



**STATEMENT BY MR. LARBI DJACTA, MINISTER COUNSELOR,
PERMANENT MISSION OF ALGERIA TO THE UNITED NATIONS, ON
AGENDA ITEM 18: MACROECONOMIC POLICY QUESTIONS, AT THE
SECOND COMMITTEE OF THE 67TH SESSION OF THE UNITED NATIONS
GENERAL ASSEMBLY (New York, 23 October 2012)**

Mr. Chairman,

1. I have the honour to deliver this statement on behalf of the Group of 77 and China on Agenda items 18 Macroeconomic policy Questions.
2. I would like to thank the Secretary General for his comprehensive reports contained respectively in document A/67/184. On International trade and development; A/67/187 on international financial system and development; A/67/174 on External debt sustainability and development.
3. Concerning the International Trade and Development, the ongoing world financial and economic recession has been further compounded for the developing countries by the adverse imbalances in the external environment including on the protectionism pressures and the escalating tensions over trade that inhibit access to the markets of developed countries.
4. The Group of 77 is concerned over the threatening current systemic problems, including turbulence in the global financial markets and widespread fiscal strains which is costly and disruptive, including for employment and productive investment. The report A/67/184 stated that the Middle East, North and Sub Sahara Africa register high unemployment and a reduction of wages suppression for the middle class. These problems are followed by cuts in public spending, health and education. In addition, inadequate accesses to technology and negative effect of climate change have exacted an enormous toll on developing countries especially on the most vulnerable among them in particular Africa and the LDCs.
5. The crisis has affected the social development, leading to loss of jobs and difficulties of governments to finance social programmes that address poverty or provision of basic amenities which threatens the attainment of the Millennium Development Goals (MDGs).
6. The Group of 77 and China reaffirms that international trade is a vital tool to provide long-term sustainable growth, and urges developed countries to desist from all protectionist measures, especially those affecting developing countries, including tariff, non-tariff and other barriers to trade, in particular agricultural subsidies, and to rectify any such measures already taken. We call for the fulfillment of all commitments contained in the 2001 Doha Declaration for special and differential treatment for developing countries, bearing in mind the special needs of the least developed countries.
7. The G77 and China strongly emphasizes the necessity of a timely conclusion of the Doha Round of multilateral trade negotiations which fully respect its development mandate and take into account the needs and priorities of developing countries. The successful outcome of these negotiations would help to ensure growth in global trade, prevent protectionist measures, in particular, in developed countries, and create new market access opportunities for developing countries.
8. In addition, the G77 and China calls upon developed countries to implement effective trade-

related technical assistance and capacity building to developing countries, particularly the least developed among them.

9. The G77 and China takes note of the outcome of UNCTAD XIII held in Doha, Qatar, from 21 to 26 April 2012, which reaffirmed the core mandate of UNCTAD as the focal point for an integrated treatment of trade and development and interrelated issues of finance, technology, investment and sustainable development.

10. The G77 and China emphasizes that South-South trade should be further strengthened, and noted that enhanced market access between developing countries can play a positive role in stimulating South-South trade. In this regard, we welcome the conclusion of the third round of the Global System of Trade Preferences by the adoption on the 15th of December 2010 of the Sao Paulo Protocol and encourage all developing countries that that have not yet done so to consider acceding to the GSTP and its protocols.

11. The G77 firmly rejects the imposition of laws and other forms of coercive economic measures, including unilateral sanctions, against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten freedom of trade and investment, and in this regard urges States to refrain from enacting and implementing such measures that hamper the full achievement of economic and social development, as well as trade in developing countries.

Mr. Chairman,

12. On Agenda item 18 (b) "International Financial System and Development" the Secretary General Report A/67/187 states that "global imbalances and the related accumulation of foreign reserves by a number of developing countries led to a significant net transfer of financial resources from the developing to the developed world. Net private capital flows to developing countries experienced a downturn during the latter part of 2011. Moreover, 2011 marked the first annual drop in net ODA (in real terms) from OECD Development Assistance Committee member countries for many years. Both private and official capital flows to developing countries remain unpredictable and volatile".

13. The G77 and China reaffirms that Official Development Assistance (ODA) remains essential as a catalyst for development, facilitating the achievement of national development objectives, including the MDGs.

14. It is vital that developed countries meet and scale-up their existing bilateral and multilateral official development assistance commitments.

15. Full implementation of the agreed commitments will substantially boost the resources available to push forward the international development agenda and to assist developing countries to mitigate and more effectively respond to the crisis in accordance with their national strategies.

16. While recognizing that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for development on a stable, predictable and voluntary basis, we reiterate that such financing should be disbursed in accordance with the priorities of developing countries, should not unduly burden them, and should neither substitute nor negatively affect the level of traditional sources of development financing, including ODA.

17. The G77 and China takes note of the recent developments in the Bretton Woods Institutions

(BWIs), and calls for a substantive and comprehensive reform including mandates, scope and governance. There is a need for an expeditious completion, as soon as possible, of a much more ambitious reform process of the governance structure of those Institutions and of an accelerated road map for further reforms on voice, participation and enhanced voting power of developing countries based on an approach that truly reflects its development mandate and with the involvement of all shareholders in an equitable, transparent, consultative and inclusive process.

18. In this regard, we urge the United Nations General Assembly to launch a process to reform the international financial and monetary system. The reforms must reflect current realities and ensure full voice and participation of developing countries in the decision making and norm-setting process of the BWIs.

Mr. Chairman,

19. On the external Debt, it's obvious that debt crises tend to be costly and disruptive and tend to be followed by cuts in public spending, affecting in particular the poor and vulnerable. As a Group we stress on the importance of debt relief, including debt cancellation and debt restructuring.

20. We reiterate the urgent need for the international community to examine options for an effective, equitable, durable, independent and development-oriented debt restructuring and international debt resolution mechanism and call upon all countries to promote and contribute to the discussions within the United Nations and other appropriate forums with that objective.

21. The G77 and China underlines the importance of the discussions on the need and feasibility of new sovereign debt restructuring and debt resolution mechanisms that take into account the multiple dimensions of debt sustainability and its role on the achievement of the internationally agreed development goals, including the Millennium Development Goals.

22. The G77 and China is deeply concerned by the substantial increase in the financial stability risks of many developed economy, particularly in the euro zone, and in particular their high structural fragilities in financing sovereign debt created as a result of transferring private risk to the public sector. In this regard, we call for urgent and coherent solutions to reduce sovereign risk in developed economies to prevent contagion and to mitigate its impact on the international financial system.

23. We recall, also, that allocations of special drawing rights have contributed to increased global liquidity and encourage continued discussions on policy options to promote long-term stability and the proper functioning of the international monetary system, including the role of special drawing rights.

24. In conclusion, Mr. Chairman, we look forward to our deliberations within the Second Committee on all issues under the macroeconomic policy, and we commit to working towards action oriented resolutions which help us move forward to address the key issues of the current development agenda.

I thank you.