



# Malaysia

Permanent Mission to the United Nations

**STATEMENT BY THE HONOURABLE MR. ABDUL RAHMAN DAHLAN, MEMBER OF PARLIAMENT AND REPRESENTATIVE OF MALAYSIA ON AGENDA ITEM 18(b) "MACROECONOMIC POLICY QUESTIONS – INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT" AT THE SECOND COMMITTEE OF THE 65<sup>th</sup> SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY, NEW YORK, 11 OCTOBER 2010**

Madam Chair,

Malaysia associates itself with the statement delivered by Yemen on behalf of G77 and China; and Indonesia on behalf of ASEAN.

Madam Chair,

2. Over the past year, discussions on how to strengthen the international financial system has taken place at various meetings and international forums. The world has also witnessed the introduction of substantial fiscal stimulus packages, proposals for regulatory reforms and various policy measures to stabilize and restore market confidence in the financial system. These measures were necessary and have proven to contribute towards stabilizing the global financial markets.

3. However, the question remains on whether the measures that we took to address the financial crisis today will be able to ensure our economic sustainability in the future, or is it another short term measure that will eventually lead to the next world economic crisis.

Madam Chair,

4. The Secretary General's report on international financial system and development has identified 5 elements to strengthen the international financial architecture, namely:

- One : Reform of international financial regulation;
- Two : Urgent need for multilateral surveillance and policy coordination;
- Three : Effective global financial safety net;
- Four : International reserve system; and
- Five : The need for governance reform at the Bretton Woods Institutions.

5. While concurring with the findings reflected in the Secretary General's report, Malaysia is of the view that regulatory reforms at national level should also be given adequate attention. Member states, especially from the developing world, should be given assistance in the form of training and capacity building to develop a stable domestic financial structure, making these states resilient and be able to withstand future crisis.

Madam Chair,

6. Malaysia is looking forward to the outcome of the discussion on a review of IMF quota as part of the efforts on governance reform at the Bretton Woods Institutions. To ensure the rights of developing countries to economic stability and sustainable development, we continue to call for a more balanced representation of develop and developing countries both in the IMF and the World Bank.

Madam Chair,

7. Last year, when we took the floor under the same agenda item, Malaysia had proposed for a greater integration of Islamic finance with the international financial system. Today, we still strongly believe that Islamic finance promotes a coherent economic system and its elements should be considered in the reform of international financial regulations.

8. Malaysia has been at the forefront in of support global growth and development of Islamic finance through capacity building endeavors.

9. Malaysia's "sukuk" or bond market has come a long way since the issuance of the first global sovereign "sukuk" by Malaysian Government in 2002. It has now evolved into the worlds's largest Islamic bond market, counting for more than fifty percent of the global "sukuk" issuances in the first half of 2010. This achievement has complemented the success of other financial policies and regulations undertaken by the Malaysian government, to ensure sustainable economic development for Malaysia.

Madam Chair,

10. Malaysia looks forward to more positive developments in the area of international financial reform, with the inclusion of elements of the Islamic financial system in the process.

Thank you Madam Chair.