

United Nations  Nations Unies

21 October 2010

Excellency,

I am hereby communicating to you the Chair's Summary of the General Debate of the Second Committee held from 4 to 6 October 2010 as requested by delegates. This information will also be posted on the Second Committee website, and on Quickplace.

Please accept, Excellency, the assurances of my highest consideration.



Enkhsetseg Ochir
Chairperson of the Second Committee
Sixty-fifth session of the General Assembly

All Permanent Representatives and
Permanent Observers to the United Nations
New York

65th Session of the General Assembly

The Summary by the Chair of the Second Committee of the General Debate of the Committee

4-6 October 2010

During the Second Committee's general debate, delegations expressed their views on various issues pertaining to the Committee's work, including on (1) World economic situation, (2) Global economic governance, (3) MDG Summit implementation; (4) Sustainable development, including the preparation of Rio+20; (5) Links between poverty, security, peace and development; (6) Countries in special situation (i.e. LDC, landlocked developing countries, small island developing States) (7) Africa and (8) UN Reform. At the opening session, statements were made by the Chairperson of the Second Committee, H.E. Ms. Enkhtsetseg Ochir, and the Under-Secretary-General for Economic and Social Affairs, Mr. Sha Zukang, followed by a keynote address by Professor Robert J. Shiller of Yale University.

Opening the meeting, the Chair of the Second Committee, H.E. Ms. Enkhtsetseg Ochir stated that the Committee must make better use of its discussions to contribute to the follow-up to the recent MDG Summit and expedite the realization of the Goals by 2015. The Committee members should participate actively in discussions regarding relations between the GA and the Group of 20 to ensure that the voices and needs of the wider international community are included. In this regard, she noted that the President of the General Assembly intends to launch an informal dialogue with the Secretary-General and the G20 host country to take place before and after G20 summits, including the one planned for late October. The Committee could also send a strong message to the upcoming sixteenth meeting of the Conference of the Parties to the UN Framework Convention on Climate Change in Cancun on the need to adjust consumption and production patterns and reduce greenhouse gas emissions. In addition, she noted the interlinkages of the work of the Second Committee and other high-level events that took in September, namely on biodiversity and the Small Island Developing States. She stated that the Committee would also have a chance to contribute to preparations for the 2011 LDC Conference and Rio+20 in 2012.

Under-Secretary-General Sha stressed that, given the delicate state of the global economy, it is imperative for development to be the centre of all fiscal policies and stimuli. Special efforts must be made to adequately meet the social needs of vulnerable groups and economic uncertainty cannot be an excuse for backing away from international commitments. Rather, the uncertainty is a reason to speed up delivery on the Gleneagles commitments and the United Nations 0.7 per cent ODA target. The MDG Action Agenda adopted by world leaders provides a roadmap for priority actions to be taken between now and 2015. However, the task ahead will be arduous. The challenge of development consists of major facets which demanded global attention. First, development must be sustainable. The Rio+20 is approaching fast and success will hinge on further work on the themes of the Conference, a green economy in the context of sustainable development and poverty eradication, and the institutional framework. Second, the need for effective global governance is greater than ever. The G-20 and the UN can play complementary roles, but on overall global economic governance, the UN has a central role.

In his keynote address, Robert Shiller, Arthur M. Okun Professor of Economics, Yale University, and Professor of Finance and Fellow, International Center for Finance, Yale School of Management, discussed ways to renew the world economy after the financial crisis and to

recreate and sustain a “spirited” economy. Achieving the proper economic spirit does not mean cheerleading by Government officials to boost confidence, or groundless promises that the economy would recover. Instead, it means creating conditions that will give people a salient reason for confidence, providing economic stimulus only as needed to rescue collapsing institutions, and creating regulations that will ensure trust and cooperation.

Prof. Shiller stated that the recent financial crisis had revealed many examples of lapses in good faith in business, which should be prevented from recurring. Helping to achieve a spirit of *bona fides*, goodwill and high expectations is fundamental to achieving the MDGs. To secure that spirit, more economic stimulus is needed in many countries, and greater efforts are instrumental for creating jobs and restoring the morale underlying any successful economy. Managing stimuli in a way that supports an economy without encouraging speculative excess is a delicate task. Recent Government efforts to set up new agencies to take responsibility for dealing with bubbles and preventing systemic collapses is a step forward, but the real test will come in seeing how these institutions operate.

