



GROUP OF FIFTEEN
The Summit Level Group of Developing Countries

G-15/02/PR74/2

Date issued: 22 May 2002

Distribution: GENERAL

SEVENTY-FOURTH MEETING
OF THE PERSONAL REPRESENTATIVES OF THE
HEADS OF STATE AND GOVERNMENT OF THE GROUP OF FIFTEEN
Geneva, 5 April 2002

SUMMARY RECORDS

1. The 74th Meeting of the Personal Representatives (PRs) of the Heads of State and Government of the Group of Fifteen was held on Friday, 5 April 2002 in Geneva, under the Chairmanship of Ambassador Werner Corrales Leal, the Personal Representative of the President of Venezuela.

2. The Chairman informed the PRs that, at the end of the meeting, he would present H. E. Mr. Arevalo Mendez Romero, the Vice Minister of Foreign Affairs of Venezuela, who had come to Geneva to deliver a special message from H. E. President Hugo Chavez, Chairman of the Group. He also disclosed that he would avail himself of the opportunity to introduce his successor, Ambassador Blancanieve Portocarrero, who has been appointed as the Permanent Representative of Venezuela to the United Nations Office and other International Organizations in Geneva, and the Personal Representative of the President of Venezuela to the Group of Fifteen. In light of the latter development, he informed the PRs that this meeting would be the last under his Chairmanship, as he had come to the end of his duty tour in Geneva. He remarked that it had been a great honour for him to have known and worked closely with all the PRs in the course of his assignment in Geneva, particularly, as Chairman of the PRs. He observed that he shall for ever cherish the cooperation, support and friendship extended to him. In their various interventions, the PRs expressed their appreciation to the Chairman for his dedication to the cause of the G-15 and his exemplary stewardship of the affairs of the Group. The PRs observed that they would miss him as the Group prepares for the XII Summit in Caracas and wished him the best in his future endeavours.

Item 1 – Adoption of the Agenda

3. Before presenting the Provisional Agenda for adoption, the Chairman noted that most of the substantive items of the Agenda will not be considered in detail, as several PRs were not in attendance, owing to the consideration of the very important question of Palestine at the ongoing session of the Human Rights Commission. With this comment, the Provisional Agenda was adopted.

Item 2 - Substantive preparations for the XII Summit

- **Briefing on arrangements for the XII Summit and its preceding meetings**

4. The Chairman remarked that additional information on arrangements for the XII Summit will be provided by the visiting Vice Minister of Foreign Affairs of Venezuela. He observed, however, that the Government of Venezuela had made supreme efforts to consider and accommodate the alternative dates proposed for the XII Summit in order to guarantee maximum attendance of Heads of State and Government. He pointed out that, in an attempt to avoid a clash of dates with other important meetings of developing countries' groupings such as the NAM, the Chairman of the G-15 decided that the XII Summit will be held from July 13-14 2002. He reconfirmed this date as definitive.

- **Consideration of the Draft Joint Communiqué of the XII Summit, submitted by G-15 Experts**

5. With the understanding that substantive discussion on the revised Draft Joint Communiqué of the XII Summit will be deferred to the next meeting, the Chairman of the Expert Group that undertook substantive work on the initial text briefed the PRs on the outcome of their work. He informed the meeting that the experts had four informal sessions in the course of which they considered all the proposals received from member countries whilst keeping to the agreed structure and guidelines earlier established by the PRs. He observed that while significant progress was made by the experts in improving the Draft Joint Communiqué, there were still some areas that they had to refer back to the PRs for further consideration and decision. These included the following issues:

- Paragraph 8 on Terrorism: It was noted that while the underlined sentence was agreed upon, the experts could not agree on where to locate it within the paragraph.
- Paragraphs 8 and 13: The experts could not agree on the retention or deletion of the texts in ***bold italics*** as reflected in the two paragraphs.
- Paragraph 16 on the Commission: Some experts were of the view that PRs would have to decide on the substantive findings of the Commission for reflection in the draft document.

6. The meeting was informed that, annexed to the revised Draft Joint Communiqué was a paper containing the following three proposals that the experts could not consider due to time constraints and therefore, decided to refer to the PRs for further deliberation:

- Peru's proposal in place of the underlined text in paragraph 8:
"We also recognize the urgent need to combat activities that provide material and financial resources for terrorism, such as illicit trade of all kinds of arms, including small arms and light weapons, and illicit drug trafficking";
- Egypt (supported by Iran):
"We reiterate our support for Egypt's (and Iran's) call to convene an International Conference to address Terrorism and Cross-Border Organized Crime as called for by the United Nations General Assembly Resolution A/54/615";

- Zimbabwe:

“We note with concern the use by certain developed countries of internationally established news agencies as instruments for furthering propaganda and disinformation against legitimately elected governments of developing countries, in attempts to bring them down, destabilize, cause anarchy and disorder so as to further their dirty political colonial agendas”.

