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PARLIAMENTARY HEARING AT THE UNITED NATIONS

(New York, 27 October 2003)

SUMMARY RECORD

This meeting of members of Parliament was convened by the Inter-Parliamentary Union and organized in close co-operation with the United Nations Secretariat. It was attended by numerous members of Parliament or Parliamentary officials, and was chaired by Senator Sergio Pérez (Chile), President of the Inter-Parliamentary Union.

The meeting dealt with the topics of "Major Political Developments in the World" and "Financing for Development."

Mr. Kofi Annan, United Nations Secretary-General; H.E. Julian Robert Hunte, President of the 58th Session of the United Nations General Assembly; the Honourable Pier Ferdinando Casini, President of the Italian Chamber of Deputies; H.E. Inocencio Arias, Chair of the Counter-Terrorism Committee of the United Nations Security Council; H.E. Heraldo Muñoz, Chair of the Al-Qaida and Taliban Sanctions Committee of the Security Council; Sir Kieran Prendergast, Under-Secretary-General for Political Affairs; Mr. Terje Roed Larsen, Special Coordinator of the Secretary-General for the Middle East Peace Process; Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Development; Ms. Nancy Birdsall, President, Center for Global Development; Mr. Eduardo Doryan, Special Representative of the World Bank to the United Nations; Mr. Reinhard H. Munzberg, Special Representative of the International Monetary Fund to the United Nations; Mr. Rubens Ricupero, Secretary-General, United Nations Conference on Trade and Development (UNCTAD); and the Honourable Mr. Kobsak Chutikul, Member of the IPU-EU Post-Doha Steering Committee, addressed the members of Parliament and exchanged views with them.

INTRODUCTION

The meeting was opened by Senator Sergio Pérez, President of the Inter-Parliamentary Union, who welcomed the parliamentarians to the meeting.

He noted that the presence of the Secretary-General testified to the solid cooperation between the United Nations and the PU, which had been confirmed when the IPU had obtained observer status one year previously. The IPU had taken up the challenge of forming itself into a powerful instrument of political support for the resolutions and actions of the United Nations, through its support, from a parliamentary point of view, for multilateral negotiations and for the objectives of the international community with respect to economic and social development. It continued to seek to develop a parliamentary dimension at the United Nations by offering its experience in promoting democracy, as well as monitoring the implementation of the Millennium Development Goals.

The annual meeting would provide an opportunity for dialogue with the officials of the United Nations, covering items on the agenda of the international community at the present time: on the political side, the need for the United Nations to respond effectively to the growing challenges to world security; progress in the task of combatting organized terror at the global level; political and social formulae to deal with unresolved crises on the world scene, such as Iraq, the Middle East and Afghanistan; and in the economic and social sphere the follow-up to the Monterrey Consensus; the involvement and current role of the Bretton Woods institutions and the post-Cancún challenges to the effective achievement of free and fair trade.

The parliamentarians, as representatives of the popular will, intended to engage in interactive dialogue with the United Nations, at a historic and dramatic time which called for a strengthening of the commitment to multilateralism and the achievement of a successful globalization process.

Mr. Kofi Annan, Secretary-General of the United Nations, gave the following speech of welcome:

"It is a pleasure to welcome all of you to the United Nations.

The United Nations is not, and was never intended to be, a world government. But it has sometimes been referred to as "the parliament of man." It was founded in the name of the peoples of the world, and it exists to serve them. Therefore, the voice of the people must be heard at the United Nations. And few render that voice more authentically than elected parliamentarians. That is why I am particularly pleased that the General Assembly recently granted the IPU observer status. Enhancing the parliamentary dimension of the work of the United Nations has strengthened the United Nations itself.

We are also moving to strengthen the United Nations in other ways. Earlier this year I asked a group of eminent persons to look specifically into ways of improving the interaction between the United Nations and civil society – including parliamentarians. This group, headed by former President Fernando Henrique Cardoso, has already benefitted from the IPU's input and advice, and further consultations will take place before the group submits its report to me next year.

I am glad that you are addressing today two of the most important issues before the United Nations – current threats to international peace and security, and financing for development.

I wish to speak to you this morning about international peace and security – but before I do so, let me underline the link between peace and development. Put simply, a world in which billions are suffering from poverty, hunger, illiteracy and disease, and which is not advancing down the road of development, will not be a world at peace.

The past year has been a difficult one. One thing it has taught us is that the people of the world have high expectations. They want the United Nations to be the forum for collective responses for common problems. But they also wonder whether the United Nations is equal to the task. Those who feel uniquely threatened by terrorism and weapons of mass destruction, and particularly by the prospect that these two agents of death could link up, look to the United Nations and ask: are you really up to the job of protecting me and ensuring my security?

Yet those, perhaps the majority of the world's people, whose lives and livelihoods are endangered on a daily basis by disease and poverty, or by environmental degradation, or by civil or inter-state conflict, look to the United Nations and ask: why aren't you doing more to protect me and ensure my security?

At least one reason these questions are so widely asked is that the inter-governmental structures of the United Nations reflect an earlier age.

This is most clearly the case in the Security Council. There is widespread agreement that the Council should be enlarged. But there is no consensus on the details. We need to find that consensus.

I also believe we need to grapple with challenges not foreseen in 1945 – including perhaps the question of early Council authorization of coercive measures to address certain types of threats, and the responsibility to protect civilians threatened by genocide or massive violations of human rights.

The other institutions of the United Nations also bear re-examination, including the Economic and Social Council, and even the Trusteeship Council.

Please do not misunderstand me – I am not suggesting that the United Nations has been standing still or doing nothing. On the contrary, far-reaching managerial changes have taken place in recent years. As a result, the United Nations is more efficient and more effective. It is more deeply engaged on a wider variety of fronts than ever before.

But despite the efforts of many, the spirit of change has not yet galvanized the inter-governmental institutions of the Organization.

To help breathe new life into these efforts, I am appointing a high-level panel to examine these issues, and I intend to make concrete recommendations to the General Assembly next year. The decisions will of course rest with the Member States – but I will do everything I can to help them render the United Nations a more effective instrument in the service of the peoples of the world.

I hope you will play your part too.

If it is to succeed, the effort needs good ideas to make this Organization both open to more voices and more effective in taking action. We must propose radical reform if that is needed. At the same time, the proposals must have a good chance of gaining widespread support, including from crucial Member States.

It is equally vital to build political momentum for that effort, since it will require genuine commitment from Member States. They will have to show that they can promote their national interest by advancing the global interest.

I ask you as parliamentarians to do what you can, individually and collectively, to encourage governments to do just that. I know that this is a challenging task, given all the issues you deal with at the local and national level. But this is a world where all politics is global as well as local – where we all affect, and are affected by, events in far-away places. Your very presence here shows how acutely aware you are of this fact.

Your efforts to place, and keep, the seemingly distant issue of reform of international institutions high on the political agenda at home will, I am sure, make a real difference. The same goes for your work through the IPU with other parliamentarians, and with the United Nations.

I therefore thank you for your commitment and support, and I wish you all the best for a successful meeting this year.”

The Chairman thanked the Secretary-General and introduced the first sub-topic under Major Developments in the World, namely Reforming the United Nations as a Precondition of Greater World Security.

H.E. Julian Robert Hunte, President of the 58th Session of the General Assembly, gave the following address:

“ I am particularly pleased that I have this opportunity, at this early stage of my term as President of the General Assembly, to meet with this distinguished group. I have long been familiar with the activities of the Inter-Parliamentary Union and have been a supporter of its aims and objectives. I

am aware too, Mr President, of the role you are playing to ensure that the IPU retains its dynamism and relevance. As a parliamentarian myself of more than 13 years standing, and having been in political life for some 35 years, I have a natural empathy for your work as well as a sober appreciation of the limits of the possibilities open to any one parliamentarian to make change. What the IPU is doing so well, however, is demonstrating how change can be made if individuals successfully act together in pursuit of common goals.

I have also been pleased to learn of the recent deepening of the institutional relationship between the United Nations and the IPU. The United Nations can only benefit from expanding its contacts with a wide variety of international and non-governmental organizations. However, it is important, in this context, to stress that such arrangements should be mutually reinforcing. I therefore look to the United Nations to seek to benefit from the wealth of knowledge and accumulated experience that the IPU brings to the relationship.

You have asked me today to speak on the topic, "Reforming the United Nations as a pre-condition to greater world security". It is a challenging theme, not least because the issue is framed as an assertion rather than in the form of a question. In a narrow sense, of course, it would not be an assertion that all would agree with - process, after all, must be the handmaiden of substance and not the main attraction. But I would prefer to interpret the topic in another sense, and that is to consider whether a significant attitudinal adjustment on the part of Member States is not a pre-requisite in order to permit the United Nations carry out its responsibilities as envisaged in the Charter.

It must be frankly acknowledged that the United Nations is enduring a period of considerable stress. The events leading up to the invasion of Iraq and the apparent inability of the Organization to play a meaningful role in the crisis currently engulfing the Middle East region, have led to intense questioning about the position and status of the UN in the world. Although the questioning has recently become more intense, doubts about the UN's ability to fulfill its Charter functions have been apparent for many years. These doubts brought about the establishment, some ten years ago, of two UN mechanisms to look into reforming the work of the two main organs of the Organization - the General Assembly and the Security Council.

After over a decade of deliberation and review some useful, though not far-reaching, progress has been made in respect of General Assembly reform and revitalization; but very little progress, beyond defining the dimensions of the problem, has been made with regard to Security Council reform. Upon becoming President of the General Assembly, I was aware that I was expected to take the lead in moving these processes forward as Chairman of two separate Working Groups. I am treating these responsibilities with the utmost seriousness. I determined upon my election in June that UN reform would constitute one of the priorities of my Presidency. This assessment of the relevance of reform at this moment was confirmed during the General Debate which concluded recently. Speaker after speaker stressed that the UN was an indispensable instrument which, nonetheless, was in need of serious examination with a view to enacting necessary changes. The United Nations, and I as General Assembly President, have thus been given a clear call to action. Member States have re-affirmed their commitment to the Organization while demanding that it adapt to contemporary reality. The first task to be tackled is General Assembly reform.

Not unlike national parliaments, the General Assembly has a gamut of different functions established by the Charter and by the practices of the last 58 years. These functions of the General Assembly are understood by countries in many different ways: an opportunity to make domestic or regional issues known worldwide; a democratic assembly in which the weak can confront the strong wielding the sovereign equality provided by the Charter; an organ responsible for policy-formulation on a wide variety of global issues; and an Assembly meant to take practical decisions to improve the work of the Organization.

These different perceptions make reform a difficult exercise of conciliation. Naturally, Member States will implement resolutions that have taken into account their particular concerns more eagerly and swiftly. But, a national parliament that takes even the most contentious decisions, counts on the Executive branch to implement it. The General Assembly has no such Executive branch. Its decisions do not have the force of law. Implementation depends on the political and moral weight it is perceived to carry.

For my part I sense that this might be the right moment to bring renewed vigour and determination to the reform debate. I shall be going directly from this meeting to preside over the plenary debate on the item "Revitalization of the General Assembly". I shall be announcing later today my choice of "Facilitators", who are a number of Permanent Representatives whom I will ask to assume specific responsibilities to negotiate key aspects of a negotiated package of conclusions. I will be asking all Member States to demonstrate a combination of imagination in proposing solutions and of willingness to be flexible during the process of negotiation.

The reform we envisage at the end of this complex process will not change the essential nature of international relations, but, if done well, it can transform the General Assembly into a more viable instrument to secure consensus and to follow-up the implementation of its decisions. We seek to foster the building of a "global parliament" more efficient in its decision-making process and more capable of taking effective decisions. Above all, we need a United Nations General Assembly whose decisions are respected and have a decisive influence on the actions of Member States.

The second great reform challenge is the enlargement of the Security Council and further democratization of its way of doing business. The Security Council reform exercise differs from General Assembly reform in a most curious fashion. By an large, Member States see the need for General Assembly reform but are having not agreed on the framework to achieve it. By contrast, most Member States are committed to Security Council reform and agree in broad terms that it should result in an expanded Council with membership increased from the present 15 to a number in the low to mid twenties and that the make-up of the Council should be more representative geographically. But they do not know how to get to this point as there are wide disparities of view as to actual number, on adding new permanent members and on the continuing role of the veto.

