

*Please check against delivery*



# Bangladesh

Statement  
**on behalf of the Least Developed Countries (LDCs)**

by

Her Excellency  
Dr. Dipu Moni, MP  
Hon'ble Foreign Minister  
Government of the Peoples Republic of Bangladesh

at

the Plenary of the UN Conference on the World Financial and  
Economic Crisis and its Impact on Development

New York, 24 June 2009

---

PERMANENT MISSION OF BANGLADESH  
TO THE UNITED NATIONS

227 East, 45th Street, 14th Floor, New York, NY 10017

Tel: (212) 867-3434 • Fax: (212) 972-4038 • E-mail: [bangladesh@un.int](mailto:bangladesh@un.int)

web site: [www.un.int/bangladesh](http://www.un.int/bangladesh)

Mr. President,

Allow me to begin by congratulating you for convening this conference on an issue that is affecting us all across the globe. I am confident, your dynamic and wise stewardship of the conference will help us, the Member States, drawing a concerted plan of action to mitigate the impact of the crisis on development. Also, to reform our financial structures, at national and international levels, to avert such crisis in future.

Now we all know the genesis of the crisis. It is evident that undue confidence in the self-correcting strengths of market, lax regulation, high increase in household debt and public debt, unbridled greed of the executives of financial institutions and poor asset qualities contributed to this crisis. What we are witnessing now is the worst economic downturn since the Great Depression. It is also discomfoting to see that the crisis is turning out to be more prolonged and deeper than was initially anticipated. The recovery seems to become sluggish and costly.

The crisis is affecting global trading system, global finance, and most importantly development aspirations of the developing countries particularly with regard to their achievement of the Millennium Development Goals (MDGs). Such a prospect brings anxiety to the LDCs like Bangladesh, which do not possess the wherewithal to withstand such long and deep recession.

There is no denying that the crisis is having a disproportionate negative impact on the LDCs. Sharp contraction of output, loss of jobs, significant reduction in exports, falling prices for primary commodities, declining remittances, severe credit crunch, and a massive withdrawal of private capital flows have led to contraction in their economic growth as well as rising unemployment and poverty. The condition of the poor is getting worse and the number is rising rapidly. Latest statistics from Food and Agricultural Organisation (FAO) puts the number of hungry people now at unprecedented 1.02 billion, which is one-sixth of the humanity.

We are also worried at the prognosis of the world economy. Negative the growth in the major economies in 2009 and potential slow recovery in 2010 will have depressing effect on the exports and employments of LDCS. If we fail to arrest the situation now, our gains of the last decade will be reversed.

You would agree, Mr. President, this is not merely an economic crisis for the LDCs, but one that threatens to have far-reaching ramifications in their social and human domains. It has pushed millions of their people below the poverty line and into hunger through loss of employment both at home and abroad, exports, incomes, savings, remittances, social welfare, and so on and so forth.

The crisis compels the LDCs to divert their scarce resources from development to programmes adopted to cope with the immediate adverse impacts of the crisis.

Such a bleak outlook necessitates immediate, collective and forceful actions at all levels. Delay in tackling the underlying problem means a more protracted economic downturn and even greater costs. The vast majority of the world's poor in the LDCs have extremely limited or little capacity to cope with crisis and their vulnerability is exacerbated by climate change. These countries will need urgent support from the international community on a sustained basis commensurate with the impact of the crisis.

We believe restoration of global economic health and recovery from the current recession is in the interest of all. The LDCs would need assistance particularly in the areas of maintaining a robust growth rate, stable employment, investments in physical and social infrastructure, as well as expansion of the social safety nets for the poor and the vulnerable.

The LDCs do not have the necessary fiscal capacity and institutional arrangements to counter the fallout of the crisis through measures which should include creation of jobs for our people, ensure delivery of core services including health and education, development of infrastructure and expanding the safety nets. These LDCs with high initial poverty and low fiscal capacity are in most critical need of external financial assistance. This Conference, we hope, would provide a guideline for these critical measures to ensure continued growth of the LDC economies as well as strengthening of their national development programmes.

The measures that we need to adopt for immediate recovery should include

- i. Restoration of the three critical global public goods essential to economic growth: market confidence and economic stability, a well-functioning financial system, and an open trade regime;
- ii. *Maintaining critical investments in infrastructure, education and health;*
- iii. Adoption of countercyclical policies and programme to compensate for the fall in private demand; and
- iv. Protection of the poor and the vulnerable through expansion of the social safety nets.

Mr. President,

We appreciate the G 20 London Summit decision to provide USD 1.1 trillion programme of support to restore credit, growth and jobs in the world economy. It is important that the financing needs of the LDCs are adequately met from

multilateral as well as bilateral sources, and easy access to these resources would be key to the success of this stimulus programme. The LDCs also feel encouraged at the pronouncements of the G 20 London Summit to the effect that the developed markets would refrain from raising new barriers to investment and to trade in goods and services; conclude the Doha Development Round urgently; and meet their respective ODA pledges including commitments on Aid for Trade and debt relief. We hope the G 20 will hold well on their promises. We in this regard reiterate our call for the representation of the LDCs in the G-20.

We also demand easier movement of natural persons, particularly of workers, which will improve the flexibility and quality of world labour market.

The Group of LDCs supports the view that at least one percent of the bail-out package be earmarked for the developing countries to meet their needs for ODA over and above the normal flow, particularly to support food security, human development and social protection in LDCs.

We strongly support quick implementation of a new general SDR allocation of at least \$250 billion which will improve the liquidity position and thus provide a cushion against the exchange rate and trade instabilities of LDCs.

Mr. President,

The reforms based on the belief in the efficiency of the market and diminution of government did not work. Reforms are needed to enhance productivity and capacity to cope with risks. The reforms must grow from within the country and get support from the IFIS.

The structure of the IFIs have, over time, grown anachronistic and anomalous. The shares of the capital and proportionate voting weights reflect the distribution of economic and political power that were obtained in the immediate post-war world. The map has been changed radically by the emerging economies and the LDCs which play today a vital role in the global economy and the politics.

We therefore need to undertake a comprehensive reform process to redress democratic deficits in the Breton Woods Institutions (BWIs) that have significantly lost their effectiveness and public support. Significant redistribution of voting power in favour of the developing countries, in particular the LDCs, should be the overarching objective of such a reform.

The use of a set of national currencies for world trade and payments has an inherent problem. A common international currency has remained elusive. The

best that we must do is global coordination and oversight with respect to these currencies.

Mr. President,

The LDCs must enjoy full flexibility and space in determining their own macroeconomic policies that can create jobs, reduce poverty, and meet health and education goals. Such flexibility would enable them to effectively manage and regulate their domestic economic policy in light of their national development strategies. We also demand that the UN plays the lead role in both global norm setting and rule making as well as in undertaking significant operational activities to address the current crisis. And also to prevent its recurrence.

Standing in the face of the biggest challenge of our time, Mr. President, it would be prudent for us to act together. We must realise that our failure to reverse the economic recession now may unleash a social recession which will be far more difficult to contain. We need to have a critical look into what went wrong. An objective assessment of the situation can transform the challenges posed by the crisis into opportunities, particularly to address the dysfunctional aspects of globalisation. We must design our policies and set partnerships in motion in a way that would give the process of globalisation a development dimension and a human face where equity, fairness and wellbeing of the poor will reign supreme. The posterity will not forgive us, if we fail.

I thank you all.