7. In their various comments, PRs commended the experts for their efforts in presenting an improved text, which was considered a good basis for further work in the preparatory process for the XII Summit. The PRs noted that, in addition to the proposals annexed to the draft document, more proposals will be submitted in due course for consideration and inclusion by the experts, in the Draft Joint Communiqué. Beyond these general comments, the following specific suggestions were made on the Draft Joint Communiqué:

- Paragraph 3 dealing with the WTO should be refined and streamlined, possibly by G-15 experts on WTO matters, to exclude issues already settled in Doha, while highlighting areas of achievement, such as the Declaration on the TRIPS Agreement and Public Health, with appropriate recommendations for follow-up actions;
- That the paragraphs dealing with the Doha Ministerial Conference of the WTO and the International Conference on Financing for Development should focus more on what was and was not achieved, with appropriate recommendations;
- The need to include new developments since the Jakarta Summit, such as the New Partnership for Africa’s Development (NEPAD) and the commencement of the process for the elaboration of an International Convention to combat Corruption;
- That the proposals annexed to the revised Draft Joint Communiqué should be integrated into the relevant paragraphs of the next version of the document for further consideration, along with new proposals to be submitted by member countries.

8. The Chairman urged member countries wishing to submit new proposals on the Draft Joint Communiqué to do so early to enable G-15 experts resume their substantive work on the Draft Joint Communiqué.

Item 3. - Administrative and Financial matters

- **Consideration of an alternative investment proposal**

9. The Chairman recalled the concerns expressed at the 23rd Meeting of the Ministers of Foreign Affairs held on 15 November 2001 in New York, on the low interest rates earned on the Group’s investments, in the face of better investment yields in emerging markets. He noted that, as the Group increasingly relied on income from investments to reduce the level of annual contributions by member countries, it made good sense to seek better investment portfolios. He remarked that, as a result, the Troika with the support of the TSF, explored alternative investment opportunities in G-15 member countries and other emerging markets. He referred the PRs to Document **G-15/02/PR74/3** containing details of the alternative investment proposal.

10. The Chairman stated that, of all the investment proposals considered, taking into account the rate of return, performance of the investment securities over a long period and the need to avoid high risks, the Troika considered the Mexican Fixed Income Dollar Fund as the most attractive that could be explored by the Group. He explained that the Mexican

Fund seeks to provide investors with a high level of current income through investment in Mexican short-term fixed-income instruments, with average maturity of 1-5 years. The Fund instruments, he added, could be readily sold at any time, thus assuring a certain degree of liquidity, making this compatible with the Financial Rules and Regulations of the G-15. He highlighted that its average rate of return over the last 4 years ranged from 6.41 – 10.51% per annum. He further noted that the yield as at 27 March 2002 stood at 5.23% p.a., a figure that was triple the current yield on the Group's existing fixed-deposit investments.

11. The Chairman remarked further that since virtually all investments have an element of risk or speculation, the Troika considered it necessary for the PRs to recommend to the Ministers of Foreign Affairs that Section XI, Rule XI.1 of the Financial and Administrative Rules of the Group of Fifteen which states that, funds shall be placed in non-speculative investments, should be revised in line with reality. Strict adherence to this rule, he noted, would limit the Group's investments to fixed deposits with very low rates of return, in the face of far better yields with very low risks and little element of speculation. He recalled that in the recent past, the Group had considered it reasonable and safe to invest in such securities when it decided to invest in the Merrill Lynch Bond with a better rate of return. In light of these considerations, he said, the Troika also recommended that the term, "non-speculative investment securities" used in the Rules should be amended to read, "low risk investment securities".

12. In light of the foregoing considerations, the Chairman invited the PRs to consider the following proposals for decision at the next meeting:

- (a) **To endorse the Troika's proposal to make an initial investment of US\$ 1,000,000 in the Mexican Fixed Income Dollar Fund, from the US\$ 2,314,674 rollover investment with Merrill Lynch, that will mature on 25 April 2002; and**
- (b) **To recommend to the Ministers of Foreign Affairs that Section XI, Rule XI.1 of the Financial and Administrative Rules of the Group of Fifteen which states that, funds shall be placed in "non-speculative investment securities", should be revised in line with reality to read, "low risk investment securities".**

13. While the meeting commended the Troika and the TSF for the new investment initiative, the following additional comments were made:

- While some delegations reacted positively to the investment proposal, others however stressed the need for a careful evaluation of any new investment proposal before taking a decision;
- That more information should be provided on the Mexican Fixed Income Dollar Fund;
- Information on the other investment proposals considered by the Troika should be made available;
- The need for caution on the Troika's recommendation to amend the Financial Rules relating to "non-speculative investment" was highlighted, as this was a prudential measure meant to ensure the security of the Group's investments; It was however mentioned that the term "non-speculative investment" should not rule out prudential investments with low risks;
- That information should be sourced on how similar organizations invested their funds;

14. In his summary, the Chairman stated, inter alia, that the Troika's recommendation on the new investment proposal was founded on a careful and sound analysis, as a result of the concern expressed at the ministerial level. He reiterated that there was no investment, including the Group's Merrill Lynch Bond, that does not have an element of risk or speculation. The foregoing notwithstanding, the Chairman stated that the TSF will prepare a new document providing more information on the Mexican Fund and the other investment options available, as well as the investment practice of other organizations.

