

**STATEMENT BY MR. KAMALESH SHARMA, PERMANENT REPRESENTATIVE AT THE HIGH-
LEVEL DIALOGUE ON STRENGTHENING INTERNATIONAL ECONOMIC COOPERATION FOR
DEVELOPMENT THROUGH PARTNERSHIP (AGENDA ITEM 97 C)
ON SEPTEMBER 20, 2001**

Mr. President,

As this is the first time I am speaking in the Plenary let me express our outrage and condemnation of the monstrous act of terrorism perpetrated recently on the host country and express our sympathy and condolences to the bereaved and deep regret at the immense material damage that has been caused. We are encouraged to see that the phenomenon of terrorism is being perceived as a challenge to the international community as a whole, which is to show the determination to eradicate it from all parts of the world. This objective of the global community is closely linked with socio-economic stability and advancement, a subject which concerns us today.

2. Mr. President, talking at this juncture we have to be mindful of the context of the protests against skewed globalisation which have become a feature since Seattle in 1999 and a serial phenomenon seen in Melbourne, Prague, Seoul, Nice, Barcelona, Washington, Quebec City, Gothenbourg and Genoa. It would be a mistake to dismiss this phenomenon as "foolish protesters" or as a travelling circus of professional rioters or anarchists. It is true that on such occasions such elements see an opportunity for unfortunate and provocative behaviour, which then tends to receive media attention. Hopefully, a remedy can be found for this. However, we should be more mindful of the mood of disquiet and concern at the direction of globalisation which this phenomenon represents. Take some of the figures that have been cited:-

- Campaigners for debt relief for the world's poorest countries last year gathered 24 million names, the largest petition in history.
- Just two years ago, 25 protesters turned up at the World Bank/IMF annual meeting in Washington. Last year, the figure was 30 thousand. At the end of this month for the truncated Bank-IMF, now cancelled, activists were predicting more than 50,000.
- A survey this summer in 'Le Monde' showed 56% of people in France thought that multi-national corporations had been the beneficiaries of globalisation. Only 1% thought that consumers and citizens had benefited.

3. There are several areas of concern, such as domination of the profit motive, lopsided advantage to those well placed to exploit the forces of globalisation, neglect of the predominant agenda of poverty, erosion of confidence in the democracy and priorities of international institutions, the political influence of money, anxiety of job insecurity, sense of growing inequality, commercialization of public spaces, supra-national authorities over-shadowing national and local governments, a sense of powerlessness. Many other concerns also feed into this mood of anxiety. There is a sense that the global order is becoming dysfunctional and iniquitous. The sense is exacerbated by the knowledge that in a globalising world - with its resources of expanding trade, resources of science and technology, movement of capital and burgeoning investments (foreign direct investment averaged around \$100 billion in the late eighties and had touched \$900 billion a decade later) - it should be

more possible than ever before to put together a positive programme for change so that the globalisation is seen as a tide which lifts all boats and not a process dividing the world into winners and losers, advantaged and deprived, corporate benefit and an individual loss. We should make no mistake about the fact that globalisation and global capitalism is battling today to win the argument and we, in the UN, have the responsibility of creative, constructive and purposeful deliberations to rectify the perceived shortcomings and to consider how this argument can be won.

4. The High Level dialogue on Strengthening International Economic Cooperation for Development for Partnership was envisaged as a forum to discuss issues concerning international economic environment and thereby promoting convergence of perceptions and advancing multilateral cooperation for development in a spirit of partnership based on mutual interests and shared benefits. We are confident that during this dialogue there will be stimulating and fruitful discussions on the theme “Responding to globalisation: facilitating the integration of developing countries into the world economy in the twenty-first century” and the two sub-themes.

5. The era of globalisation and liberalisation in which we live today, promised to mankind unprecedented prosperity and it was hoped that the free flow of capital, goods and services would bring about sustained and equitable growth in all nations. This, however, has not happened. The benefits have accrued unevenly, resulting in a world where there is prosperity in a smaller part and poverty in the larger, where disparities in income and wealth between nations and within nations are widening. The figures attesting this are common knowledge. Today, 66 countries are worse off than they were a decade ago. The Economist in its issue of 16 June 2001 points out that, “there are more rich people than ever before, including some 7 million millionaires and over 400 billionaires”. At the same time, currently 2.8 billion people live on less than 2 dollars a day and 1.2 billion on less than a dollar a day. The average income in the richest 20 countries is in a different world from the average in the poorest 20. Clearly, we all need to work collectively to reverse this trend of increasing disparities and to ensure that globalisation works for all – all nations and all segments of society. Globalisation – done right – that is supportive of social and economic developmental objectives of developing countries, is what we need. The choice is not between globalisation and isolation; but a discussion is required on the terms on which globalisation would progress. We must ask ourselves that if it was so self-evident that globalisation is a beneficial process, why this is not being universally recognized? The anxieties relate to disparities, unequal returns and a sense of vulnerability. We believe that we must accept the obligation of making the process universally acceptable by ensuring that it is universally beneficial. We need to look at ways and means the developing countries can beneficially integrate into the world economy.

