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AT

A HIGH LEVEL THEMATIC DEBATE ON

THE STATE OF THE WORLD ECOMONY AND FINANCE IN 2012

New York, May 17, 2012

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President of the General Assembly,

Secretary-General,

Excellencies,

Ladies and Gentlemen,

Thank you, Mr. President and the Secretary-General, for convening this High Level Thematic Debate on the State of the World Economy and Finance in 2012. I convey greetings from the President of Uganda, H.E. Yoweri Museveni, who was unable to attend due to prior commitments.

Mr. President,

While concerted efforts and measures have been undertaken at national, regional and international levels to respond to the global financial and economic crisis, many of our countries' economies are still grappling with its adverse effects, as we have heard earlier.

Many developing countries are being affected by financing deficits, declining investment, a slowdown in the tourism sector, reduced foreign remittances, food price volatility, and high unemployment levels, among other effects.

Until recently, most forecasts for global economic growth were improving. After a setback in the second half of 2011, there was the sense that economic activity was recovering and that global growth was gradually on the mend, according to the IMF's April 2012 World Economic Outlook.

However, the global economic outlook is once again very uncertain. Recent developments in the euro zone, among others, have put the global forecasts at risk and could spill over to African countries in several ways.

First, demand for African exports from our traditional markets in Europe and America could weaken, with adverse implications for growth and poverty eradication in Africa.

Second, the fulfillment of development assistance commitments by our development partners is at risk, as they too grapple with their own economic challenges.

Third, some African countries now rely on international capital markets to finance priority infrastructure investments. But if international credit lines continue to dry up, then there will be negative implications for in Africa as well as in Europe.

Fourth, remittances from African workers abroad constitute an important component of our balance of payments. However, this income stream is likely to dwindle if job prospects in the host countries decline.

Fifth, as global growth prospects deteriorate, there is a risk that commodity prices could weaken, seriously threatening the growth prospects of natural resource and commodity exporting countries. Meanwhile, these countries are also faced with the possibility of sharply higher world oil prices in the near future.

Mr. President,

Together, developed and developing countries need to take urgent action to avoid the adverse consequences that a recurrence of the global financial and economic crisis would entail. We must undertake ambitious reform of the governance structure of the international financial institutions to give greater representation and voice to Africa and other developing countries, based on the principles of sovereignty, equality, and mutual respect.

There is urgent need therefore, to sustain our attention on correcting systemic fragilities and imbalances, with governments playing their rightful role. To realize stability, our governments have a global collective responsibility to streamline and harmonize governance of financial institutions and strengthen their regulatory systems.

Mr. President,

The imbalances in the current international trading system disadvantage many developing countries, particularly in Africa which are not able to realize their full potential due to trade barriers.

We must therefore redouble efforts to attain a rules-based, predictable and non-discriminatory trading system.

At the individual country level, we must all tailor our strategies to utilize our respective comparative advantages to address our specific problems.

In Uganda, for instance, we have emphasized regaining of macroeconomic stability as our first priority. This has enabled us to sharply reduce inflation from the rampant high levels of the second half of 2011. Within this context, we have now set out a sustainable recovery plan to resume the growth that had been interrupted when Uganda was one of the 20 fastest growing economies over the last 10 years.

Given the scarcity of resources, both external and domestic, government in Uganda will focus on its core responsibility of providing an enabling environment for the private sector, as the engine of economic growth to increase production particularly in agriculture and agro-processing. This will be a vehicle for attaining macro-economic objectives of increasing and improving distribution of household incomes, stabilizing food and energy prices, and encouraging exports to strengthen our balance of payments.

For its part, government will be:

i) Addressing binding constraints such as inadequate rural energy and feeder roads, improving access to credit as well as re-skilling our workforce to better fit actual demands in the labour market;
ii) Improving value-for-money though cost-efficient implementation of government projects and policies;
iii) Lowering the cost of doing business through regulatory reforms;
iv) Increasing domestic tax collections to enhance government's capacity to fund critical investments in infrastructure and social services.

At the same time, we look to our development partners to continue fulfilling their commitments especially in education, health and agricultural productivity to help us enhance social quality and equality in Uganda.

Mr. President,

In conclusion, the issues we are discussing are pertinent to all our countries, irrespective of the levels of development. We have all been affected by the global financial and economic crisis, and are yet to fully recover from its effects. Through collective action, we stand a better chance of creating strong, sustained and balanced global economic growth and development. **Thank you for your attention**.