

Preparatory Process for the Third International Conference on FfD
Second drafting session: General views on the zero draft and discussion on Section I
13 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

I thank the Co-facilitators for the zero draft which is a very good basis for our discussion.

I have three points.

First, Japan strongly supports the emphasis on sustainability and the people-centered considerations in the zero draft which adds value to the Monterrey and Doha outcome. People-centered sustainable development should be supported by approaches for the quality financing, quality investments and quality institutions so that the resources are directed to where they are most needed and used effectively, at the country level as well as at the sub-national level. I hope the relevant paragraphs and sentences in Section I will be kept and strengthened.

Second, the effective financing framework for sustainable development, which is universal in nature, should be based on a global partnership and shared responsibility. From its inception, the FfD process has highlighted the need to make use of all resources; domestic, international, public and private. This pragmatic and de-politicized approach in pursuit of resources and partnerships is more relevant than ever. The notion of global partnership should be elaborated more in detail in the Section I as well as in the last Section on the follow-up.

Thirdly, we appreciate the attempt of the Co-facilitators to bridge FfD outcome and the post-2015 MOIs in paragraphs 10 to 16. However, we should be careful not to fall into a silo approach of discussing goal by goal MOIs in the FfD outcome. After all, the decisions to allocate public funds and introduce incentive measures for private financing to different sectors are the primary responsibility of each state in line with the respective national policy. FfD should carefully retain its crosscutting character.

Thank you very much.

Preparatory Process for the Third International Conference on FfD
Second drafting session: Comments on Section I
14 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

Para 8:

Japan supports the reference to “a new global partnership for sustainable development” in the 3rd to 4th line. However, what follows thereafter, namely, “based on efforts and responsibilities shared by all, taking into account different national realities...” is difficult to understand and should be deleted and replaced by “involving all relevant stakeholders.”

Japan does not support reference to CBDR here, since we are not talking about environmental degradation, as in the principle 7 of the Rio Declaration, nor about climate change, as in the UNFCCC.

Para 9

Word “multi-stakeholder partnership” should be used. It is the subtitle of the goal 17.16 and 17.17 of the OWG report and should be recognized in the FfD report. The notion of global partnership should be elaborated more in detail in the Section I as well as in the last Section on the follow-up. We will propose concrete language in writing in this respect.

From para 10 to 16

We are not sure if the specific sectors of the SDGs should be bundled in this section as being proposed in the zero draft. These specific sectors could be referred to in the context of the most relevant sources of financing in later chapters. At minimum, I could say that more effort can be made to avoid duplication, referring to these sector twice, once in Section I and again in later chapters. This streamlining exercise could be done at later stage, taking into account the result of the first reading.

Para 11

I have one specific comment at this stage on para 11. Japan does not support reference to the “possibility of global funds” in the fourth line from the bottom. Raising expectations of the international community, in particular those of the international organizations, without concrete prospects to realize them should be avoided.

Thank you very much.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.A Domestic public finance
13 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

In para 23, on Extractive Industries Transparency Initiative (EITI), Japan actively supports the initiative implemented by 48 countries as of today. But Japan, lacking natural resources to extract from its territory, we are not in a position to implement the initiative ourselves. Therefore, the sentence that says, “We agree to implement the EITI” should be modified to read “We call for further implementation of the EITI.”

In para 25, with regard to “automatic exchange of tax information”, Japan has been actively supporting the implementation of AEOI in collaboration with OECD and ADB, and we are supportive of promoting AEOI on a bilateral basis but do not support at this stage “multilateral, automatic exchange of tax information”. The word “multilateral” should be deleted.

In para 26, it is important that we acknowledge the ongoing initiatives under various international fora, including IMF/WB, G20, OECD and regional organizations which have the expertise that do not exist in the UN system, such as on illicit financial flows (IFFs), tax avoidance and base erosion etc. Relevant information should be shared with the appropriate UN fora but these initiative need not be duplicated in the UN system. We are okay with para 26 but I just wanted to respond to what was raised by the Co-facilitator this morning.

