



# MALAYSIA

PERMANENT MISSION TO THE UNITED NATIONS



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**STATEMENT BY  
H.E. AMBASSADOR HUSSEIN HANIFF  
PERMANENT REPRESENTATIVE OF MALAYSIA  
TO THE UNITED NATIONS**

**ON BEHALF OF ASEAN  
AT THE SECOND COMMITTEE OF THE  
68<sup>th</sup> SESSION OF THE UNITED NATIONS  
GENERAL ASSEMBLY,**

**ON AGENDA ITEM 17:  
MACROECONOMIC POLICY QUESTIONS**

**NEW YORK, 24 OCTOBER 2013**

Mr. Chairman,

I have the honour to speak on behalf of the ten Member States of the Association of Southeast Asian Nations (ASEAN), namely Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. ASEAN would like to align itself with the statement delivered by the distinguished representative of Fiji on behalf of the Group of 77 and China. ASEAN would like to express its gratitude to the Secretary-General and the President of Trade and Development Board (TDB) for their reports which provide a picture on the current economic situation and interrelated issues in trade, debt and sustainable development.

Mr. Chairman,

2. ASEAN's economic performance as a whole has been resilient since recovering from the global crisis in 2008. ASEAN has continued its robust economic performance in 2012. In particular, ASEAN economies as a whole grew by 5.7 percent, which is almost one percentage point higher than the region's economic growth rate in 2011. The faster growth is noteworthy in a global environment of weaker growth performance overall. Both export and domestic demand fueled growth and led to ASEAN's economic expansion, despite all the uncertainties in the global economy. The positive, but moderate economic growth was underpinned by resilient domestic demand, strong macroeconomic fundamentals, sound balance sheets of banks and the corporate sector, and on-going structural reforms since 1997. ASEAN is also pleased to note its ability to maintain its level of foreign direct investment (FDI) at USD108.2 billion in 2012, when global FDI inflows significantly declined including inflows to most developing economies. Nonetheless, ASEAN remain vigilant against downside risks, such as, further contraction of external demand, tighter global financing conditions, higher oil prices, and volatile global capital flows.

Mr. Chairman,

3. Lessons learned from the financial and economic crisis have highlighted the need to strengthen multilateral economic surveillance, particularly in the international banking and financial sectors, policy spillovers and cross-borders linkages. For ASEAN, we have long recognized the need for stronger regional coordination, cooperation and surveillance to address global challenges that affect sustained economic recovery and development. In this context, we have put in place an ASEAN Plus Three Macro Economic Regional Surveillance Office (AMRO), the regional macroeconomic surveillance unit of the Chiang Mai Initiative Multilateralisation (CMIM) of the ASEAN Plus Three members, aims to strengthen macroeconomic coordination and financial cooperation at the regional level. ASEAN has also deepened surveillance discussions on policy management to large capital flows and inflationary pressures in the region, under the improved Economic Review and Policy Dialogue (ERPD).

4. In facing the current global uncertainty, ASEAN stresses the importance of promoting fiscal soundness for sustainable economic development. In this regard ASEAN continues to accelerate and deepen the economic structural reforms, promote domestic demand and employment, resist protectionism and further promote trade and investment. The 45<sup>th</sup> ASEAN Economic Ministers Meeting held in Bandar Sri Begawan on 19 August 2013 reviewed the progress that has been made in deepening integration between and amongst all ASEAN member states, particularly on trade in goods, services and investment. Aside from that, regional cooperation on matters relating to small and medium enterprises, intellectual property, competition policy, consumer protection and public-private sector engagement was also discussed. ASEAN economic

ministers had convened their annual consultations with their counterparts from all ASEAN Dialogue Partners, namely China, Japan, South Korea, India, Australia, New Zealand, United States, Canada as well as Russia. The consultation discussed measures to further strengthen partnerships between ASEAN and other economies, as these external linkages form a key component of the overall strategy for ASEAN to be fully integrated into the global economy. We are also pleased to inform that the overall implementation rate of the ASEAN Economic Community (AEC) blueprint is now at 79.4 percent as of July 2013. The blueprint is targeted to be fully implemented by the end of 2015.

