

United Nations



Nations Unies

INTEROFFICE MEMORANDUM

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TO: Heads of Departments, Funds and Programmes

DATE: 18 February 2005

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REFERENCE:

THROUGH:

S/C DE:

FROM: Mark Malloch Brown

*Mark Malloch Brown*

DE: Chef de Cabinet

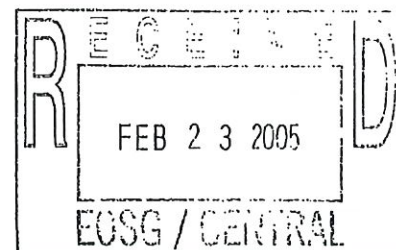
SUBJECT: Clearance of reports by the Executive Office

OBJET: of the Secretary-General

1. It is important that major reports issued in the name of the Secretary-General systematically come to the attention of this office. This not only helps ensure consistency in our policy analysis and recommendations but also helps avoid situations where the Secretary-General is not aware of the substance of such reports.

2. I would accordingly request that you bring to the attention of the Secretary-General the key conclusions and recommendations that he would need to approve. This should be done in a covering note when the report or publication is sent to the Executive Office of the Secretary-General for clearance.

Thank you.



25-02347

01/26/2005 16:14:54

**UN warns US to cut record deficit**

CHARLOTTE MOORE

Source: THE GUARDIAN Date: January 26, 2005

The **United Nations** said yesterday that the US must reduce its fiscal deficit rather than rely on a depreciation of the dollar if "an abrupt and globally damaging correction" to the world economy was to be avoided.

The report came as the US congressional budget office released numbers showing it will be hard for President Bush to keep his promise of halving the deficit in five years.

A senior administration official said the shortfall is on track to reach a record \$427bn (pounds 296bn) in the 2005 fiscal year, partly due to costs in Iraq, against 2004's record \$412bn.

In its annual report on the world economy, the **UN** said Americans must also be encouraged to save more and steps must be taken to increase domestic demand in the US's largest trade partners.

The weakening dollar will devalue the huge US dollar-based assets held by Chinese and Japanese central banks, says the report. This could lead to softening global demand, which would curb appetite for US exports and thereby undo some effects of a weaker dollar.

Jose Antonio Ocampo, **UN** under-secretary general for economic and social affairs, said: "The possibility of an abrupt and globally damaging correction persists since a depreciation of the dollar alone seems unlikely to be sufficient to reduce the global imbalances to sustainable levels in an orderly fashion."

To help replace the demand for global goods that the US provides, countries that have large trade surpluses with the US - especially Japan and the eurozone - should stimulate domestic demand, preferably by investment, the report says.

The reconstruction required following December's tsunami provides an opportunity for large-scale investment in countries around the Indian Ocean, it adds.

The cyclical economic recovery is peaking, said the report, which forecasts this year's global GDP growth to moderate to 4.25%. Last year it was 5%, the best for three decades.

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DSG  
cc MMB  
Heads of Depts should be advise that in future they should provide executive summary of such reports before they are released.

Thanks  
  
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