In para 27, Japan joins Russia in proposing to delete the sentence which invites “the United Nations, the IMF, the World Bank and other relevant stakeholders, to develop a proposal for an official definition of IFFs, and to publish official estimates of their volume and breakdown.”

In para 28, Japan joins EU and US in not supporting the upgrading of the Committee of experts on International Cooperation in Tax Matters to an intergovernmental committee. This has been coming up again and again including in the SG’s synthesis report, but we are not convinced of the rational.

Either in para 31 or 32, Japan proposes to make explicit reference on universal health coverage, which is in target 3.8 of the OWG report which reads: “Achieve universal health coverage, including financial risk protection”. The concept of UHC includes financial protection and is not only about health care coverage. In this respect, UHC is most relevant to domestic public finance agenda.

Thank you very much.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.B Domestic and international private business and finance
14 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

I have three points.

Japan supports the structure of this section, including combining domestic and international private financing. I also welcome the way the paragraphs in this section are arranged in the bottom-up order starting from issues of financial inclusion, then to SMEs, then to FDI and to macro-policy issues.

While some aspects of private finance such as financial inclusion is more relevant to domestic private sector and others such as large-scale economic infrastructure is more relevant to foreign direct investment, there are a lot of commonalities with regard to the enabling environment for private economic entities regardless of their origin, homegrown or foreign. For these reasons, it is most appropriate to deal with domestic and international private finance in an integrated manner.

Second, we welcome the reference to infrastructure in paragraphs 50 and 53. Infrastructure development is a prerequisite for direct investment, in particular for the manufacturing sector. Reference to infrastructure development should be made with the adjective “quality” in line with the Target 9.1 of the OWG report which says: “Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure...”

Third, we welcome reference to public-private partnerships (PPPs) in paragraphs 52 and 53. PPPs are looked at as the vast new frontier of development finance, in particular for the infrastructure development. Various global and regional initiatives are being taken under MDBs and bilateral donors and the language on PPPs could be further strengthened.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.C International public finance
14 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

[Para 56]

Paragraph 56 is problematic for Japan. In particular, we have difficulty in accepting specific timeline for achieving ODA targets. We already tried the same in December 2008 in Doha, referring to the timeline of achieving 0.7 in 2015 and to reach 0.5 in 2010. It simply didn't happen. We also have difficulty in agreeing on a timeline for ODA target for LDCs. Just urging all donors to agree on a specific timeline just doesn't work.

[Para 57]

Japan supports the emphasis on the need to strengthen measures to improve the targeting of aid to countries most in need, including LDCs and other low income countries, LLDCs, SIDs, fragile and conflict affected states. Japan would further propose to make reference to the special needs of the middle income countries to address inequality and disparity issue within the country.

[Para 59]

Japan supports the para on South-South cooperation. In particular the reference to enhancing mutual accountability and transparency is most appropriate.

[Para 63]

Japan does not support reference to the establishment of specific new MDBs that are under negotiation and yet to be proven as an effective means to address the financial gap in a meaningful way. I doubt that the member states have enough information and knowledge to welcome them as in the zero draft. In our view, the quantity of financing should be expanded without compromising on the quality aspect and the safeguards and this should be clear in the text.

[Paras 67 to 71]

From para 67 to 71, the draft tries to cover different sectors included in the OWG report. As I explained yesterday, some streamlining to eliminate duplication with Section I, paragraphs 10 to 16 is necessary.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.D. International trade for sustainable development
15 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

At the outset, I wish to make clear Japan's position on this section. We fully acknowledge the importance of trade for development. We should not prejudge the ongoing negotiations on trade in WTO where the same member states represented by our respective experts are engaged in the negotiations on a daily basis.

Now I will make some concrete comments regarding language.