5. As we are heading towards the formation of the AEC, consolidating and expanding the existing regional integration initiatives has been the strategy to support the integration of developing countries into regional value chains. Consistent with our vibrant intraregional trade, ASEAN Member States have accelerated our engagement in regional trade agreements. The ASEAN-China free trade area has emerged as the world's largest regional trade agreement, comprising one third of world population and 13 per cent of world GDP. Between 2003 and 2008, trade between ASEAN and China has grown from US\$59.6 billion to US\$192.5 billion.

Mr. Chairman,

6. ASEAN 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. ASEAN 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. In this regard, we look forward to the convening of the Ninth Ministerial Conference of the World Trade Organization, in Bali, Indonesia, to be held from 3 to 6 December this year.

Mr. Chairman,

7. ASEAN is deeply concerned over the fragility of the global economic and financial situations, especially the financial turbulence that have hit the advanced economies. We are concerned that this economic and financial malaise would severely impact on the world 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. The current global downturn holds the potential of further aggravating poverty and threatens the achievement of the Millennium Development Goals by 2015.

8. By 2015, ASEAN aims to realize a single market and production base that includes the progressive liberalization of our financial services sector, as well as integration of our capital markets. ASEAN has progressed in delivering the commitments made to deepen the integration of ASEAN's markets under the Roadmap for Monetary and Financial Integration of ASEAN. ASEAN is committed to take more concrete steps to achieve the goals of the AEC. In this connection, ASEAN is to operationalize the USD485.2 million, ASEAN Infrastructure Fund (AIF) this year, as well

as the launching of initial projects for the Credit Guarantee and Investment Facility (CGIF).

Mr. Chairman,

9. The excessive price volatility of world commodities has impacted ASEAN Member States. To address its negative effect, ASEAN has adopted several initiatives to establish regional physical grain reserves. The ASEAN Emergency Rice Reserve has been in place since 1979. However, in October 2011, ASEAN agreed on a new, strengthened version of the reserve, called the ASEAN-Plus-Three Emergency Rice Reserve. The size, funding and coverage of the reserve were significantly expanded by the addition of China, Japan and the Republic of Korea. The size of the reserve was increased almost tenfold to 787,000 tons. It comprised the existing 87,000 tons from the ASEAN Emergency Rice Reserve, plus 300,000 tons from China, 250,000 tons from Japan and 150,000 tons from the Republic of Korea. The objectives of the ASEAN-Plus-Three Emergency Rice Reserve were also revised, from a simple emergency reserve, it added the more ambitious objective of acting as a tool for stabilizing rice prices in the region.

Mr. Chairman,

10. In closing, ASEAN believes that with 2015 is fast approaching we need to continue to focus on attaining our development goals, especially the Millennium Development Goals. Furthermore, the United Nations has also started the preparation for the Post-2015 UN Development Agenda and in this regard, ASEAN looks forward to play an active role in its negotiation and consultation. The importance of strengthening of the global economic governance cannot be overemphasized. The role of the UN, as the only global body with universal participation and unquestioned legitimacy, should be further strengthened to ensure it remains relevant. We believe that the processes being undertaken by regional groupings, such as ASEAN, and other relevant international financial institutions and organizations, are mutually reinforcing, with our work here in the UN. It is imperative that we work together and coordinate efforts to encourage sustained, inclusive and equitable economic growth. We hope that ASEAN in the long run could contribute meaningfully to the global economy, given ASEAN's dynamic economies with a combined GDP of USD1.5 trillion, which is equivalent to approximately 4.2 percent of the world GDP and a market of 583 million people. ASEAN stands ready to work with all partners to achieve our shared goals for a more just, peaceful and prosperous world.

I thank you, Mr. Chairman.