

Statement of
H.E.M. Salaheddine MEZOUAR, Minister of Economy and Finances
At the United Nations High Level Conference on the Global Financial and
Economic Crisis and Its Impact on Development

New York, June 25, 2009

Mr President of the United Nations General Assembly;
Secretary General of the United Nations;

**Honorable Ministers;
Excellencies;
Ladies and Gentlemen;**

It is a pleasure for me to extend on behalf the Kingdom of Morocco, my sincere thanks to his Excellency Mr. Miguel d'Escoto Brockmann, President of the General Assembly and to His Excellency Mr. Ban Ki-Moon, Secretary General of the United Nations as well as the two co-facilitators (Ambassadors of the Netherlands and of Saint Vincent and the Grenadines) for the arrangements made for this Conference.

**Mr. President;
Excellencies;
Ladies and Gentlemen;**

Our conference comes at an especially crucial time. The world has been weathering one of the harshest crises in decades and expectations for crisis exit solutions are tremendous and more and more persistent.

It was therefore obvious that United Nations be chosen as the relevant framework to host this Conference so as to identify urgent measures and to define an exit strategy from the crisis.

In fact, the United Nations Organization's composition, its universal legitimacy as well as its moral responsibility, especially to the most vulnerable, make it in a better position to play a decisive role in stimulating the appropriate responses and to ensure that the Millennium Development Goals remain high among the international community's priorities.

This venue provides us therefore with an opportunity to design crucial measures to be taken to support developing countries in mitigating the effects of this crisis and boosting their economies. Likewise, we should not overlook the framework provided to us by the United Nations to tangibly continue to pave the way towards reforming the international financial system architecture, in such a way as to improve its functioning, prevent future crises and guarantee the involvement of all countries in this effort.

**Mr. President;
Excellencies;
Ladies and Gentlemen;**

The crisis we are confronted with will have long-lasting consequences on all developing countries and very few among them have sufficient means to face it. Most recent projections indicate that the financial crisis will continue to weigh down the global economy during the course of this year and the years to come, and that developing countries will be even more acutely affected and face enormous difficulties mobilizing the financial resources necessary for their development.

The financial crisis has already translated into a global credit crunch, increasing capital costs on international markets and a slackening of foreign direct investments.

In addition, a drop in remittances inflows, declining Official Development Assistance and a slump in the tourism sector are already perceptible.

The crisis has had severe social consequences in all countries, especially in African countries, thrusting millions of people into poverty. Its impact on the labor market is disastrous, with an additional 11 million unemployed in 2008 and even more dire prospects for the ongoing year. For the most vulnerable countries, this crisis is even challenging the political stability and economic and social survival.

In short, this crisis is jeopardizing the efforts made during two decades of adjustment, and is questioning the achievement of the Millennium Development Goals.

Mr. President;

In the present daunting financial and economic circumstances, the international community is called upon to show solidarity with poorer countries.

In this regard, the development commitments made, most notably within the framework of the Monterrey Consensus, the Doha Declaration on Follow-up of Financing for Development, the G. 8 Summit and the G. 20 Summit, must be upheld and continue to guide action when it comes to Official Development Assistance.

In addition to conventional assistance, which to date has proven insufficient in meeting the scope of developing countries' financing needs, it is also necessary to diversify both sources and mechanisms of innovative financing that can secure additional, stable and predictable financial resources.

As for the international financial institutions, they must be, more than ever, instrumental in supporting developing countries' efforts to reestablish and keep their macro-economic soundness, as a foundation for sustainable and continued economic growth. To this end, our country urges the international community to bolster its support to developing countries so as to keep a stable macroeconomic framework, and enable them to create the necessary fiscal spaces for financing investment programs in infrastructure, education, social sectors and for structuring their economies. Any setbacks at this level would seriously undermine the efforts made by developing countries to converge and catch up; efforts that are beneficial to the whole world economy.

Morocco considers, in particular, that the crisis has had differentiated impacts on developing countries and therefore calls for well-adapted and targeted responses relative to the specific needs of each country.

Moreover, the financial and economic crisis should not serve as a pretext to resort to protectionist measures. To this regard, the conclusion of the WTO negotiations will constitute the best rampart against protectionist practices. We must work together relentlessly towards achieving a balanced agreement on the Doha Development Round that will be conducive to sustainable growth in developing countries.