I will launch the process of negotiations on Security Council reform in the middle of November. I fully recognize that this is a complex task and that positions, in many instances, are quite entrenched. On the other hand, I discern that the generality of the membership is in favour of Security Council reform and would wish to see it come about sooner rather than later. I will be appointing facilitators to assist me.

I fully intend to test the limits of movement on this matter at this point in time. As with General Assembly reform, I will be appealing to Member States to show flexibility in their negotiating postures and to be willing to pay attention to the importance of taking action which will benefit the international community as a whole.

A streamlined United Nations will not solve the problems of the world, but such an organization will be able to muster more support for credible proposals, and to have its actions carry more political weight.

The result of the process of reform may well be the modification of the UN Charter. In such an event, national parliaments will be called upon to play their part, as an amendment to the Charter needs to be ratified by two-thirds of the membership, or, at present, 128 countries, including the five permanent members of the Security Council.

Being an offspring of parliamentary life myself, I can foresee the obstacles inherent in the process. But I am confident that once agreement on the reforms are reached here in New York, it will be

deemed as a legitimate and worthwhile result around the globe and will receive the approval of countries represented by you in this room today.

Thank you for this opportunity to address you and I wish you much success in your deliberations. ”

The Chairman thanked Mr. Hunte for finding the time, in his busy schedule as President of the General Assembly, to address the parliamentarians.

The Honourable Pier Ferdinando Casini, President of the Italian Chamber of Deputies, gave the following address:

“The creation of the United Nations, the new concept of international law outlined in the San Francisco Charter, and the action for peace and development generously deployed by an Organization whose representatives have often sacrificed their lives, have curtailed the potential for conflicts in the world. But the United Nations has also - and most importantly - established multilateral negotiation in international relations, thereby subordinating the logic of force to the logic of dialogue.

Multilateralism is the turnkey that has allowed the international community to establish itself as such rather than as a mere summation of national interests.

In recent years the international picture has been profoundly marked by September 11, the Afghanistan intervention, the Iraq crisis and the sharpening of the Israeli-Palestinian conflict. The United Nations has contributed to the fight against terrorism through twelve conventions and prevented this fight from becoming a war of religions or civilizations. At various times the need has emerged, nevertheless, to create a more effective multilateralism.

The recent Security Council resolution on security in Iraq, which was adopted unanimously, seems to have restored the UN to its natural position as the guardian of international legitimacy and of the self-determination of peoples.

In his recent address to the General Assembly on behalf of the European Union, the Prime Minister of my country reaffirmed that democracy is the only system of government that can fully guarantee respect for human rights and development, prosperity and peace.

At the international level, democracy means first and foremost multilateralism. Yet today this heritage is hanging from a thread. It cannot have escaped anybody that the credibility and therefore the future of the United Nations is at stake.

These sentiments were expressed by Secretary-General Kofi Annan with his customary lucidity in a powerful address to the General Assembly on September 23, when he compared the critical nature of the present juncture to the birth of the Organization.

Almost forty years ago, in equally difficult circumstances, when the Vietnam crisis was destabilizing the precarious balances of the cold war, it fell to the Italian Amintore Fanfani, President of the General Assembly in 1965, to warn of the danger of reducing the United Nations to an international forum and renouncing its mission as ‘guarantor of law, guardian of security and soul of peace.’

In a certain sense, now we are facing the same danger.

Today it is crucial to address the reform of the United Nations, which has been on its agenda for far too long. The European Union has a clear commitment to this question.

The reform has taken on a strategic value. This forces us to abandon the alchemy in which diplomacy sometimes dabbles and to embrace instead a broad political vision. Reform must obviously include the Security Council, so as to make its decisions more effective and timely. But it must also include the other UN organs, to make them more representative and their functioning and decision-making more effective.

I am thinking mainly of the General Assembly, which represents the broadest expression of the international community and should gain an increased ability to take political initiatives. I

must take note with satisfaction that the Chairman of the present session, James Robert Hunte, has worked in this direction and has underlined in his statement that the political dimension is the key to addressing the enormous problems that still afflict the planet.

I am also thinking of the Economic and Social Council, which has taken on a higher profile but must liaise more effectively with the World Trade Organization and other international financial institutions to promote development and overcome poverty.

The United Nations therefore needs to enter a new constituent phase that strengthens its institutions and reinvigorates multilateralism, the only method of action that can assure peace and prosperity in a framework of shared values and purposes.

Some present-day figures and trends irrefutably demand such a reform:

- The number of Member States has quadrupled;
- The bipolarism between superpowers has been overcome;
- Regional organizations are playing a greater role;
- Security is perceived in its global dimension, which combines the political and military aspects with the socio-economic aspects;
- Democracy, good governance, and rule-of-law are universally considered an inescapable frame of reference for development.

The principles and the goals of United Nations reform were outlined in the Millennium Declaration, which is based on the connection between global solidarity and collective security. This process is in need of a political change that I believe can and must come from Parliaments, the institutions that directly reflect the concerns and aspirations of world public opinion.

For this reason, I am honoured to address this hearing and to applaud the IPU's newly-conferred status as an Observer to the General Assembly, a role that recognizes the uniqueness of the international organization of Parliaments.

Since its founding, the Inter-Parliamentary Union – today headed valiantly by President Páez – has embodied the spirit of the United Nations. It is the first permanent forum for dialogue between the representatives of democratic States and the first institution to make democratic values the centrepiece of international law.

It is no accident that the IPU, starting already with its 1996 resolution, has repeatedly and severely condemned international terrorism.

During a phase in which the United Nations is aiming to reaffirm its legitimacy and restore its validity, it is essential to strengthen its relations with the parliamentary world in order to expand the democratic base of the international community.

The IPU has a great deal to offer the United Nations system. The more Parliaments are involved in the definition of UN policy, the more they will be able to marshal support for it from public opinion and work for its implementation by Governments.

Contemporary society has great expectations of international leadership because there is a growing and widespread feeling of insecurity. Politics is expected to rise to the challenge of guaranteeing the entire planet a future of peaceful coexistence and development.

I am confident that the strengthening of the United Nations, together with the original contribution of the Inter-Parliamentary Union and of Parliaments, can be a tool to achieve this goal."

The Chairman thanked Mr. Casini and opened the floor for comments.

The delegate from Mexico noted that Mexico had made a very specific proposal for reform, one of the important points of which was enlargement of the membership of the Security

Council. Such an enlargement should involve non-permanent members rather than new permanent ones. There should be adequate representation of the regions, and a greater plurality. Decisions should be taken on a democratic basis.

The delegate from Egypt said that any thoughts of reform of the United Nations had to emerge from the understanding that the world had changed and the centres of power were not the same as they had been in 1945. While the General Assembly was considered as the international parliament because it operated on the principle of one vote for each country, in other parts of the United Nations system the situation was different. The right of veto was still held by certain big powers, with large groups of the international community being deprived of that right. Given the new world situation, the continent of Africa deserved to be better represented, particularly in the Security Council.

The delegate from Norway expressed her country's support for reform in the United Nations system, stressing that parliamentarians could do a lot themselves by putting into practice the resolutions that were voted on in the General Assembly and the Security Council. It was very important for parliamentarians to take that task seriously, on their return to their home countries, and to ensure the ratification, implementation and financing of all the international conventions that their countries had signed.

The delegate from Belgium said that everyone was convinced of the need for reform within the United Nations, as the world had changed greatly since its establishment, but at the same time many countries seemed to be also afraid of the unknown, or of what might change. The IPU could confirm that reform was possible: it was a question of will and perseverance. The IPU had taken three or four years and had succeeded in adopting a major reform without conflict, on the basis of consensus and continuing dialogue.

The delegate from Belarus noted that the rapidly changing situation in the world required the reform of the United Nations, with such reforms being focused on strengthening democratization, in the interests of all countries in an equitable way. While the international community under the leadership of the United Nations had made progress in establishing peace and agreement in some regions of the world in recent years, such as in the Balkans, Afghanistan, and some African countries, the situation was still very pressing, and urgent decisions had to be taken to reform the United Nations and make it responsive to those challenges. Specifically, the United Nations had to play a vital role in the reconstruction of Iraq. There was no order and stability in the country, and the main problems of rebuilding it were not settled.

The delegate from Kenya said that his country was concerned at the ineffectiveness of the United Nations in seeing that world security was maintained, owing to the fact that there were no means of enforcing United Nations resolutions. If that situation were allowed to continue, the United Nations would simply remain a talking shop. The Security Council continued to be dominated by a few powers. The use of the veto was undemocratic, in that a few members could make decisions affecting the whole world. Reform was very necessary, whereby the membership should have geographical representation. He agreed with Egypt that such a large continent as Africa should have enough members in the Security Council.

The delegate from Indonesia, noting that the United Nations had discussed the issue of reform for many years with few results, asked what should be done to make the current effort more fruitful, especially in the light of the time-frame and the priorities.

The delegate from Namibia expressed appreciation for the commitment that the Secretary-General had continued to display to having a parliamentary dimension in the United Nations. The world had been democratized, but the image of the United Nations, instead of rising to take a prominent place in that new world order, appeared to be sinking to invisibility. The first essential step was that of a commitment to accepting international law and international conventions, which would reflect the multilateralism that was a desirable goal of a globalized

world. Until that happened, any envisaged reforms would fall short of their objectives. The challenges of 1945 were different from those of 2003, and until issues such as the Middle East, Iraq and Liberia were addressed effectively, the questions of reform would be no more than lip service.

Mr. Casini expressed the view that the United Nations was organized to deal with the world of 50 years ago. Today, the picture had changed completely. In order to maintain and defend the value of multilateralism, the United Nations had to adapt, so that its actions became clearer, more transparent and more effective.

Anyone who desired a unilateral world did not wish for reform of the United Nations, but those who believed in multilateralism had to defend it concretely with a new way of organizing the Organization. The IPU had a great role to play because in opening up the United Nations to the understanding of people and to public opinion, the parliaments were a filter that could not be replaced.

Mr. Rudy Salles, Vice-President of the French General Assembly, Member of the IPU Executive Committee, took the chair. He introduced the second sub-topic: Progress and Setbacks in the Fight Against Global Terrorism.

H.E. Inocencio Arias, Chair of the Counter-Terrorism Committee of the Security Council, cautioned against characterizing terrorism by "global," or any other adjective. There was only terrorism. One had to guard against drawing distinctions in the consideration of terrorism, which was reprehensible in all its forms, irrespective of its source. Some people might have felt that terrorism impacted only certain countries, and that there were some places which were watertight against it, but that had been shown to be false by the terrorist attacks in Bali, in Casablanca and against the United Nations headquarters in Iraq. Combatting terrorism required firstly choking off the sources of financing, and secondly forcing all states to assume their responsibilities, to ensure that no refuge or shelter was given to terrorists. It was a mistake to consider terrorist acts as religious or political: they were crimes against human beings, pure and simple.

On 28 September 2001, following the September 11 attacks, the United Nations had adopted a historic resolution to combat terrorism, Resolution 1373. The important feature of this resolution was that it had been adopted under Chapter VII of the Charter, which dealt with action in case of threats to the peace, breaches of the peace and acts of aggression. That made the resolution a very powerful statement.

After stating that terrorism was a threat to international peace and security, Resolution 1373 prohibited all forms of financing of terrorist acts; prohibited the giving of support or refuge to terrorists; and called upon Member States to cooperate in combatting terrorism, notably in the exchange of operational information about any terrorist act.

The resolution had also established the Counter-Terrorism Committee of which he was Chairman. The Committee's activities had focused on two main areas. Firstly, the Committee had urged states to adopt domestic legislation to combat terrorism. It had sent letters to all Member States, requesting details on how such legislation was being implemented. The response had been considerable, although 48 Member States still had not explained why their legislation had not yet been updated to combat terrorism.

Secondly, the committee had also requested states to ratify the 12 international conventions which were in place to combat terrorism. Here the Committee had been quite successful. For example, the convention on Suppression of Terrorist Bombings now had 97 ratifications, whereas before the Counter-Terrorism Committee had taken up the matter there had been only 27.

