

**Statement by H.E. Dr. Makarim Wibisono, Ambassador and Permanent Representative of the Republic of Indonesia on behalf of the Group of 77 and China before the Second Committee of the 53<sup>rd</sup> session of the General Assembly**

**New York, 6 October 1998**

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Mr. Chairman,

1. It is with deep pleasure, on behalf of the Group of 77 and China, that I extend our congratulations to you and to your distinguished colleagues in the Bureau on your recent elections. I can assure you of our full support for your demanding responsibilities in guiding the Second Committee to a successful conclusion.

2. As we launch into this year's agenda of work in the Second Committee, we are fully aware that we do so against the backdrop in a very unpredictable and unstable global economic situation. The promise and great expectations associated with globalization and liberalization may still be valid, but many countries are increasingly questioning its impact on their economies particularly its devastating economic and social consequences. While globalization is obviously a powerful force that can unleash great opportunities and propel economies to new and unprecedented heights, it is also a force that is neutral and blind to a country's interests. Yet it facilitates the economically powerful over the weak, resulting in growing disparities of income and consumption. For many, especially the Least Developed Countries (LDCs), the phenomenon has brought about severe economic slowdowns, skyrocketing unemployment, crushing indebtedness, and acute social disruptions accompanied by virtual exclusion from the mainstream global economy. As a result, over a billion people still languish in wrenching poverty which is manifested by high rates of illiteracy, deplorable living conditions and low levels of life expectancy, together with little or no access to clean water and shortages of food.

3. In Asia, while robust growth rates for decades had transformed much of the region into an economic powerhouse, today many of those same dynamic economies lie in ruins, their prospects shattered and their peoples pushed to the very edge of their endurance. The painful lesson of this debacle is that the market is driven as much by sentiment and perception as it is by fundamentals and solid facts. In addition, as the crisis continues to deepen and spread beyond their borders to envelop other countries and other continents the recently released World Economic Outlook of the IMF clearly indicates a downward revision of projected world growth and gloomy prospects for the world economy at large.

4. In the face of such stark global realities, we must intensify international solidarity and cooperation. Since many of these problems are global in nature, their resolution must also be addressed globally and likewise, since many of the core development issues can only be successfully addressed through multilateral action, it is imperative that multilateral cooperation is revitalized. In the context of the United Nations, which is the only universal institution for the promotion of international cooperation, it provides a unique forum for renewing the dialogue which is imperative for promoting international cooperation for development. This in fact has been proven true in the High-level Dialogue meeting that took place on September 17-18 this year. That dialogue on strengthening international cooperation for development, the first to be held under the re-oriented rubric based on mutual interests and benefits, equitably shared responsibilities and partnership, has proven to be a productive, enlightened and highly relevant discussion in the current international economic environment. It greatly helped to enhance the efforts of the United Nations in promoting multilateral cooperation on issues of vital interest to all countries by, among others, helping to increase awareness and common understanding on the critical issue of increasing the management of globalization and of exploring ways of addressing the multi-faceted concerns created by globalization.

5. As many delegates already underlined during the two-day high-level meeting, which focused on "The

social and economic impact of globalization and interdependence and their implications", I believe that the major challenge immediately facing international cooperation for development is the need to contain the spreading crisis, to control the negative consequences of globalization and to maximize its benefits. National efforts, while necessary, need concerted action at the international level. The international community should therefore, seek a new architecture that would strengthen its management role in the world economy, in particular in the monetary and financial fields. Such architecture should be transparent, accountable and participatory. It should take into account various aspects of the crisis such as the lack of surveillance and regulation of short-term capital flows and the volatility of currency markets through innovative measures at the national, regional and global levels, without, however, restraining the liberalization of economies.

6. Having observed the success of this first Dialogue meetings under its new re-oriented formula, we firmly believe that, since the supporting context of multilateralism for development has been severely eroded due to the advent of globalization, this process should be further strengthened and utilized for the promotion of international cooperation for development.

Mr. Chairman,

7. Possibly the most constraining factor inhibiting development today is the lack of adequate financial resources for development. While there is an increased emphasis on Foreign Development Investment (FDI), and this is welcome, it should not be forgotten that Official Development Assistance (ODA) constitutes the principal source of development financing for most developing countries. Regrettably, ODA has become an early casualty of globalization and is in sharp decline. For if left to themselves, financial markets will not go out of their way to finance economic growth in developing countries. Many developing countries, particularly the LDCs, are not able to attract private financial flows. Moreover, developing countries that are able to attract private capital flows run the risk of short-term capital entering and leaving them at staggering speed. Thus, the greater majority of developing countries must depend on ODA, which is in serious decline. In view of there adversities, the Group of 77 and China considers the discussion within the context of the High Level International Intergovernmental Consideration on Financing for Development of particular importance. We should grasp this unique opportunity to discuss this important issue in the spirit of partnership and so that the hopes of the international community will not be further dampened which would only serve to aggravate an already very tenuous situation in the field of financing for development.

