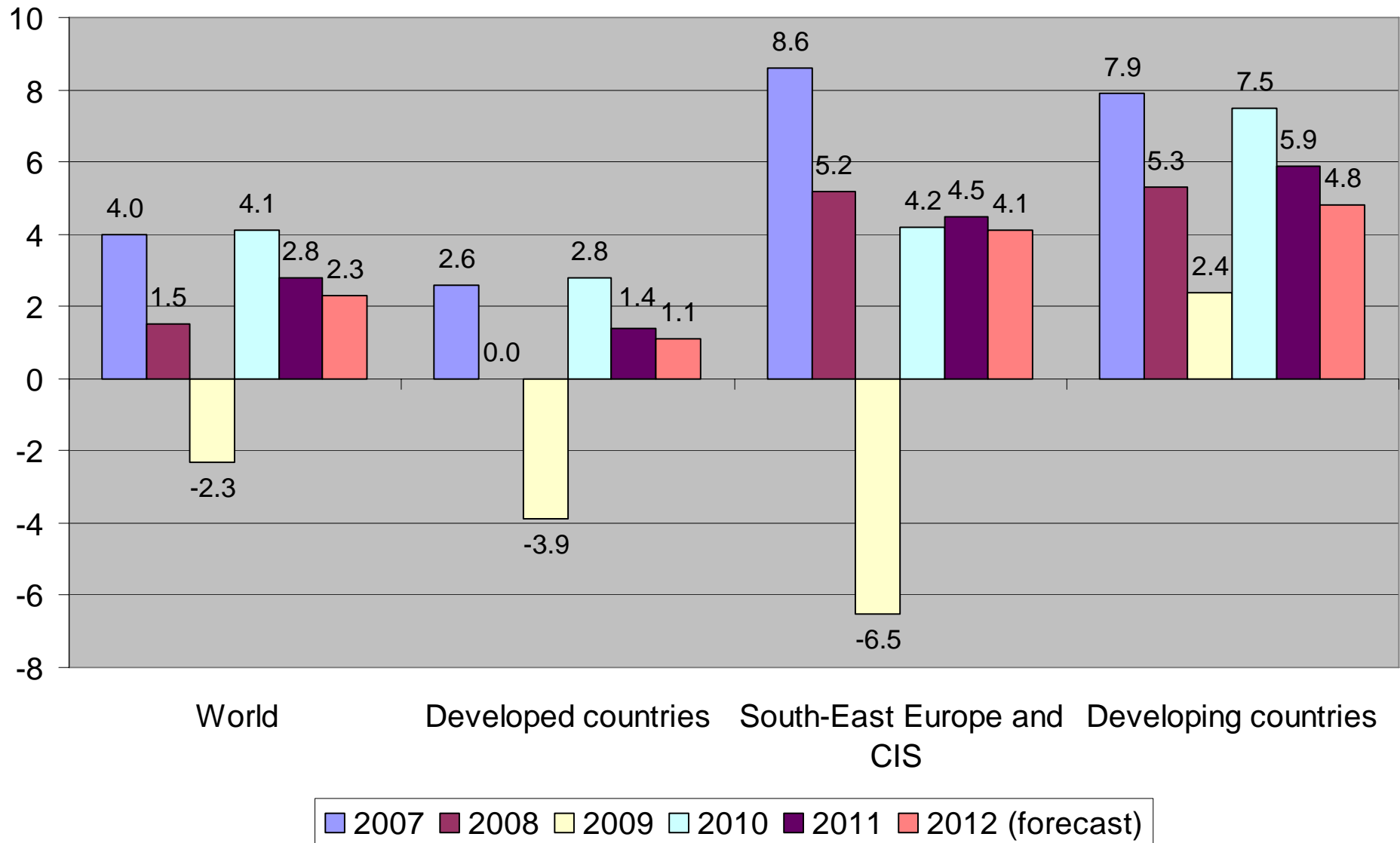


# TRADE AND DEVELOPMENT REPORT, 2012