What were the specific challenges posed by terrorism at the present time? Firstly, the proliferation of suicide terrorism, secondly the marriage of weapons of mass destruction and

terrorism, and thirdly cyber-terrorism. According to a RAND Corporation study going back to 1968, almost two-thirds of the 144 suicide attacks which had taken place in the world had occurred in the past two years. Why the current proliferation? Terrorists had discovered the advantages of suicide terrorism. Firstly, it was inexpensive, secondly it almost always caused fatalities, and thirdly it did not require any particular skills. Suicide attacks attained the psychological goal of terror, that of undermining the confidence of citizens in the capacity of the state to protect them. It would be a mistake to consider that suicide terrorists were motivated only by religion, and it was equally wrong to think that suicide terrorists were people who were ignorant.

There were several different types of weapons of mass destruction. Specialized studies, including by Interpol, indicated that in the near future terrorists would have access either to a nuclear weapon or to a conventional one to which a radioactive element had been added and which could thus cause a huge amount of damage. While the use of nuclear weapons by terrorists might be complicated, it was not complicated to use chemical or biological weapons. Scientists in any part of the world could have lethal toxins in research which might be entirely legal, but such materials could be diverted and applied to projectiles, causing fatal harm to hundreds of thousands of human beings. Retaliation against such terrorism was difficult, as some of the diseases that might result from biological weapons took weeks to incubate, making it very difficult to track how the disease had been caught.

In the area of cyber-terrorism, he noted that a 2000 attack known as Mafia Boy had produced complete paralysis in the financial and banking systems, all as the result of the efforts of a 15-year-old boy. What would happen if terrorists focused on causing damage in the financial or transport or security worlds was unthinkable.

Terrorist attacks had become both more frequent and much more lethal in recent years. Looking at the situation since 1968, only 29% of terrorist attacks had occurred in the Nineties, but they had caused 45% of fatalities. The United States had been the target of 40% of those attacks, showing that a powerful state had no advantage relative to terrorism over other countries. Terrorism was astonishingly inexpensive, relative to the costs that it caused. For example, the first attack against the Twin Towers, in 1993, had cost the terrorists only US\$ 400 while the damage caused had amounted to US\$ 550 million.

Eliminating terrorism would be complicated. The supply of terrorists, and particularly of suicide terrorists, was not going to decline, but increase. In order to combat terrorism, international cooperation was basic and vital. That applied both to prevention and to the elimination of all of those unjust situations in the world which generated such forms of terrorism. One country alone, or even several countries together, could not combat terrorism – the cooperation of the whole international community was necessary.

H.E. Heraldo Muñoz, Chairman of the Al-Quaida and Taliban Sanctions Committee of the Security Council, expressed appreciation for the opportunity to explain the central elements of the work of his Committee, which together with the Counter-Terrorism Committee constituted the main instrument in the fight against terrorism in the context of the Security Council. Under the sanctions regime imposed by the Council, all Member States were required to freeze the financial assets and economic resources, as well as applying an arms embargo and travel ban against individuals and entities associated with Osama Bin Laden, with the Al-Quaida network or with the Taliban. Thus the Committee was not sanctioning countries, but persons and organizations belonging to or linked with the global terrorist network.

The Committee had been established by Resolution 1267 in 1999, and at that time its work was focused on the Taliban regime in Afghanistan, especially for the support given to terrorist groups, in particular to Osama Bin Laden. After the attacks of September 11, 2001, Security Council Resolution 1390 expanded the measures against terrorism beyond the territory of

Afghanistan to include individuals and entities designated by the Committee, regardless where they were located.

Resolution 1455, adopted at the beginning of 2003, had extended the sanctions. The particular features of that resolution had been the emphasis on effective implementation of the resolutions by Member States, periodic reports to the Security Council about progress made in the implementation of the existing measures and visits to countries by the Chairman and members of the Committee.

Taking account the mandate from those resolutions, a continued and effective cooperation among Member States, the Committee and its Monitoring Group was crucial to improve the implementation of the sanctions. It is obvious that without the cooperation from Member States, the international community could not eradicate the terrorist networks, thwart their activities or neutralize those who support the terrorist activities.

In the past year, the Committee, with the help of the Monitoring Group and the Secretariat, had improved the format and the content of the Consolidated List of individuals and entities belonging to or associated with Al-Qaida and the Taliban. The Committee formally circulates the List to all Member States every three months, for use at immigration and customs check points, in order to detect individuals and apply the sanctions imposed by the Security Council. At present, the list contained 371 persons and organizations, the majority of them belonging to Al-Qaida.

The Committee had also published guidelines to help states provide additional information related to the list, enabling the Committee to count with updated information. Periodically, the Committee received new names to be added to the list. There is a procedure to analyse those names and add them to the list, as well as a procedure for delisting, in those cases that had been included in error.

By Resolution 1455 (2003) the Security Council had entrusted the 1267 Committee with the task of assessing Member State implementation of the assets freeze, arms embargo and travel ban against listed individuals and entities associated with Al-Qaida and the Taliban: if there are significant absences in the reporting called for in the resolution, the Committee will have no choice but to reflect this reality as it prepares its year-end written assessment to the Council of actions taken by States to implement the relevant measures.

The Committee and its Monitoring Group stand ready to assist States in preparing their reports and thereby contribute to the dialogue. The focused and action-oriented reporting guidelines also describe how relevant information previously submitted to the Counter-Terrorism Committee will be taken into account by the 1267 Committee. To date, 77 reports have been received, barely 40% of the membership of the United Nations. According to information available to the Monitoring Group, individuals or entities associated with Al-Qaida are believed to be active in some way in a significant number of the States that had not yet submitted a report. The Committee hoped that those States would submit their reports by the end of the year.

A review of the reports indicates that, for the most part, countries have taken steps to implement the specific requirements of the resolution by updating and/or enacting legislation and have also taken practical steps to adopt the measures required. The Chairman had recently visited Indonesia, where right at the time of his visit a new law had been adopted against money laundering, creating a Financial Intelligence Unit in the Central Bank. A number of countries had presented reports with information on frozen terrorist assets, including the type, quantity and amounts.

As concerns the work of the Monitoring Group, it had visited Member States at the operational level and was currently preparing its second report, to be concluded at the end of the current week. The first one had been presented the previous June, and had laid stress on

the successes in the fight against Al-Quaida and the positive effect of the confidential data and information obtained through the arrest of key members of Al-Quaida.

However, in its review of the continued existence of the Al-Quaida network, the Group has identified certain important shortcomings and warns against complacency by States in the collective effort and political will required to enforce the measures called for by the Security Council. Al Quaida has a built-in resilience and flexibility, which is contributing to its survival as a global network. The Committee had frozen over US\$ 125 million belonging to persons and organizations linked to Al-Quaida. But, increasingly the terrorist network avoided formal bank deposits and transfers, using instead the informal "hawala" system, making the money impossible to detect. The continued survival of Al-Quaida and its terrorist activities gave encouragement to the network and enabled it to attract new members and new funds. The international community needed to pay closer attention to the activities of certain charitable organizations which abused their humanitarian status in order to finance terrorist activities.

Another continuing concern involves the many Al-Quaida operatives who have received training in the more specialized forms of terrorist activities such as making improvised explosive devices or crude forms of WMD, or conducting assassinations. The concern is that many of these individuals have left Al-Quaida camps in Afghanistan or camps run by other associates, have returned to their countries of origin or to other countries where they have gone underground, ready to mount attacks at later dates. Thus it is important that any such individuals who are known to the authorities should be listed in order to reduce the opportunity for them to move around freely. They are a constant source of danger for all States if allowed to go unchecked. States are urged therefore to face this reality and bring these individuals to the notice of all law enforcement and security agencies, through the medium of the Committee's List.

Resolution 1455 had called on the Chairman of the Committee to visit selected countries, to enhance the full and effective implementation of the measures, with a view to encouraging States to implement all relevant Council resolutions. The previous week, he had visited five Member States, and had seen and learned about the particular successes and concerns. He had explored ways of providing technical assistance, in order to achieve greater successes in the battle against terrorism.

He began his mission in Afghanistan, which was symbolic because it reflected the origins and evolving mandate of the Al-Quaida and Taliban Sanctions Committee. The government officials and UNAMA representatives to whom he spoke indicated that terrorism and the intensified activities of Taliban remnants, and those who support them, represent the first and foremost of the three principal sources of instability that threaten the transitional government in Afghanistan. The second source was violent factionalism, especially in the north of the country, propagated by individuals and groups who see disarmament and a centralized government with a viable army and strong institutions as jeopardizing their interests. The third source was the drug trade and the narco-traffickers. He also stressed and underlined the need to create a robust and viable State that could reach the whole country and was ethnically balanced.

With the emphasis on high-quality information, and inclusion of suspect persons in the consolidated list, progress was being made against terrorism, and he was confident that with the help of the Member States and their Parliaments, the international community was on the path to progress and peace.

The Chairman thanked the two speakers and opened the floor for questions.

The delegate from Egypt agreed with Ambassador Arias that terror was terror, and could not be labelled by nationality or religion. Terror was everywhere in the world. He felt that people from his part of the world, as Muslims and Arabs, were paying the price twice over, both suffering from terrorism in their communities and at the same time being labelled as terrorists.

The world needed to know that not all Arabs were Bin Laden and not all Muslims were the Taliban. Simply reacting against terrorism by measures such as those described was not enough. There were two main changes that needed to be achieved. The first was political reform in certain regimes throughout the world. The second was a need for more justice in international relations, as the absence of justice in international and regional policies was one of the main reasons for terrorism.

The delegate from the Republic of Korea said that an effective response to terrorism would require a joint effort by the international community, to bring to justice those who carried out crimes threatening the peaceful coexistence of humanity. Additionally, the international community should ensure that no country offered refuge for terrorists. This could be achieved by signing and ratifying the relevant international conventions in short order. Recognizing terrorism as a serious threat to democracy and human rights, the Korean government had been actively involved in international anti-terrorism measures, had established the relevant legal framework and was extending humanitarian aid and supporting the reconstruction of Afghanistan and Iraq.

The delegate from Switzerland said that while sanctions were very important, and the Consolidated List was a very important tool with which to fight terrorism, there was a problem of innocent people mistakenly being included on the list and erroneously branded as terrorists.

The delegate from Algeria said that his country stressed that combatting terrorism had to be based on transparency and impartiality and that states needed to cooperate in good faith. That was a prerequisite for the effectiveness of efforts of the international community in this area.

The delegate from Kenya, recalling the terrorist attacks in Nairobi and Mombasa, said that Kenya supported the idea that the international community had to cooperate in fighting terrorism. While Kenya condemned and abhorred terrorism, it also saw the need to address the root causes of terrorism, including poverty and lack of self-determination. Raising the issue of compensation for victims of terrorism where the people were not necessarily the target, he asked whether it would be possible for the United Nations to consider ensuring that the target country made sure that the victims, particularly poor people, were compensated for their suffering and loss.

The delegate from Indonesia said that Indonesia considered terrorism to be one of the most dreadful threats to international security. Indonesia had also become the victim of acts of terrorism, in Bali and at the Marriott hotel in Jakarta. International cooperation in many fields such as information exchange, or regional and international law-enforcement, was very important. Indonesia believed that the most important task was to lay down a legal foundation to protect both the interests of the public as well as human rights, as the basis on which law-enforcement could root out terrorism.

Mr. Muñoz agreed with the delegate from Switzerland that mistakes had been made in listing people who were not involved in terrorist acts, but pointed out that his Committee did have a delisting mechanism. Any country could provide fresh information for discussion by the Committee and the name could then be removed.

Mr. Arias explained that Resolution 1373 did not deal with the question of compensation. However, he noted that the head of his Government, addressing the Security Council, had stressed that there was a need to recognize the needs of the victims of terrorism, on which the international community could not simply turn its back.

Senator Páez resumed the chair. He thanked the speakers and introduced the third sub-topic: Assessing the Danger of Unresolved Crises.

Sir Kieran Prendergast, Under-Secretary-General for Political Affairs, said that the primary lesson of the past decade was that allowing crises to simmer unresolved only stored up larger

problems for the future. That could be seen in the Great Lakes region of Africa, in the Middle East (both the situation between the Israelis and the Palestinians and also the unresolved Syrian and Lebanese tracks of the peace process), and in Afghanistan.

With hindsight, it was possible to see missed windows of opportunity for resolving all of those situations of crisis. They had not been seized due to a lack of political will and vision, or alternatively, partial solutions had been implemented half-heartedly, giving a comforting feeling that something was being done, while the underlying problems still remained unresolved. In the rhetoric of the United Nations, the importance of conflict prevention had been accepted. The Secretary-General had made a major report to the membership in that regard in 2001, addressed both to the Security Council and to the General Assembly, and there had been subsequent resolutions of both bodies.

