

STATEMENT BY INDONESIA

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**AT THE UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

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Mr. Chairman,

We meet at a time when the world economy is in difficulties because of imbalances between the developed and developing world. Although there has been no repeat so far of the devastation of previous financial crises, confidence is not much in evidence in almost all regions.

We acknowledge that globalization and trade liberalization can be greatly beneficial. They can indeed occasion progress and contribute considerably to the alleviation of poverty. But their potential benefits have never been fully realized. Only developed countries and a handful of more advanced economies enjoy the anticipated benefits, while the majority of developing countries remain marginalized and have no way of rectifying the process.

Therefore, one fundamental challenge facing the international community is to ensure that the gains from a more interdependent economy are shared by all, particularly the poorest in the world community. Global imbalances have to be remedied through a series of coordinated transformation across a broad front, ranging from reform of the global economic system to strengthening governance.

Mr. Chairman,

At the domestic level, Indonesia's decision to shift to a post-programme monitoring arrangement with the IMF has marked a new stage in our economic recovery process. This important step has been followed by the issuance of Indonesia's own reform blueprint as laid down in the Government's White Paper on Economic Policy Programme. A stable exchange rate, an inflation rate that is well under control, falling interest rates, and growing foreign exchange reserves have contributed considerably to the Indonesian recovery. This is clear evidence of the country's reduced vulnerability.

Of equal importance is the strengthening of regional and sub-regional as well as inter-regional cooperation. These cooperation constitute building blocks to enhance coherence of policies taken both at regional and multilateral level. In this regard, Indonesia continue to believe the role of ASEAN, APEC and other regional arrangements, which contributed positively in building our national capacity to better integrate with the global economy.

At the international level, one way to correct the current imbalances is through the fostering of a multilateral system so as to make it more development-friendly. We should therefore ensure that current multilateral arrangements in the various economic spheres are mutually supportive.

In addition, given their much greater weight and influence on the world economy and on global policymaking, developed countries have a key role in

improving multilateral cooperation to foster economic and social progress in the developing countries. The developed countries should therefore adopt macroeconomic and international trade policies that support economic growth in developing countries.

Mr. Chairman,

We are fully aware of the need for developing countries to do their utmost to better integrate with the global economy. *At the same time, in doing so, we also realize that in many respect,* national autonomy has been reduced and international factors have become more pronounced in influencing development policies. Therefore, while remain firmly committed to respecting international agreements, we strongly believe that these agreements should provide adequate flexibility for developing countries to pursue their development priorities.

Another important issue that should be addressed is that of financial resources for development. The paucity of such resources is the greatest constraint to the achievement of the Millennium Development Goals, particularly the eradication of poverty. Priority should therefore be given to increasing financing for development, especially in terms of ODA and FDI, debt relief, and greater market access for the exports of developing countries.

We should also find ways by which developing countries can benefit from ongoing trade negotiations in the WTO. The impasse in Cancun has benefited no one. We need to redouble our efforts to revitalize WTO negotiations with a view to achieving a balanced result. To this end and in the spirit of partnership, members should be more flexible and major trading partners should have the political will to accommodate the interests of developing countries. The multilateral trading system itself should be improved so that it will become more equitable, thereby enabling developing countries to benefit from it.

Mr. Chairman,

Given the multifaceted challenges confronting developing countries as a result of the current international situation, the role of UNCTAD has become even more important to the cause of global development.

Hence, we believe that this Conference provides ample opportunity for the international community to strengthen multilateral cooperation for development, and in particular to enhance the future role of UNCTAD in promoting development. UNCTAD's three-pillar approach as provided in the Bangkok Plan of Action should be pursued vigorously.

Finally, we believe that this UNCTAD XI conference can give new impetus to the efforts of developing countries to cope with and overcome the challenges confronting them. We in Indonesia therefore affirm once again our firm commitment to and unwavering support for UNCTAD.

Thank you.