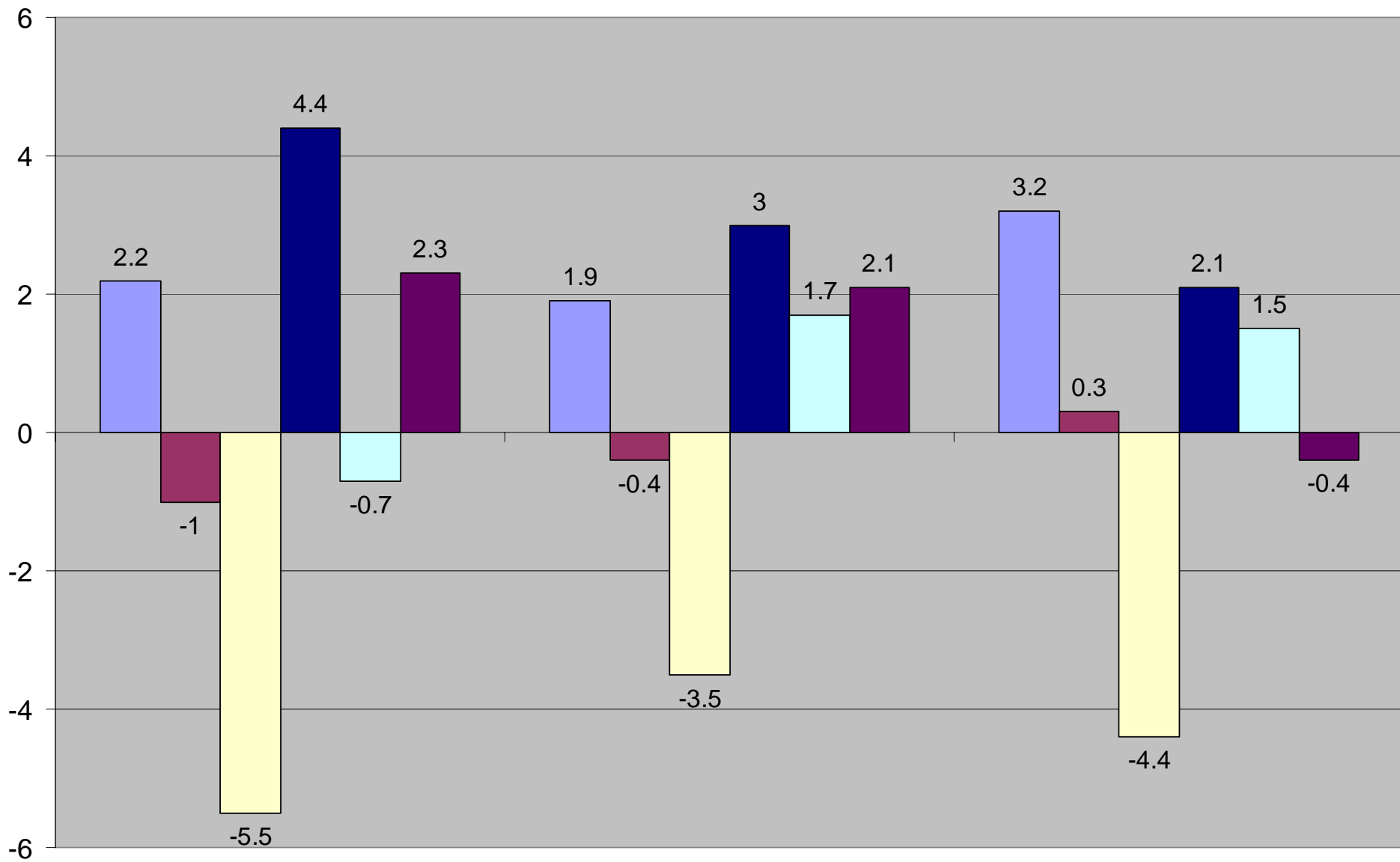
## Policies for Inclusive and Balanced Growth