But in practice it remained very difficult to raise the necessary resources and support for effective conflict prevention. As representatives of Member States the parliamentarians present knew how sensitive was the issue of interference in internal affairs. Some major improvements had been made in the nature of peace operations, with the norm now being an integrated mission which tried to look at the political and humanitarian, the developmental, and the human rights aspects of the situation as a whole, rather than in a piecemeal fashion. But essentially that was only the half the answer, there was a need to look at root causes and develop the political will to tackle outstanding problems seriously.

The United Nations was wholly reliant on the political will of Member States. He recalled times where there had been a really pressing need for a peace operation but where the Security Council had declined to authorize one. Examples were Liberia (until very recently), the Central African Republic, or the Democratic Republic of the Congo. At the present time, the biggest challenge to conflict resolution might well be the divergence in perceptions and the competition among priorities of the more powerful members of the international community. It was clear that some Member States saw terrorism and weapons of mass destruction as the main threats to international peace and security, and consequently all their efforts were focused in that area. On the other hand there were many Member States, especially in the Third World, who feared the impact of "soft" threats, such as competition for scarce resources like land and water, diseases such as HIV/AIDS and malaria, and proliferation of small arms, as being much more immediate and real to them. Thus the question was partly, even largely, one of where one sat and therefore what one saw as the most immediate and pressing threat. Finding the will to resolve the many crises that had to be dealt with - large, small; regional, localized or universal - had to begin with finding ways to agree on solutions and finding the political will to implement those solutions.

It was very much the perception in the Secretariat that the events of the past year had shaken the foundations of collective security and faith in multilateralism. The Secretary General had made a major speech on that topic on 23 September, in which he had said that the United Nations found itself at a fork in the road, unsure which route it was going to take. The Organization knew which route it would prefer to take, but that one did involve the United Nations and Member States addressing both the hard threats and the soft ones, both the new challenges and the ongoing unresolved crises. That was a major reason for the Secretary-General's decision to appoint the high-level panel to look at the broad peace and security landscape, and for his intention to ask that panel to recommend how the United Nations institutions could be revitalized in order to address all of the challenges more effectively. That process would certainly include making recommendations on how the Security Council might be expanded and made more representative and legitimate in the eyes of the membership, and how its decision-making could be improved.

He felt sure that the Panel would also want to look at the role of the General Assembly and give recommendations on making it more effective. There was a feeling among many Member States that the General Assembly was slowly becoming irrelevant, and that the

principle of consensus - which had been important in the past - was diluting its effectiveness. The panel might also look at the roles of ECOSOC, the Trusteeship Council, weapons control regimes, and so on.

He expected that the panel would want to examine the relationship among the Security Council, the General Assembly and ECOSOC. There were some people who felt that the Security Council had expanded far beyond the original intention and that because it was fairly effective, it had spread tentacles where they really did not belong; and that correspondingly the General Assembly had been weakened. There was also a feeling that ECOSOC could play a role, as envisaged in the Charter of the United Nations, but that it had never really found its role. He was sure that the panel would want to reach out to deal with Member States, civil society and also, he would hope, with parliamentarians. He also hoped that parliamentarians too would play a role in championing the work of the panel at the national level, being convinced that at the national level and in parliaments, support for collective action was very strong.

The delegate from Portugal said that it was evident that the international community must show solidarity with the people of countries in conflict. Thus he greatly welcomed the recent Security Council resolution on Iraq, as it demonstrated that Member States placed the interests of the Iraqi people above any other consideration. A great step had been taken toward security and stability in Iraq. Now the United Nations needed to be involved in the democratization of Iraq, so that the grave events which had taken the life of the distinguished diplomat and politician Sergio Vieira de Mello should not have been in vain. Portugal, East Timor and the rest of the world owed him a great deal, and the Portuguese delegation was pleased to use the current meeting as an opportunity to pay tribute to him. He asked whether Sir Kieran thought that Resolution 1511 was enough to change the situation in Iraq.

The delegate from France asked for further clarification of how Sir Kieran saw the enlargement and transformation of the Security Council.

The delegate from Mexico, noting that ECOSOC had originally been intended to be a council comparable to the Security Council, although without permanent members or the veto, pointed out that Mexico had made a proposal for ambitious reform, starting with a review of the fundamental structure of ECOSOC. The intention would be to enable it to promote a more equitable economic order. The failure to resolve many of the world's problems could be traced to a lack of strength in ECOSOC, which made it unable to have an impact on economic and social issues and crises within Member States.

Sir Kieran Prendergast said that he wished to echo the remarks of the delegate from Portugal about Sergio Vieira de Mello, who had been a friend of his, indeed a friend of many. A further loss had been Sir Kieran's own Special Assistant, who had been working in Baghdad temporarily as Mr. Vieira de Mello's Special Assistant, and had been killed in the same blast, along with other colleagues and friends. The United Nations had paid a bitter price for wanting to help the people in Iraq. He agreed very much about the need to show solidarity with the people of Iraq and to place their interests above all. That had been the consistent position of the United Nations from the beginning, that the objective had to be to restore control over their sovereignty to them as quickly as possible. As to whether Resolution 1511 would be enough, he pointed out that it had been passed only two weeks ago. Time would tell.

It was no secret that the United Nations Secretariat had its own specific view as to what was needed in order to stabilize the situation in Iraq, namely that there should be rapid moves to establish a provisional government in Iraq; that the next several months should be used to broaden the base of the administration and then create a provisional government, rather as had been done in Afghanistan. That approach would allow the necessary time to do a thorough job of drafting a constitution and holding credible elections. In a complex country like Iraq, a task such as drafting a constitution took time. There were complex religious and

ethnic issues to be resolved, in a very inclusive process. Early elections tended to favour extremists; and to freeze alliances as they existed at present, along religious or ethnic lines.

The second advantage of the approach was that it would bring to an end the formal occupation, which would be very helpful in maximizing support for an inclusive political process, broadening the base and bringing in a wider variety of people who were authentically representative of Iraqi Arab nationalism, as well as a broader spectrum of Shiites. All troops in the country would be there at the invitation of an Iraqi government. That would not, however, diminish the importance of the USA presence, which would remain essential to maintaining stability. Indeed, a worrying possibility was that the Americans might leave too soon.

On the issue of enlargement of the Security Council, he noted that the task would be difficult and complex. There was no overall agreement on whether there should be new permanent members, or only non-permanent ones; whether any new permanent members should have the veto, or not; or whether it was time to abolish the veto altogether. Obviously there was a concern that the Security Council should remain effective. It was effective at a size of 15 members, but it was not entirely legitimate.

Agreeing with the delegate from Mexico about the original intention for ECOSOC, he pointed out that it had nevertheless had much less impact than the Security Council. That was one of the reasons to hope that the high-level panel would examine the role of ECOSOC carefully. The broader approach of ECOSOC might make it more suited to deal with issues of economic and social security, rather than the hard threats of weapons of mass destruction and terrorism.

The delegate from Kenya, referring to the concepts of conflict resolution and prevention, considered that the concentration should be on prevention. Africa had been an area of great conflicts for a long time, with many of them still being unresolved. They were unresolved because the concentration was on symptoms rather than causes. Among the greatest threats now facing Africa were poverty, disease and hunger. Those threats had to be addressed, as they were a source of conflict. Turning to the question of small arms proliferation, he pointed out that such weapons were not manufactured in Africa. There was a need to close off the sources of such arms, in much the same way as the international community was closing off the accounts of terrorist organizations. He also wondered whether there might be a case for reviving the Trusteeship Council to deal with countries that had been in conflict for a very long time

The delegate from the Republic of Korea, after reflecting on whether the creation of a new government in Iraq would lead to the recovery of stability and security in the country, asked whether there was a possibility of the role of the multilateral troops there changing to a peace-keeping operation.

Sir Kieran Prendergast agreed about the danger of proliferation of small arms. Surrounded as it was by Somalia, Ethiopia, Sudan and Uganda, all areas of present or recent conflict, Kenya in particular was at risk of being swamped by small arms. Ways had to be found of soaking up the surplus quantities of such weapons, which would entail concentrating on the supply end rather than the delivery end. He could envisage a system of payment for the destruction of weapons factories, with the money being invested in something more productive.

With regard to the Trusteeship Council, he pointed out that the Secretary-General intended the high level panel to examine that also. Any decision to abolish it would require an amendment to the Charter, and his impression was that most Member States would prefer to leave the Charter untouched, and interpret it creatively. One of the most interesting changes he had experienced was the change in interpretation of Article 2.7 which had been taken originally as an absolute ban on interference in the internal affairs of Member States, but over the past 20 years people had started to notice that the wording of the Charter was that there should be no intervention "in matters that were essentially within the domestic jurisdiction of

any state," and such a concept could change over time. It was a question of interpretation rather than of amendment, and indeed people had been wondering whether it might be possible to transform the Trusteeship Council, perhaps to deal with countries such as Somalia which had no central institutions or authority.

Personally, he did not believe that Iraq was suitable for a peace-keeping operation. There was a need to draw a very clear distinction between peace-keeping and peace-enforcement. The United Nations had developed its peace-keeping skills, but in Iraq there was no peace to keep. Having a relatively lightly armed force in Iraq, intended to be there primarily in a responsive role, would not be the right way to deal with the sort of threat that was still looming in Iraq. Thus the Security Council should authorize a coalition of the willing which would be under the authority of the United Nations and the operational control of the United States and which would have the authority and the means to enforce peace.

Mr. Terje Roed Larsen, UN Special Coordinator of the Secretary-General for the Middle East Peace Process, noted that the meeting was taking place at a very difficult time in the quest for peace in the Middle East. The road map process, a phased step-by-step plan drawn up by the Quartet - the European Union, Russia, the United Nations and the United States - had stalled. Terrorist attacks continued to be launched against Israelis by Palestinian militant groups, and Israel persisted in conducting military operations that too often killed and wounded Palestinian civilians and destroyed their property.

Recent events had convinced him more than ever that the goals laid down in the road map: establishment of a state of Palestine living side-by-side in peace with Israel, and a comprehensive regional settlement, were the only viable paths to peace. He believed that the steps set out in the road map, including on the one hand dealing with terrorism through the Palestinian Authority confronting militant groups, and on the other hand tackling territorial issues through a settlement freeze, provided the only viable ways of ending the long, sad and bloody conflict.

The text of the road map dealt logically with the core concerns of the parties, namely territory and terrorism. It dealt with them in the only way that would give both sides the confidence to move forward, namely in parallel. The principle of parallelism, reciprocal steps by both parties in all fields, was a core concept of the road map. Without parallelism, a single issue, namely security for Israelis from terrorism, had become the sole focus, allowing violent groups to set the pace and the agenda, and thus effectively to stall implementation. Only by dealing with terrorism and territory in parallel could control of the process be taken out of the hands of the enemies of peace. But parallelism, like the other aspects of the road map, had never been given a chance, because the implementation of the road map had never effectively begun. Movement had been too slow and incremental. What had been and was still needed were bold steps that could have given each side the confidence and internal political support necessary to stay the course.

Neither side had so far effectively addressed the core concerns of the other. For Israelis, the concern was security and freedom from terrorist attacks. For Palestinians, it was an assurance that the peace process would lead soon to the end of the occupation and the establishment of a viable independent Palestinian state on the basis of the 1967 borders.

Territory and terrorism: the road map addressed both. Virtually all relevant actors had agreed that both issues had to be dealt with in order to achieve a just and lasting settlement. The limited approach taken to the road map had never effectively tackled either one. Continued terrorist attacks made Israelis wonder if the other side would ever take the necessary actions, as called for by the road map, to confront militant groups and reduce their ability to act. Palestinians looked at the construction of a barrier on their land, continuing settlement activities, military operations that killed and injured civilians and destroyed large amounts of Palestinian property, and wondered if they would ever see the birth of a viable independent Palestine.

How could progress towards peace be made? The leaders of the parties had to recommit themselves to peace and begin to fulfil their obligations under the road map. There was no alternative plan on the horizon that would relieve them from the responsibility to take difficult but necessary steps. The Quartet had to re-engage with the parties, who had shown that they could not bring about peace on their own. There was too little trust and communication between them for them to work together effectively without international help.

