



**Statement**

**by**

**H.E. Ambassador Nawaf Salam  
Permanent Representative of Lebanon  
to the United Nations**

**at the**

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

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*Check Against Delivery*

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866 United Nations Plaza, Suite 531, New York, NY 10017*

Mr. President,  
Excellencies,

Allow me first to express my delegation's appreciation to the President of the General Assembly, Father Miguel D'Escoto Brockman, for organizing this United Nations Conference on the World Financial and Economic Crisis and its Impact on Development.

Mr. President,

The magnitude, severity and adverse impacts of the current international financial and economic crisis have put the whole world to a tremendous challenge that requires the adoption and implementation of swift measures aimed at addressing the systemic vulnerabilities of the international economic order. This crisis emerged as a financial crisis in the advanced, developed countries. However, due to the globalization of markets and the accompanying transmission mechanisms, it rapidly spilled over and spread to the developing countries. In so doing, it hit the real economy and led, in turn, to a social crisis. If not addressed promptly and appropriately, this crisis may lead to political unrest and turmoil.

In fact, due to the financial and economic crisis, the developing countries are facing new and additional challenges to which they are responding by diverting resources originally earmarked for development towards coping with this crisis and mitigating its multidimensional impacts. The crisis is negatively affecting the financial and economic stability of developing countries. It will also set back their efforts towards the eradication of poverty and hunger and the achievement of the internationally agreed development goals, including the Millennium Development Goals, as it will affect the achievement of their national development strategies and goals. The livelihood of the poorest of the poor is being threatened. Women are facing greater income insecurity and increased domestic burdens. Access to health services and education also face the peril of being reduced. Moreover, the financial and economic crisis is further compounded by the food crisis, by the volatility in the energy prices, and by the adverse impacts of climate change.

Mr. President,

The economic, human and social impacts of the crisis are alarming. They are manifest at different levels:

- 1- At the level of employment, ILO reports indicate that the worldwide number of unemployed will increase by 59 million more people and that 200 million people will join the ranks of the working poor in 2009.
- 2- At the level of hunger, the Food and Agricultural Organization indicated in a recent report that the number of undernourished worldwide could reach 1020 million which is about 100 million more than last year.
- 3- At the level of foreign direct investment, the IMF estimates that the amounts that would go to developing countries will decrease by 32 per cent in 2009.
- 4- At the level of remittances, the World Bank estimates a 5 to 8 per cent decrease in migrants' remittances to developing countries.
- 5- At the level of financial markets, developing countries are facing higher costs for external credit from both public and private sources.
- 6- At the level of international trade, the WTO projects a 9 per cent decrease in the total volume of trade.

Mr. President,

The root causes of the current international financial and economic crisis are multidimensional and lie principally in deficient regulations and mounting international imbalances. This crisis represents a global problem that requires a global response through concerted and coordinated efforts among all states in order to address these causes and take prompt, decisive, and adequate action.

Mr. President,

The mitigation of the multidimensional adverse impacts of the international financial and economic crisis requires the adoption of a global stimulus package in order to help developing countries achieve economic recovery, sustained economic growth and sustainable development. Moreover, the crisis should not be used as a pretext for developed countries to retreat on their commitments. In fact, developing countries have a narrow fiscal space and cannot be left alone to address the crisis. Therefore, developed countries need to scale up their assistance to developing countries through the provision of adequate and predictable financial resources without conditionality. The allocation of such resources could help developing countries acquire the necessary fiscal space that allows them to implement the counter-cyclical measures necessary

to address the adverse impacts of the crisis and help them strengthen their social safety nets and their social protection programmes. Likewise, the adoption of debt cancellation and debt relief will provide developing countries with additional resources. The current crisis also highlights the need for a new global reserve system.

Mr. President,

We are encouraged by the G20 commitment in the April 2, 2009 London summit which made available an additional \$1.1 trillion for world economic recovery. Yet, we note with great concern the adoption by 17 out of the 20 members of the G20 of protectionist measures in response to the crisis. The developed countries should avoid the adoption of protectionist measures, including financial protectionism. In fact, the current crisis highlights the need for the resumption of the Doha round of trade negotiations.

Mr. President,

The crisis revealed the pressing need to reform the international financial and economic system and architecture in order to meet the new financial and economic realities and challenges of the 21<sup>st</sup> century. It is about time to reform the Bretton Woods institutions substantially, particularly their governance structure, in order to augment their effectiveness and enhance their legitimacy by increasing the voice and participation of developing countries in the process of decision-making and norm-setting.

Mr. President,

Lebanon has so far been able to minimize the adverse impacts of the international financial and economic crisis due to its adoption and implementation since the early 1990s of an adequate framework of regulations and supervision of its financial market. The sound financial situation of its banking system has increased consumer confidence and led to an increase in deposits of foreign private capital. Yet, Lebanon could not be completely shielded from the adverse impacts of the crisis, especially since 20% of its GNP comes from the remittances of Lebanese migrants, many of whom are also at risk of losing their jobs due to the hardship of the economic situation in their host countries. Hence, any decrease in remittances, in Foreign Direct Investments (FDI) and in trade will adversely affect Lebanon's economy and will undoubtedly have a significant human and social cost. My government has adopted a development-oriented nationwide plan to reinvigorate the economy in order to address the adverse impact of the crisis. It includes, *inter*

*alia*, a significant increase in the wages of public and private sector employees and in the implementation of infrastructure development projects.

Mr. President,

The present crisis, however, represents a global problem that requires a comprehensive response through concerted and coordinated efforts among all states. The United Nations, by virtue of its universal membership and legitimacy, has a critical role to play in the formulation of action-oriented policies to mitigate the adverse impacts of this crisis, to enhance the regulation and monitoring mechanisms of the international financial system, and to reform its institutions.

Thank you, Mr. President.