



Permanent Mission of
Malaysia
to the United Nations

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**Statement by H.E. Ambassador Hamidon Ali, Permanent Representative of
Malaysia, at the General Debate of the Second Committee
of the 62nd Session of the UN General Assembly,
New York, 9 October 2007**

Madam Chair,

I would like to first congratulate you and the other members of the Bureau on your election. Malaysia will lend our full support to you and the Bureau as you discharge your responsibilities.

2. My delegation wishes to associate ourselves with the statements made by Pakistan on behalf of G77 and China, and by Indonesia on behalf of ASEAN.

Madam Chair,

3. A few days ago in the General Debate segment, the Malaysian Prime Minister stressed that we are living in one of the pivotal moments in history, when our actions will have a significant impact on the future of the world and on generations to come. If history is to judge our generation favourably, it is therefore critical that we invest in our future now.

4. Nowhere else is this injunction more true than in the Second Committee and in the issues which are before it.

5. A few weeks ago we deliberated on the issue of climate change, the most pressing and urgent facing us today. We are now fully aware of the gravity and urgency of the situation.

6. Therefore, it is Malaysia's hope that we are now more firm in our resolve to act immediately. The international community must invest now for the future by undertaking the necessary measures to adapt to and mitigate the effects of climate change. Owing to their historic responsibilities as the largest emitters of greenhouse gasses (GHG) for the past century and a half and the fact that they are and will continue to be so, the developed world must play the leading role in the global effort to reduce these emissions. This is a responsibility that they themselves acknowledge. If equity is to be the guiding principle underlying mitigation measures, I believe that until excessive amounts of greenhouses gasses in the atmosphere have been absorbed, the developed world must be tied to reducing their emissions to a level less than the current per capita GHG emissions of four tonnes per annum.

7. While many in the developing world, particularly those most affected, are undertaking the necessary adaptation measures, the lack of technical expertise as well as funding continues to

be major obstacles faced by developing countries. This means that the developed world must facilitate the transfer of the relevant technologies to the developing world. To give effect to this ideal, the relevant provisions of the intellectual property regime must be relaxed and exemptions given very much in the way that exemptions are currently given to generic pharmaceutical products. Further, we need to strengthen collaborative efforts between the North and the South, particularly on technologies based on the resource endowments of the South.

8. But these adaptation and mitigation measures will not succeed in the absence of a global framework for climate change. It is therefore imperative that the 13th Conference of Parties of the UNFCCC in Bali in December begin the process of negotiations on a post-2012 agreement with a view to concluding them by 2009. Further, other initiatives taken in this direction must complement and not compete with negotiations on a post-2012 agreement under the UN framework.

Madam Chair,

9. The Secretary-General in his Report on the Work of the Organization (A/61/2007) noted that halfway through the implementation of the MDGs, progress has been uneven. The fact that progress towards achieving the MDGs has thus far been uneven indicates that we have yet to invest sufficiently in our collective future.

10. Our current inability to make significant progress in the achievement of the MDGs is worrying especially in light of two factors, namely the reduction in ODA levels which we saw in 2006 as compared to 2005, and the potential risks to the global economy posed by the sub-prime credit crisis. Both these developments will have a significant bearing on whether the MDGs can or will be achieved in time.

11. After a high of US\$100 billion disbursed as ODA in 2005, the figure had dropped significantly last year. Equally worrying are the three observations made in this regard by the Secretary-General in his report mentioned earlier:

- 11.1 One, despite commitments to double aid to Africa by 2010, actual ODA, excluding debt relief and humanitarian aid has barely increased since 2004;
- 11.2 Two, no country in sub-Saharan Africa receives the promised resources to implement a national development strategy to achieve the MDGs; and
- 11.3 Three, aid remains too project-driven and unpredictable for countries to effectively plan the scaling-up of essential public investments.

12. Beyond the issue of the volume of ODA is that of its effectiveness. In this connection, the OECD's Development Assistance Committee (DAC)'s 2006 Survey on Monitoring the Effectiveness of the Paris Declaration, which was released only last month, outlined the following issues:

- 12.1 One, the cost of uncoordinated aid is very high;
- 12.2 Two, progress is too slow in untying of aid and technical cooperation;
- 12.3 Three, good headquarters policies are not matched by in-country practices;
- 12.4 Four, there is a need to strengthen country ownership; and

12.5 Five, a lot of work needs to be done in managing for results.

13. It is therefore clear that despite the important role that ODA plays in the achievement of MDGs, more needs to be done particularly with regard to increasing its volume and its effectiveness.

