



Slovensko predsedstvo EU 2008
Slovenian Presidency of the EU 2008
La Présidence slovène de l'UE 2008

**UNITED NATIONS
General Assembly**

**Informal review session on Chapter VI of the Monterrey
Consensus:**

**"Addressing systemic issues: enhancing the coherence and
consistency of the international monetary, financial and trading
systems in support of development"**

Statement on behalf of the European Union by

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New York, 11 - 12 March 2008

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I have the honour to speak on the behalf of the European Union. The Candidate Countries Turkey, Croatia* and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, Serbia, as well as the Republic of Moldova, Armenia and Georgia align themselves with this declaration.

Distinguished Co-chairs,

In chapter VI of the Monterrey Consensus, heads of state and government recognized the “urgent need to enhance coherence and consistency of international monetary, financial and trading systems in support of development”. The global context has changed a lot since Monterrey. The economic and financial system has evolved; emerging countries have gained in importance in international fora. New issues have also emerged on environmental sustainability and social conditions.

With new challenges in mind, since 2002 most of the multilateral institutions have taken some steps towards reform and new policy approaches. The United Nations system has undertaken discussions exploring means to improve its coherence. The Bretton Woods institutions have launched initiatives to reinforce developing countries’ inclusiveness. Organizations such as OECD have worked on an enlargement process; the G8 have embarked on a process to deepen cooperation with emerging economies.

1. The EU recognizes that governance reforms are essential to the continued effectiveness, legitimacy and credibility of **the Bretton Woods Institutions**. We therefore continue to support the efforts of current governance reform at the World Bank and IMF. We believe that the two main goals are firstly, to ensure that the distribution of quotas and shares adequately reflects the member countries’ economic weight and role in the global economy and financial system. Secondly, we support the strengthening of the voice of low income countries in the IMF and the World Bank inter alia through a substantial increase of basic votes. At the September 2006 Annual Meeting the IMF launched a comprehensive two-year program of quota and voice reforms, including, among others, the decision on a quota increase for China, Korea, Mexico and Turkey in the Fund. In order to advance, the EU encourages all countries to forge a consensus on the new IMF quota formula in spring 2008, as foreseen in the Singapore resolution of September 2006, and to revitalize and bring forward the discussion on reform options in the Bank at its 2008 Spring Meeting.
2. The EU notices a very positive development that developing countries are acquiring a growing weight in the international trade arena and in **World Trade Organisation** in particular. Therefore, the EU will continue supporting

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

the WTO initiatives designed to help developing countries build the necessary capacity to participate in WTO and other international trade negotiations.

The EU will continue to support the WTO sustained dialogue on strengthening developing countries' capacity to handle trade finance instruments and build adequate trade finance institutions. The EU remains strongly committed to the WTO Aid for Trade initiative. The EU has committed to raise its overall Trade Related Assistance to €2 billion by 2010.

3. The EU recognises **OECD** contribution in collecting data, identifying good practices and setting up standards in various fields including development issues and economic rules. We welcome the opening of negotiations with a view to future enlargement to new members, the enhanced dialogue with emerging economies as well as the development of North-South dialogue.
4. There are, however, a number of remaining challenges and further recommendations for the implementation of the Monterrey Consensus. Regarding **global norm setting**, the Monterrey Consensus points to the importance of ensuring effective and equitable participation of developing countries and countries with economies in transition in the formulation of financial standards and codes and in their implementation on a voluntary and progressive basis. The challenge remains, however, to involve all parties concerned, including the private sector and relevant civil society groups such as professional women's organizations, in norm-setting and adhering to these norms. Another challenge is to ensure that standards and codes are mutually consistent and, at the same time, flexible enough to be effectively applied in both advanced and less advanced financial systems.
5. The EU regards **the regional development banks** as playing a vital role in the respective regional governance structures. With the regional members holding the majorities in all regional development banks, they are an outstanding example of regional ownership in development. Several regional development banks have embarked on close cooperation with regional integration schemes on issues such as financial stability or trade integration which the EU members of the respective banks have continuously supported.
6. Since Monterrey, there have also been positive developments in the UN system. **Efforts were undertaken to strengthen the GA and the ECOSOC.** The ECOSOC has been tasked to continue to strengthen its role in the system-wide coordination and the follow-up to the outcomes of the major United Nations conferences in the economic, social and related fields and it plays a key role in **enhancing collaboration between the UN and the other main institutional stakeholders of the Monterrey Consensus.** This approach allows Financing for Development agenda to remain current and relevant.
7. The Monterrey Consensus supported the work on **the social dimension of globalisation.** In this respect the goals of full and productive employment and decent work for all should become a central objective of national and international policies. The European Union is promoting the implementation of the decent work agenda.

8. The Monterrey Consensus also calls for increased cooperation in a number of specific areas/sectors:

- We welcome efforts of the IMF to sharpen **tools designed to promote international financial stability and enhance crisis prevention**, through improved surveillance of finance sector and systemically important countries.
- The EU also welcomes **the consultations undertaken by the IMF to address global imbalances**, in a manner that sustains economic growth and the policies necessary to reduce the imbalances.
- We encourage the IMF to **analyse the repercussions of financial sector developments on the real economy** more intensively.
- The Consensus calls for **mainstreaming the gender perspective into development policies** at all levels and in all sectors. Gender perspectives need to be mainstreamed and thus fully integrated in economic and financial policies and public finance management. The EU acknowledges that significant achievements have been made in the area of gender responsive budgets but further efforts are needed to ensure a shift from analysis to implementation, and to broaden the focus to include both revenue and expenditures.
- Also, international oversight institutions should continue strengthening existing mechanism like the **United Nations Convention against Corruption**. The implementation and operationalization of the Convention should be further promoted.

Distinguished Co-facilitators,

In preparation for the Doha Review Conference the European Union is organizing some internal working meetings, which are yet to take place. In addition, some other international events in the near future may bring additional contribution to the Monterrey Consensus Review process. The European Union will therefore produce a more substantial contribution on systemic issues later in the spring.

Thank you.