The road map had been the product of almost a year of effort by the Quartet, an effort that had shown an almost unprecedented level of international cooperation on the issue. The Quartet had stated at its last meeting that it remained eager to assist the parties to meet their road map obligations, and it was incumbent upon it to do so. While there was no substitute for the parties working together to make peace, the effective participation of the international community could facilitate that cooperation.

The issue was not whether or not the road map was the best document it could be - for better or worse, it remained the only viable peace plan on the table. It sketched a detailed path on how to move forward to the goal of the two-state solution, and continued to be the framework within which the parties and the international community discussed Middle East peace. That had been very apparent to all in the Security Council debate that had recently taken place, as well as in the Special Session of the General Assembly.

There were two very interesting track 2 initiatives, led by eminent Palestinians and Israeli leaders: the Ayalon-Nusseibeh statement of principles and the Geneva accords. Both had brought together Palestinians and Israelis to grapple with difficult final status issues. He firmly believed that peace and reconciliation were as much made by the people working together as by officials signing formal agreements, and neither initiative appeared to be inconsistent with the road map. Either or both might inform the efforts of moving forward to implement the road map and bring about peace.

However, there was no substitute for the official representatives of the Israeli and Palestinian peoples returning to the negotiating table and progressing down the path to peace, as called for in the road map. The parties and the international community owed it to future generations not to squander the opportunity to make the Middle East region known for its peace-making rather than for its war-making.

Now was the time for compromise and statesmanship, instead of political infighting. It was the time for leaders of both the Palestinians and the Israeli peoples to take their respective nations down the path towards achieving the two-state solution. There was no alternative, other than more bloodshed, suffering, and rising hatred. They had to take the steps necessary to lead their people out of the current morass and envision a future free of violence and free of occupation. The international community had to help them take those steps. The parliamentarians present, in their respective legislatures, had a role to play: while it was the responsibility of the parties to decide whether or not to opt for peace, it was the responsibility of everybody in the room today, and of the wider international community, to convince them that addressing terror and territory simultaneously and with reciprocity would lead them down the road of peace.

The Chairman thanked the two speakers for their brilliant and insightful statements, and suspended the meeting.

Opening the afternoon session, the Chairman introduced the first sub-topic under Financing for Development, namely United Nations Follow-up to the International Conference on Financing for Development (Monterrey, 2002). The Consensus of Monterrey represented an important realization of the scale of the daily problems affecting billions of people in the world, and aid to development was part of what could be called "globalization of solidarity."

Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Development, said that the conference in Monterrey represented a milestone both in international financial

reform and also in development. There were two reasons for its importance. Firstly, it had been a meeting point for addressing a whole series of questions relative to development which deeply affected low-income countries: trade, official aid, macroeconomics, institution-building, poverty and development. And secondly, it had succeeded in achieving a wide mobilization of many different sectors: governments, Parliaments, civil society and the private sector. It had also succeeded in developing a new mode of cooperation between the United Nations and the Bretton Woods institutions, which it was to be hoped would be maintained in the future.

The conference had consequently offered an invaluable opportunity, which should serve as a framework for the discussion of the issues of financing and development from now on. The experience of past years had been mixed, with the flows of financial resources into the developing countries being marked by two worrying trends. Firstly they tended to be highly cyclical: abundant at time of economic boom and very tight during crisis periods. The world economy, particularly in developing countries, had met with difficulties since the Asian crisis, and the result had been six consecutive years during which the developing countries, practically speaking, had transferred resources to the industrialized world instead of being beneficiaries of such resources. Secondly, the other main source of financing, namely trade, had also encountered severe difficulties in the past few years. Particularly in the case of countries that exported commodities, there had been a decrease in world trade together with a deterioration in the terms of trade.

There were several areas in which Monterrey had started a positive process, from which benefits had already been seen. One of the major areas of focus of the conference had been Official Development Assistance, known as ODA. There has been a downward trend in ODA since the mid-1980s and prior to the Conference had reached levels of just over 0.2% of the GNP of the industrialized countries (by contrast with the 0.7% which had been committed in various international conferences). There was now widespread evidence that the Monterrey process had been able to reverse that trend, starting in 2002, when there had been an increase of US\$ 5 billion in ODA, with various pledges made in Monterrey that implied that ODA would continue to increase over next few years, rising to \$16 billion by 2006. That figure was still low relative to the commitment of 0.7% of GNP, and low compared to the US\$ 50 billion per annum which had been estimated by the United Nations and the World Bank as the amount of ODA needed to reach the Millennium Development Goals. But it was still a significant change. Mention should also be made of the very open processes of cooperation among donors in their support of specific countries. That collaboration, and the streamlining of aid processes, meant a significant improvement for many low-income countries which were facing considerable difficulty in coordinating aid from a series of donors.

The Monterrey conference had also put the issue of the voice of the developing countries in the Bretton Woods institutions on the agenda. It had been very heartening to see that that issue had been central to the recent annual meetings of both the International Monetary Fund (IMF) and the World Bank in Dubai. It showed that the political processes surrounding the United Nations could make a contribution to putting specific items on the agenda.

Monterrey had led its improvements in specific cases. In particular, the Convention Against Corruption which was a specific commitment made in the Monterrey Consensus and which had already been negotiated, with the process having been facilitated by the political consensus of Monterrey.

On the other hand, there were several areas in which progress was still inadequate, and which would be a major item on the agenda for the next few years. The first issue was how to mainstream poverty reduction, and more broadly social targets, in economic policies. That had been an essential issue in the first part of the Monterrey Consensus, and there was still a lot to do and a lot to learn.

The second issue concerned debt restructuring. It was now very clear that some of the assumptions on highly indebted poor countries (HIPC) had been over-optimistic. It was evident that additional debt relief would be needed, to be agreed in the HIPC process. Also, it was increasingly recognized that there was not an adequate framework in place for dealing with the issue of debt restructuring in non-HIPC countries: low-income non-HIPC countries and even middle-income countries. Here, more international dialogue was needed.

The Secretary-General's report had proposed that a very open and informal expert group on debt and its development dimension be constituted within the framework of the financing for development process.

The issue of international cooperation in tax matters deserved increasing attention by the international community. The Secretary-General had proposed that the Ad Hoc Group of Experts on International Cooperation in Tax Matters that constituted the only forum for dialogue on tax matters between developed and developing countries should be converted into some new form of commission for international tax cooperation. Such dialogue was central to avoiding a race to the bottom in tax matters, particularly in income tax, which was at serious risk of disappearing altogether in a world of high capital mobility.

The Doha agenda on international trade had to be put back on track. That was an issue of major concern to the developing countries which had been targeted as the major objective of the new round of trade negotiations.

One further issue which required increasing attention by developing countries and should be a central focus of South-South cooperation was the development of more institutions providing international financial services in developing countries. More multilateral development banks owned by developing countries, more reserve funds, more macroeconomic peer reviews. There was a significant agenda of cooperation among developing countries in finance, an aspect that so far had been somewhat neglected.

Ms. Nancy Birdsall, President, Center for Global Development, explained that her centre was an independent non-partisan group in Washington D.C., that did research and policy work on development issues, with a focus on how the rich countries could improve their help to development. Her topic today was the role that the rich countries needed to take and the role that parliamentarians and citizens of the world needed to take in the context of making rich countries more accountable, in particular for achievement of the Millennium Development Goals and for some of the commitments that had been consolidated in Monterrey.

Firstly, what did the Monterrey Consensus on financing for development imply for rich countries? What it implied for poor countries had always been obvious and indeed had been repeated at Monterrey, namely that they should continue making their financial commitments to the various reforms that they were undertaking. Not nearly as much attention had been paid to the rich countries' commitments, which went beyond financing, to issues of removing trade distortions, making the technology transfers to which they were committed under the TRIPS portion of the World Trade Organization system, dealing with debt relief, making special efforts to deal with the poorest countries, and so on.

She thought of Monterrey as being one in a series of United Nations conferences in which the progress was hard to measure, in real terms, in the short run. What the UN conferences did was "raise the ante" in terms of what standard the world expected itself to meet and what standards governments and peoples of different countries should meet with respect to many kinds of goals. She found it useful to think of those conferences as one of the positive parts of the globalization movement. Globalization had to do in part with changing norms and raising standards and at Monterrey the standard had been raised: there should be more transfers from rich to poor countries, more emphasis on removing trade distortions, and so on. But the progress so far had been more rhetoric than reality. Even some of the increases in aid to

which Mr. Ocampo had referred, at least in the case of the United States, were not actually committed in a legislative sense and certainly not yet spent. However, the importance of the rhetoric itself should not be discounted.

What were the shortcomings of the discussions at Monterrey with respect to rich country commitments? In her view the first was that in the area of financing not been enough attention had been paid to the global aid architecture. There had been much discussion about global financial architecture, especially since the Asian financial crisis, and many ideas that had also not yet been implemented (while most of what had been implemented had been additional burdens on the developing countries). The situation was somewhat similar in the area of the global aid architecture: there had been a lot of discussion but not much reform, in particular yet of how the donors managed the aid system. And there was no question that in the financing area the world needed something more radical and more automatic if it was ever hoped to get close to the declared goal of 0.7% of GNP to be transferred from rich to poor countries for development purposes.

A further shortcoming of Monterrey was the reluctance to say anything about alternative financing mechanisms, the most obvious one being an extremely low-rate, marginal, carbon tax that would address both the world's global warming challenge and generate resources for development financing.

The second shortcoming was that the talk of partnership had stayed at the level of "partnership," which was a modest word, compared to a situation in which treaties or contracts entailed more obvious enforceability. In fact the word "partnership" reflected a certain realism about the lack of any enforcement mechanism relating to the promises of the rich world, in particular regarding financing for development, removal of trade barriers, lack of developing country access to their markets, and so on.

Turning to how to make the best of the commitments made at Monterrey on financing for development, despite the shortcomings, she said that what was needed was to work very hard, especially where there were not enforceable contracts, on making countries accountable through public visibility, through public education, through discussion and debate and through quantifiable indicators which took countries in the right direction and enabled citizens to hold their own countries accountable.

That was a fundamental role that parliamentarians took on all the time, in many, many areas of domestic and foreign policy, in all countries. It was obvious that parliamentarians in the OECD countries who were concerned about development needed tools to make their own executives accountable for the commitments they made; and that parliamentarians in the developing countries should have a forum such as the Inter-Parliamentary Union in order to collaborate with their colleagues in the rich countries in developing mechanisms to make all citizens of the world more educated about the commitments that their own heads of state had made.

The delegate from Chile, recalling Mr. Ocampo's description of resources being transferred from the poor countries to the rich ones, noted that whenever the discussion turned to the way such anomalies could be resolved, it was always found that the instruments of resolution ultimately were dictated in one way or another by the countries of great economic power - or, to speak plainly - by transnational corporations. It had to be assumed that, despite the growth of the world economy, the poor countries were moving farther and farther away from the average income. The more efforts made to achieve globalization within the developing countries, the greater was the loss of resources occurring in the most underprivileged sector. Could this be a vicious cycle, a vicious circle from which there would never be any escape? There was a need here to approach the subject from the point of view of a globalization of solidarity, bearing in mind two main aspects. The first was that the use of power of whatever kind was an ethical issue; and the second was that for some reason the current economic setup in the world was not producing the desired results. His observations led to three

questions: firstly, was there a shared view on how to analyse what was happening; secondly what actions could be taken by the institutions of the United Nations together with the Inter-Parliamentary Union; and thirdly was there a clear and well-defined vision of what was going to happen in the world.

The delegate from France wished to offer some clarifications with respect to agricultural subsidies, which were often criticized as a barrier against exports from developing countries to richer ones. Europe was not responsible for market realities concerning agricultural products in the developing countries. The European Union imported 30 billion euro, or a little more than \$US 30 billion, of agricultural products – it was the largest importer of agricultural products in the world. He wished also to recall that the agricultural exports of the European Union to the developing countries had been cut by two-thirds over 12 years and today represented only 8% of the Common Agricultural Policy budget.

The European Union was the largest contributor of aid to development, with its contributions representing approximately one half of the total amount of aid given, far more than the other large, rich countries. President Chirac had made a commitment at Monterrey to reach an ODA amount equalling 0.7% of France's GNP. In 2001, the figure had been 0.37%, in 2002 0.38% and in 2003 0.41%. By 2004, it would reach 0.43%. The current percentage represented approximately 6.5 billion euro, of which around 29% went to assistance with debt relief.