Financial regulatory efforts should be fully engaged with the potential offered by modern financial markets, taking into account the basic principles of financial theory. He stressed that increased economic stimulus and improved financial regulatory efforts require international coordination, noting the fundamental importance of the United Nations in helping to set standards for these. He underscored that Government policy should aim to further the democratization of finance, making sure that the full advantage of modern financial theory and risk management worked for the people. He stated that for the democratization of finance to take hold, financial advice for every person should be subsidized. He concluded that the crisis had awakened the world to the system’s shortcomings, and the process of fixing it will take years. The United Nations can be a force to maintain the impetus for the right kinds of stimulus and reform.

During the ensuing discussion, the **United Republic of Tanzania** noted that gloomy market information often had a negative influence on business and investment decisions, and stressed that countries should ensure that pessimism does not discourage new thinking and efforts. On the issue of debt sustainability, **Venezuela** asked how it was possible to speak about recovery and trust when the real economy had not recovered yet and no real measures to change current business habits have been undertaken. He also enquired about the practicality of increasing public debt as part of stimulus efforts, with its implications for credit worthiness and macro-economic stability. The **United States** asked if any particular country, or group of countries, had achieved an exemplary balance in employment, regulation and stimulus efforts. **Bangladesh** asked what modus operandi of state intervention should be exercised between reckless free-market economy and protectionism.

India asked whether emerging countries had learned any lessons from the past, and how Prof. Shiller viewed the involvement of governments in the market. **Australia** stated that more modern regulations were less prone to misuse, and countries with more rigid regulations in their banking sectors had dealt with the financial crisis better than others. **Iran** wondered whether the democratization of finance could be considered an example of an over-financialization of the economy, and that more investment needed to be directed to the real economy, particularly agriculture.

Prof. Shiller responded that he worried about the impact of television programmes reporting that economies remained in recession, which encouraged pessimism. He emphasized that debt sustainability is the new topic of our time and that with the onset of the debt crises in Greece and other countries, people had begun to worry about debt sustainability. However, these

concerns must be put in perspective, as excessive worries led to governments holding back on spending during the Great Depression in the 1930s. He stressed that a modus operandi for state intervention needed to be respectful of financial experts, financial theory and its democratization.

Prof. Shiller underscored that emerging countries had achieved considerable progress over the past 20 years. But while their progress was cause for optimism, these countries had also experienced economic bubbles and bursts. Economic bubbles are endemic to financial modernization, from which global leaders should not turn back. One of the main reasons for these bubbles was that high growth rates brought volatility and uncertainty. Prof. Shiller emphasized that experts possessed the knowledge needed to improve current financial systems.

General Debate

(1) World economic situation

Many Member States stressed that developing countries had still not fully recovered from the economic crisis and urged development partners to implement their part of commitments made on external debt, development assistance, financing, trade, technology transfer, capacity building and additional and predictable financial resources. Several speakers pointed out that while there were signs of recovery, the consequences will remain present for years to come, particularly among poor and vulnerable countries, and the root causes of the food and energy crises had not been fully addressed.

(2) Global economic governance

Multiple Member States considered that the status of international trade negotiations remained an issue that the Committee needed to address, and reiterated their call to developed countries to demonstrate the necessary flexibility and political will to conclude the Doha Round. Speakers emphasized the need to reform the global financial and economic system and end the excessive conditionalities imposed by the various international economic and financial bodies. Due to its international legitimacy, the United Nations was the institution that should play the central role in issues relating to global economic and financial governance.

Various countries expressed the view that the G-20's perspective was somewhat limited and had given no recognition to the needs of small, vulnerable highly indebted economies. The G-20 should actively seek to engage with a wider cross-section of developing countries through appropriate representation at G-20 summits. The UN provided small countries the ability to make tangible contributions to global discourse, and must be accorded a more expanded and deepened role in international economic governance. Further, speakers underscored a need for substantial reform of the international economic system, most notably in the governance regime, and for structural reforms of BWIs and WTO and the on-going reform of the UN. Support was expressed for ambitious reforms of the international economic and financial architecture.

