



Malaysia

Permanent Mission to the United Nations

(Please check against delivery)

STATEMENT BY THE HONOURABLE MR. MOHSIN FADZLI HAJI SAMSURI, MEMBER OF PARLIAMENT AND REPRESENTATIVE OF MALAYSIA, ON AGENDA ITEM 17(b) “MACROECONOMIC POLICY QUESTIONS – INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT” AT THE SECOND COMMITTEE OF THE 66th SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY, NEW YORK, 10 OCTOBER 2011

Mr. Chairman,

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

Mr. Chairman,

2. The regional and global financial and economic crises that we have experienced in the past 20 years are clear evidence that the current international financial architecture has failed us. The euro zone sovereign debt crisis and the uncertainties that continue to prevail in many parts of the world are telling signs that the global economy as a whole is sliding towards a recession.

3. The Secretary General’s report has highlighted the urgent challenges arising from the world financial and economic crisis. Urgent steps are needed to strengthen the international financial architecture in seven key areas, namely financial regulation and supervision; multilateral surveillance; macroeconomic policy coordination; sovereign debt; a global financial safety net; the international reserve system; and governance of the Bretton Woods institutions.

4. Malaysia concurs with the findings reflected in the Secretary General’s report, and hopes that the measures and actions needed to strengthen the international financial system could be implemented without any delay, with focus on ways to further enhance the economies of developing countries and more importantly, the Least Developed Countries, taken into account. In particular, further measures need to be taken by the IMF and the World Bank to address the historical imbalances that led to the lack of representation of the developing world, to realistically reflect the current reality of the global economy.

5. The Bretton Woods institutions should continue its work on various governance issues as highlighted in the Secretary-General’s report. Malaysia therefore supports a comprehensive reform of the international financial architecture that should address challenges that are posed by the current international financial architecture, as well as to ensure that the objectives of these international financial institutions are achieved.

Mr. Chairman,

6. Malaysia would like to call for more inclusive and meaningful participation, involving all relevant stakeholders, in the decision-making process of the Bretton Woods institutions, as small economies are highly susceptible to global shocks and the populations of these economies suffer the most during the turbulent periods of the global financial and economy downturns.

7. Malaysia too, believes that it is also important to put in place more effective early warning systems and mechanisms to ensure proper coordination and sharing of information, allowing timely action to be taken to preempt a crisis before it is too late.

Mr. Chairman,

8. Last year, under the same agenda item, Malaysia had advocated for the promotion of the Islamic financial system among nations, as it promotes a just and coherent economic system. Again, today, Malaysia calls for the elements of this noble system to be closely studied in the process of reforming the international financial system. Malaysia, as one of the leading nations in the use of the Islamic financial instruments, wishes to share with the world of the establishment of a new international financial infrastructure, through the establishment of the International Islamic Liquidity Management Corporation (IILM) in Malaysia last October. This landmark collaboration between 12 central banks and two multilateral development institutions represents a major breakthrough in strengthening the liquidity arrangements for the international Islamic financial system.

Mr. Chairman,

9. In closing, Malaysia looks forward to the effective and early implementation of the international financial system reform, with the inclusion of elements of the Islamic financial system in the new architecture, that would come to rise at the end of the reform process.

Thank you, Mr. Chairman.