Neither should the financial bailout and economic stimulus measures adopted in some countries give way to financial protectionism that would be detrimental to financial flows towards countries in the South as well as to trade.

**Mr. President;
Ladies and Gentlemen;**

I would like to seize this opportunity to share with you the way my country is addressing the current economic context and its impacts on the short and medium terms.

Morocco has been able to establish a stable macroeconomic framework thanks to structural reforms, to the removal of barriers to growth and to a better resources allocation. It liberalized its trade at the bilateral and multilateral levels. It has also launched a number of major structural projects and outlined sector-based policies to grant necessary visibility to investors and to enhance its regional positioning. These actions have paid-off in terms of growth, enhanced social indicators, dynamic national investment and foreign investment attractiveness. They also have made our economy more resilient to exogenous shocks, in particular, to the spike in oil and food prices. In addition, the stability of our macroeconomic framework and the strength of our financial sector have enabled us to weather the first wave of impacts of the world financial crisis.

Contagion from the financial sector to the real economy has had, as elsewhere, impacts on our economy, particularly on the exports sector, tourism and remittances inflows. Facing this situation, my country put in place, since October 2008, a scheme for supporting growth through measures aimed at stimulating domestic demand, accelerating sectoral strategies and structural reforms and supporting small and medium enterprises. We also put in place a strategic public-private Alert Committee, to monitor developments and impacts and propose targeted measures and specific to each sector of activity. This combination of elements has had the effect of maintaining confidence in the economy, of supporting the dynamics of investment and credit and of preserving jobs, thus allowing us to already work in the perspective of an exit from the crisis. Thus, Morocco projects for 2009 that the economy will grow at more than 5%, the fiscal deficit will be below 2% and inflation around 2.5%. Furthermore, no strategic investment was abandoned nor delayed.

In this regard, this crisis is an opportunity to reinforce the regional positioning of my country. In our effort to overcome this crisis, we are eager to learn from the experiences of other countries and are willing to share our modest experience with desiring countries.

This is another way, for developing countries, to collectively contribute to a concerted management of the crisis and to prepare the best conditions for an exit from the crisis where developing countries, will not again, bear the highest cost.

**Mr. President;
Ladies and Gentlemen;**

The international community's efforts to restore confidence and jump-start the global economy cannot succeed in the long run if they fail to tackle the systemic causes and structural problems that have led to the crisis. This crisis has shown us how urgent it is to

reform the architecture of the international financial system so as ensure that the global economy is more resilient and less vulnerable.

Within this context, we welcome the recommendations issued by the Commission of Experts set up by the President of the General Assembly on Reforms of the International Monetary and Financial System. These recommendations deserve close examination within the framework of the international financial governance reform process. We also commend the efforts deployed within the G-20 to achieve this same goal.

This process will require pragmatism and political resolve so as to bring about a bold reform of the existing system, ensuring that its is adapted to the realities of the world of today and of the future, that it reflects developing countries contributions to the global economy, and meets the development interests and needs of these countries. In order to achieve such a goal, all countries must be involved in the reform process.

Mr. President;

Showing solidarity during difficult times is the strongest proof of our confidence in the future and of the firmness of our commitment to the Millennium Development Goals. In this regards, Morocco reiterates its appeal for international commitments related to the flow of assistance, debt alleviation and market openness to goods stemming from less advanced countries to be upheld. Within this context, special attention must be paid by the international community to Africa which is exposed to adverse consequences of the crisis after glimmers of hope in recent years. It is a collective responsibility that we bear today, here and now. An immediate and massive emergency mechanism has to be declared.

Beyond these actions, it is imperative that we give due importance to the revitalization and the strengthening of regional integration areas, which are very suitable for expressing complementarities and synergies. It has also been shown that strengthening these areas and designing common solutions within them is a response that furthers and reinforces national strategies and the actions undertaken by the international community.

In conclusion, I would like to emphasize our confidence in and support for the efforts deployed by the United Nations Organization to meet development challenges and identify adequate solutions for the crisis. We must act together, rapidly, collectively and in solidarity.

Thank you for your attention