(3) MDG Summit implementation

Several Member States considered the outcome document of the Summit to be a global of action that required immediate implementation, stressing the need for an annual review within the UN system, and also highlighting the critical importance of meeting and scaling up ODA commitments and targets. Countries remained deeply committed to the MDGs and emphasized the importance of the follow-up process to the Summit, stating that it is essential that all stakeholders follow through on their commitments. Moreover, they underscored three key issues

as part of the preparatory process reflected in the Summit outcome document: A successful Doha trade round outcome, food and energy security and strengthening global partnerships. Further, regional connectivity and collaboration could bridge the development gap within and between countries, stressing the importance of South-South and triangular cooperation.

(4) Sustainable development issues: Rio+20

Rio+20

In welcoming the preparations for the United Nations Conference on Sustainable Development in Brazil in 2012, delegations emphasized that the two themes of the Rio+20 Conference were of the utmost importance and that the preparatory process of the conference should now focus on substance. Speakers called for reinvigorating the commitment to sustainable development. Brazil, as host of Rio+20, underlined its full commitment to work with all Member States to ensure a meaningful and successful conference.

Biodiversity

Many countries also emphasized the importance of the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity in October 2010 in Nagoya, Japan. Multiple speakers stated that was time to bridge the gap between scientific knowledge and political decision-making in the area of biodiversity, affirming that they strongly supported the “Busan Outcome”, which called for the creation and design of contours of the intergovernmental science policy platform on biodiversity and ecosystem services. Also, several States supported the adoption of a protocol on Access and Benefit Sharing.

Climate change

It was felt that it was incumbent upon the international community to address the universal menace of climate change within the UNFCCC and its Kyoto Protocol. It was therefore crucial to adhere to the principles of equity and common but differentiated responsibilities and respective capabilities. Several countries reaffirmed their commitments toward the achievement of a comprehensive, legally-binding agreement for the climate regime, reiterating that they will honour their commitments, in terms of financial as well as mitigation targets. They strongly supported the adoption of a set of concrete measures at COP16, together with a work programme towards an agreement. A few speakers noted the disproportionate effects of climate change on countries in special situations and the strong need for a legally binding outcome that resulted in significant cuts in global emissions and delivered new and predictable finance to support adaptation and mitigation.

(5) Countries in special situations (i.e. LDC, landlocked developing countries and small island developing states)

Many Member States underscored that countries in situation of conflict and fragility required special attention, and only through prioritization and targeting can a genuine difference be made. Many countries expressed their hope for a successful outcome of the Fourth United Nations Conference on Least Developed Countries to be held in Istanbul in 2011. They demanded that the special vulnerabilities, structural handicaps and needs of LDCs should be central in the discussion, and stated that they believed that the Conference should define a new generation of ambitious, comprehensive, targeted and results-oriented support measures for LDCs. Several

speakers reaffirmed their commitments to meet the ODA target of 0.15 to 0.20 per cent of GNI to LDCs.

Some speakers noted that the international support measures to meet the special development needs of LDCs have been of limited success. The LDCs are lagging behind in meeting many of the MDGs, and LDCs continue to remain marginalized in the global economy. Globalization needed to be a positive force with widely distributed equal benefits, integrating LDCs into the global economy. Therefore, a strong determination to scale up the global partnership for development for LDCs and their special needs is required.

A number of speakers noted that ODA levels had risen since the adoption of the Almaty Programme of Action for the Landlocked Developing Countries. Many countries called for the early conclusion of the Doha Round trade talks with an ambitious and development oriented outcome. They stated that it could greatly benefit landlocked developing countries if developed countries reduced or eliminated their agricultural subsidies and gave greater access to their markets.

