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**STATEMENT
BY
H.E. WILFRIED I. EMVULA
AMBASSADOR AND PERMANENT
REPRESENTATIVE
OF THE REPUBLIC OF NAMIBIA TO THE
UNITED NATIONS**

AT

**ROUNDTABLE FOUR: INCREASING
STABILITY PREDICTABILITY AND
TRANSPARENCY IN THE FINANCIAL
SECTOR**

**NEW YORK
18 MAY 2012**

**REMARKS BY H.E. WILFRIED I. EMVULA, AMBASSADOR AND
PERMANENT REPRESENTATIVE OF THE REPUBLIC OF
NAMIBIA TO THE UNITED NATIONS: HIGH LEVEL THEMATIC
DEBATE ON THE STATE OF THE WORLD ECONOMY**

**ROUNDTABLE FOUR: INCREASING STABILITY,
PREDICTABILITY AND TRANSPARENCY IN THE FINANCIAL
SECTOR**

Your Excellency

President of the 66th Session of the General Assembly

Your Excellency, Secretary General of the United Nations

Distinguished Delegates

Ladies and Gentlemen

I wish to welcome the convening of this high level thematic debate on the state of the world economy as requested for by General Assembly resolution 65/313. I hope that the debate will try to ensure proper follow-up to the Conference on the World Financial and Economic Crisis and its Impact on Development, as called for by the same resolution. Although the debate is about technical matters, it is still important to have a political discussion on these issues within the United Nations.

My delegation associates itself with the statement made by Algeria on behalf of the G 77 and China.

Mr. President

The global economy is now faced by multiple crises since the financial crisis unfolded in 2008. Commodity prices, especially those of food and oil, have been rising at an untenable rate. Although there was a bit of relief as growth picked up marginally in 2010, the year 2011 saw much more volatile real economic conditions.

The volatility further stemmed from the European debt crisis, the tsunami and nuclear disaster in Japan and the political instability in North Africa and the Arab countries.

The European debt crisis is disrupting international financial markets and is responsible for the poor economic growth prospects. The combined impact of high public debt, large bank exposures to Euro zone members and a poor growth outlook is causing uncertainty about the fiscal sustainability in several countries in the Euro zone. European banks were practically excluded from the tightened financial markets and this led to raising the cost of borrowing and reducing willingness to supply credit. Investors around the world retreated from riskier assets, resulting in declining stock prices, an increase in the costs of raising corporate credit and generally downgrading consumer and business confidence.

Mr. President

Namibia has also been experiencing major crises originating from various sources and seemingly following in phases over the last couple of years. Namibia was not directly affected by the global financial crisis of 2008, mainly because of the prudent way in which financial institutions are allowed to operate. The foreign investment exposure of Namibian financial institutions is kept at very low levels, and if funds are invested offshore, these must be in investment grade instruments.

Nevertheless, there were major indirect and delayed repercussions for the Namibian economy predominantly caused by the weakening international demand for and low prices of Namibia's major exports.

Such impact was felt mainly in the diamond mining and tourism sectors. Diamond output plummeted by 51% in 2009, while the hotels and restaurant sector posted negative real output in 2009 and 2010.

The Namibian authorities responded to the global financial crisis situation by stimulating domestic demand through expansionary fiscal policies and a highly accommodative monetary policy. The Namibia policy rate – the repo rate- which stood at 10% in January 2009, was reduced in stages to 6%, where it is currently still standing.

On the fiscal policy side, the Namibian authorities raised expenditure levels despite the fact that revenues declined as a result of lower tax collections from diamond mining, and revenue derived from the Southern African Customs Union.

Mr. President

The initiative that the General Assembly has taken to address complex macro-economic challenges confronting our countries, on a political rather than technocratic level, is a welcome development.

Although much has been achieved to improve the stability, predictability and transparency of the financial sector, more must be done to stabilize markets and to reduce the frequent volatility in the financial and commodity markets.

I hope that this debate will contribute to international efforts to secure a sustained, inclusive and equitable recovery of the world economy and to achieve sustainable development.

I Thank You!

May 18, 2012
