



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. PETER LE ROUX, COUNSELLOR, PERMANENT MISSION OF THE REPUBLIC OF SOUTH AFRICA TO THE UNITED NATIONS, ON THE MACROECONOMIC POLICY QUESTIONS, AGENDA ITEM 51, IN THE SECOND COMMITTEE OF THE GENERAL ASSEMBLY (New York, 9 October 2006)**

Madame Chair

I have the honor speak on behalf of the Group of 77 and China

We are six years into the 21st Century, a third of the way to the 2015 target of reducing poverty by half and still billions are living in degrading and dehumanizing hunger and poverty. If we are to succeed in fully implementing the internationally agreed development goals, including the Millennium Development Goals, by 2015, then full implementation of all commitments made at all the United Nations Summits and Conferences in the economic, social and related fields must be realized.

In this context there is an urgent need for a concerted multilateral action to solve economic and social problems. The Bretton Woods institutions must play a more active role in close collaboration with the United Nations in formulating a global strategy for the eradication of poverty and hunger in developing countries.

Essential to this process is the active voice and effective participation by developing countries in the decision making processes of the Bretton Woods Institutions. This is central to promoting the legitimacy, relevance and effectiveness of the international financial system and crucial if developing countries are to succeed in eradicating poverty and accelerating economic growth in a sustainable manner.

In this regard the Group of 77 and China has repeatedly reiterated the need to make rapid progress on increasing voice and participation of developing countries and the Group will continue to call for a comprehensive package that would deal with all the major issues simultaneously within a firm deadline. This issue still remains a serious concern to developing countries and the Group of 77 and China calls for further and effective progress in this regard.

The Group of 77 and China continues to have concerns about the pattern of lending conditionalities of the IMF and World Bank. Policy and structural reform conditionalities undermine national ownership of programmes and implementation. Policy advice, technical assistance and financial support to developing countries must be conducted with due regard to the need for national policy space, and the freedom for designing policies in accordance with national conditions and national development strategies. If we are to address global financial imbalances then the IFIs must play a crucial role in the surveillance of the economies of the developed countries. This must be done as a matter of urgency in view of the effect of their macroeconomic policies on global growth and development. The recent agreement to strengthen IMF surveillance through increased multilateral consultations is noteworthy but more intensified efforts are required in order to bring stability to the system as a whole.

There is still an urgent need to mitigate the impact of excessive volatility of short term capital flows and for the improvement of transparency of and information about financial flows. The IFI's must adopt a suitable array of financial facilities to respond to financial crises and its contagion negative effect on developing countries. The international community must start to investigate more coherent and coordinated measures to support national development efforts of middle-income developing countries that have more people living below the international poverty levels than low-income countries. Middle income developing because of their slightly higher degree of integration into international trade and financial markets tend to be more susceptible than low-income countries to international private capital flows, increased volatility of economic growth and lower long-term consumption and output levels. If we are to succeed in eradicating poverty in middle-income developing countries then there is urgent need to balance out the global economic, financial and trading regimes so as to allow for equal opportunities for middle-income developing countries.

Madame Chair

The Group of 77 and China welcomes the developments pertaining to the implementation of the Multilateral Debt Relief Initiative (MDRI) and we are pleased that the IMF, World Bank and the African Development Bank have started to implement debt cancellation. We do however, stress the need for the continued emphasis on the additionality mechanisms to continue to be implemented and for the respective targets to be met in a timeous manner.

Debt sustainability is essential for underpinning growth and is essential to enable developing countries efforts to achieve national development goals. The Group of 77 and China reiterates its call for the consideration of additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based financing, cancellation of 100 per cent of the official multilateral and bilateral debt of heavily indebted poor countries and, significant debt relief or restructuring for low- and middle-income developing countries with an unsustainable debt burden that are not part of the Heavily Indebted Poor Countries Initiative, as well as the exploration of mechanisms to comprehensively address their debt problems. We would also wish to underscore that debt sustainability analyses should be applied in a flexible manner and should not be premised on the use of subjective governance indicators. Rather, due consideration should be given to the growth and long-term development needs of developing countries.

Madame Chair

The Group of 77 and China reiterates the importance of maximizing the contribution of the commodity sector to sustained economic growth and sustainable development of developing countries and in particular African countries. Many developing countries are highly dependent on primary commodities as their principal source of export revenues, employment, income-generation and domestic savings, and as the driving force of investment, economic growth and social development. However, in spite of the recent increases in some commodity prices, it is unlikely that a reversal of the declining trend has been fundamentally reversed, and that supply capacity problems and difficulties with effective participation in value chains due to lack of equitable access to global markets, in particular in developed countries still prevents many developing countries from obtaining full benefits from the current price increases. Efforts to diversify exports and increase value added production are often constrained by lack of market access, tariff escalation and non-tariff barriers in developed countries.

In this regard, the Group has noted with concern that the Secretary-Generals report concentrates on South-South commodity trade. While trade in commodities from a South-South trade perspective has increased. North-South trade in commodities still remains the most essential element to creating an equitable global market. The North still dominates the commodity markets resulting in developing countries still continuing to face problems in accessing developed country markets, an aspect which has not been reflected in the report.

The Group of 77 and China notes with concern that the Secretary-General Report has stated that the International Task Force on Commodities launched at the eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI) has not yet entered into force, owing to the absence of financial support from Member States.

Madame Chair

The Group of 77 and China once again reiterates the call to developed countries for the full and timely implementation of the global partnership for development so as to enable developing countries to achieve the goals and targets of the internationally agreed development goals, including the MDGs by 2015.

I thank you.