



VIENNA CHAPTER

TALKING POINTS FOR THE STATEMENT BY THE DIRECTOR-GENERAL OF UNIDO DR. KANDEH K. YUMKELLA DURING THE FORTIETH MEETING OF THE CHAIRPERSONS/COORDINATORS OF THE GROUP OF 77 VIENNA, 8-9 JUNE 2006

Your Excellencies, Ladies and Gentlemen,

1. Welcome and express thanks for the opportunity to co-host this important event.
2. Meeting will discuss issues of prime importance to the G-77 & China in the coming years - UN reform and South-South Cooperation.
3. Both issues are very timely. Member countries of G-77/China have made impressive strides over the years and now play a major role in world affairs. In the 60s, many of them still had colonial status and hardly had a voice in international affairs. Their share in global wealth was relatively small and their position not as strong. Now, they account for more than a fourth of global GDP and a third of global merchandise trade. As a group, they are also outpacing growth in the developed economies and are increasingly becoming the drivers of growth in the global economy. Their weight and power in world affairs have grown in importance as their share of global wealth has increased.
- 4 The institutions of multilateral cooperation do not always reflect this reality. The governance structures of the Bretton Woods Institutions, while slowly adjusting to changing circumstances, remain dominated by developed economies. But even in the United Nations, the collective weight of the G-77 and China is not always given due recognition. The reform of the UN is thus essential to giving the G-77 and China the strong voice that is commensurate with their enhanced role in world affairs.
5. While developing countries as a whole have been growing at a remarkable pace, significant disparities remain in their economic performance. Many countries lag behind and poverty remains endemic in many of them. South-South cooperation assumes vital importance in this context. It is not just a political necessity -- a litmus test of the unity and solidarity among the countries in the Group of 77 and China - but also a moral imperative.
6. Fortunately, trends in South-South cooperation have been quite encouraging. Developing countries are increasingly investing in each other's economies, with foreign direct investments rising from \$14 billion in 1995 to \$47 billion in 2003. These investments accounted for 37 percent of the total foreign direct investments in all of the developing countries in 2003. Trade within the South has also risen significantly -- from \$222 billion in 1995 to \$562 billion in 2004, or 26 percent of their global trade. But clearly, the vast potential of South-South cooperation has still to be fully realized.

7. UNIDO is contributing both to UN reform and to advancing South-South cooperation. It has undertaken a wide-ranging series of reforms over the past twelve years -- sharpening its programmatic focus in line with internationally agreed development goals, including the MDGs; streamlining its organizational structure and its operations; increasing its cost-effectiveness and its overall performance in terms of the quantity and quality of its service delivery; and forging strategic partnerships with organizations of the UN system, civil society and the private sector, to minimize duplication, strengthen synergies and ensure the highest possible development impact at the country level. Today, UNIDO is a revitalized, vibrant organization making significant contributions to alleviating poverty; building and upgrading industrial capacities for international competitiveness; and improving access to renewable energy for the rural poor and raising energy efficiency in the productive process while also assisting developing countries in meeting their obligations under multilateral environmental conventions.

8. UNIDO welcomes and supports the initiative of the Secretary-General to promote increased coherence within the UN system. It has taken a proactive approach to UN reform, actively engaging in the discussions and helping shape the course and character of the debate.

9. At the thematic consultations on the Resident Coordinator System convened by the High-Level Panel on System-wide Coherence in Vienna on 15 May in which UNIDO played host, UNIDO presented its views on strengthening coordination and coherence among the organizations of the system at the country level.

10. Reform is a process, not an event. UNIDO is committed to pursuing reform as a means to ensure its continuing relevance and responsiveness to the requirements of its Member States. UNIDO will also continue to contribute to UN reform discussions at the inter-governmental, i.e., ECOSOC, UNGA, and inter-agency levels, i.e., CEB and UNDG, while seeking the support of all Member States for its role and mandate.

11. Cite the following to illustrate the active involvement of UNIDO in various forthcoming intergovernmental events:

- 17th Conference of African Ministers of Industry in Cairo, 19-21 June 2006;
- ECOSOC High-Level Segment, Ministerial Roundtable Breakfast on the theme "Youth Employment in LDC", Geneva, 3-5 July 2006;
- Ministerial Meeting on Energy Security in the LAC Region, Montevideo, September 2006, arranged jointly with Secretaría General Iberoamericana and Government of Uruguay;
- 61st session of the UN General Assembly, "Industrial Development Cooperation", New York, October 2006;
- Summit of AU Heads of State and Government in July 2007, under the theme of Industrial Development in Africa;
- Conference on Competitive Agro-industries, to be organized jointly with FAO in New Delhi, October 2007.

12. On South-South cooperation, UNIDO's study suggests a promising approach to intensify cooperation in the field of industrial development:

- Link trade, foreign direct investment and technology flows from Asia to pro-poor

development in Sub-Saharan Africa and LDCs;

- Redeploy labor-intensive industries from Asia to Sub-Saharan Africa;
- Undertake case studies of pro-poor technologies in China and India, especially related to ICTs and grassroots technologies, and promote these technologies in Sub-Saharan Africa and LDCs;

- Use Asia as a growth pole for Sub-Saharan Africa and LDC industrial development by:

- increasing imports of semi-processed raw materials from Sub-Saharan Africa/LDCs;

- increasing market access for Sub-Saharan Africa and LDC products in India, China and other successful Asian countries through preferential industrial tariffs, and participation of Sub-Saharan Africa and LDCs in the value chain of industrial production in China and India and other successful Asian countries.

13. Refer to UNIDO agreements with India, China and South Africa on establishing Centres for South-South Industrial Cooperation.

14. Conclusion: As Ambassador Bazoberry mentioned, this year marks the fortieth anniversary of the establishment of UNIDO. It was the Group of 77 and China that led the international community in establishing UNIDO 40 years ago as a symbol of their aspiration to achieve industrialization. Today, UNIDO remains an embodiment of those same aspirations. It is fitting that the Group would come to Vienna - UNIDO's headquarters -- for the 40th meeting of its Chairmen and Coordinators in another symbolic act of renewing the Group's commitment to industrial development as a means of achieving sustained economic growth and sustainable development for the benefit of all their peoples.