



The one relatively bright spot in financial flows for development is that FDI flows have remained positive despite the downturn in other flows. Nonetheless, they have declined substantially despite steps taken by developing countries in the aftermath of Monterrey to attract and absorb increased FDI flows. This brings back the holistic nature of our discussions, for the decline in FDI flows appears in large part to be the result of the decline in global growth, particularly in the developed countries, and suggests a direct inter relationship between global demand and global financial flows. When investors are retrenching at home, their interest in foreign adventures tends to be reduced, irrespective of the domestic policies undertaken to attract foreign investment flows.

The same process appears to be at work in the factors determining the growth of global trade, which has for some years surpassed the growth of global incomes. As a result of the slowdown of global expansion, the growth in global trade has fallen more or less in step with the decline in capital flows. The relation is especially important for the prices of the major export commodities of the most vulnerable least developed countries, as well as for a majority of land locked economies and Small Island Developing States. In this regard I would like to draw your attention to the Summary of the recent General Assembly Panel discussion on commodities that the President will transmit to the Second Committee.

Although it is true that it is global growth that will drive trade expansion and not the other way around, it is indispensable to resume the WTO trade negotiations from the point where they

The monitoring of the consistency of national policies with respect to employment growth was a mandate that was to be given to the Economic and Social Council under the Havana Charter. But the Charter was never implemented and the Article IV surveillance provided for in the IMF Articles of Agreement has tended to concentrate on the appropriateness of national policies for domestic stability, rather than on their compatibility with sustained high levels of global growth. Given the greater participatory and universal character of the United Nations process, this is an area in which the Economic and Social Council, with the support of the Financing for Development Office, could provide an appropriate forum for the discussion of increased policy coherence that could produce a global growth environment conducive to the attainment of the domestic policy objectives set for developing countries. Now that the international community is reflecting about the profound reforms called for by the Secretary-General, this could indeed represent a useful building block of the new