Presentation to the Trade and Development Board  
18 September 2012

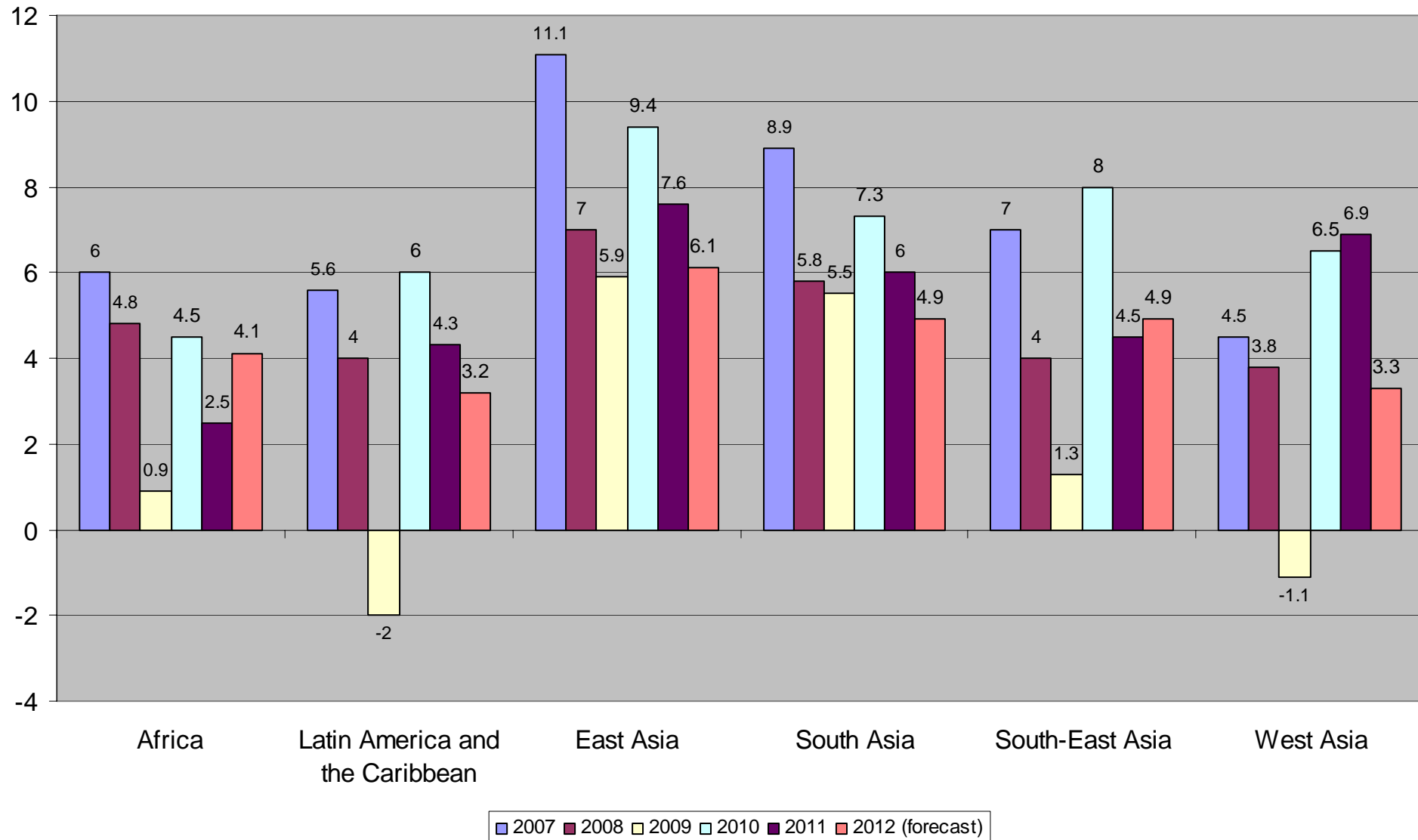
# The world economy is slowing down further, with strong downside risks