[Para74]

We propose the deletion of the word "unevenly" in the second line. It is not clear what is meant by "negotiations in the WTO have progressed unevenly and slowly."

[Para 76]

The Doha Development Agenda (DDA) is an ongoing process and according to our trade experts, it is gathering momentum towards conclusion. The term "failure" to describe the state of the negotiation is not appropriate. Japan would propose to delete this part and begin the paragraph by "We call on WTO members to redouble their efforts to conclude the DDA..."

Japan also proposes to modify the second part of the sentence to read "recommit to give due consideration to the interests and concerns of developing countries in these negotiations." The main objective of the DDA is to maintain and strengthen multilateral trade system through the formulation of rules. The interests and concerns of developing countries will be duly considered in the pursuit of that objective but the placing it "at the heart" of the negotiations is not accurate as expression.

Japan proposes deletion of references to agriculture and fisheries in the last sentence. The DDA covers negotiations on a wide range of sectors, not limited to these two sectors.

[Para 78]

We have concerns on the latter half of this paragraph on the TRIPS flexibilities. The Doha Declaration on the TRIPS Agreement and public health acknowledges the use of TRIPS flexibilities to protect public health. There is no common understanding regarding the use of TRIPS flexibilities outside the public health sector, such as climate change. We will provide an alternative language.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.E. Debt and Debt Sustainability
15 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

Japan appreciates the positive recognition of lending and borrowing as an important tool of development financing in the beginning of this section. Loans have comparative advantage to grants in fulfilling a large-scale and long-term investment needs, in particular in the public sector including infrastructure. The remarkable economic growth achieved in the last two decades in the East, Southeast and South Asia demonstrates the usefulness of concessional loans provided by some donor countries and MDBs.

On the basis of that basic recognition, we fully support the emphasis on the need for the debt sustainability and sound public debt management to prevent debt crisis.

I have two concrete comments to make on para 87:

First, Japan is not comfortable with the expression “a loose set of arrangements”. We believe that the Paris Club and other arrangements have been achieving results and do not share the view that they are “loose set of mechanisms” as described in the element paper or “a loose set of arrangements” as in the zero draft.

Second, Japan joins EU in proposing to delete the mention on the “ongoing work at the UN in this area” at the end of the paragraph, if it refers to the discussion at the UN toward the establishment of a multilateral legal framework for a sovereign debt restructuring, which faces a stark discord among the member states.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.F. Systemic issues
16 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

Coherence among various international systems is crucial for realizing sustainable development. At the same time, we should respect the mandate of each institution to make our discussion in the UN relevant and meaningful. Let me make some concrete comments on the language proposed.

[Para 92]

The term “reforms to the global monetary system” at the end of the paragraph should be replaced by “reforms towards resilient financial markets”, just to make sure we are not dealing with monetary policies.

[Para 95]

The first sentence inviting IMF to consider regular periodic allocation of SDR should be deleted. According to the Articles of Agreements of the IMF, SDR is an international reserve asset to be allocated for the purpose of crisis prevention and resolution and not for the purpose of development.

[Para 96]

We propose the deletion of “capital account and” from the 3rd line. In the IMF, capital flow management is considered appropriate only in limited cases where certain conditions are met.

On the 10th line, “repurchase agreements” should be replaced by “securities financing transactions”. Discussions under the FSB covers not only “repurchase agreement” but broader “securities financing transaction”, including stock lending and margin lending.

On the last line, we propose deleting “and” and adding “such as” just before “countercyclical buffers”. In our understanding, “countercyclical buffers” is one example of “macro-prudential policy”.

[Para 97]

Japan wishes to acknowledge in this paragraph the work of the FSB related to reducing reliance on Credit Rating Agency (CRA) and CRA regulation and encourage them to do more. Japan therefore proposes the first sentence to read: “We acknowledge FSB’s effort to reduce financial regulatory reliance on credit rating agency assessments and promote alternatives to the “issuer-pays” model of credit ratings, but further work in this area is needed.”

