

UNITED NATIONS



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THE DEPUTY-SECRETARY-GENERAL

REMARKS TO SEMINAR ORGANIZED BY
THE UN ECONOMIC COMMISSION FOR EUROPE
AND ITS REAL ESTATE MARKET ADVISORY GROUP
WITH THE SUPPORT OF THE
INTERNATIONAL REAL ESTATE FEDERATION

New York, 16 December 2008

Excellencies,
Distinguished representatives of intergovernmental organizations, the private sector
and the media,
Ladies and Gentlemen,

I am pleased to welcome you to this timely seminar organized by the United Nations Economic Commission for Europe.

As you know, the global financial crisis was generated by turmoil in the real estate market and was triggered initially by the sub-prime mortgage crisis in the United States. Addressing issues in the real estate sector can therefore help in the recovery.

Last month at the G-20 financial summit, the Secretary-General stressed how the crisis is unique and overpowering in its immediate as well as potential impact. We are in the midst of a full-scale economic crisis, spreading across the globe. We need immediate and long-term measures to keep it from evolving into a much broader human crisis. This crisis has shown us the need to address systemic risks urgently, and to put in place adequate oversight, regulation and other measures.

The progress and well-being of all countries are interdependent. Risks in some areas can have a spillover effect on others. Indeed, we have now experienced how market failures in one country have a severe socio-economic impact on other parts of the world. Beyond the seriousness of the real estate crisis and the economy, we must not overlook the effect on the social dimension of people's lives.

It is now all the more imperative to strengthen the global partnership for achieving the internationally agreed development goals, including the Millennium Development Goals. An encouraging step in that direction was taken at the recent Doha conference on financing for development, which reaffirmed the Monterrey Consensus.

Today's event focuses rightly on the roots of the financial crisis: the real estate problems that set off an uncontrollable chain reaction in world markets.

It has become apparent that the housing sector needs to take into consideration the broad spectrum of stakeholders with which it interacts -- not only the institutions providing financing, but also the people who are purchasing the houses.

I am grateful to the Secretariat of Economic Commission for Europe and its Real Estate Market Advisory Group for bringing together a variety of experts for this seminar. I look forward to a lively debate, spurred on by the able guidance of our moderator, who is a financial expert from *The Wall Street Journal*. We should take full advantage of the tremendous expertise and differing perspectives offered here today.

To get the discussion rolling, allow me to highlight a few pressing issues:

First, affordable housing. Making housing more affordable to a larger portion of the population is an important objective that has been highlighted in different UN forums. However, we need to consider whether the financial tools that were employed to achieve this goal were sound, and come up with alternatives that strike a balance between attaining this objective and managing systemic risks. What might these alternatives be? Can they be adapted to varying regional circumstances?

Second, what combination of oversight, regulation and market-based incentives will promote sustained and equitable economic growth with greater social benefits?

Third, what qualities must the real estate market and credit system have in order to sustain the confidence of investors and trust of citizens?

Fourth, what roles can the United Nations play in addressing these issues? The UN system, including the Economic Commission for Europe's committees, working parties and advisory groups on real estate, has great expertise, including on best practices. It is indeed critical that knowledge be put at the disposal of Member States through policy guidance and greater exchange of information.

Ladies and Gentlemen,

I urge you to be frank and open today. Together, we can generate solutions, policies and new ideas that can address the current crisis and make real estate markets and credit systems promote growth, stability and sustainability for all.

Thank you.