# Growth in developed economies remains very sluggish



# Developing economies keep growing, but at lower rates

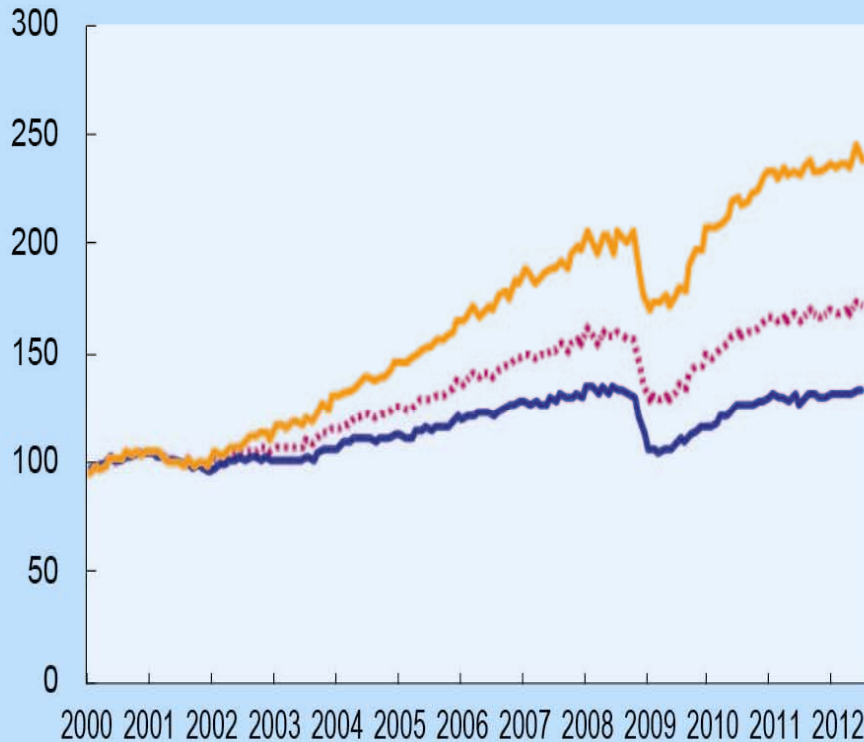


# World merchandise trade is decelerating

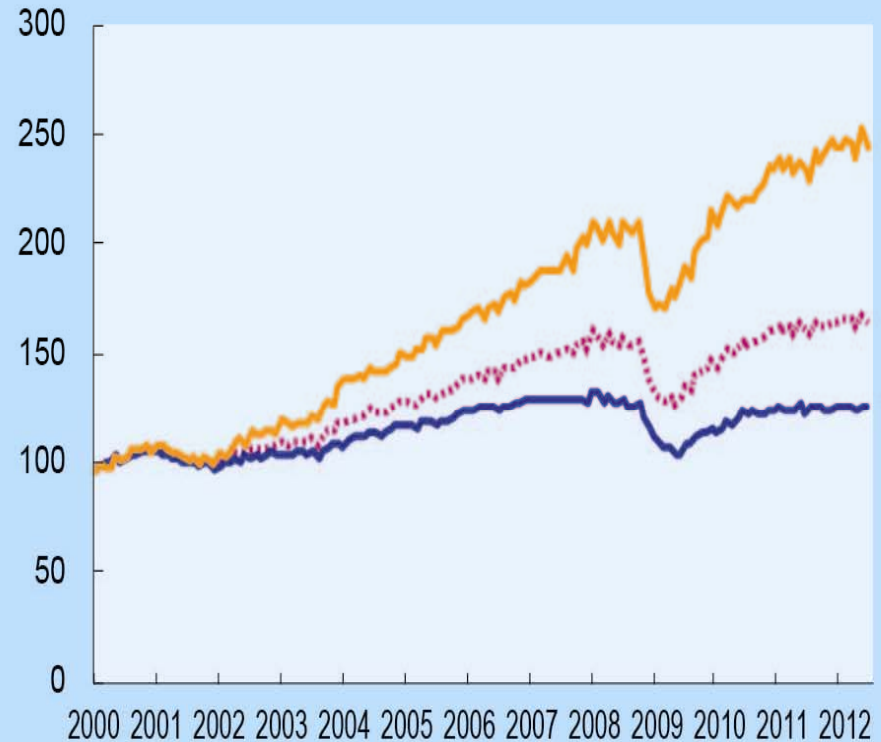
WORLD TRADE BY VOLUME, JANUARY 2000–JUNE 2012