The delegate from Kenya recalled what he used to hear as a young man, namely that the developed countries had committed themselves to aid amounting to 1% of their GNP. That target had never been achieved, and now there was a new target of 0.7%. What the developing countries needed was a restructuring of the whole system, in order to give them access to the developed markets. More importantly, they wanted a fair return from their products. The prices that developing countries obtained for commodities such as coffee and tea were very low indeed. But the consumers in the developed world paid a premium price for those commodities. Who made the money in between? The multinational corporations. Thus a new order was needed, one that rewarded the producer countries, the developing countries, with a fair return. It was not just that developing countries wanted ODA. When considering the inflow of ODA into developing countries, consideration also had to be given to the outflow from those countries in terms of debt repayments. Debt relief or debt forgiveness needed to be seriously addressed if it was truly desired to start or restart development in developing countries. Large quantities of resources had been poured into developing countries to sometimes very little effect, owing to poor governance and lack of democracy in those countries. There needed to be a link between the resources being given to developing countries and their democratization and good governance.

The delegate from Portugal noted that it had been said 40 years earlier that development was a new name for peace. Portugal was doing its best to try to help the developing countries to achieve the rates of development that were essential in order to have peace in all the world. But, as Kenya had said, it was essential that the developing countries should have not only aid, not only dollars, but also good governance, and thus he asked the speakers whether they were optimistic about the governance in those countries and about the future.

The delegate from Indonesia said that the two presentations given had highlighted the importance of financing for development. The Monterrey Conference had acknowledged the need for good governance at the national level. In that regard, he wished to seek the views of the speakers about the idea of linking human rights performance and debt relief; in other words the idea that countries that had reached a certain level of good governance and respect for human rights should be entitled to some kind of debt relief.

The delegate from Tunisia said that the questions that the meeting was examining today were crucial, in that the viability of international action in favour of development was dependent on the capacity of the international community to translate into action the commitments which

had been made. Tunisia considered the follow-up to the Monterrey conference to be very important and was very happy that there was a debate on the role of the parliamentarians in this field. It also considered it very important that sufficient resources to finance development be mobilized, on the basis of the adoption of sound macro-economic policies, and measures which could eliminate poverty and promote human development in the poorest regions. Tunisia had been concerned to ensure an equitable distribution of the fruits of development efforts and to establish numerous national mechanisms and programmes in order to help the social categories groupings with specific needs and to advance the poorest areas of the country. And in that context, the national solidarity fund, financed by voluntary contributions together with contributions from the government, was one of the most remarkable mechanisms, having significantly contributed to the drop in the level of poverty which at present was only 4.2%. It was against that background that the rapid realization of the Tunisian President's proposal for a World Solidarity Fund, under the United Nations, conformed the international commitment to values of solidarity and cooperation aimed at ensuring the dignity of mankind throughout the world.

The delegate from the Republic of Korea said that in the light of Korea's own development experience, ODA was more than just a source of financing for development. It also provided the recipient countries with an opportunity to learn from the development experience of the donor countries. For the efficient use of ODA, a recipient country should take primary responsibility for sound policies and good governance. Partnerships between donors and recipients were also of great importance. Developed countries should provide technical support for developing countries, giving consideration to the actual conditions and development strategy of the recipient countries. Korea had recently started making ODA contributions, and while there was admittedly some room for improvement by comparison with the OECD countries, its commitment to join the international effort to promote poverty reduction in developing countries stood firm. Korea had successfully overcome poverty with the support of the developed countries and international organizations during the 1960s, and intended in its turn to reinforce its technical assistance and to increase its ODA. Since 2000, it had as far as possible imported goods from the least developed countries (LDCs) on a non-tariff, non-quota basis.

Mr. Ocampo wished to underline that one of the great virtues of the Monterrey Consensus was precisely the dual commitment by the developing countries to improve their policy-making and their institutions and of the industrialized countries to support them with increased resources and other types of reforms on the trade and finance fronts. The issue of governance raised in some of the questions was intimately linked with the Consensus. On the question by Chile of whether there was a shared diagnosis, he felt that over the past five years there had been significant progress in that direction, including a series of solutions. On a number of those issues there would never, of course, be total agreement, but the Monterrey Consensus represented one of the more complete agreements which there had been on development in quite a while. The implementation of that consensus was therefore one of the most important challenges for the international community.

He agreed with the Kenyan delegate on the importance of the issue of commodity prices. It was an issue that had been long set aside in the international debate. It was clear that the debt crisis in the 1980s in several parts of the developing world, plus the slow-down of the industrial economies, had been a main reason for the significant real fall in commodity prices. Since the Asian crisis there had been another fall in commodity prices, which had had a major impact on many parts of the developing world. The Secretary-General's report on Financing for Development had placed the issue at the centre of the agenda. He also emphasized the work that UNCTAD had been doing on how to deal with the issue of commodity prices. There was increasing evidence that in the face of low growth in demand for many commodities, there was a simultaneous increase in supply, sometimes associated with adjustment programmes for

developing countries that were taking place simultaneously, which might have actually worsened the situation for commodities.

With respect to the remarks made by France, he agreed that the European Union as a block of countries was certainly by far the largest donor in the international community. He did, however, have some concerns about the issue of agricultural subsidies. A significant part of any consideration of agricultural subsidies was the fact that in this area, the world had entered into a vicious circle. The fact that some prices were low led to higher subsidies. But higher subsidies led to a lower supply of commodities, which reduced prices. Thus there was a significant overall improvement that could be achieved by reducing subsidies. Those who would gain from such a reduction were those countries that had been unable to participate in the competition of rising subsidies, when prices had come down for agricultural products. In other words, the developing countries, which had been unable to raise subsidies in the face of reductions in prices.

However, that was not the only issue associated with primary commodities. In some analyses of the world trading system it seemed as if the issue of commodity prices would somehow be solved by rationalization of the agricultural subsidy system in the industrial world. In fact, in the case of many commodities the reductions in prices that had taken place internationally were not associated with subsidies. And this was particularly the case for tropical commodities, since in fact most tropical commodities (with of course some major exceptions, like sugar) were goods that were not subject to agricultural subsidies, nor to protection in the industrial world, because the industrial countries did not produce them. So, the issue of commodities and in particular of tropical commodities had to be taken as an additional item on the international agenda.

Ms. Birdsall said that she had an additional comment on the interesting question of the Chilean delegate, of whether there was a shared diagnosis of what was happening. Her diagnosis, and that of others, was that there were two problems to be addressed at the global level in terms of the partnership or the compact between rich and poor countries. The first part of the problem was that there were some issues where there really was unfairness, to use very simple language. Life was not fair. The rules were "rigged" in favour of the rich. That was not to say that there were not many commitments and much good heart in the rich countries to fix the rules, but it was important to recognize that some of the rules were unfair and that there had to be more attention to that issue in a forum like the United Nations and among parliamentarians. The issue of trade was one such area. Here, the problem was not just agricultural subsidies, it was also industrial tariffs in rich countries that discriminated against value-added goods from the developing countries. At least the idea that the system was not fair was on the agenda now, having been raised frequently in recent years and again in Cancún,.

The second part of the diagnosis, however, was also important, and perhaps it did not receive enough attention. And that was that there were structural areas where it was natural that those that already had wealth and resources would be able to exploit the global market better than those that did not. Whether those resources were money, or education, or better information, or better access to computers, or better access to credit. So in a world with that structural distortion it was very critical at the global level to keep a focus on ensuring that the poor and vulnerable at the country level or within countries had opportunities to acquire their own assets, to acquire whatever it was that made it possible for them also to climb the ladder.

The issue was about the quality of aid, not just the quantity of aid, whether aid was tied for example, whether aid went to the poorest countries or to the not so poor countries, and so on. And it was about the nature of the trade system, agricultural tariffs, other tariffs, quotas and so on. And the goal had to be to have some policy coherence within countries across policies.

In response to the question of whether the speakers were optimistic about governance in developing countries, her view was unequivocally positive. There were many developing countries that already were doing much better on measures of political participation and democracy than was generally

realized. There was still the myth in most parts of Europe and the United States that all over the Arab world, or all over Sub-Saharan Africa, it was nothing but problems and corruption. It was very important to use a setting like the Inter-Parliamentary Union as a vehicle to remind themselves and their constituents that there were many, many countries in the developing world that were very poor but that had honest, clean, effective government and were making great progress.

The Chairman thanked the two speakers, and introduced the second sub-topic, The Role of the Bretton Woods Institutions in the International Financial Architecture.

Mr. Eduardo Doryan, Special Representative of the World Bank to the United Nations, said that he intended to offer some of the World Bank's views on the Monterrey Consensus on Financing for Development. He noted that there was still a lot of work for all those involved to do, in seeking coherence among at least three different levels and types of issues to be addressed. Coherence in relation to the topics, the participants and the issues was essential to move from rhetoric to implementation.

The first level was institutional-level coherence. Over the past several years the drive for results, measurability and accountability had visibly improved the way the way the institutions worked both alone and together. In the United Nations Development Group, where the different agencies operating at the country level met to try to find some coherence, the agencies had tried to link more closely what had come out of the international conferences organized by the United Nations, seeking to assist and support countries through knowledge and resources, with the specific aim of achieving the Millennium Development Goals and all of the by-products of the International Conference on Financing for Development.

The second level was what could be called country-level coherence. Because in fact coherence built bottom-up from agreed country-owned development strategies. There was a huge role for Parliaments to be proactive in the different countries to make the development strategies as highly participatory as possible. That implied that the language spoken by the different sectoral ministers needed to be the same within the countries as the one they spoke internationally. That deeper level of coherence around the national strategy, the coherence within the government and how that coherence was reflected in the multilateral arena, were aspects considered really important.

And the third and final level was global-level coherence. There were two major issues in global-level coherence. One was whether all the actors were talking different languages, unable to understand each other, or whether there was already a more or less common platform from which they worked together. The major United Nations conferences provided that common language, through which a gap that had existed for some time between the Bretton Woods institutions and the United Nations had narrowed substantially in the last five years or so. The second issue was the need to get a strong coherent message throughout the multilateral system from each and every sector of society, because sometimes Ministers of Labour spoke one language at the International Labour Organization, Ministers of Education spoke a different one at UNESCO, Ministers of Finance spoke a third language at the World Bank or the IMF, and Ministers for Foreign Affairs spoke yet another language at the United Nations. One major achievement through the Monterrey process had been that now, by and large, the language being spoken in the Bretton Woods institutions was the same as that spoken in the United Nations system. That had been seen at the last IMF and World Bank annual meetings, in Dubai, where the main topics had basically been the main topics of Monterrey, and ways to achieve the Millennium Development Goals. That had included global monitoring of policies and actions for achieving those Goals; poverty reduction and progress in its implementation; the HIPC process; and enhancing the voice and participation of developing countries. There were still areas where each sectoral minister would have different views, but at least there was a basic search for coherence on development that had not existed before.

He saw five challenges, in which parliamentarians could play a major role. Firstly, there was a need for a deepening of multilateralism. So far, multilateralism had mainly been between the executive branches of government, but civil society and the private sector needed also to be involved. The role of Parliaments was very important in the overall discussion of development strategies, especially those for the long term. Secondly, there was also a need for a widening of multilateralism. Starting from the country level there had to be major agreements on the same language being used by the different stakeholders, which could be reflected internationally, with the issues being on the same wavelength. The third point was a broadening of the participation in multilateralism: how to make it more inclusive, especially for developing countries. The first step was obviously to hold discussions at the national level, and Parliaments were the natural place for such discussions and agreements.

The fourth challenge was the closing of the issue gap in multilateralism, in relation to humanitarian and development aid, and peace and security. Still there was a lot of work to be done, although today there was a much clearer sense about development effectiveness. Probably there was also a need for a similar sense about humanitarian effectiveness and peace and security effectiveness, and a consideration of the relationship among the three. The final point was the equity rebalancing of multilateralism. The old multilateralism had raised the standard of living of many countries: for example, over the past forty years, life expectancy at birth in developing countries had increased by 20 years. Over the past thirty years, adult illiteracy in the developing world had been virtually halved. But there was still a long, long way to go: as the President of the World Bank had said in the annual meeting, there was a need for a new global equilibrium, a new balance in the relationship between the rich and poor nations. That was essential not just for poverty reduction and prosperity but for security and for peace.

