidity for developing countries in need to generate the necessary sustained growth and development.

The capacity of the IFIs to provide liquidity in times of systemic crisis is an important element in ensuring global financial stability. However, a global mechanism for ensuring the swift and sufficient availability of substantial resources to stabilize market conditions in times of systemic liquidity crisis continues to be lacking. In this regard, the Group believes that efforts should focus on enhancing the various layers of the global financial safety net and on strengthening coordination among the mechanisms at different levels.

The Group reiterates the need for inclusive, transparent and effective multilateral approaches to managing global challenges, and in this regard reaffirms the central role of the United Nations system in ongoing efforts to find common solutions to such challenges; while providing an intergovernmental forum, including through international conferences and summits, for universal dialogue and consensus on global challenges.

In the context of structural reform of the IFIs, the Group strongly believes that developing countries must be equitably represented in these institutions and have a strengthened voice in global economic governance. Moreover, it is critically important that the financial sector is transparent and properly regulated to reduce speculative investment so that the capital markets can be mobilized to achieve sustainable development and play a constructive role in the global development agenda.

Mr. Chairman,

International trade, in the context of appropriate policies and rules, can be an important tool for economic development but it needs to be conducted with a strong emphasis on the development dimension of trade.

Because of the continuing global financial and economic crisis, there has been a decline in trade growth, which has had a severe impact on many developing countries as the result of the fall in export revenues, trade barriers and trade-distorting subsidies in developed countries, and restricted access to trade finance and reduced investment in production diversification and in the promotion of exports and remains a matter of concern.

With that view, it is essential to establish and uphold a universal, fair, rules-based, open, pro-development, non discriminatory, inclusive and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly for developing countries.

Therefore, the Group consider that in order to ensure effective functioning of the multilateral trading system, the World Trade Organization (WTO), as the only multilateral trade organization, that governs the conduct of international trade flows, should enable developing countries to have sufficient policy space so that they can make use of policy instruments and measures that are required for their economic and social development. We reiterate our call for the effective strengthening of the special and differential treatment and less than full reciprocity principles and provisions in WTO so as to broaden the policy space of developing countries and enable them to benefit more from the multilateral trading system.

We denounce that subsidies and other market distortions driven by developed countries have seriously affected the agricultural sector of developing countries, limiting the ability of this key sector to significantly contribute to the eradication of poverty and to sustained, inclusive economic growth and equitable, sustainable development, food security and rural development.

We call for the immediate elimination of all forms of agricultural subsidies and other market-distorting measures taken by developed countries that are not in compliance with WTO rules. We urge developed countries to show flexibility and political will to adequately address these fundamental concerns of developing countries in the Doha Round of trade negotiations.

The Group would like to recall the outcome of the 9th Ministerial Conference of the World Trade Organization held in Bali in December 2001, and stresses on the importance of implementing all aspects of the Bali package in a balanced manner, through an inclusive negotiating process in which the procedural issues of the Trade Facilitation agreement would be tackled in parallel with the agricultural pillar, including stocking for food security, and the post Bali work programme, taking into account the priorities of developing countries thereon, including the urgent priority to eliminate all forms of export subsidies, in accordance with the agricultural mandate of the Doha Round.

Mr. Chairman,

The ongoing debt crisis has once again highlighted the gaps in the international financial architecture with regard to timely and effective solutions to sovereign debt distress. Debt sustainability, effective debt management, and the guarantee of an adequate debt repayment capacity that does not impair national growth perspectives are core factors to be considered in the efforts carried out by Member States to attain national and international development goals, including the Millennium Development Goals.

In past decades and more so recently, a new concern has emerged relating to the activities of vulture funds, their highly speculative nature and the systemic implications of their actions which pose a risk to all future debt-restructuring processes, both for developing and developed countries.

The Group stresses the importance of not allowing vulture funds to paralyse the debt-restructuring efforts of developing countries, and that these funds should not supersede a State's right to protect its people under international law.

We also consider it is essential for the stability and predictability of international financial architecture, to ensure that agreements reached between debtors and creditors within the context of sovereign debt restructuring processes are respected, allowing payment flows to be distributed to cooperative creditors as agreed with them in the process of consensual readjustment of the debt. We must count on instruments making reasonable and definitive agreements between sovereign creditors and debtors, allowing them to confront debt sustainability problems in an orderly fashion

In that regard, the Group welcomed the adoption by the United Nations General Assembly of resolution 68/304 "towards the establishment of a multilateral legal framework for sovereign debt restructuring processes", in particular the decision to elaborate and adopt, through a process of intergovernmental negotiations, a multilateral legal framework for sovereign debt restructuring processes with a view, inter alia, to increasing the efficiency, stability and predictability of the international financial system and achieving sustained, inclusive and equitable growth and sustainable development, in accordance with national circumstances and priorities.

Therefore, as the General Assembly of resolution 68/304 mandates, the Group looks forward to the discussions to define the modalities for the intergovernmental negotiations and the adoption of a multilateral legal framework for sovereign debt restructuring processes.

I thank you, Mr. Chairman.