*(Index numbers, 2000 = 100)*

Exports



Imports



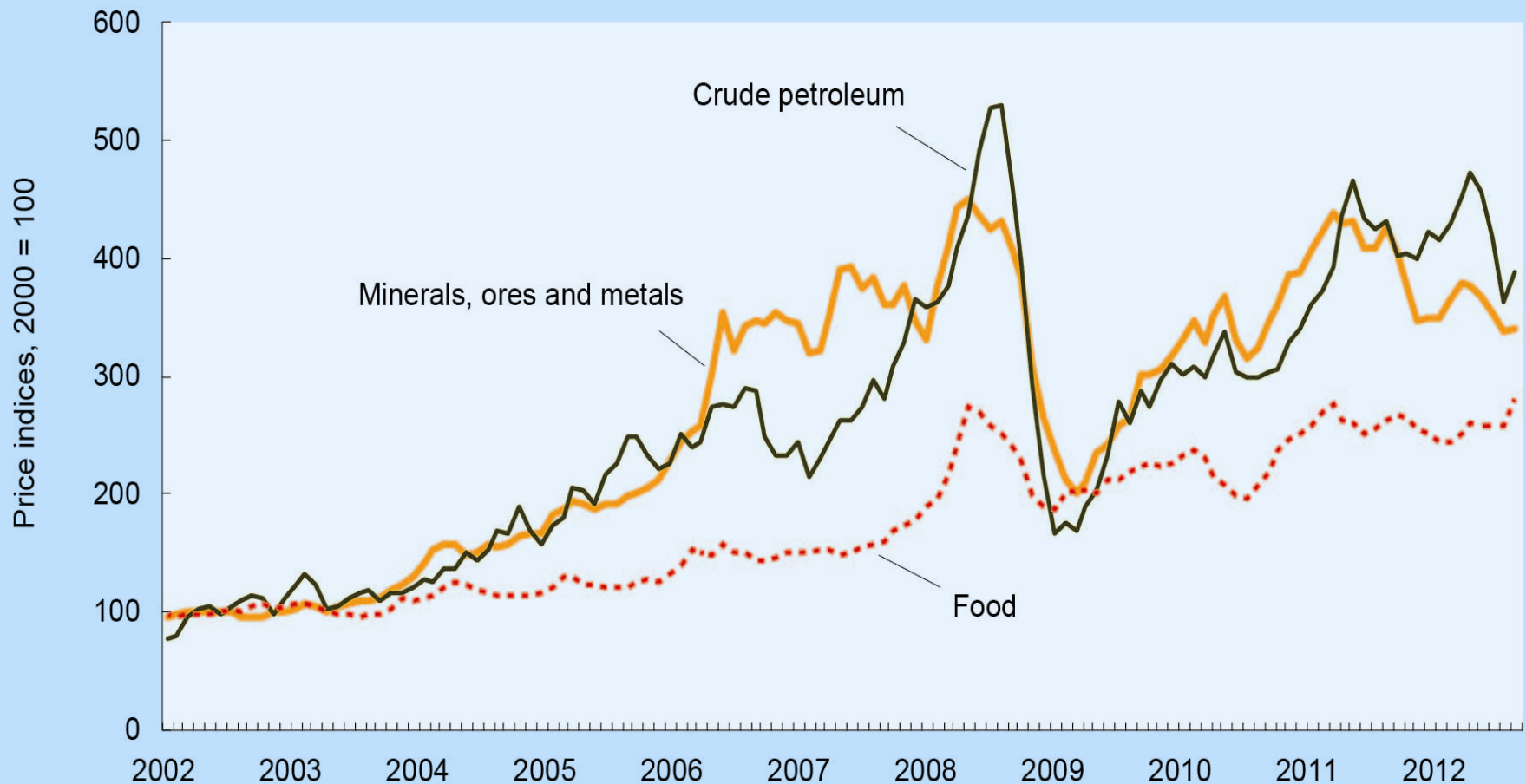
World

Developed countries

Emerging market economies

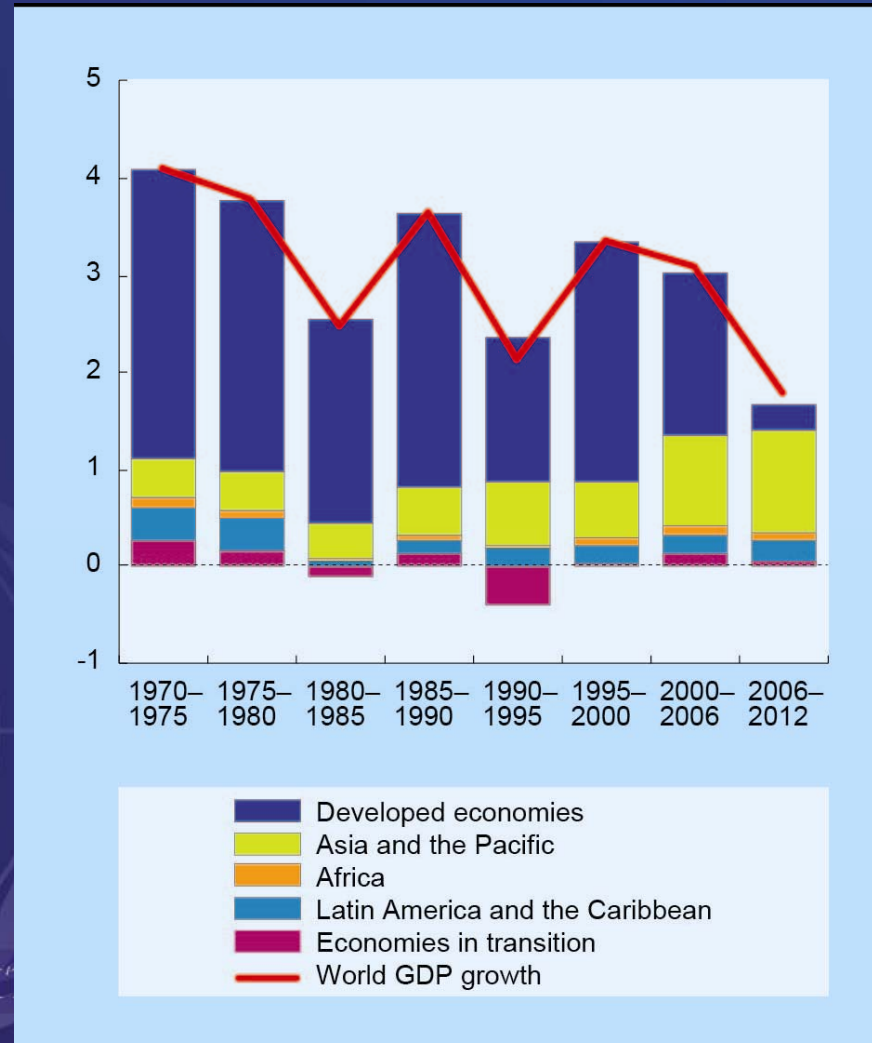
# Commodity prices have recovered amidst high volatility

Monthly evolution of selected commodity prices, January 2002–July 2011  
(Price indices, 2000 = 100)