6. A number of developing countries have experienced low growth rates in the past two decades. It used to be thought that poor performance was due to weaknesses in domestic policies, but this explanation is less convincing because policies have in fact converged over the past decade. A large number of developing countries experiencing poor growth have been engaged in policy adjustments. The domestic reform agenda is familiar to us. Despite this, performance has fallen short of what was projected. Some of the explanation may be in inadequate implementation at the national level, which may need to be addressed. There are, however, external constraints that can only be addressed jointly with the world community. This makes an international dialogue embracing a range of issues from strengthening the financial architecture to creating an enabling international environment through concerted action on trade, debt, private capital flows, ODA and application of science and technology, including information and communication technologies, imperative.

7. In the coming period, three key events will offer us the opportunity to address the concerns of the developing countries and to move towards an equitable and inclusive world economy – the

Ministerial Meeting of the World Trade Organization in Doha in November, the Financing for Development Conference in Monterey next March and the World Summit on Sustainable Development (WSSD) in Johannesburg next September. At these meetings we must demonstrate the political will to achieve the goals of sustained economic growth and sustainable development for all. We believe that the following should be our approach to the issues that require attention:-

- In trade issues, we need to address outstanding implementation issues, including the implementation of special and differential clauses in favour of the developing countries in various WTO agreements. Protectionist measures and continued barriers in areas of priority to developing countries, such as agriculture, textiles and clothings should be dismantled. The World Bank has pointed out that in agriculture alone the trade benefit envisaged is US\$ 300 billion per annum by a removal of subsidies by developed countries.
- We also need to examine ways and means by which private capital flows and FDI, which are becoming increasingly important as vehicles of external financial support, can be used for increasing productive capacity and infra-structure development in developing countries. In the case of short-term capital flows, we should seek to establish appropriate mechanisms to contain the sudden capital flights that can cause breakdowns in domestic economies.
- Since private capital flows cannot be considered as a substitute for Official Development Assistance, the developed countries should, in a time bound manner, reverse the long decline in ODA, which has fallen to 0.22% of their GNP, and work up quickly to the internationally agreed target of 0.7 percent. If we stress the centrality of the core social agenda as in the Millennium Summit Declaration being essential for healthy growth, this would be crucial.
- There is need to build on the HIPC initiative and push for wider, deeper and faster debt relief measures that would free resources from repayment cycles for use in national poverty eradication and development programmes. This relief should be linked to market access measures to ensure sustainability.
- **Decision-making structures** through which governance is exercised internationally must be made broader and equitable by accommodating greater participation by and a real voice for developing countries. The international financial architecture needs strengthening, as does the multilateral trade regime. Greater consistency and coherence must be achieved among macroeconomic, trade, aid and financial policies, to ensure support to our common aim of expanding the benefits of globalization.
- We need to find new and innovative resources for development priorities to supplement the traditional funds so as to achieve the International Development Goals, within the agreed timeframe. In this context we note the renewed interest in the Tobin Tax.
- The international community must regenerate commitment at the highest political level for the implementation of **Agenda 21** by identifying constraints and re-affirming its commitments to make available to the developing countries new and additional financial resources and transfer to them environmentally sound technologies.
- Globalization has been driven by new information and communications technologies. While ICT can play an important role in promoting development, there are constraints to

accessing knowledge, particularly by citizens and institutions of developing countries, which need to be addressed. We believe that the ICT Task Force can play an invaluable role in bridging the digital divide, fostering digital opportunity and in firmly putting ICT at the service of development for all. We have to, however, guard against criminal networks taking advantage of the most advanced technologies. We hope that the World Summit on Information Societies would comprehensively address all issues related to ICT.

8. In conclusion, Mr. President, we would like to emphasise that the United Nations, with its universal membership and ability to undertake a holistic treatment, is uniquely placed to play an important role in the debate on globalisation. We have had creative and constructive interaction with the Bank and the Fund. We further believe that we are at a moment in economic international discourse when significant shared ground has already been created. We are not talking past each other, but to and with each other. We need to build on this so that, with collective political resolve, we can consign poverty and hunger to the past and look forward to an equitable future for all humanity.