



Malaysia

Permanent Mission to the United Nations

(Please check against delivery)

STATEMENT BY
THE HONOURABLE SENATOR MOHAMMED NAJEEB ABDULLAH
MEMBER OF PARLIAMENT AND REPRESENTATIVE OF MALAYSIA

ON
AGENDA ITEM 19: FOLLOW-UP TO AND IMPLEMENTATION OF THE OUTCOME
OF THE 2002 INTERNATIONAL CONFERENCE ON FINANCING FOR
DEVELOPMENT AND THE 2008 REVIEW CONFERENCE

OF THE SECOND COMMITTEE
67TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY
NEW YORK, 22 OCTOBER 2012

Mr. Chairman,

Malaysia would like to align itself with the statement delivered by Algeria on behalf of the G77 and China, and by Indonesia on behalf of ASEAN.

Mr. Chairman,

2. We also wish to thank the Secretary General for his comprehensive report relevant to this agenda item, namely the **Follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development** and the **Modalities of the Financing for Development Follow-up Process**.

3. Like other delegations, Malaysia is deeply concerned over the fragility of the global economic and financial situations, especially the financial turbulence that have hit the advanced economies. We worry that this economic and financial malaise would severely impact on the global development agenda, especially for those in vulnerable situations, including women and children. The possible repercussions on developing countries, caused by the current sovereign debt crises in Europe, are costly and disruptive. It would adversely impact development, including the capacity of developing and developed countries to mobilize resources for development. While there have been some progress in strengthening the international financial architecture, a comprehensive reform of global economic and financial institutions, including the Bretton Woods institutions, are yet to see positive changes, and needs to be done expeditiously. The current global financial and economic fallout holds the potential of further aggravating poverty among the LDCs and threatens the achievement of the Millennium Development Goals by 2015 of the developing world as a whole.

Mr. Chairman,

4. In the past decades, many in the developing world, in particular, have struggled to improve their quality of life, uplifting their economic status, hoping to escape from the vicious grip of poverty. While the international community has agreed to a certain extent that the ultimate approach to eradicate poverty is through socio-economic upliftment, the difficult challenge of financing for development continue to persists. For developing countries, particularly the least developed economies, the mobilization of **domestic resources** remains as the primary source of financing for development, by exploiting the full potential of their domestic resources, which in most cases, are limited.

5. While the gross capital formation has moved to pre-crisis levels in low and middle income countries, to just over 29%, the countries of the OECD shows tepid recovery of only less than 1%, bringing the total of 18.1% in 2010, compared to 17.3% in 2009. This has clearly impacted the inflows of FDIs to developing countries. My delegation is encouraged by the signs of greater diversification of FDIs and other private flows to the developing countries, which were estimated to have amounted \$376 billion in 2011. We remain wary on the uneven distribution of FDIs into the least developed countries, especially in Africa. We are also concerned with the reported decline of outward FDI from developing countries towards other developing economies, with levels of 31% in 2010 to 26% in 2011. This is clear evidence that even the more developed economies among the developing countries, are not crisis-proof to the current economic downturn.

Mr. Chairman,

6. Malaysia being the 21st largest trading nation in the world, relies heavily on **international trade** in promoting domestic growth and development. Malaysia has undertaken new initiatives to diversify our trading partners especially exporting trade with countries in East Asia region. In this connection, Malaysia is concerned of the volatility of the international trade since the onset of the financial and economic crisis, as growth in international trade has decreased to 6.6% in 2011 compared to 13.1% in 2010. This phenomenon was not helped by the rise in protectionist measures taken by some countries, including through domestic subsidies for certain competitive sectors of industry.

7. In this regard, Malaysia therefore, reaffirms its commitment to uphold a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that could contribute to the global growth and sustainable development. We reiterate our call for all countries to resist tendencies to turn inward in times of economic difficulties, as this has far greater negative repercussions, particularly for the developing countries. Malaysia therefore, calls upon the World Trade Organisation (WTO) and other relevant bodies, including United Nations Conference on Trade and Development (UNCTAD) to continue monitoring protectionist policies and to assess their impact on developing countries. We also urge the more developed countries to exercise the necessary flexibility and to show political will to break the current impasse in the Doha

negotiations, in order for negotiations to conclude. Malaysia also views **Aid for Trade**, which aims to enhance developing countries trade capacity and international competitiveness should only **complement** and **not a substitute** for the Doha Round or any other trade negotiations outcome.

Mr. Chairman,

8. The ongoing financial crisis in the developed world has clearly revealed weaknesses in the global financial governance. While we are encouraged by the reform efforts within multilateral financial bodies that helped to bring more fairness in decision making in the Bretton Woods institutions, there is a need for greater transparency among the developed countries and increase participation of developing countries in the reform process. It is within the framework of addressing **systemic issues**, that we would like to reiterate our call for all stakeholders to intensify efforts to prevent further deterioration of the financial system and to restore confidence in the global economic and financial governance.

9. The Secretary-General's report also reflected that despite increase in **aid flows** to the developing countries, the contributions of many of our developed partners remain below the UN target of 0.7 per cent of their GNI. Traditional donors have also failed to deliver their commitments to the least developed countries, where the level of ODA is still well below the target of 0.15 to 0.20 of their GNI, by 2015. Pursuant to this, Malaysia therefore, urges our developed partners to fulfill their long standing ODA commitments in line with the calls made at the 2010 Millennium Development Goals Summit, as well as at the Istanbul Programme of Action.

10. Malaysia supports the ongoing efforts to identify **new and innovative resources**, to mobilize additional resources to finance development on a stable, predictable and voluntary basis for the developing countries. However, we would like to stress that these funds should complement and not a substitute to the ODA, taking into consideration the priorities of developing countries.

Mr. Chairman,

11. In concluding, Malaysia would continue to underline the importance of the United Nations having the central role in promoting matters in regard to development and the implementation of the commitments made at Monterrey and Doha. We recognize that every member state must take primary responsibility for its own development and that national efforts should be complemented by supportive international programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty.

I thank you, Mr. Chairman.