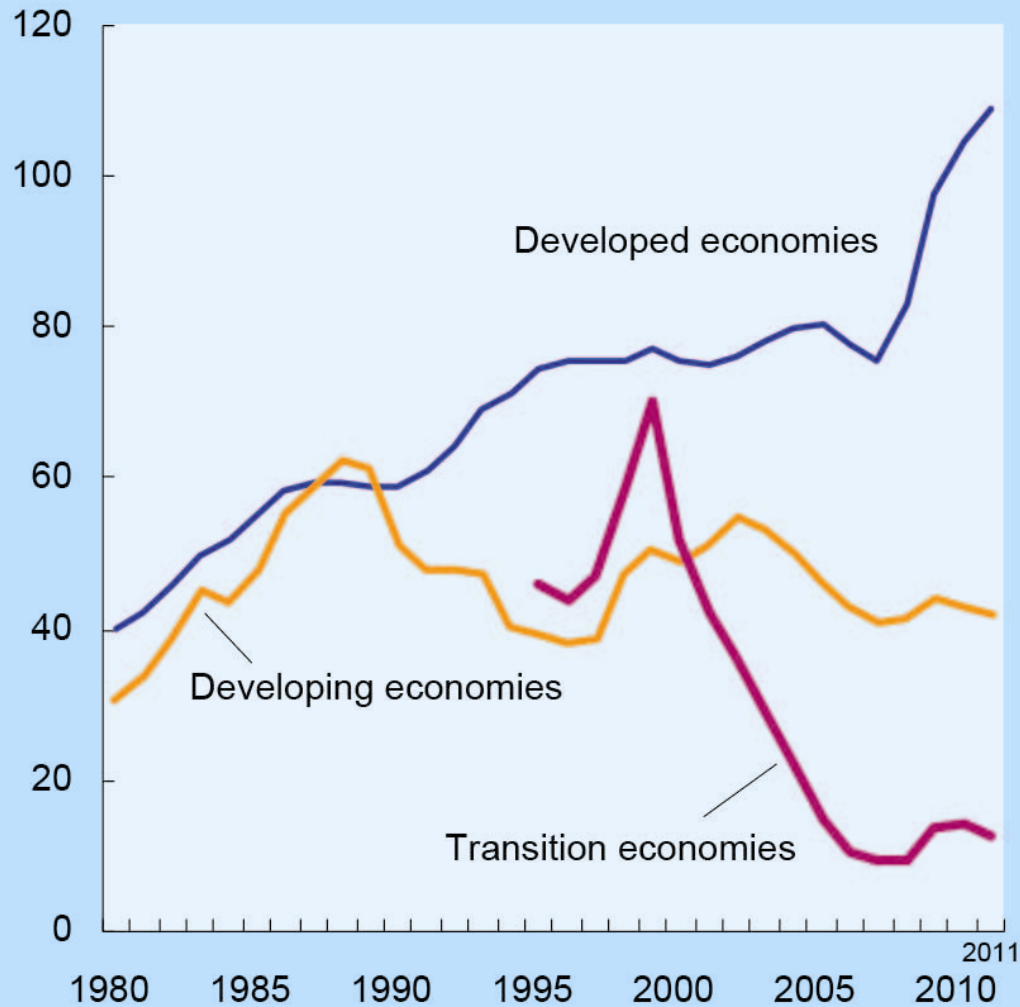


# The greater role of developing countries in the world economy

REGIONAL CONTRIBUTIONS TO WORLD GDP GROWTH, 1970–2012  
(Per cent)