Mr. Reinhard H. Munzberg, Special Representative of the International Monetary Fund to the United Nations, said that the Monterrey Conference, and the preparatory run-up to it, had been an excellent example for what had changed in the relationship between the Bretton Woods institutions and the United Nations. All stakeholders - the World Bank, the World Trade Organization (WTO), the IMF and the United Nations - had been involved in preparing the Conference together, and had been able to participate in a consensus that was shared by all institutions. They had been able to give support to the Millennium Development Goals and to the Millennium Declaration, both of which were referred to in the communiqué of the International Finance and Monetary Committee, not only the most recent time in Dubai but also in previous meetings, which was a fundamental change by comparison with earlier years.

One important dimension was the enhanced and strengthened cooperation among secretariats. There was also a better process of listening to each other, exchanging views and being able to prepare a joint analysis, one which brought together different perspectives. As Mr. Ocampo had said, there would always be some divergence of views, but at least the issues were now on the table and the linkages between the different aspects were being revealed much more clearly.

Additionally, the political dimension had been added. There had always been some dialogue among ECOSOC, the IMF, the World Bank and, latterly, the WTO at the management level, but that had taken on a much larger role in the follow-up to Monterrey, as being one of the central mechanisms to allow the Bretton Woods institutions to share their perception with the members of the United Nations.

Ultimately, however, the cooperation between institutions and between their secretariats had to be rooted in cooperation at the national level, where different actors at the national level had to engage in the same type of dialogue as that undertaken by the institutions. As had been said, coherence was one issue that needed to be built first at the national level.

The work of modifying and improving the international financial architecture had started intensively in the aftermath of the Asian crisis. Much had been done by the different

stakeholders, but it had to be acknowledged that it was still a work in progress and that there was still room for improvement. There was a recognition, however, that in the recent economic downturn of the past two years in particular, the financial system had shown a quite remarkable resilience to shocks and crises, and thus it could be concluded that improvements had been made.

One of the main topics on the agenda was surveillance, both at the bilateral level between the IMF and individual Member States, but also at the multilateral level. There were many references to that in the Dubai communiqué, and the clear message was that surveillance of countries had to be even-handed. It had to be recognized that some countries were systemically or regionally important, and the IMF had been invited to strengthen its surveillance of those countries and the impact they had on neighbouring countries or the world economy in general.

Crucially important was transparency, both on the part of members, in publication and disclosure of data, and on the part of the IMF. There had been a sea change in transparency over the last three or four years, with much more publication of information by the IMF, which was continuing to try to improve its publication record in particular as far as country documents were concerned. Obviously, the consent of the Member States was needed to put documents on the website, but there had already been a large improvement.

In the area of financial stability at the country level, the IMF was improving its assessment of financial sector stability, with the aim in particular of making domestic policies and domestic economies more resilient and of detecting early indications of crisis and downturns, allowing it to inform its members in time and the members to react appropriately. Standards and codes played a very important role in that context and a crucial aspect was capacity-building or technical assistance in the IMF's areas of competence. The IMF was trying to provide as much technical assistance as possible including through regional assistance centres that had recently been established in Africa, and would be duplicated in other parts of the world.

Turning to the issue of crisis resolution, he noted that following the Asian crisis and the situation in emerging markets, there had been a very broad discussion in recent years on possible strengthening of the structure in cases involving sovereign debt in particular. There had also been discussions about statutory or voluntary mechanisms for restructuring debt in crisis situations. There had been discussions about codes of conduct, which were still ongoing, and on collective action clauses and their inclusion in bond issues.

It had to be admitted that movement on the HIPC front was too slow, but progress had been made and more would be made in the future. There were issues of financing, creditor contributions and post-conflict cases. Such complex issues needed patience if they were to be resolved. Voice and representation was also an issue that needed to be addressed. There were also some broader issues where a large majority of members had to come to a decision, such as increases in quotas, to which voting power was mainly linked. Work on those issues was continuing, and it was hoped that progress would be made by the time of the annual meetings the following September. Finally, he wished to draw attention to the IMF's advocacy role, which was important, and to mention the areas of trade, and of ODA in particular. One could not look at the architecture issues without also looking at the complementary issues of trade. The IMF was a strong advocate for resuming the Cancún negotiations, urged members to get back to the negotiating table as quickly as possible, and was preparing to be helpful in cases where there might be negative effects regarding trade liberalization.

The delegate from Namibia said that unless and until there was a shared diagnosis, the many conferences on development would all amount to a dialogue of the deaf. It was pleasing to hear from the Bretton Woods institutions that there was now a convergence on policy-speak between them and the United Nations. But as had been learned only recently from the Cancún experience, that consensus needed to be built broadly, in a manner inclusive of all actors. That was as true for development as it was for the approach to the question of

terrorism, for example. Unless the international community reached some convergence on how to identify problems, the many conferences that were held would not help to come any closer to solving the problems and addressing head-on the problems of development. His part of the world needed solutions to its problems of development yesterday, not today, and not at a conference which would be held next year.

The delegate from Nigeria wished to draw attention to one specific aspect of corruption, that was one source of the net flow of capital from the developing to the developed countries. He was referring to the huge sums of money stolen by some corrupt leaders of developing countries and hidden away in private accounts. By some estimates, that money ran into the billions of dollars, and was hidden in the banks of the developed countries. The absence of that money had become a source of hindrance to the developing countries. The issue had been receiving some attention in recent years, but results had been extremely slow in coming. According to estimates by some experts the amount of money involved was far greater than certain countries required for investment capital. If the countries had that money alone, they would not require any outside investment capital. The experts in the field should give more attention to the tremendous damage that illegal capital flight was doing to the development of those countries. He urged all parliamentarians to take an interest in the problem, to help to raise public awareness about the harm being done to the whole development process by this leakage.

The delegate from Ecuador said that in his view, there were two main factors which undermined development. First of all, the current economic order, and secondly external indebtedness, what some called "eternal indebtedness." That had begun with a few million dollars, twenty or thirty years ago, but now countries were deeply indebted and the percentage of debt in relation to GNP was growing constantly. Large percentages of national budgets were devoted to paying off the external debt. In the case of Ecuador, the current figure was almost 40%. Much emphasis was laid, in the adjustment programmes of the International Monetary Fund, on the elimination of subsidies, but there was no reference to the subsidies provided by the industrialized countries, which put many products from developing countries out of competition. Subsidies and trade barriers were hindrances that greatly undermined the development of such countries. Unfortunately, the problems continued to result in greater poverty, the levels of which were reaching the danger point and threatening the governance and democratic stability of countries. The demands of the International Monetary Fund in his view were ill-founded, in that the adjustments were so severe that the prices of basic goods and services caused the productive system serious problems in terms of competitiveness. The adjustments also caused a loss of purchasing power for the great majority. He wondered what would happen, from the point of view of the industrialized countries, in the future if the Latin American markets continued with that intensive impoverishment. His question was whether, with the attempt by the United Nations to form the group of experts to analyse and find a future path to solve the problem of external indebtedness and the topic of resources for development, it would be possible for the United Nations to truly promote motivation in the industrialized countries, so that real development could take place in the developing countries.

The delegate of Norway wished to second the view of Kenya that trade was not enough, trade also had to be fair. Free trade was not fair, because the world was not equal. The important goals to which the world had committed itself could only be reached by political means. A free market would never reach them, because then the wealth would be very unequally distributed. In every country there was great pressure to give priority only to the large companies and to finance capital. And that might well be important, but in order to reach those important goals and be able to create a fairer world, it would be necessary to put the other goals ahead of those of the international companies. That was hard enough to do in a developed country, but even harder in the developing world. Referring back to an earlier IPU meeting in Geneva, when the same issues of agriculture and the international trade had been

discussed, she recalled that in that meeting she had supported some of her African colleagues who had stressed that they had to be allowed to protect their own food security. It was important for every country to be allowed to do that. Norway 100 years earlier had been a very poor country. One of the reasons for its current prosperity was that its growth had taken place in a world in which the country had been allowed to protect its markets as it thought right. She considered it very important for the rich countries now to allow poor countries to protect themselves in the sectors that were vital for them, as for many of them it was not possible to compete in the free market as it existed today.

The delegate from Egypt said that as had been said earlier, terror was always encouraged by poverty. It could be seen that international trade went against poor countries, giving more to those who already had a greater accumulation of wealth than to those who did not. A non-traditional solution, a new vision, were needed. Democracy was linked with development. Development was the way for stability and peace. The philosophy of the Bretton Woods institutions of 50 years ago had been aware of the effect of the economy on international stability, and that the war against poverty was a move towards international stability and welfare. That was why reform was very important in various regimes, as was the fight against corruption. A new vision was needed, in which international trade was not always slanted against those who were less well-off.

The delegate from Canada said that one of the big challenges to increasing aid from developed nations was the need for education. Unfortunately, when Members of Parliament talked about aid that had been given, it seemed as if they were merely justifying their own decisions. There was a need for some of the United Nations organizations, or perhaps the World Bank, to educate not just Members of Parliament, but also the media, particularly the media that covered governments and their announcements, in order that they should be more informed before they made comments. A second issue was that it really was mandatory to ensure that there was sound fiscal management of those precious aid dollars. Because nothing generated more headlines than somebody who was corrupt or some organization that had stolen the donated money, or some government that was not using it properly. That really wiped out all the good work being done by agencies. Institutional soundness was imperative if it was to be ensured that enough money would flow to make a real change in the conditions that currently were feeding terrorism and unrest in the world.

The delegate from Indonesia noted that all were aware that one of the most striking tendencies in the current international situation had been the dominance of a few countries. That meant in short that countries would not have a fair and equal situation in dealing with each other, including in financial aspects. She wished specifically to ask Mr. Munzberg whether there was any genuine intention to help poor countries; and secondly what was the IMF's response or adjustment, if any, to the criticisms made by Mr. Joseph Stiglitz in his book "Globalization and Its Discontents."

The delegate from Mexico noted that the World Bank had recognized the importance of dialogue, the interchange of opinions, in order to reach a common language. It was important that all should realize that economic issues were not only economic, they also touched on the social and the political. For the World Bank, it might be easy to establish concrete conditions that had to be met rapidly by countries, as preconditions for assistance, but on the political and social levels it was often impossible to adopt such steps immediately. There was a process, and all had to work together: governments, society and Parliaments.

The delegate from the Republic of Korea said that his country appreciated the role of the Bretton Woods system, particularly with regard to the Asian crisis. Korea had received large amounts of money from the World Bank and the IMF, although the IMF's terms and condition had been too strict, and consequently Korea had needed a longer period to recover from recession. He asked whether, as the World Bank was now providing structural loans and was laying emphasis on education, health and legal systems, it might be thought that the World

Bank was neglecting economic project loans. Meanwhile the IMF was providing medium-term package loans, so the roles of the IMF and the World Bank seemed to be overlapping. Sometimes the question was raised of why the World Bank and the IMF existed separately, why were they not unified into a more efficient organization.

Mr. Doryan responded to the delegate from Mexico by pointing out that it had been learned that a purely technocratic response was not appropriate. Rather, there was a comprehensive response for development, where social, human, judicial and governance issues all had an influence in development and in economic success as well. To the delegate from Korea, he said that the World Bank was quite happy with the division of labour between the institutions. The World Bank was the largest financier in the multilateral system in the areas of education, health and the environment. Thus he felt that there was a clear division of labour and complementarity with many of the UN agencies as well.

Turning to the issue of corruption, he recalled that until 1997 "the c-word" could not be spoken at the Bank. It was not until that year's annual meeting that the President of the Bank, Mr. Wolfensohn, for the first time directly declared that corruption was an issue that retarded development and that it would have to be dealt with up-front. Now the Bank had projects specifically against corruption, enhancing judicial systems throughout the planet. The Bank was also very sympathetic to the idea that international corporations, especially in mineral and agricultural sectors, should reveal what they paid, in order to make the system transparent both internationally and at the national level. There were some systemic imbalances: as Mr. Wolfensohn had put it at the recent annual meeting, the developed world spent US\$ 600 billion, the developing world US\$ 200 billion on arms and defence. The developed world spent US\$ 300 billion on subsidies. There was a need to rebalance the world. Also, there was preparatory work to be done inside the countries: he had seen countries negotiating with international organizations and getting zero reductions for health and education, and increases in social spending. Thus the amounts donated also depended on how clear the country was in terms of its long-term strategy, which was an area where parliamentarians had a role to play.

