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TO THE UNITED NATIONS,
ON BEHALF OF THE GLOBAL GOVERNANCE GROUP (3G)
DURING THE THEMATIC DEBATE ON "THE UNITED NATIONS
IN GLOBAL GOVERNANCE", ON TUESDAY, 28 JUNE 2011**

**GLOBAL ECONOMIC GOVERNANCE - FROM RAPID RESPONSE
TO MEDIUM AND LONG-TERM PLANNING**

Prognosis

1 Although we have pulled back from the abyss of 2008, we cannot be complacent yet about the so-called global recovery. The world economy remains at a critical juncture. The outlook for all major engines of growth remains uncertain. Developed countries are facing slow growth and high unemployment, while emerging markets are overheating due to the surge of incoming capital from advanced economies. Meanwhile, the rise of food, energy and commodity prices could erode hard-won development gains, undermine our efforts to eradicate poverty, and result in other social ramifications.

2 We must therefore guard against lapsing into old habits or mindsets on global economic policies. The crisis has shown beyond a doubt that economies today are increasingly interdependent. In good times, this means the efficient allocation of resources and maximising global output. But times of crisis deepen the vulnerability of the global economic and financial system, as tensions between regions and neighbours threaten to undermine common interests.

Analysis

3 The Global Governance Group (3G) welcomes the President of the General Assembly's initiative to review the existing global economic governance architecture to assess if our mechanisms can cope with global challenges, and what improvements could be made. We would like to offer a few comments and suggestions for consideration in this regard.

4 First, our international system is resilient. The efforts of the G20 during the 2008 financial crisis demonstrated how a group of countries could come together to play an effective role in addressing the global economic crisis. As the global economy moves forward, the creation of more employment, greater opportunities for small and medium enterprises, particularly in developing countries, and the prevention of inflation, should be key priorities in order to address the needs of the poor and the middle class. These challenges require imaginative and urgent economic actions.

5 Second, our existing system needs reform. The 2008 global crisis exposed the need for reform of global economic and financial mechanisms, including the Bretton Woods Institutions. Without reform, we will lack effective means of tackling future crises.

6 National governments need to work in tandem with international organisations (IOs) and bodies such as the UN, WTO, IMF, World Bank and ILO to devise global policies and implement the necessary structural reforms to sustain global growth, while taking into account national development priorities.

7 Third, new complementarities must be forged. Complex problems require coordinated multi-party solutions. Informal and formal bodies should determine their respective roles and core competencies and find appropriate ways to cooperate. Given its legitimacy, the UN system remains central to the global economic governance structure for achieving sustainable, equitable and inclusive growth.¹ Informal groupings like the G20 can and must develop complementary ways to work with the UN system.

Suggestions

8 While the G20's effectiveness is unquestioned, effectiveness in itself is not an unalloyed virtue. This is why the 3G consistently advocates transparency, inclusiveness and representativeness in the G20's deliberations. We welcomed both the participation of the UN Secretary-General in G20 meetings and extensive consultations by G20 Chairs with the wider UN membership. The 3G has also highlighted the importance of transparency in

¹ Ref. 3G paper on "Strengthening the Framework for G20 Engagement of Non-members" (A/64/706)

interactions between the G20 and IOs, including subsidiary bodies, funds and specialised agencies of the UN system, as the latter remain solely accountable to Member States.²

9 In the medium and long-term, nothing less than a concerted effort by all stakeholders in global governance will suffice to improve and strengthen existing mechanisms. We need to focus on building trust through open and inclusive practices as well as clear channels of communication. In this regard, the UN with its universal membership is uniquely placed to play a pivotal role in coordinating efforts to tackle evolving global economic challenges and in showing leadership to find pathways for building new complementarities both within the UN system as well as with new actors.

10 The UN system should better engage and explore synergies with other players in the global economic governance arena, such as the emerging economies and groupings like the G20. We should identify the comparative advantages of the UN system, and steps to utilise and strengthen such advantages.

11 An example would be in the case of tendencies amongst countries to veer towards protectionism, in reaction to the daily barrage of gloomy economic news. Recent reports by the WTO, OECD and UNCTAD have highlighted that many key economies have increased their use of export restrictions, particularly in food products, metals and precious minerals. The G20 should fulfil its commitment to guard against protectionist policies, while the UN system can also put out the word to resist protectionism and refocus on economic growth and the crucial task of lifting millions out of poverty.

12 Thank you.

² Ref. 3G “Input on the Interaction between the G20 and International Organisations”