14. At the same time, while ODA has an important role to play in the achievement of the MDGs, the health of the international financial system has a critical bearing on the overall efforts of the developing world to achieve lasting prosperity. In this connection, while its full effects of the sub-prime credit crisis have yet to unfold, the IMF had recently stated in its Global Stability Report that the downside risks to global growth have increased significantly. The Report also mentioned that even if the credit markets were to recover, the turbulence may have far reaching and significant consequences.

15. While developing countries may be insulated from the direct effects of this phenomenon, the most vulnerable economies are especially susceptible to its effects, owing to their inability to cope with the volatilities of the open international economy. Other developing countries may yet feel its effects, dependent as we are on the markets of the developed world.

16. Although the IMF will publish its global economic forecast only next month, some independent forecasters have predicted that while global growth should remain high, buoyed by the economies of Asia, it will be lower than 2006 and 2007 level. The main cause of this is the slowdown of the US economy, which is expected to grow next year at only half of the current rate. This is due in large part to the fact that the US economy is most exposed to the sub-prime crisis.

17. Despite the fact that it is too early to draw definitive policy conclusions on how to prevent similar crises in the future, the following lessons can still be drawn:

- 17.1 Firstly, there are inherent dangers in a global economy that is too dependent on the US as the main engine of growth, especially when it is in turn, dependent on lending-based consumption;
- 17.2 Secondly, markets by themselves are not able to accurately price risk. It is also quite clear that the ratings agencies, on whom banks rely to inform them of the risks related to the new exotic financial instruments, were unable to perform this vital function;
- 17.3 Thirdly, the lack of regulation inevitably leads to the lack of information, especially where it relates to new financial instruments;
- 17.4 Fourthly, financial innovation, such as the securitization of risk-laden mortgage lending had spread risk more evenly around the global financial markets. This has led to more financial institutions vulnerable to those risks.

18. Each crisis is unique, making historical comparisons onerous. Despite that, it is remarkable how the effects of this crisis is similar to the Asian Financial Crisis, namely that developing countries must now pursue their developmental policies in a volatile and turbulent international economic environment, which is caused by factors out of their control. That we are

discussing issues which first emerged a decade ago demonstrates our inability to face up to problems, let alone to invest in our collective future. It also demonstrates that while a free and open economy holds the best promise of sustained economic growth, we have yet to have an international economic system which in equal measure, promises distributive justice for all.

Madam Chair,

19. My emphasizing ODA and the current credit crises is in large part to illustrate the close link between finance and development. Certainly, the reduction in the levels of the ODA and the impact of a volatile international financial system on the developmental efforts of particularly the most vulnerable economies are serious issues which need to be addressed by the High Level Dialogue on Financing for Development, which is scheduled to be held later this month. Indeed, given the increasing width and depth of the relationship that exists between finance and development, a compelling argument can be made for focusing on the issue of 'Financing and Development', rather than 'Financing for Development'.

20. Further, the High Level Dialogue must also address an issue of increasing concern to many Higher Income Developing Countries. This is the question of the need, on the one hand, to further promote the role that these countries can play in the development efforts of other developing countries and on the other, the desirability of ensuring that this role coheres with assistance provided by the developed world.

21. The increasing dynamism of South-south cooperation is a very positive development. As we near the 30th anniversary of the Buenos Aires Plan of Action, South-south Cooperation has transformed from essentially technical cooperation to a rich tapestry of activities involving among others, trade, finance and technology. While Malaysia welcomes this development, we firmly believe that it is qualitatively different from North-South cooperation. Consequently, we neither believe the former is a replacement, nor should it be a subject of the same rules and regulations as the latter.

Madam Chair,

22. Allow me to conclude on the big-ticket item that the Second Committee has this year, namely the Triennial Comprehensive Policy Review (TCPR). Owing to the enormity of the task, I will not take up this issue in great detail at this point in time. I would however, like to emphasize that given the complexities involved, it is essential that a solid framework for negotiations is established. Such a framework will need to take into account the various processes which are also involved in the issues to be taken up by the TCPR.

23. On this issue as well as the rest which the Second Committee faces, I would like to again reiterate the support for your efforts in bringing our work to a successful conclusion. This is part of our investment in our collective future.

Thank you.