[Para 99]

Japan proposes a factual correction on the 3rd sentence in the 3rd line, which should read: “We welcome the increased representation of emerging economy on the FSB...” FSB increased the seats for emerging economies and decreased the same number of seats for international organizations and maintained the total number of seats. Since the FSB has

already taken the reform measure, the reference to FSB should be deleted after “recommend consideration by ...” in the 4th line.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.G. Technology, innovation and capacity building
16 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

Let me first share general views on this chapter.

First, Japan supports this new section as well as the proposed title with the addition of the word “science”. With this new section, Addis can add value to the Monterrey process.

Secondly, we are disappointed to see the focus on the enabling environment and non-financial support that was in the elements paper disappear in the zero draft. They are for example, importance of balanced IPR regimes, rule of law, investments in education, health, information and communication technologies and infrastructure that would further increase developing countries’ demand for and ability to absorb technology. We hope to see these elements brought back in and further strengthened.

I have two specific comments on paragraphs.

[Para 112]

We cannot support the proposal to establish an “online global platform.” This idea appeared in the PGA’s summary of the structured dialogue, which is not a consensus document of the member states by the way. It says “the co-moderators believe that the SG could come forward to the General Assembly with a concrete proposal without further delay regarding the following deliverables:” and there is one paragraph on an “online platform”. Then, there is the SG’s Synthesis report, which says: “I propose to establish an online, global platform...” Again only 1 paragraph on the idea.

Without concrete and detailed proposal on this “online platform” idea, including on its relationship with other proposed UN mechanisms including the LDC technology bank, or with other existing mechanisms such as Climate Technology Centre and Network (CTCN), it is difficult for my country to make any judgement whether we could support the idea or not.

[Para 113]

Since we have been engaging in the discussion on the proposed technology bank for LDC in good faith, we would like to follow through what has been agreed by the General Assembly in its resolution 68/224. The resolution decided that the General Assembly will receive the report and the recommendations of the high-level panel of experts during the current session and consider it, “with a view to operationalizing a technology bank during its seventieth session, if so recommended by the panel”. The language in para 113 should not prejudge what the high level panel will recommend and needs to be revised in line with the GA resolution.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: II.H. Data, monitoring and follow-up
16 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

I have three points.

First, Japan supports para 116 and welcomes concrete “proposals on improved statistical indicators of financial and technical cooperation by all official providers” and also for “assistance from foundations and other non-governmental providers” of aid. We believe transparency should apply to all stakeholders in sustainable development cooperation in an inclusive manner.

Second, as I stressed in my intervention on the first day, the notion of global partnership should be elaborated more in detail in Section I as well as in this final Section. In this regard, we believe that the global partnership for sustainable development cooperation should be based on the principles of 1) country ownership, 2) focus on results, 3) inclusive partnerships, and 4) transparency and accountability, as indicated in para 174 of the ICESDF report.

We would propose adopting this language in the FfD outcome. Similar elements are enlisted in para 120 of the zero draft as elements for the monitoring process. However, we feel that they are relevant not only to monitoring but to effective international cooperation itself.

Thirdly, Japan is of the view that the monitoring and the follow-up of the FfD outcome should be an integral part of that of the post-2015 development agenda.

I thank you.

Preparatory Process for the Third International Conference on FfD
Second drafting session: Pending issues
17 April 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

I wished to take the floor just to say that I look forward to the revised Co-facilitators' 1st draft in early May.

My frank impression of this week's deliberation on the zero draft was that not all delegations were prepared to make line by line comments. Many comments remained vague and of preliminary nature.

For Japan it was difficult to make concrete comments on paragraphs related to the linkages between goal-by-goal means of implementation and FfD, since we have not yet discussed this issue in the post-2015 process.

I hope the Co-facilitators' 1st draft will take fully into account the next week's discussion during the joint session on this matter.

Thank you very much.