

Gareth Thomas: EU, financial crisis and G20

I'm very pleased to be here at the launch of the BOND manifesto ahead of European elections in June. Very much like the look of the manifesto – sure it contains many areas we can work together on.

The Euro area has been in recession since last April. Output is shrinking in many parts of the world. And here in the UK, the Governor of the Bank of England has said we are in the greatest financial crisis since the first world war.

Developing countries are also suffering profoundly. As many as 300,000 miners in the Democratic Republic of Congo are now without work. In India, over 500,000 jobs were lost during the last 3 months of 2008 in areas such as jewellery and textiles.

We know too that diamond workers who have lost their jobs in Gujarat are withdrawing their children - girls in particular - from school, as they can no longer afford the cost. Sources of finance – remittances, exports, aid and capital flows – are all being affected by the crisis.

Private capital flows to developing countries are likely to fall from \$1 trillion two years ago to less than \$200 billion this year. World trade in goods and services is expected to fall by almost 3 per cent. And this could have a devastating effect on people's lives. Indeed, the World Bank estimates that almost three million extra children may die between now and 2015 if the crisis persists.

Some of you may have joined the Put People First march on Saturday, and called on leaders to take action at the London Summit to protect people from the global recession. On Saturday morning, I and my colleagues, Ed Miliband and Stephen Timms, met with the organisers of the March. We assured them, as I assure you now, that the government will press for Leaders to agree to immediate action to support the global economy, sustain employment and protect the poorest. And to bring about much needed reform to the international financial system to prevent future crises.

We welcome the ideas NGOs have put on the table. And similarly those raised by African Leaders with the Prime Minister. We will push to ensure that emerging markets and the poorest countries have the resources they need. We are pushing for ambitious and fast acting lending plans from all the Multilateral Development Banks. Plans which do NOT impose detailed conditionality.

We have pledged £200 million for a new fund at the World Bank to help provide social protection for the poorest and most vulnerable. And if we can reach agreement on a new issue of Special Drawing Rights, we will deliver important resources for the poorest countries.

G20 Finance Ministers agreed on “the urgent need to increase IMF resources very substantially” to support emerging market economies and developing countries. The IMF Board has already agreed in principle to double IMF resources to \$500bn, but we also need to ensure that adequate IMF concessional resources are made available to help the poorest countries. And we are proposing a new Global Poverty Alert to tell us more quickly and accurately about needs on the ground.

The EU has a crucial role to play. It is the world's largest provider of aid; It is the world's largest single market; And it is the most significant trading partner for developing countries. And the European Parliament plays a key role in monitoring European Community spending on development, and advocating for new and better ways of working.

I believe there are five areas in which the EU needs to focus action, following on from the London Summit:

- Firstly, a common position on the financial crisis and greater protection for poor countries.
- Secondly, continued European leadership on development
- Thirdly, resisting protectionism and promoting freer and fairer trade
- Fourthly, agreeing an effective deal on climate change
- And fifthly, promoting peace and security through stable and accountable governments.

Firstly, we need to work together to help countries through the global recession. So I welcome the common EU position on development going into the summit – re-affirming our commitment to the MDGs and keeping our promises on aid.

Secondly, we need continued European leadership on development. We showed last year in Accra and Doha what this can achieve. Member states need to deliver on current aid commitments. And we need to put pressure on others to keep their promises too.

Thirdly, we need fairer trade, and EU trade agreements that deliver real benefits for developing countries. This week we need a strengthened political commitment against protectionism. And we need to work toward a renewed effort on the Doha Development Agenda, where a successful deal would be worth around \$150 billion a year to developing countries and create a lifeline out of poverty for millions. We also need to ensure our Economic Partnership Agreements are flexible enough to allow developing countries to set the pace for opening their markets.

Poor countries need help to build up their infrastructure and improve transport links so that producers can get their goods to market. EU countries must deliver on our commitment to spend 2 billion Euros on Aid for Trade by 2010. The UK has committed to provide £400 million. And next week we are supporting a conference in Zambia to reduce transport costs across Southern and Eastern Africa. Europe's Trade Commissioner Cathy Ashton will be there – and I hope the EU plays its full part.

Fourthly, the EU needs to work together on climate change. EU negotiators played a key role at Bali. Now, as part of tackling the financial crisis, we are pushing at the London Summit for recovery programmes to be consistent with moves to a low carbon economy, and reaffirming commitments to tackle climate change through a successful and ambitious agreement in Copenhagen. This means scaling up our assistance to help developing countries adapt to changing climate.

Fifthly, we need to work together to promote peace and security, and support democratic and accountable governments around the world. On average a civil war costs more than £25 billion, and 20 years in lost development, quite apart from the individual tragedy, misery and trauma. So we must work in fragile states to address the underlying causes of conflict, and help them get back on track to stability and economic growth. There can be no development without security, and no long term peace without development.

Europe makes a difference when we work together. And the EU has the power to make a real contribution to development on a global scale. I hope those of you here today will continue to advocate for change and keep the fight against global poverty at the top of the European, and international agenda.