Mr. Munzberg responded to the question about the book by Mr. Stiglitz. Evidently, IMF staff had engaged in dialogue with Mr. Stiglitz. But more importantly, in the area of the architecture and the Asian crisis, which was one of the topics underlying the criticism, the IMF had conducted its own review of its experience, taken stock of what had happened, and of whether the assumptions that had been underlying the initial reactions had been correct, always noting that the review was happening with the benefit of hindsight. It had established an independent evaluation office which had looked at topics and reviewed experience.

The IMF had recognized that it needed to draw lessons for the future from that experience. It had adapted its instruments. That was an ongoing process and the important thing was to feed back those lessons and analysis into possible future developments, knowing, however, that those future developments might not be identical at all with what had occurred in the past and also recognizing that the various country situations were quite different from one another.

On whether the IMF was duplicating the World Bank's work in crisis situations, he felt that that was not the case. Coming back to the Asian crisis, he pointed out that the instruments that the IMF and the World Bank had employed in different country situations were not the same, nor did they have the same perspective. The IMF was looking at the macro issues, at assistance in appropriate amounts in crisis situations, while the World Bank appropriately took more structural and longer term perspective. It always had to be realized that the short-term reaction would need to be followed up by a long-term reaction and that complementarity was needed.

Ms. Birdsall, recalling the remark by the delegate from Norway that the market alone would never achieve many of the goals that were discussed and endorsed in the United Nations context, said that it was institutions like the Bretton Woods institutions that were the world's best hope for civilizing and managing the globalization process in a way that brought benefits

to everyone. It was very clear that there had been a major and positive change in the last five to ten years. Although it was still the OECD countries, especially the United States, that had the most power in the Bretton Woods institutions, nevertheless the institutions had become much more the voice of the developing countries than had been the case formerly. Another thing that had changed was the pressure from outside, from civil society groups. Here, parliamentarians could play a role in sustaining and reinforcing that pressure in a positive way, pushing for incremental reforms and fixing of the Bretton Woods institutions as opposed to thinking that the whole architecture was bad and should simply be eliminated as it was doing more harm than good. It was very important constantly to assert that that was not the case, and that the Bretton Woods institutions were the world's best hope in economic governance, for dealing with global poverty.

With respect to the point raised by Nigeria, she said that it would be fantastic to have a system in which illegal capital flight could be monitored and aggregated. Even if nothing was done about it, it would be a step forward just to provide the information to the citizens of the developed countries on the amounts of money illegally salted away in the United States and Switzerland in the year. Those were the kinds of idea that all of the parliamentarians had to try to keep on the table.

She also greatly appreciated what the delegate from Canada had said about the need for others to educate the parliamentarians' constituents so that the parliamentarians could continue to be champions of development efforts. For the parliamentarians from developing countries, she explained that it was extremely difficult for parliamentarians in the rich countries to be continuously pushing for foreign aid, especially when there were headlines about corruption. It was a constant task of education, and here too the Bretton Woods institutions had begun to play a much more important role.

The Chairman thanked the speakers, and introduced the final sub-topic: After Cancún: Suggested Steps to Break the Impasse and Unleash its Potential in Development Financing. The Inter-Parliamentary Union had carried out important follow-up work to the Doha Round. In Cancún it had brought together more than 100 legislators from 70 countries to hold a session in parallel with the Fifth Ministerial Conference. Despite the complications of the negotiations on free trade, it had arrived at a final declaration with respect to the parliamentary aspect of the WTO, and intended to pursue that path, contributing to the negotiations as they progressed.

Mr. Rubens Ricupero, Secretary-General, United Nations Conference on Trade and Development (UNCTAD), said that he would not be speaking in his official capacity, because addressing the problems of a sister organization would be delicate for any head of an international organization. Instead he intended to offer some very informal remarks that were more inspired by his own previous experience as someone who had been in the business of trade negotiations for a long, long time. Having been present at almost all the Ministerial Meetings of GATT and then of the WTO, his first reflection was on the danger of overreacting to a recent negative development such as the inability of countries to agree in Cancún. That had been presented in the world press as an unprecedented event, one that would perhaps signal the decline of the multilateral trading system, which was absolutely untrue. There had been at least four Ministerial Meetings of the GATT and the WTO that had ended in disarray and without an agreement. One had been in December 1988 in Montreal, the mid-term review of the Uruguay Round. The second one had been in December 1990 in Brussels, the meeting that had been supposed to conclude the Uruguay Round. The third had been in November 1999 in Seattle, and the fourth was Cancún.

At all those events, after a short interruption, negotiations had resumed. While things might look bad for a time, usually the rational imperative of the need for a good operational multilateral trading system would impose itself. Thus he was not pessimistic about what had happened in Cancún.

His second reflection was that the inability to agree in Cancún did not necessarily mean that the present round could not be concluded in time. He thought it was largely a matter of political will: if the political will was present, it was far from impossible. His third remark was that when the meeting in Cancún broke down (and in this sense it was a much, much better result than had been the case in Montreal, in Brussels or in Seattle), the remarkable fact was that the second Chairman's text, the official document that had been circulated as the basis for negotiation, was generally considered to be acceptable. Of course that had not been the official position of any country, because there had been no time to conclude matters in the final meeting, but he had heard from the highest representatives of the Group of Twenty-two in Cancún and also from people who were in the WTO Secretariat, that there had been a general feeling that on agriculture the paper was, as people said in the trade negotiations jargon, "doable," and that there was also the same feeling regarding non-agricultural market access (NAMA) i.e. industrial tariffs. The same had also applied to the so-called development issues. Of course, that was not to say that there had been unanimous support. It had been clear that in agriculture, there were some countries that did not agree with the text as the basis, and even its supporters would have liked to change parts of it, but it was remarkable that that meeting had broken down at the moment when the main actors on agriculture were all in agreement that the paper was a reasonable basis. In Montreal, in Brussels and in Seattle, the situation had been much, much bleaker.

That led him to his fourth reflection: the best way forward was to go back to the text and to the point where the negotiations had broken down. That had been over the so-called Singapore issues, whether to start negotiations on investment, on competition, on government procurement and on trade facilitation. There had been a remarkable evolution in that area as well, because at the last minute the European Union had dropped its demand for the inclusion of some of those issues. But on the other matters where it appeared that there was a likelihood of an evolving agreement, those could well constitute a good basis to resume. Most of the participants had considered that the paper in Cancún provided a suitable basis in general terms. He had not seen this point made anywhere, namely that there was a major difference now between this case of Cancún and the previous cases.

Having a paper which might provide the basis for agreement was already an enormous advantage. But now what was missing was some concrete sign of political reengagement. This was particularly needed on the part of the two so-called major trading partners, the USA and the European Union, who now needed to provide leadership. That did not only mean saying on the record that they agreed that there should be reengagement, that they agreed that the paper from Cancún should be the basis. It meant something else, it meant action, it meant talking to governments, it meant organizing.

UNCTAD closely followed the on-going negotiations at the WTO, because it addressed the same issues, although more from the perspective of development. The major annual meeting of UNCTAD, that of its governing body the Trade and Development Board, had been held only a couple of weeks earlier, with an item on the agenda about post-Cancún. More than 50 delegations had taken the floor - the same delegations as had represented their countries in the WTO - and in substantive and high-quality statements stressed the wish to re-engage in negotiations. However, there was a need for caution in interpreting these statements. Four days after the Trade and Development Board's meeting, the WTO held its first formal meeting on post-Cancún, with very few countries taking the floor. None of the major industrial or major developing countries had spoken. The problem was that no one wanted to be seen to be taking the initiative in the matter. One of the reasons for the difference between the debate in UNCTAD and the lack of debate in the WTO was that UNCTAD was a forum where people could say things in a relaxed way, because they were not negotiating. Whereas in the WTO, every word uttered had to be weighed, because it might have a price. However, although discussion could continue at UNCTAD, or in a forum such as today's

meeting, nothing much would change. It had to change in the WTO. But in order to bring about change, the major players had to show strong leadership.

The Honourable Mr. Kobsak Chutikul, Member of the IPU-EU Post-Doha Steering Committee, noted that he was a last minute replacement for a senior official from the WTO who had originally been on today's agenda. Usually the WTO officials would jump at a chance to make their case to such a distinguished audience. There could be two reasons why they had decided to forego that chance: either they were too busy or else they did not have anything to say. Especially nothing encouraging, nothing that they would ask Parliamentarians to get behind and to support back in their own capitals. He suspected that it was the latter. However, the WTO hierarchy was not totally to blame, of course, for the failure in Cancún, because it was a member-driven organization. At the present time the organization was not moving because nobody was driving. And the usual drivers were not in their seats - the European Union, the United States of America. Why were they not in their seats? Was it too hot? Was it too cold? Or had they decided to let others drive the ungainly vehicle and see what happened? As had been said during the day in many different contexts, everything depended on political will.

He felt a need to diverge from the views of Mr. Ricupero somewhat, if only for the sake of debate. He considered that at the present point in time, it was not "business as usual." It was not as it had been before, and not much comfort could be taken from history, from what had occurred in the past. People of course said that the Organization had been able to bounce back from Seattle: why not from Cancún? There were two specific factors that he wished to highlight.

Certainly, the international political situation was much more at a higher degree of intensity than it had been previously. Iraq certainly was there, terrorism was there, and the alliance between the European Union and the United States, that as Mr. Ricupero had said was necessary to drive something in the WTO or the GATT, was essentially not there. There was awkwardness and ill-will left over from Iraq. The second factor was China. The country had been a member of the WTO for less than 2 years, but it had been able - although it consistently said that that had not been its intention - to galvanize a collection of developing countries, whom some called the Group of 20, some called the Group of 20 or 21, some even called them the Gang of 20, to stiffen their backbones and to come out to say No several times at crucial periods in the negotiations at Cancún.

Those factors were not going to be lightly ignored in the process of picking up the pieces after Cancún and finding the way forward.

Secretary-General Ricupero had been an optimist in a time of pessimism. Usually he was the voice of caution, in times of too much confidence about the international system. It was certainly to be hoped that he was again right and that there was some way forward. But in the final analysis, countries were now saying that they were in listening mode: they appeared to be like children in the playground each daring the other to be the one to throw the first punch, or people taking a dare, staring each other down. "You blink first and then everything will be alright." But now it was a case of "You come up with something positive, you come up with a demonstration that you need the system more than we do," and he considered that to be a very dangerous game. Because again, owing to the new international realities, nobody would be willing to blink first. At the same time nobody would be willing to throw the first punch to bring the whole system down. But that meant deadlock.

With that note of pessimism to be added to the new-found optimism of Secretary-General Ricupero, he thought there was certainly a role for parliamentarians to play in the whole situation. Cancún's failure had come at a specially difficult and inappropriate time for the IPU. In its search for the parliamentary dimension, the IPU had made progress at Seattle, at Doha and at Cancún in its attempts to have more of a say in WTO matters. But now the IPU found

that somebody had taken their foot off the pedal of the WTO bicycle and that was certainly very dangerous for all.

Mr. Anders Johnsson, Secretary-General of the IPU, recalled that when the IPU some 10 years ago had wanted to bring a parliamentary dimension first to the GATT and then to the WTO, there had been no takers. The GATT and the WTO were simply not interested and IPU had been repeatedly told that it was an intergovernmental negotiating process in which there was no place for parliaments. Returning from Cancún to Geneva, he had met a number of people who had said there was a very important role for parliaments to play here, in building the political will that was necessary to take the process forward. He had also been told that in the low-key unofficial negotiations that were currently taking place, it was particularly important that the European parliaments give a little bit of a push, because one of the absentees from Geneva at the present Geneva was indeed the European Union. There was a need for them to take on that leadership role. He felt that there was a sense that things could very well move and recover from the failure in Cancún, but it could happen only if there was a demonstration of somewhat more political will.

The Chairman thanked the two speakers. He felt that the day's meeting had been a fruitful exchange of ideas and views between the parliamentary world and the high officials of the United Nations, the Bretton Woods institutions and the specialized agencies. He thanked the parliamentarians for attending and for their participation in the agenda covering the main political and economic and social issues on the multilateral agenda.