



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

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**STATEMENT BY H.E. AMBASSADOR HAMIDON ALI, PERMANENT REPRESENTATIVE OF MALAYSIA TO THE UNITED NATIONS AT THE GENERAL DEBATE OF THE SECOND COMMITTEE OF THE 63<sup>RD</sup> SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY, NEW YORK, 7 OCTOBER 2008**

Madam Chair,

I would like to first congratulate you and the other members of the Bureau on your election. Please be assured that Malaysia will lend our full support to you and the Bureau as you discharge your responsibilities. We associate ourselves with the statement made by Antigua and Barbuda on behalf of the G77 and China and Indonesia on behalf of ASEAN.

2. Just a few days ago we re-committed to work collectively to ensure the realization of the MDGs by 2015. Malaysia therefore supports the Secretary General's call for a Summit meeting in 2010 in order to take stock of, and provide impetus for the achievement of the MDGs. We look forward to work closely with the President of the General Assembly and the membership of the UN in the preparatory process to take place in 2009.

Madam Chair,

3. Achieving the MDGs requires that we address the main obstacles, which I believe are broadly threefold, namely:

- 3.1 Policy failure;
- 3.2 Lack of national capacities; and
- 3.3 Inadequate international assistance.

4. The Washington Consensus, premised on minimal government has been one of the gravest policy failures. Our experience in Malaysia and elsewhere shows that at lower levels of socio-economic development, government intervention is critical. Only governments are able to integrate social and economic development and environmental considerations and thus break the vicious circle of poverty in which social underdevelopment leads to low rates of economic development and environmental degradation. The private sector, while playing an important supporting role at this stage of development, cannot play this integrative role.

5. The critical role played by government means that it must govern well. In this regard, there is no need to take an ideological approach to what constitutes 'good governance'. Suffice it to say, good governance is any form of governance that enables government to respond to the needs and aspirations of the people.

6. Developing countries are by definition, those countries which have low levels of national capacities across a broad spectrum: infrastructure, education and health among others.

7. The development of national capacities across this broad spectrum is necessarily a complex and arduous exercise. It often involves 'chicken-and-egg' situations, definitional issues as well as complex inter-relationships between the government, partner countries, civil society organizations as well as society at large.

8. The UN's role in this regard is clearly outlined in the Triennial Comprehensive Policy Review (TCPR), which recognizes that capacity development is a core function of the UN's development system. It includes among others:

- 8.1 Supporting the capacity building efforts of the programme countries to coordinate and evaluate the impact of external assistance;
- 8.2 Undertaking measures to ensure the sustainability of capacity-building activities;
- 8.3 Utilising national execution and available national expertise; and
- 8.4 Strengthening the role of the UN in facilitating access of developing countries to new and emerging technologies.

9. This listing indicates that the UN's role in this regard is confined largely to the 'soft' aspects such as governance and human resources alone. However, if the MDGs are to be achieved, it is essential that discussions on capacity building are not confined to these 'soft' aspects alone, critical as those issues are. Adequate attention should also be given to the 'hard' aspects such as infrastructure development as well as assistance to directly improve productive capacities.

10. We are concerned that of late, inadequate attention has been given to the latter aspect of capacity building. Indeed, a study by UNCTAD has shown that during the 2003-2005 period, the developed countries committed a total of US\$1.3 billion of ODA to improving governance in the LDCs, yet have committed only US\$12 million to agriculture development.

11. We are not saying that one needs to rob Peter to pay Paul and divert attention resources from improving governance to improving infrastructure. Both are equally important and like the two blades of a pair of scissors, one cannot work without the other. Rather, we are arguing that we need to devote more resources to the latter as part of the overall effort in increasing ODA.

12. The achievement of the MDGs requires greater assistance from the developed world. They have made repeated commitments to do so, for example at the Gleneagles G8 Summit and the 2005 UN World Summit, where developed countries pledged to raise aid from \$80 billion in 2004 to \$130 billion at 2004 prices. However, the level of ODA has dropped for the past two years in nominal terms. It dropped from \$107.1 billion (2005) to \$104.4 billion (2006) and \$103.7 billion (2007).

13. Given the present financial crisis which has required billion-dollar bailouts, it is unlikely that the figure will rise in the near future. Even in best-case scenarios, typically they are insufficient. What is therefore needed is an international mechanism administered by the UN to monitor ODA levels and commitments. This mechanism should report to the ECOSOC every year of progress made in this regard.