# Public debt-to-GDP ratio, 1980-2011

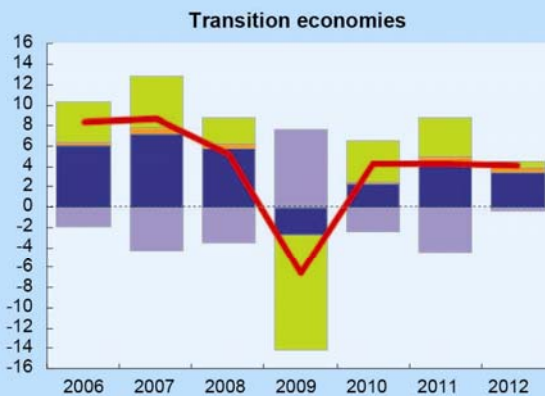
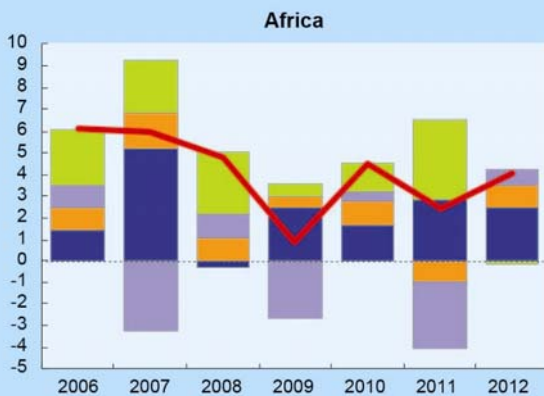
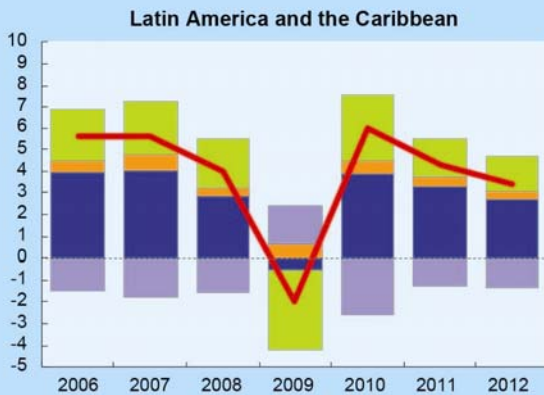
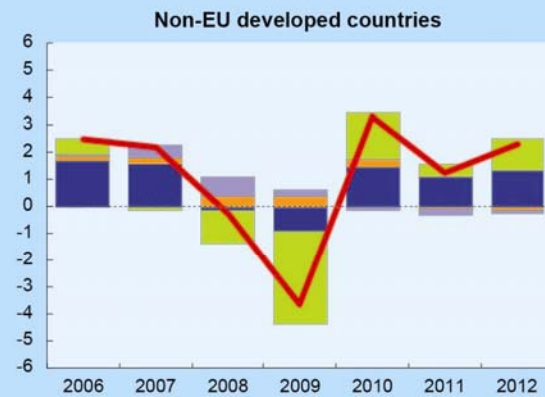




# Policies followed by most developed countries do not favour strong and balanced growth

1. There is a need for a right diagnosis on the causes of the crisis and the barriers to overcome it (fiscal problems vs. financial and demand problems).
2. All macroeconomic effects of fiscal and incomes policies must be considered (impacts on fiscal balance, confidence and competitiveness).
3. There is policy space for supportive policies, in particular in countries with external surpluses.
4. Structural reforms are not substitute for counter-cyclical macroeconomic policies.

# Real GDP growth and contributions of net exports and domestic demand, 2006-2012



■ Gross capital formation     ■ Net exports     — Real GDP growth  
■ Government consumption     ■ Household consumption

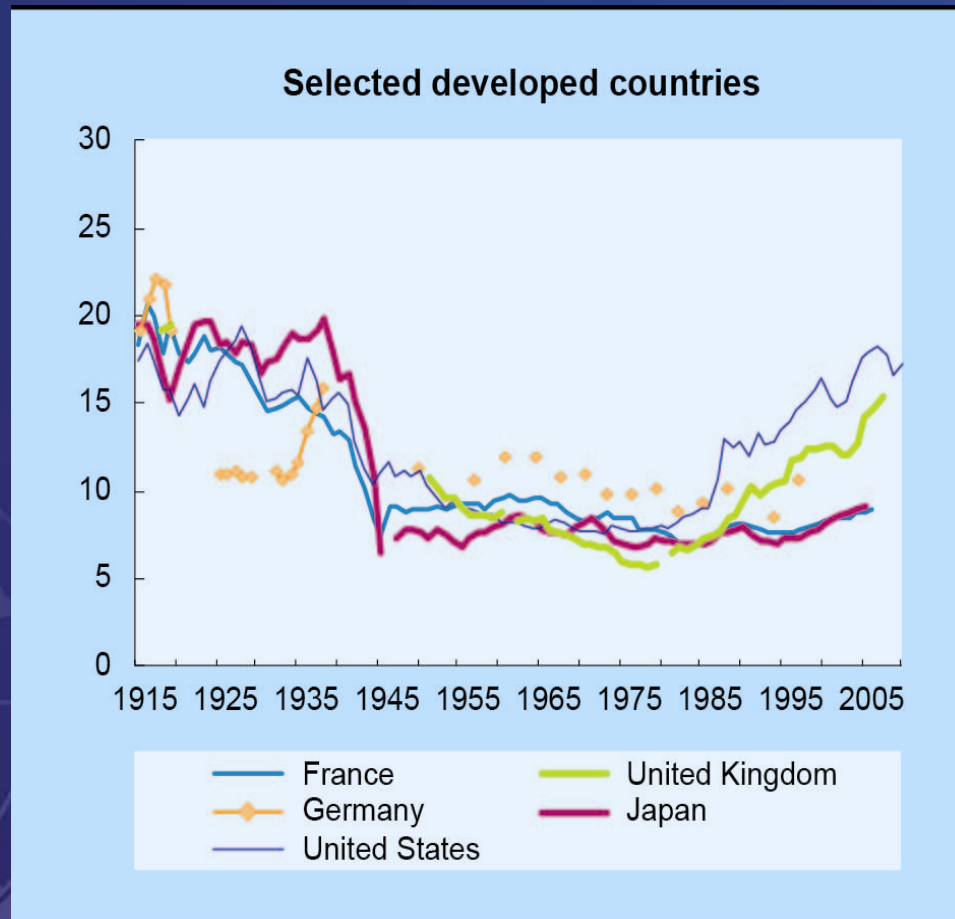
# Structural reforms should target the causes of the crisis

