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**EU Statement**

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**Item 4**

**Trade and Development Report, 2016: Structural Transformation for Inclusive  
and Sustained Growth**

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**Check against delivery**

**Statement on behalf of the European Union and its Member States**  
**by the Delegation of the European Union to the United Nations**

**Item 4: Trade and Development Report, 2016 - Structural Transformation for Inclusive and Sustained Growth**

Mr Chair, Director Kozul-Wright, Excellencies, colleagues,

I have the honour to speak on behalf of the European Union and its Member States.

We take note of the "Trade and Development Report, 2016: Structural Transformation for Inclusive and Sustained Growth" that UNCTAD's secretariat published this month – and thank Director Kozul-Wright for his refreshing presentation.

Unfortunately the advance "embargoed" versions of the TDR were **only available a week before** this meeting (two weeks for the "overview"), so that comments have to remain preliminary. The EU and its MS would like to see more time set aside to engage with the Secretariat in advance of publication of the TDR in the future.

In the same management-related vein, we would like to request the Secretariat to track some markers of this dissemination: for example number of quotes and references in scientific discussions and possibly its implementation into national policies.

This year's TDR indeed covers a broad range of issues, including structural transformation, productivity, industrialization, manufacturing, and debt. The report gives insight into various nexus areas and provides a wide array of data from UNCTAD's vast databases.

We **acknowledge the effort** which has been put into it even though we may not share or agree with all the conclusions or opinions which sometimes tend to reflect an unbalanced point of view. In particular we were surprised by the **rather alarmistic general tone** of the document, and in particular the "Overview", which actually paints a bleaker picture than the further chapters which are more relying on underlying data.

It should be noted that other outlook documents, like the World Economic Outlook (July 2016 Update) by the IMF, the World Economic Outlook and Prospects of UN-DESA and the African Economic

Outlook (just published in July by AfrDB, OECD, UNDP) also raise concerns about the world economy, while painting a distinctly more balanced picture with some growth on the horizon.

**Domestic public finance** is the main source of financing directly available to governments for spending on policy goals and is thus the most important element in a financing approach. Most countries could significantly increase their fiscal space and therefore their ability to finance development by introducing reforms aimed at mobilising domestic resources including fighting illicit flows.

We agree that fiscal policies may make a relevant contribution to lifting potential growth. Fiscal discipline is a pivotal element of macroeconomic stability, an essential condition for growth. Furthermore, tax incentives and expenditure policies combined with structural and institutional reforms can enhance growth by stimulating investment and promoting human capital.

In this regard, we note that "**policy space**" appears several times in the report, but without the key distinction and acknowledgement to "remain consistent with relevant international rules and its commitments".

Instead, the **digital revolution** (highlighted in this year's World Bank "World Development Report") and UNCTAD-related concepts like e-commerce and the new key activity on "eTrade for all" are missing in the analysis, despite playing a key role in today's more and more digital economy.

Looking into some specific aspects of the TDR, let me underline our appreciation for several relevant aspects highlighted, which actually also were reflected in the EU's positions during UNCTAD XIV negotiations and now are encapsulated in the Nairobi Maafikiano:

- Productivity increases, **efficiency gains** and "**sound industrial policies**" are necessary and need a regulatory framework as well as good governance. We would like to encourage UNCTAD to continue working on capacity building to help developing countries implementing sound industrial policies.
- **Women empowerment** is key as an engine of growth, in particular with a view to the informal economy; an issue we raised repeatedly recently when it tended to be overlooked.
- **South-South Cooperation/Trade** plays an ever-increasing role. We underline in this regard the valuable work of UNCTAD at collecting statistics and reiterate that it would be positive to have

such information for South-South cooperation as well; this could in particular serve as a basis for research work carried out by UNCTAD on the African continent.

In much of its analysis, **the TDR revisits the economic and financial crisis** in 2007/8 and points out to deficiencies in developed economies coping with it. As stated previously, the financial crisis (and the sovereign debt crisis that resulted from it) exposed fundamental problems in many developed countries, namely because of the excessive debt of countries but also because of problems of supervision of the financial sector. It exposed the vulnerability of some of our countries as a result of the accumulation of significant macro-economic imbalances, and their spill-over effects to other countries.

While suffering from the consequences of the economic and financial crisis ourselves, there were several achievements nevertheless:

- The EU and its Member States still collectively are the largest donor of ODA, and we have undertaken to meet collectively the target of 0.15-0.20% of ODA/GNI to LDCs in the short term, as well as to reach 0.20% of ODA/GNI to LDCs within the timeframe of the 2030 Agenda; and we will continue to support its partners, particularly the least developed and the most vulnerable.
- The EU provides duty-free, quota-free access to the European market for all products originating in the LDCs except arms and ammunition within the Generalised System of Preferences scheme.
- As the biggest donor of Aid for Trade, we will collectively continue to support trade facilitation in the context of our development policy.

Let me also underline that – as we signaled in the past, we understand that the TDR has the best added value to the work of UNCTAD if it is **closely aligned with other UNCTAD publications** and notably flagship reports; we look forward to future TDR's implementing the priorities laid down in the Maafikiano and **keeping their focus of research within UNCTAD's overall mandate.**

Mr Chair,

We would like to conclude underlining our commitment: The EU and its MS remain determined to continue working together with our developing partners to help them addressing poverty reduction objectives and achieving sustainable development.

Thank you.