

INTERVENTION BY THE GROUP OF 77 AND CHINA REGARDING ITEM 13(A): ECONOMIC AND ENVIRONMENTAL QUESTIONS - SUSTAINABLE DEVELOPMENT: REPORT OF THE COMMITTEE FOR DEVELOPING PLANNING ON ITS THIRTY-SECOND SESSION

New York, 23 July 1998

Mr. President,

On behalf of the Group of 77 and China, I would like to take this opportunity to express our appreciation to the various officials for their introductory remarks on the several reports pertaining to our discussions, especially the report of the Committee for Development Planning.

First, in Chapter I, the report analyses the recent financial crisis in Asia and attempts to draw lessons for policy. Secondly, the report recommends Vanuatu be immediately graduated from the list of the Least Developed Countries.

The financial turmoil in East and South-east Asia has become a major concern, as stock markets and currencies have plunged throughout the region and growing financial volatility have spread, adversely affecting the levels of output, employment and inflation in many countries. The pace and depth of the crises, including their impacts on the lives of growing numbers of people in the affected countries, have raised questions about the stability of the international financial system, and about how best to sequence capital market liberalization and to control for vulnerability, in particular concerning short-term capital flows.

The recommendations by the CDP could be used in further considerations at an appropriate time and place. We are interested in recommendation 69, which states that regional development banks, regional funds and cooperative arrangements can assist countries in monitoring the economic situation and raising capital to supplement resources. We can also go along with paragraph 70, especially with regard to the role of foreign private lenders. When a crisis does erupt, foreign private lenders and investors should become intimately involved in seeking its resolution and in sharing the costs of the crisis through debt write-off, debt rescheduling or delaying claims on repayments. International arrangements should also be devised to bring creditors and debtors together to negotiate solutions to the crisis.

On another issue the CDP report recommends the graduation of Vanuatu immediately from the list of LDC. The Group is also concerned about the treatment given to the important issue of vulnerability in the report of the Committee for Development Planning and to oppose the recommendation to graduate Vanuatu immediately from the list.

The Group is in fact disappointed that the CDP has failed to carry out the instructions of General Assembly resolution 52/210, to assess the usefulness of a vulnerability index as a criterion for the designation of Least Developed Countries. We believe that a fair decision on Vanuatu's graduation cannot be made until such an assessment has been undertaken. We therefore urge ECOSOC to postpone its decision until the Committee has completed the work requested of it last year.

Vulnerability was recognized as a critical development issue for small island states in the 1994 Barbados Programme of Action. The Programme urged international action to develop a vulnerability index. Four years later this crucial issue was dismissed by the CDP since it was considered "not currently feasible". While this issue is outstanding, we fear that Small States like Vanuatu are at a severe disadvantage. We urge the many international agencies already engaged in this work to actively cooperate with each other in the design of an agreed and comprehensive vulnerability index.

Thank you, Mr. Chairman.

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