

Trade and Development Board, fifty-ninth session
Geneva, 17–28 September 2012

General statements by member States

Speaker: South Africa

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UNCTAD

STATEMENT BY SOUTH AFRICA ON THE 59TH REGULAR SESSION OF THE TRADE AND DEVELOPMENT BOARD (TDB)

17-28 SEPTEMBER 2012

Mr President,

Secretary-General of UNCTAD, Dr Supachai Panitchpakdi,

Excellences,

Distinguished colleagues and participants

I wish to congratulate you Mr. President on your election and to assure you and the members of the Bureau of my delegation's full support as we work together in the coming year. I wish you a successful tenure.

I express my delegation's appreciation to Dr Supachai Panitchpakdi, Secretary-General of UNCTAD for his insightful introductory statement which has set the tone for our discussions over the next few days. We expect the next few days to be rich in vigorous debate and exchange of views on the most pressing trade and development challenges confronting the global economy.

In April this year, we convened in Doha for the thirteenth conference of UNCTAD, under the leadership of His Excellency Dr Anthony Maruping. This house owes Ambassador Maruping a debt of immense gratitude for his capable stewardship of the TDB, his leadership brought dynamism, consensus building and clarity of vision. I congratulate Ambassador Maruping on this remarkable achievement.

I also extend my delegation's appreciation to the UNCTAD Secretariat for the extensive documentation provided in preparation of this session of the TDB.

Mr. President,

South Africa aligns itself with, and fully supports, the statements made by the distinguished Ambassador of Nigeria on behalf of the Africa Group and the distinguished Ambassador of Indonesia on behalf of the G77 and China.

This 59th session of the TDB convenes at a time when the global economy continues to be confronted by sluggish growth and recovery, particularly in industrialised countries, prolonged sovereign debt crises, subdued investment into productive capacity, unacceptably high levels of unemployment, low investor confidence and increasing trade protectionism, amongst other negative factors. In order to overcome these challenges, the role of a development focused state becomes even more central in the pursuit of inclusive and balanced growth and development.

At the national level, the state must forge and implement appropriately targeted and calibrated industrial policies and strategies to promote industrial productivity and, to create jobs, the state must establish regulatory frameworks to correct market failures – particularly in the financial services sector. Over the years, UNCTAD has played a critical role in supporting developing countries and providing them with policy options. The Doha Mandate has reaffirmed UNCTAD's role as an anchor of policy and strategic guidance and analysis. South Africa like other developing countries values this role. My delegation reaffirms UNCTAD's mandate as the focal point in the UN system dedicated to considering the interrelated issues of trade, investment, finance and technology from a development perspective.

Mr. President,

The topics chosen for this Session are integral to the general discourse on how to stimulate inclusive economic growth in developing countries. In past sessions of the TDB – as in this one – my delegation was encouraged by UNCTAD's boldness in presenting alternative policy options that were not consistent with what was considered to be "the orthodox view". Certainly, the topics for this year reflect that intellectual boldness that we all need.

I will briefly speak to a few topics of immediate interest to South Africa to be discussed during this 59th session of the Board:

Agenda item 3: The High Level Segment on Growth with jobs for poverty reduction: what can Africa learn from other regions?

The Economic Development in Africa Report 2012 makes some interesting observations in relation to the economic growth trajectory of the African continent, vis-à-vis other regions that have grown at similar or even slower rates over a similar period of time. According to the report, over the period 2001–2008, Africa was among the fastest growing regions in the world economy, with growth performance across

countries. Regrettably, the report also notes that, despite the progress that has been made by Africa over the last decade, the current pattern of growth is neither inclusive nor sustainable, for various reasons. Africa is confronted with a clear challenge in how to embark on growth paths that are labour intensive. Whilst my delegation does not claim to have all the answers, we believe that industrial policy plays a critical role in fostering diversification and in facilitating sustained and resilient economic growth.

Agenda item 7: Evolution of the international trading system and its trends from a development perspective

One of the post-Uruguay Round features is that the multilateral trading system has become more multi-polar in character. Increasingly, developing countries are playing a constructive role in shaping the agenda of the multilateral trading system, and in advancing issues of interest to them. However, as the report on the *Evolution of the International Trading System* notes, the WTO remains bogged down in an impasse. We concur with the observations of the report, that the impasse is a result of the tension between excessive mercantilist impulses and the need to protect the development mandate of the Round.

The question confronting all Members of the WTO is how to construct a pathway out of the current malaise and to conclude the Round on the basis of the single undertaking that remains faithful to the development mandate. This will no doubt lead to a stronger, more legitimate and more relevant multilateral trading system.

Agenda item 9: Investment for development: Towards a new generation of investment policies for inclusive growth and sustainable development

Under this agenda item, we look forward to a presentation by the Secretariat on the latest developments in FDI trends and policies. This session should assess the current situation of investment agreements and investment provisions in bilateral, regional, and multilateral trade agreements. Noting the conclusions of the *World Investment Report 2012*, we expect that this session should critically examine and evaluate these investment agreements as they impact on development and the multilateral system. What should be occupying our minds is the pursuit of a way forward towards a framework for the channelling of investment for sustainable development.

UNCTAD is commended for introducing a new paradigm on investment, namely, "Mobilising investment for sustainable development". The *Investment Policy Framework for Sustainable Investment* is anchored in this new paradigm, prompting us to reflect deeply about innovative ways to deploy investment in support of national development objectives. Africa is working together to secure the future by maximizing the domestic resources that we have available for growth and development. We are currently building our continental infrastructure, which lies at the very heart of how we will change the lives of our people in the next few years. Recently, South Africa undertook a comprehensive review and analysis of our investment policy, in

particular, the unintended but negative consequences of investor vis-à-vis the state. We undertook this exercise to ensure that our investment policy is not only consistent with but also supports our national development imperatives.

Mr. President,

UNCTAD provides the premier global forum for the exchange of views on the most pressing trade and development challenges that confront us. Through its three main pillars of research and analysis, consensus building and technical cooperation, UNCTAD has a clear role to play in helping Members to forge an integrated global response to challenges facing the world.

I thank you, Mr President.