14. In addition to the volume of aid, there are also other perennial pressing issues that need to be addressed. These include:

- 14.1 One, the high cost of uncoordinated aid;
- 14.2 Two; progress is too slow in untying of aid and technical cooperation;
- 14.3 Three, good headquarters policies are not matched by in-country practices;
- 14.4 Four, there is a need to strengthen country ownership;
- 14.5 Five, a lot of work needs to be done in managing for results; and
- 14.6 Six, aid remains too project-driven and unpredictable for countries to effectively plan the scaling-up of essential public investments.

Madam Chair,

15. Beyond the measures required to achieve the MDGs, we have also, over the course of the General Debate, had discussions on the convergent crises involving food, fuel and climate change.

16. We are only beginning to understand some of the critical issues, such as the benefits and drawbacks of alternative sources of energy, particularly those which are food-based. For example, the use of corn for ethanol has different implications on the price of corn and meat as compared to the use of sugar for similar purposes.

17. There is also some concern that the use of palm oil as an alternative source of energy will result in higher prices and 'crowd out' its use for food. However, this should not be an issue as only a small proportion of crude palm oil is currently used for fuel.

18. The fact that increasing agricultural production will result in the generation of greenhouse gases (GHGs) adds another layer of complexity. Present methods of agricultural production, which are energy and chemical intensive, by emitting nitrous oxide and methane, contribute significantly to climate change.

19. According to the Intergovernmental Panel on Climate Change (IPCC), the agricultural sector annually emits 5.1 to 6.1 billion tonnes of carbon dioxide equivalent. This represents 10 to 12 percent of total greenhouse gas emissions. Further, according to current projections, total greenhouse gas emissions from agriculture will reach 8.3 billion tonnes of carbon dioxide equivalent in 2030, compared to the current level of about 6 billion tonnes.

20. On the other hand, its large mitigation potential can change agriculture from the second largest emitter to a much smaller emitter or even a net sink. Some studies have indicated that the overall mitigation potential is 6 billion tonnes a year, which is close to all of agriculture's direct emissions.

21. What is clear is that we need to develop methods of agriculture that would promote its potential as a carbon sink and reduce its role as an emitter of GHGs. Technology holds the key. We therefore need to take three steps in this regard:

- 21.1 One: Promote research in new agricultural technologies;
- 21.2 Two: Develop the fruits of research so that it is commercially viable; and
- 21.3 Three: The developed world should purchase these technologies in order to make them available to the developing world at concessionary rates.

22. We are therefore supportive of the suggestion made by the UNSG that we need to enhance agricultural productivity through technology transfers.

Madam Chair,

23. The critical role that technology transfer plays in addressing the convergent crises is an undeniable fact. I therefore firmly believe that the international community must take bold measures immediately.

24. We must begin by establishing an International Regime for Technology Transfer encompassing technologies related to the interconnected issues of food, fuels and climate change. It would address all aspects of cooperation on technology research, development, diffusion and transfer.

25. This International Regime would aim to ensure:

- 25.1 Accessibility, affordability, appropriateness and adaptability of technologies required by developing countries in overcoming these convergent crises;
- 25.2 Adequate and predictable funds for technology transfer;
- 25.3 Removal of barriers for technology development and transfer; and

25.4 The promotion of technologies indigenous to the developing world.

26. The recent proposal by the G77 and China for a Technology Mechanism under the UNFCCC provides the framework for a broader international regime for technology transfer.

Madam Chair,

27. We are in the midst of a financial tsunami. While the Malaysian delegation will not claim that we possess any prescience in matters financial, I believe that we can do no better than to quote a section of our statement made before this very committee last year.

28. We had said then that *'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:*

28.1 *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;*

28.2 *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 do perform this vital function;*

28.3 *Thirdly, the lack of regulation inevitably leads to the lack of information, especially where it relates to new financial instruments;*

28.4 *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.*

29. *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.'*

30. Now the chickens have come home to roost. The entire world now will suffer the consequences, either directly through lower global growth or indirectly, through a certain reduction in ODA given the vast amount of bailouts required, not only in the US but predictably elsewhere as well.

31. This development brings to mind the following questions:

31.1 Firstly, what needs to be done to put an end to 'casino capitalism' in which only a few enjoy the fruits of prosperity while all have to suffer its consequences?

31.2 Secondly, the UN system's ability in predicting medium to long term trends is unrivalled. It had warned of the food, fuel, climate change and financial crises long before they manifested themselves with such fury. Yet, the question remains – why were did the warnings go unheeded? We believe that we need to seriously address the disconnect that exists between the analytical work of the UN and its advocacy and implementation roles.

32. On these questions 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.