



Permanent Mission of Eritrea
to the United Nations

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**Statement by
H.E. Mr. Araya Desta, Permanent Representative to the United Nations
Chairman of Delegation**

**United Nations Conference on the World Financial and Economic Crisis
and Its Impact on Development**

New York, 29 June 2009

Mr. President,

A problem that seemed to be only a domestic one a year ago has now become global; thus prompted this high-level conference at the United Nations. My delegation wishes to commend you for bringing us together to address one of the most challenging issues of our time—the world financial and economic crisis. Profound appreciation is in order, Mr. President, for giving us a draft outcome document for adoption by this high-level conference. My delegation wishes to further commend the co-facilitators of this draft, Ambassador Frank Majoor of the Netherlands and Ambassador Camillo Gonsalves of Saint Vincent and the Grenadines for their remarkable work that led us to a consensus document.

At the outset, my delegation subscribes to the statements made by the Honourable Minister of Bangladesh who spoke on behalf of the Least Developed Countries (LDCs). At this juncture, I wish to thank the sisterly delegation of the Sudan for the commendable leadership in the negotiation process of the draft outcome document on behalf of the Group of 77 and China.

Mr. President,

The financial crisis that started at the Wall Street in this city as a result of what President Obama characterized as “a culture of irresponsibility” spread like wild fire across continents to the Main Streets of nations. The cause of this crisis is rooted in human greed. Greed that had no human face and ignored the timeless wisdom that says, *“Do unto others as you would have them do unto you”*. In a financial market that operated in a state of speculation and with no regulations to limit it, the greedy went out *without mercy to cause the damage we bear now*.

The damage is colossal. As a result, the world is witnessing the unfolding of the worst economic and financial crisis in recent memory. The effects of these crises are compounding those of the recent food and fuel prices with severe ramifications for the poorest and most vulnerable populations in terms of unemployment, decreased sources of income, access to nutritious food and to basic health services. According to the World Bank, higher food prices are estimated to have increased global poverty by about 130-135 million people.

The crisis, which became full-blown in September 2008, is rapidly spreading to developing countries, like my own, and emerging market economies which are affected by lower export revenues because of lower volumes and prices, less tourism, increased unemployment, decreased capital flows along with

fiscal budgetary constraints. While the rich nations were able to mobilize resources domestically to bail out and buy out their failing financial institutions, the poor nations did not have that ability and/or capacity.

Mr. President,

According to the UNCTAD reports, the ongoing global financial and economic crisis has the potential to usher in a period of a global recession that may seriously undermine the process of economic growth and transformation of all countries. Preliminary evidence indicates that Africa's growth in 2009, for example, will be reduced by 2 to 4 per cent points. The crisis will also jeopardize efforts to widen economic and social opportunities and improve the livelihoods of ordinary people in our respective countries. In particular, the crisis may put a limit on and also reverse efforts in development gains from trade, promoting achievement of internationally agreed development goals including the Millennium Development Goals (MDGs) that my country, the State of Eritrea, holds dear.

It should be emphasized that the current crisis has triggered a slowdown in global economic growth that is manifesting itself in a demand-driven fall in international trade exacerbated by the deficit of credit and trade finance; falling commodity prices; declining remittances; shrinking foreign direct investment (FDI); and the potential of declining official development assistance (ODA). These effects have been added onto the ongoing global food crisis, volatile energy prices, and climate change challenges. According to the International Energy Agency, current global trends in energy supply and consumption are patently unsustainable-- environmentally, economically and socially.

The total impact is such that most developing countries are being heavily hurt through declining exports, rising unemployment, and thus falling family incomes, bringing millions of people back into poverty or worsening the conditions of those in extreme poverty. This has given rise to the most significant challenge facing the international community today--how to focus on propping up development and poverty-reduction efforts globally, especially in developing countries, and on setting in place the conditions that will avert future crises and facilitate a sustainable process of economic transformation for our countries.

Mr. President,

We cannot change the past, but we have the power to chart the future. This conference should not be like any other. This conference should be a conference that leads to a fervent action. The crisis at hand is such that requires immediate collective action. The immediate action should include a strong follow-up mechanism of this conference and the reform of the IFIs, specially the governance of the IMF. Although unprecedented measures have been taken to avert the worsening of the crisis, the global recovery will be protracted and further policy action will be required to help restore confidence and to relieve the financial markets of the uncertainties that are affecting the progress for economic recovery. The outcome document before us, a document of long and arduous negotiation, can serve as the road map to our actions of restoring confidence, building recovery, and above all, promoting inclusive development, where gains are shared widely among all countries and all peoples. Therefore, let us go to work.

Thank you for your attention, Mr. President.