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**Plenary on Interdependence (Item 4) and
Development Strategies (Item 8)**

General statements by regional groups
**Speaker: The Islamic Republic of Iran on behalf of the
Asian Group**

Tuesday, 18 September 2012

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Statement
by H.E. Ambassador Abbas Bagherpour, Deputy Permanent
Representative of
the Islamic Republic of Iran,
on behalf of the Asian Group
On agenda item 4 Interdependence: Coordinating stimulus for
global growth
And agenda item 8 Development Strategies in a globalized world:
Reducing inequalities for balanced and sustainable development
at the 59th Session of the Trade and Development Board
Geneva, 18 September 2012

Mr. President,
Mr. Secretary General,
Excellencies,
Ladies and Gentlemen,

I have the honour to speak on behalf of the Asian Group. The Group aligns itself with the statement made by Indonesia on behalf of the G77 and China.

Mr. President,

As The Trade and Development Report illustrates, the recovery from global financial and economic crisis has been uneven and fragile. Global decision makers, including those of the G20, do not have a clear solution that would help the world pass this phase while maintaining sustainable growth. Added to this are the divergent policy responses from developed and developing countries, which is a matter of concern. The global economy weakened significantly towards the end of 2011 and is expected to experience a further slowdown in 2012.

All developing countries, including Asian countries, have been affected by this crisis. Although Asia remains the fastest growing region in the world, nevertheless, it is experiencing an economic slowdown and decrease in GDP growth rates. Several Asian Countries have been adversely affected by weaker demand from developed countries and by their 2011 monetary tightening.

The report shows that structural reforms are no longer useful since they are based on purely microeconomic considerations and ignore macroeconomic factors. In the global context we also see that the G20 process has lost momentum and has made no progress towards reforming the international monetary system. It is unfortunate that the moment of opportunity has passed. As vividly demonstrated by recent banking scandals, there is now a real threat that financial institutions and shadow banking activities may again succeed in dodging regulators.

All of these facts lead us to two conclusions. One, reform of global economic and financial system is a must. And two, any solution to this continued challenge must be comprehensive and inclusive. All developed and developing countries should actively participate in finding the solution and this cannot be achieved without the proactive presence of the UN as the only inclusive, competent and legitimate body to solve this problem. The UN should be at the heart of any decision in this regard. Similarly, as the UN focal point on trade and development and interrelated issues, particularly finance, UNCTAD, has an important role to play in this regard. Through its analytical work, including on developmental state, policy space and proposing new models and approaches to development that provide sufficient flexibility for countries to adopt policies that work for them, UNCTAD can assist developing countries to better face external economic shocks and crisis.

The Asian Group is also concerned about the continued global inequality. Global disparity and imbalances are still very pronounced. In Asia, inequality of income trends are less clear cut than in other regions due to the uneven nature of the economies, with inequality rising for some countries and falling in others. On average, countries where the income gap has widened are the most highly populated. However significant differences exist among the different economies in the region. In recent years the region has experienced a similar trend of rising inequality, which to some degree, reflects trends elsewhere. As we noted in our general statement, inequality of personal income in Asia has increased since the early 1980s in terms of both income disparities across all income groups and the share of the top income groups in total income.

We believe, however, that inequality should not be seen only from a national perspective. There is a clear link between global, regional and national inequality. There is no question that decreases in global inequality are the most important factors which would help decrease regional and national inequality. The global policy responses to the ongoing crises, like the economic and financial crisis, also have a direct impact on economic growth in developing countries and decreasing or increasing national inequalities.

Mr. President,

Asian countries have used different methods to tackle inequality. Falling inequality in some countries of East and South East Asia has been associated with pragmatic macroeconomic policies that assure stability and growth, including large investments in public education and upgrading of the labour force skills in line with technical advances. Some have also strengthened redistributive policies with a focus on social protection and a reduction in the rural-urban gap.

We therefore concur with the TDR, which suggests that inclusive growth will require investments in productive capacity and a stable expansion of consumption based on both positive demand expectations of entrepreneurs and favorable income expectations of the working population. We also agree that inclusive growth further requires active employment and redistribution measures, supportive macroeconomic, exchange rate and industrial policies that promote productive investment and create decent jobs.

The Asian Group believes that we should discuss the factors that contribute to the global economic slowdown and consider policy responses and measures that could be adopted towards a sustained economic recovery. We should also discuss the requisites and approaches towards the attainment of inclusive growth and sustainable development.

In conclusion Mr. President, the Group believes that through the sharing of our experiences and views, and taking inclusive and comprehensive decisions at the global level, together we can constructively address ways of finding solutions to the challenges of the international economic landscape and work towards promoting inclusive growth and sustainable development for mutual prosperity. In this context, UNCTAD has the ability to play an important role.

Thank you Mr. President.