- **Budget Variance Report for the 4th Quarter of 2001**

15. The Chairman observed that after the TSF had received some clarifications from the official Auditors of the Group on the Budget Variance Report for the 4th Quarter of 2001, and that the document was now ready for presentation to the PRs. He then formally presented the Budget Variance Report, as contained in Document **G-15/02/PR74/INF.1** to the PRs. After a commendation to the Chairman and the TSF for good management of the Group's finances, as evident in the savings made on the 2001 Budget, the Budget Variance Report for the 4th Quarter of 2001 was noted by the PRs.

- **Submission and consideration of the Report of the Selection Panel for the recruitment of the Head of TSF**

16. The Chairman informed the meeting that the Selection Panel for the recruitment of the Head of TSF had successfully concluded the assignment mandated to it by the PRs. He noted that the Troika had considered and endorsed the recommendation of the Selection Panel and thereafter invited its Chairman to formally present the Report of the Selection Panel for consideration by Personal Representatives. While general support was expressed at the meeting for the candidate recommended for the post, a decision could not be taken as a delegation stated that it had no instructions on the matter. As a result, decision on the appointment was deferred to the next PRs' meeting.

Item 4. - Other Business

17. With the conclusion of the consideration of the substantive items of the Provisional Agenda of the meeting, the Vice Minister of Foreign Affairs of Venezuela, H. E. Mr. Arevalo Mendez Romero, was received by the PRs. After expressing his gratitude to the PRs for receiving him at short notice, the august guest emphasized the high importance attached by the Government of Venezuela to the Group, owing to the latter's advocacy of the interests of developing countries. He stated that His Excellency, President Hugo Chavez, feels highly motivated and encouraged by the accomplishments of the Group in the past few months, as evidenced by the series of experts meetings held in preparation for the XII Summit. He noted that the encouraging results from these events would serve as a solid foundation for further activities of the Group on a permanent basis. The Vice Minister also remarked that, judging from the results of the joint endeavour of the special unit for the Summit in Caracas and the PRs in Geneva, the Group could, with proper motivation, attain its founding objectives. This realization among others, he said, underscores Venezuela's strong commitment to the Group.

18. Furthermore, the Vice Minister informed the meeting that a document on the administrative and logistical arrangements for the XII Summit will be circulated. He stressed that the Government of Venezuela attached a high priority to attendance at the Summit and

its preceding meetings in Caracas to enable the Group take very important decisions on practical instruments, such as the Commission, for the attainment of the Group's goals. He remarked that the expectation of the Government of Venezuela is that the decisions to be taken at the XII Summit would propel the Group towards the realization of its goals. The Vice Minister assured the PRs of Venezuela's continuing commitment to the cause of the G-15 after its Chairmanship of the Group. In conclusion, he reiterated the expectation of President Chavez on maximum attendance by Heads of State and Government at the forthcoming Summit. The PRs assured the Vice Minister that they would facilitate the attendance of their Heads of State and Government at the XII Summit.

19. The Vice Minister availed himself of the opportunity to formally present Ambassador Blancanieve Portocarrero who has been appointed as the Permanent Representative of Venezuela to the United Nations Office and other International Organizations in Geneva, and the Personal Representative of the President of Venezuela to the Group of Fifteen. In her remarks, the PR designate of Venezuela expressed her readiness to learn from the PRs when she assumes duty shortly. She highlighted several challenges confronting developing countries, and member countries of the G-15 in particular, as well as the commitment and resolve of President Chavez to strengthen the Group in order to address them. Ambassador Portocarrero emphasized the importance of strengthening South-South cooperation, especially through the consolidation of the Group of Fifteen, in order to attain the goals of justice and equity in the era of globalization in which the dualistic categorization of countries into North/South and Centre/Periphery is fast giving way to interdependence among countries. She urged G-15 member countries to act with courage and determination to develop mutually beneficial relations with the countries of the North, as the latter needs the South as much as the South needs the North. She enjoined the G-15 to intensify efforts to raise its international profile, to follow-up on the implementation of decisions as well as ensuring high attendance of Heads of State and Government at Summits. She concluded that the attainment of these goals would make the Group an important instrument for protecting and advancing the interests of developing countries.

20. In his concluding remarks, the Chairman observed that he was departing his post with a deep sense of satisfaction as he had learnt a great deal from all and sundry. He noted that developing countries have demonstrated strong interest and commitment to development issues, particularly in the WTO. In this regard, he noted that while development remains an objective, liberalization should be seen as an instrument to that end. He expressed hope that developing countries, and the G-15 in particular, would be more united and effective to enable our countries benefit from globalization. The meeting was adjourned on this note.