8. Compounding the lack of financial flows for development and greatly aggravated by globalization is the perennial problem of chronic external indebtedness of the developing countries that constitutes a serious impediment to development. Many developing countries still remain crippled by their debt overhangs despite years of an evolving international debt strategy. The Group has for long advocated the importance of an "once and for all" approach that is designed to reduce the over-all burden and service of an indebted country levels that allow the restoration of development. It is for this reason that the G-77 sees the Heavily Indebted Poor Countries Initiative of the IMP and the World Bank as an important step in restoring a number of the poorest countries back onto the path of development. Yet these efforts are recognized as creeping along as a very slow pace. Efforts should be made to accelerate the process. Likewise, as the financial crisis, taking place as it does in the context of globalization, aggravated the external indebtedness of many developing countries, it is also imperative that we vigorously pursue debt relief measures that will resolve such debt in this new context including those currently in the throes of an financial crisis.

9. Another vital concern to the developing countries at this Assembly session is that of lack of market access for developing country exports. Such protectionism takes many forms. A particular irritant form to many developing countries is the persistent introduction of non-trade related constraints such as those of linking trade to core labour standards and other extraneous issues. For the most part, such concerns only serve to divert attention from the critical issues of international trade and investment. We have always held that if the developing countries had equitable market access for their exports, the revenues they derive from

international trade could meet many of their financial requirements for development. In this context, the developing countries have not substantially benefitted from the boost that the Uruguay Round agreements and the WTO have given to international trade. The provisions of the Round and the WTO should therefore be strictly complied with, particularly those on textiles and agricultural products. It is our sincere hope that we should vigorously promote a renewed emphasis on the equitable, transparent and rule based multilateral trading system. Let me add that, given that we are in the midst of the financial crisis, the opening up of the markets of the developed countries to the products of the developing countries should greatly assist the efforts of the international community in seeking to avert a global recession or even a depression.

Mr. Chairman,

10. The forthcoming Triennial Comprehensive Policy of Operational Activities of the United Nations system is an opportune time to reinforce the role of the United Nations in such development activities. As with the entire development cooperation process of the United Nations system, the Review must face the central dilemma facing the future. That is the severe shortfall in resources to meet the growing demands on the Organization particularly its operational arm. In the face of such declines it is impossible to see how the growing range and complexities of the demands on the United Nations system for operational activities can be achieved. We believe that the Review should be utilized to address this untenable situation and to seek to ensure that funding for such operational activities is put on a more predictable assured and continuous basis. It should also be recalled that, since their inception, the United Nations Operational Activities for Development were designed to serve the developing interests of the developing countries and should not now deviate from that objective. For this reason, and while acknowledging the emergence of a new development paradigm, it is also important to ensure that the Review should strengthen these objectives and seek to avoid introducing any concept that may run counter to our traditional country-driven activities.

11. Another major concern of the developing world is sustainable development. As to the issue of desertification, I earnestly hope that the forthcoming Second Conference of the Parties of the Convention to Combat the Desertification in Dakar, Senegal, this December, will mark a decisive step forward in the implementation of the Convention. Moreover, with regard to climate change, we have barely two months left before the Fourth Session of the Conference of the Parties of the United Nations Framework Conference on Climate Change takes place in Buenos Aires. The COP-4 must respect the mandate of the Convention and should not be distracted by extraneous issues. I firmly believe that the significance of the concept of partnership embodied in the Convention lies in the mobilization of sufficient financial resources, the provision of new and additional funding, and the transfer of environmentally sound technologies. The view of our Group is that the "principle of common but differentiated responsibilities", as agreed under Agenda 21, should be fully applied.

12. In concluding Mr. Chairman, let me just say that, if we want the North-South dialogue to proceed in earnest, we should broaden and intensify South-South cooperation. Decades of development efforts have greatly increased the economic complementarities among developing countries. We must tap these complementarities and strengthen partnership in the South. This year represents a significant milestone for South-South cooperation as we commemorate the twentieth anniversary of the Buenos Aires Plan of Action on 7 October. The occasion should provide the international community with an opportunity to renew its commitment and political will to promote and strengthen TCDC/ECDC. In this regard, we can see ample opportunity for our developed partners and international institutions to play a valuable role in support of South-South cooperation. For our part the Group of 77 has also sought to promote such cooperation through various initiatives including the convening of a High-level Meeting on Regional/Sub-regional cooperation which is to be held in Bali, Indonesia this coming December. Together with the assistance of the UNDP, we are pleased to note that a number of donor countries, including the government of Japan, to which we are grateful, have expressed their willingness to support these efforts.

Thank You.

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