STATEMENT BY

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TO
THE SECOND COMMITTEE ON MACRO-ECONOMIC POLICY QUESTIONS

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PLEASE CHECK AGAINST DELIVERY
Mr Chairman

South Africa aligns itself with the statements delivered by the distinguished representatives of Fiji on behalf of G77 and China as well as Ethiopia on behalf of the African Group.

South Africa acknowledges the report of the Trade and Development Board, and the Secretary-General's reports on International Trade; Unilateral Economic Measures as a Means of Political and Economic Coercion Against Developing Countries; External Debt and Commodities in this regard.

Mr Chairman

International trade system should have as its main objectives socio-economic and development goals so as to be able to tackle global economic imbalances; promote sustained, inclusive and equitable growth. It should also facilitate more coherent and better-coordinated
responses to be more capable of dealing with multilateral trading system challenges in a fair and equitable manner.

The existing multilateral trading system for it to fully harness the potential of trade, it is important to uphold a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that contributes to sustainable development, inclusive growth and job creation, especially for developing countries.

Mr Chairman

The World Trade Organisation (WTO) therefore becomes relevant as the only rules-based multilateral trading organisation that governs the conduct of international trade flows. The urgent need for harmonized norms and standards of the WTO becomes paramount so to be able to ensure its effectiveness and relevance in benefitting all countries, particularly developing Nations. My delegation is of the view that addressing issues of reform within the WTO is a prerequisite for all other changes in the multilateral trading system.

Mr Chairman

South Africa emphasizes the necessity to speedily conclude the Doha Round of multilateral trade negotiations, so as to fulfill the multilateral trading plights of developing countries. We hope the upcoming WTO Ministerial Conference in Bali in December this year will serve this purpose which we see as legitimate and right. It is our determination that the outcome of the Conference will resolve the longstanding concerns relating to implementation issues, market access to developing countries, trade barriers and trade distorting subsidies in developed countries, restricted access to trade finance and reduced investment in production diversification and in the promotion of exports.
Mr Chairman

The financial crisis has thus necessitated a careful examination of the need for the refocusing of sovereign debt, as countries have risked defaulting on their commitments. My delegation thus stresses the importance of debt relief, including debt cancellation and debt restructuring, as debt crisis prevention and management tools for mitigating the impact of the world financial and economic crisis.

While there has been some success of debt relief initiatives reducing the external debt of heavily indebted poor countries through the HIPC initiative, it remains important for the full and timely implementation of this initiative and for the international financial institutions to review the implementation and the impact of debt relief initiatives to better understand why some countries still face persistent debt problems after completion of the HIPC.

My delegation is greatly concerned about the role that is played by credit rating agencies which continue to increase the exposure of the financial system to mistakes and biased forecasts of ratings. This is one of the factors that lead to many countries getting deeper into debt. We commend the President of the General Assembly for organizing the thematic debate on the role of credit rating agencies in the international financial system on 10 September 2013. The General Assembly should remain seized with this matter. My delegation would encourage transparency among the credit rating agencies and calls for additional mechanisms to allow the assessment of systemic risk posed by financial sectors.

Mr Chairman,

As part of its commitment to improving debt management, South Africa is host to the first African sovereign debt management centre which aims to encourage cooperation among African debt managers and to support the development of sound practices in public debt and cash management, in order to create stronger securities markets. It will also encourage the implementation of a stronger infrastructure for government securities markets.
Mr Chairman

The recent trends in commodity prices have shown that there is excessive price volatility in the global markets which have adverse effects on developing countries. The factors that contribute to engendering high commodity price volatility, as identified in the Secretary-General’s report A/68/204, include traditional supply and demand factors such as the weather, demographic and changes in the consumption patterns in emerging economies. These trends have been exacerbated by the financialisation of commodities which have resulted in increased speculative investment in commodity indices.

South Africa is concerned that macroeconomic policies such as the depreciation of currencies in major economies have also contributed to the fuelling of excessive commodity price volatility. Low interest rates and loose monetary policies adopted by major central banks also play a role in exacerbating price volatility. It is therefore imperative that countries refrain from using trade-distorting policies that could fuel speculative practices, hoarding, and panic-buying, which in return increase volatility in the commodity markets.

Mr Chairman

In conclusion, South Africa wishes to reiterate that Macro-economic policy questions are fundamental for sustained developmental needs of the developing world especially the African Continent. For the global development agenda, which includes the attainment of MDGs to make sense, our call for fair and equitable macroeconomic policy needs to be heard.

I thank you, Mr Chairman.