A number of speakers from the Small Island Developing States (SIDS) stated that despite some development successes, they were not on track to achieve the MDGs, with a major obstacle being the lack of adequate finance due to eligibility criteria and requirements that did not always accommodate small-scale projects. Many speakers also stated that the impacts of the economic crisis on SIDS continue to be severe, particularly with respect to the sharp declines in tourism. They noted that their priorities remain access to concessionary funds for vulnerable countries in response to the crisis. There was a call for a more equitable share of financial benefits from the use of marine resources, as well as a direct investment in fishing industries. There was also a proposal to consider the reevaluation of measurement criteria concerning the economic sustainability and vulnerability of SIDS.

(6) Africa

Member States noted that they will prioritize the MDGs that were most off-track, notably in the regions and countries most lagging behind, especially in Sub-Saharan Africa and the LDCs. The EU recently reaffirmed its commitment to meet the ODA target to channel 50 per cent of its collective aid to Africa. Special attention and support should be given to the food and agricultural needs of Africa, and to address the underlying distortions that have generated underinvestment in agriculture, underproduction of staple foods and uneven distribution.

(7) UN Reform

A group of Member States expressed that an important area of work was enhancing UN operational activities for development, so that aid can be delivered more effectively. They stressed that the Ad-Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the UN Conference on the World Financial and Economic Crisis and its Impact on Development should continue its work. A few countries stated that it is important to strengthen FAO, in particular the Committee on Food Security, and the WFP. They also emphasized that the multifaceted challenges ahead will further test the United Nations to deliver on development, and that allocating an excess of scarce resources on too many fronts should be resisted. Operational activities should continue to prioritize new initiatives aimed at hunger and poverty eradication.

(8) New proposals/initiatives:

A number of new proposals and initiatives were presented. They include:

- **Algeria** and **Kazakhstan** proposed the reform of the WTO, a moratorium on debt and the implementation of a stable financial framework.
- **Bolivia** proposed the establishment of an international court of climate and environmental justice.
- **Brazil** proposed that developing countries should increase their quota share in the IMF and World Bank, at least to the level of parity with developed countries, and also have increased representation in the respective boards of BWIs.
- **Chile (on behalf of the Rio Group)** stated that it is important to give continuing support to innovative mechanisms of financing for development, such as a voluntary fund that would complement but not replace the ODA obligations assumed by the community of donors, and possible new general and regular allocations of SDRs to sustain international liquidity and support development.
- **Ecuador** will introduce a draft resolution on the observance of international year of the “Quinoa”, an ancient food and medicinal plant.
- **EU** recently launched a 1 billion Euro MDG Initiative, as part of the 10th European Development Fund, aimed at supporting the efforts of the most committed and neediest countries particularly Sub-Saharan Africa.
- **Japan** proposed a model “EMBRACE” which stand for ensure mothers and babies regular access to care. This aims to provide people with access to appropriate preventive services and medical care and proper facilities when needed.
- **Maldives** called for a re-evaluation of measurement criteria concerning the economic sustainability of SIDS and the creation of a formal SIDS category within the UN system with improved access to concessionary financing and grant funding for small, highly indebted and vulnerable States.
- **Sri Lanka** proposed to double overall IMF quotas by the end of the next review in 2011.
- **Syrian Arab Republic** and **Libyan Arab Jamahiriya** condemned unilateral economic actions that repress another State. **Syrian Arab Republic** called for the implementation of GA resolution 64/170 on Human rights and unilateral coercive measures to ensure that unilateral economic measures are not used as leverage for political means.
- **Thailand** encouraged that establishment of a coordination mechanism between the UN and the G-20 to bridge the gaps in international cooperation in order to ensure the effectiveness and relevance of both the G20 and the UN.
- The **Dominican Republic** suggested the creation of a world wide alliance of “countries at risk” to share experiences and best practices more effectively.
- **Venezuela** suggested the establishment of regional and sub-regional financial institutions to prevent another global financial crisis and overcome the lack of funding for development cooperation.
- **FAO** (with IFAD, UN Women, OHRLLS) will hold a pre-conference event in December to discuss policies, mechanism and best practices to foster agriculture and food security in LDCs. It will also hold a panel on land tenure, responsible land governance and international investment in agriculture at the UN during the first quarter of 2011.