

Background Note

Mr. Wu Hongbo, Under Secretary-General for Economic and Social Affairs

Opening of the Second Committee of the 70th Session of the General Assembly

Your Excellency, Ambassador Logar, Chair of the Second Committee,
Excellencies,
Distinguished Delegates,

The Second Committee is meeting at a historic crossroad. Ten days ago, world leaders adopted the 2030 Agenda for Sustainable Development. The new Agenda – containing 17 sustainable development goals and 169 targets – is comprehensive, universal and ambitious. Its success will critically depend on sustaining robust and inclusive economic growth around the world, well above the level we have seen in the past few years.

Ladies and Gentleman,

The world economy continues to grow at only a modest pace. The near-term outlook is, however, clouded by a number of risks and uncertainties. According to UN's *World Economic Situation and Prospects*, the world economy is projected to grow by 2.8 per cent in 2015 and 3.1 per cent in 2016. This marks a small downward revision from our earlier forecast. In almost all world regions, growth remains much lower than before the global financial crisis. World trade – a key driver of growth – continues to remain subdued. The current pace of growth is clearly inadequate to create a sufficient number of jobs and reduce poverty in many countries.

Over the past year, the growth outlook for many developing and transition economies – especially for a few large developing economies – has deteriorated considerably. In part, this reflects adverse global factors, such as the sharp decline in the prices of oil and other commodities, and also policy challenges underpinned by increased volatility in international capital flows and exchange rates. Country or region-specific factors, including macroeconomic imbalances, structural bottlenecks and heightened geo-political tensions in some regions, also contribute to undermine the growth prospects of many developing and transition economies. On the other hand, growth has remained relatively strong – and in some cases improved – in parts of Africa, East Asia and

South Asia. In developed economies, the growth is expected to pick up, showing some signs of resilience, though still well below their pre-crisis levels.

The downside risks for the world economy remain substantial as weaknesses in aggregate demand, structural challenges and financial stability risks interact with each other. The expected normalization of monetary policy in the United States could induce further volatility in financial markets worldwide and raise borrowing costs for many developing countries. In addition, a sharper or longer-than expected downturn in large developing economies could have significant spill-over effects and drag down global growth.

Mr. Chairman,

A broad set of policy measures at the domestic, regional and global level is required to mitigate the current risks, create productive employment especially for youth and vulnerable groups and put the world economy on a trajectory of stronger and more balanced growth,. In many areas, there is also a need for improved international policy coordination on the basis of the new global partnership for sustainable development. We must also strengthen our efforts to make the global financial system more stable, equitable and fit for financing sustainable development, as committed in the Addis Ababa Action Agenda.