



General Assembly Second Committee

23 October 2012

Item 18/19: Macroeconomic policy questions and

Item 19: Follow-up to the Intl Conference on Financing for Development

Delegation of the European Union

In support of proposals made for transitioning towards a paperless committee, complete copies of this statement will be made available on the websites of the Delegation of the European Union to the UN and the 2nd Committee, respectively.

Mr Chairman,

I am speaking on behalf of the European Union and its Member States.

The Acceding Country Croatia^{*}, the Candidate Countries the former Yugoslav Republic of Macedonia^{*}, Montenegro^{*}, Iceland⁺ and Serbia, the Countries of the Stabilisation and Association Process and potential candidates Albania and Bosnia and Herzegovina, as well as Ukraine, the Republic of Moldova, Armenia, and Georgia, align themselves with this declaration.

In his statement to the ECOSOC Special Ministerial Meeting last month Under Secretary General Wu Hongbo stressed that to meet in a sustainable way today's multi dimensional challenges, "the international system must become more effective in finding and implementing inclusive and transparent solutions".

We very much agree with this and fully support multilateral initiatives to deal with multi-dimensional challenges. In this regard, we are undertaking targeted and coordinated actions especially in support of the poorest and most vulnerable, including by continuing to be the largest provider of ODA and by promoting policy coherence for development in support of developing countries.

As already highlighted in this Committee, our engagement over the coming year will be guided by renewed efforts to achieve the MDGs, to achieve a successful post 2015 development framework - notably the preparation of the special event in 2013 on the MDG review, as well as the follow-up to the June 2012 UN Conference on Sustainable Development in Rio. In all these activities, we will attach the highest **priority** to ensure policy coherence and consistency, not only between the follow up to Rio+20, the post-2015 development agenda, and the Financing for Development process, but also with many other processes and initiatives, including those relating to democracy, the rule of law, human rights, gender equality, empowerment of women, population and development and migration and development.

When considering issues related to **financing**, both the post-2015 development agenda and the implementation of the Rio outcome should be consistent with the Financing for Development framework from the outset. As the range of financing sources for both is one and the same, an integrated approach to the financing and other means of implementation of both processes – as well as other processes such as climate change and bio diversity finance – should be pursued. Deliberations on a Monterrey follow-up conference should take a holistic and coherent approach.

Concerning the sub-items under item 18, dealing with Macroeconomic Policy Questions, we remain of the view that trade, international financial system, and external debt issues are very much intertwined with Financing for Development, which is a separate agenda item. We continue to believe that all these issues, which were placed on the General Assembly agenda following the Conference in Monterrey, are best addressed under the umbrella of the Monterrey Consensus. This Consensus, as reaffirmed by the Follow-up Conference in Doha, is a landmark agreement for development, as it lays the foundation for the global partnership within which the international community needs to work to achieve the internationally agreed development

^{*}Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia continue to be part of the Stabilisation and Association Process.

⁺Iceland continues to be a member of the EFTA and of the European Economic Area.

goals, including the MDGs. This need for coherence and avoidance of duplication is very much recognised in the Secretary General's report submitted in response to General Assembly resolution 65/145 and we fully support it. In this regard we would welcome having an omnibus resolution addressing all these issues in a holistic fashion.

Mr Chairman,

Regarding the financial and economic outlook, as we heard during the joint Second Committee/ECOSOC meeting yesterday the world economic recovery continues, although this recovery has weakened further. In advanced economies, growth remains subdued and unemployment remains persistently high. According to the International Monetary and Financial Committee's communiqué of October 2012 '(economic) activity is slowing in emerging market and developing economies, reflecting weaker external and domestic demand'.

We continue to support all efforts to promote strong, sustainable and balanced growth, resist protectionism and to strengthen the universal, rules based, open, non-discriminatory and equitable multilateral trading system of the WTO. We remain committed to a balanced, ambitious and comprehensive outcome of the DDA, in accordance with the Doha mandate, based on the progress already achieved. In this regard we would welcome an early agreement on Trade Facilitation within the framework of the DDA.

The EU offers developing countries a wide range of mechanisms to better harness the potential of trade by creating opportunities through the Generalised System of Preferences. Furthermore, the EU's contribution to Aid for Trade and the conclusion of Economic Partnership Agreements help to better integrate trade and development policy. We welcome the ambitious Los Cabos Action Plan for Jobs and Growth, which provides a set of consistent measures by all G20 members to increase growth and rebalance the global economy.

Rio+20 reaffirmed that poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production, and protecting and managing the natural resource base of economic and social development, are the overarching objectives of and essential requirements for sustainable development. To this end, the EU welcomes Mexico's leadership in adding Inclusive Green Growth to the G20 Development agenda. We welcome G20 work on such issues as Natural Capital Accounting. The gradual elimination of environmentally harmful subsidies that are incompatible with sustainable development, including for fossil fuels, is also crucial for economic and ecological sustainability. Climate financing such as the facilitation of investment for inclusive green growth, and the Green Climate Fund, are important instruments to help develop sustainable climate policies.

Mr Chairman,

The financial crisis has accelerated the speed of reforms to improve global economic governance and the functioning of the international financial architecture. The EU welcomes the recent decisions to strengthen regulation, supervision and monitoring of the financial system. We welcome the firm commitments to increase the resources available to the IMF. We support the decision to reform the IMF quotas and rebalance the representation in the IMF in the face of rising new economies. The decision should be ratified and implemented swiftly.

On Debt sustainability the EU will continue supporting the existing debt relief initiatives, in particular the Heavily Indebted Poor Countries (HIPC) initiative the Multilateral Debt Relief Initiative (MDRI) and the Debt Stability Framework (DSF). High Fuel and Food prices are but one risk for new debt distress, and we recall in this respect the importance of open commodity markets. Countries having benefited from the HIPC initiative must ensure their debt level stays at a sustainable level.

Mr Chairman,

Several developing countries have shown relative resilience during the crisis. Macroeconomic policy buffers built before the crisis have helped to shield middle- and low-income countries from the short run impacts of the crisis. Support from the IMF, the World Bank and the European Union have also helped mitigating the impact of the crisis. We agree that there is a need for developing countries to continue to strengthen their buffer instruments, but at a pace consistent with supporting the current economic recovery. Safety net programmes can only be sustainable if macroeconomic buffers are strengthened.

A key focus should remain on promoting strong, sustainable and balanced growth. This includes structural reforms in developed and developing countries as well as fiscal consolidation in developed and developing countries, where appropriate. We are of the view that this must be a global effort and in all these areas highlighted we consider that increased multilateral discussion and cooperation, with all relevant stakeholders, will play an important role in improving economic performance and sustainable development.

Thank you.