



Note No. 008-2013

The Permanent Mission of Australia to the United Nations presents its compliments to the United Nations Secretariat (Department of Economic and Social Affairs - Financing for Development Office) and has the honour to send the attached submission from the Government of Australia in response to the Secretariat's note (DESA/13-00059) of 14 January 2013 requesting the views of governments on the issue of global economic governance and development.

The Permanent Mission of Australia to the United Nations avails itself of this opportunity to renew to the United Nations Secretariat the assurances of its highest consideration.



NEW YORK

20 February 2013

Submission of Australia to the United Nations Secretary-General
on Global Economic Governance and Development

19 February 2013

1. Introduction

Effective economic governance and strong, sustainable and balanced economic growth are fundamental preconditions for development. The global economic transformation under way is broad-ranging and affects all countries regardless of their level of development. The pressure points in the world economy range from food security to global financial stability and are often interconnected. Australia believes that addressing these challenges will require greater global cooperation and that an effective United Nations (UN) system is critical to this task. That is why engaging with the UN, and its specialised agencies, is a key pillar of Australia's foreign policy. Australia's commitment to the UN system is demonstrated by its current role on the UN Security Council.

With 193 members, the UN has unparalleled reach which it can draw on to enhance cooperation and coordination, to strengthen global economic governance and to foster economic growth and development. UN agencies such as the International Monetary Fund (IMF) and the World Bank play key roles. Collaboration between the UN and other bodies such as the WTO as well as the G20 and regional organisations is also important in advancing these objectives. Australia is committed to working in UN bodies such as the Economic and Social Council, as well as through forums such as the G20 (which Russia is currently chairing and Australia will host in 2014), to strengthen international cooperation and build agreement on governance arrangements that better reflect changing global circumstances.

2. Global Economic Governance and Development

The international community faces a number of complex challenges, including a rapidly changing global economy, a fragile economic recovery with continuing global imbalances, concerns about food and energy security and the increasing urgency of achieving sustainable development. These challenges mean constant effort is required to ensure our global economic architecture remains effective, and that its rules, norms and institutions keep pace with the times.

Australia recognises the UN, as the only truly global forum, has a vital role in ensuring economic policy and governance arrangements support sustainable and inclusive development. These arrangements need to reflect the rapidly increasing role of the emerging economies. The UN and its specialised agencies have taken some important steps to modernise their activities. The World Bank voice reforms recognise the important role that developing and emerging economies play in global growth and development. Although there is more work to be done, reforms to the IMF have increased the voting power of underrepresented countries while protecting the representation of the poorest. Australia has worked hard to promote these reforms, particularly through the G20 which has been one of the external drivers for reforming international financial institutions.

The G20 played an essential role in responding to the recent global economic crisis and is working to facilitate cooperation between the world's largest economies to strengthen growth and avert future crises. Collaborating closely with the UN and other organisations, the G20 works to identify gaps and pressure points in the global economy and to address them through better economic policies and enhanced collaboration. G20 members are committed to working together to drive the reforms

necessary to ensure strong, sustainable and balanced global economic growth and inclusive development.

By strengthening cooperation and international economic coordination between the major emerging economies and the largest advanced economies, the G20 is well-placed to make a significant contribution. The UN and the G20 have distinct and complementary roles, sharing the ambition of good governance and deepening economic cooperation to further development. The G20's membership – comprising the largest advanced and emerging economic powers while at the same time representing many millions of the world's poorest people – means that it is in a unique position to develop political consensus around complex economic challenges and governance.

3. Global Development Priorities

The linkages between economic growth and development are well established. We saw this most vividly during the global economic crisis, which disproportionately affected developing countries and forced an estimated 64 million more people into poverty. Australia believes that for prosperity to be sustained it must be shared.

Australia remains committed to expanding its official development assistance (ODA) to 0.5% of GNI by 2016-17, recognising that ODA is particularly important for least developed countries. However, fostering development is much broader than a question of aid. Inclusive economic growth and open markets for trade and investment are crucial for development and lifting people out of poverty. With growing pressure on public finances in advanced economies, ODA now accounts for only a small proportion of financial flows to developing countries. On the other hand, foreign direct investment and remittances to developing countries are increasingly important drivers in poverty reduction.

It is in the interest of all to ensure the UN system operates effectively, efficiently and responsively to address global development priorities. The UN plays a fundamental role in setting the global development agenda and its funds and programs play an important role in implementation. This includes implementing the Millennium Development Goals (MDGs) and agreeing on a new post-2015 development framework. Australia is committed to doing its part to ensure the world makes real progress on the MDGs, including through the Prime Minister's role as co-chair of the UN MDGs Advocacy Group and as champion of the UN Secretary-General's Education First initiative.

The increasing involvement of non-state actors and the emergence of new partnerships will form a key element of the post-2015 development framework. This will encompass the wide range of partnerships (including south-south cooperation and non-traditional donors) and of development financing (including domestic resource mobilisation, trade, foreign direct investment, as well as official and unofficial development assistance). Similarly, the Sustainable Development Financing Strategy Intergovernmental Committee, as mandated by Rio+20, will provide important input into the post-2015 development agenda.

Australia is committed to working with all UN members to support the UN-led process on the post-2015 development agenda and to enhance cooperation to strengthen shared economic growth. Key challenges that are essential for development include strengthening food security, enhancing trade and investment, and bolstering financial inclusion. Australia will actively contribute to the Sustainable Development Goals Open Working Group and will support other UN processes in developing a new post-2015 development framework. As co-chair of the G20's Development Working Group in 2013 and 2014, Australia will work to help shape practical development initiatives that make a difference to the lives of the poor.

4. Closing remarks

Ensuring lasting peace, security and sustainable and inclusive development requires states to enhance economic cooperation and strengthen global economic governance. In a world facing complex and interconnected problems there needs to be strong engagement between countries, relevant institutions and stakeholder groups to identify priorities and to develop and implement response measures. Cognisant that its decisions affect all countries, the G20 places a high priority on engagement with the UN. As 2013 host, Russia has outlined a comprehensive approach to engagement with the international community in which discussions with the UN play a central part. The G20 has worked to foster a strong relationship with the UN and the UN Secretary-General has participated in all G20 leaders summits. Australia is committed to ensuring the G20 will continue to work closely with key UN agencies, including the IMF, the World Bank, the International Labour Organization and the Food and Agriculture Organization.

As a member of the G20 troika, Australia is working to support Russia on engagement with other countries, regional organisations, business, civil society, labour representatives, academia, and youth, and will adopt a similarly extensive approach as G20 host in 2014. In particular, Australia supports ongoing strong engagement between the G20 and the UN to ensure complementarity between their objectives and activities to promote economic growth, job creation, global economic stability, poverty reduction and development.