



*Permanent Mission of*  
**Malaysia**  
*to the United Nations*

**Statement by**  
**His Excellency the Honourable Syed Hamid Albar,**  
**Minister of Foreign Affairs of Malaysia**  
**at the Thirtieth Meeting of the Foreign Affairs of**  
**the Group of 77 and China,**  
**New York, 22 September 2006**

Madam Chairperson,

I would like to take this opportunity to thank you, Madam Chairperson, for the exemplary way in which you and the South African delegation have led our Group during this extremely challenging year. I would also like to congratulate Pakistan on their election as the incoming Chairman of the Group.

2. We have faced many challenges during the course of the year. These included the follow-up to the World Summit Outcome (WSO), particularly in the areas of management reform, mandates review, ECOSOC reform and the follow-up on the development issues. Throughout that time, we have faced down threats and have made our Group as a force to be reckoned with in various multilateral fora. Our Group must continue to play an active role in international affairs, for I firmly believe that it is the developing countries that are the true defenders of the multilateral system, as it was conceived by the founding fathers of the UN.

3. It is therefore of the utmost importance that we continue to strengthen our unity and cohesion, especially in light of the greater challenges that we face next year and the years beyond.

Madam Chairperson,

4. Looking over the past year and looking forward into the next, it is clear that the issue of UN reform will continue to be an issue that would command our Group's attention. This year, we noted that there was substantial progress on secretariat and management reform, which we hope will further strengthen the UN. This included the establishment of an ethics office, an independent audit advisory committee as well as an official whistleblower protection policy.

5. Despite this progress, I believe that we still have work ahead of us not only to follow through the implementation of these proposals and strengthen it further, but just as importantly, to ensure that these mechanisms are not abused in pursuit of the political aims of one or a group of powerful countries.

6. Towards this end, the position of the Group of 77 and China must continue to be guided by a set of principles underlined by the UN Charter and that the intergovernmental nature of

the Organization should also be respected throughout the reform process. At the same time, it is important that we have a clear set of operational principles that would help to guide us through the arduous and complex negotiating process related to management reform. I believe that the following should constitute elements of these operational principles:

- 6.1 One, we must first inculcate a broader understanding among our members concerning the objective and agenda of the various reform measures. It is imperative for everyone to have a precise and thorough understanding of what is involved in the process;
- 6.2 Two, we must clearly identify the list of priority issues and programs that are of interest to us;
- 6.3 Three, we should continue to be open to new ideas and avoid applying the principle of "total rejection", without reflecting and analyzing these ideas first;
- 6.4 Four, in order to enhance transparency, which is the basis of accountability, every Member of the Group should have the right to have its voice adequately heard. We should avoid the perception that discussions are only confined to a small group of delegations; and
- 6.5 Five, members should be encouraged to participate and engage constructively on all issues of secretariat and management reform. This will enable Member States to access the position of the Group from time to time.

Madam Chairperson,

7. Just this week, we witnessed the adoption of the first phase of the revision of the IMF quotas at the meeting of the Fund's International Monetary and Financial Committee in Singapore. The mainstream media have portrayed the revision of the quotas as a significant step in the efforts of the developing countries to have the IMF quota reflect more accurately today's international economic realities.

8. I do not share this view. Of the four countries whose quotas increased in the first phase of reform, namely China, Mexico, the Republic of Korea and Turkey, only one is from the ranks of the G77. On the other hand, some members of our Group saw a reduction in their quotas. Malaysia for example, saw our quota reduced from 0.7 percent to 0.68 percent. Other members of the Group which also saw reductions included India, Brazil and Nigeria.

9. Many of us including Malaysia, reluctantly joined the consensus, as it is our belief that it would ensure the speedy resolution of the entire IMF reform agenda, and on the understanding that our concerns will be taken up on the second phase of the revision process. Therefore, the real test lies in the second phase. In this regard, Malaysia calls for a stronger commitment from the advanced countries to limit their claims for higher quotas to allow the developing world to have greater voice representation, reflecting today's realities.

10. Further, Malaysia is of the view that the any new formula must be simpler and more transparent, as compared to the one used in the first phase. More importantly, prejudging that GDP would be the predominant factor in the new formula must also be avoided. All four variables, namely, GDP, openness, variability and reserves are important indicators of a country's influence within the global economy, and should therefore be adequately considered.

11. At stake in this exercise is not merely the revision of percentages, but the legitimacy, credibility and functioning of the IMF itself. It is therefore important that the discussions on the second phase begin immediately, the criteria for the revised formula be clear, transparent, determined and defined and in the end the votes and quotas reflect today's, and not yesterday's realities. Again, if our common ends are to be achieved, we need to demonstrate unity and cohesion.

Madam Chairperson,

12. Unity is the sine qua non if the Group is to remain in the forefront of efforts to defend the collective interests of the developing countries. Unity however is not sufficient. Foresight and vision is also required. It is in this vein that Malaysia is gratified at the successful outcome of the Meeting of the G77 Ministers of Science and Technology held in Angra dos Ries, Brazil in the early part of this month. The transformation of the Third World Network of Scientific Organisations (TWINSO) into the Consortium on Science, Technology and Innovation (COSTIS) clearly indicate our collective will and vision to harness the benefits of science, technology and innovation for the collective benefit of our peoples. Indeed, for many of us, the creation of an information economy and society is the key to achieving this aim.

13. We are now moving closer to a global knowledge-driven and knowledge-enabled economy - a world that is flattened by ICT, destroying existing information hierarchies and controls. In this 'flat' world, we need to recognize that the current conventional development means and institutions are no longer adequate nor appropriate for the knowledge-driven economy and society, where knowledge capital is the 'new currency' and new 'raw material'.

14. It was with this in mind that Malaysia hosted the Inaugural Meeting of the UN initiated Global Alliance for ICT and Development (GAID) in Kuala Lumpur, from 19 to 20 June this year. The meeting identified key operational challenges and provided a way forward to pursue the ambition of creating information economy and society. The establishment of GAID as a multi-stakeholder platform within the UN system hopefully can promote policy dialogue and partnership for action in the area of ICT. Our Group should support GAID as a platform to engage all the stakeholders, not just for UN agencies and initiatives but to also extend it to other development agencies like the World Bank and other Regional Development Banks. As a practical suggestion, I would like to encourage greater collaboration between the COSTIS and the GAID.

Madam Chairperson,

15. Our aim to create a world in which the needs and aspirations of our peoples are adequately defended and promoted remain arduous. To achieve this requires hard work and a common sense of purpose. I would therefore like to end by calling on all of us to continue to promote a sense of unity of action and purpose, and to reaffirm Malaysia's support for any effort towards that end.

Thank you.