- **De-regulation of the financial system and its de-linking from the real economy**
- **Income inequality, leading to wrong incentives, stalling demand and overindebtedness**



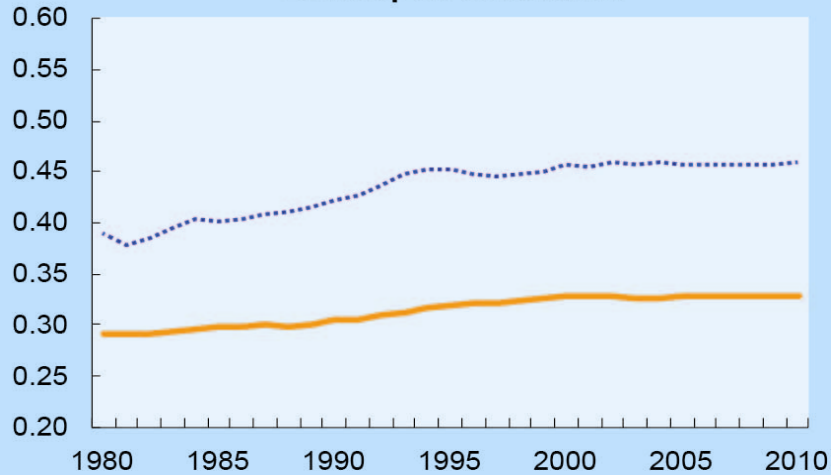
# Income concentration at the top of income distribution in developed economies

SHARE OF INCOME OF THE TOP 1 PER CENT IN TOTAL INCOME, 1915–2010  
(Per cent)

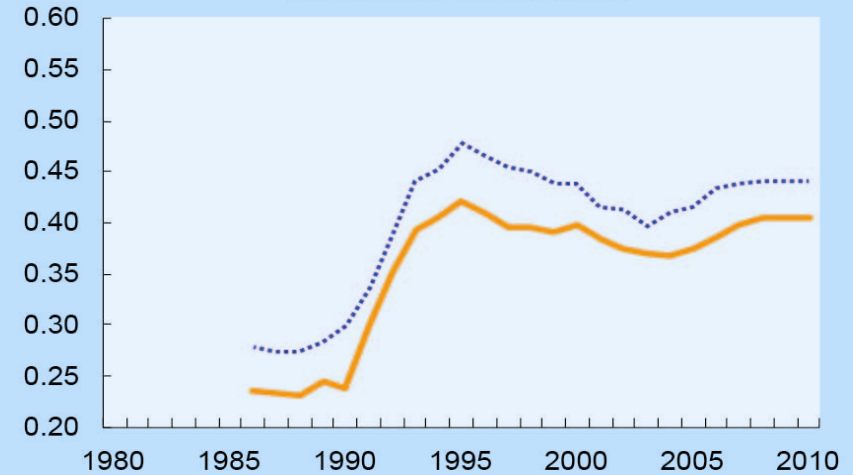


# Income inequality has increased significantly in most regions since the 1980s

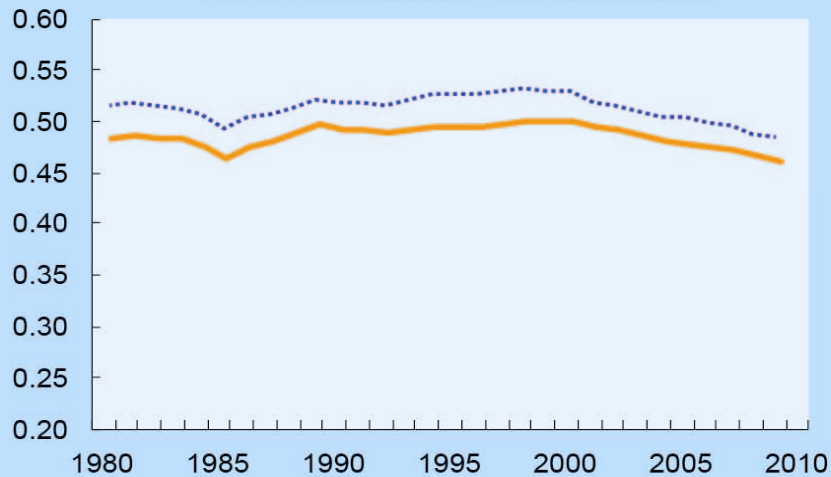
## Developed economies



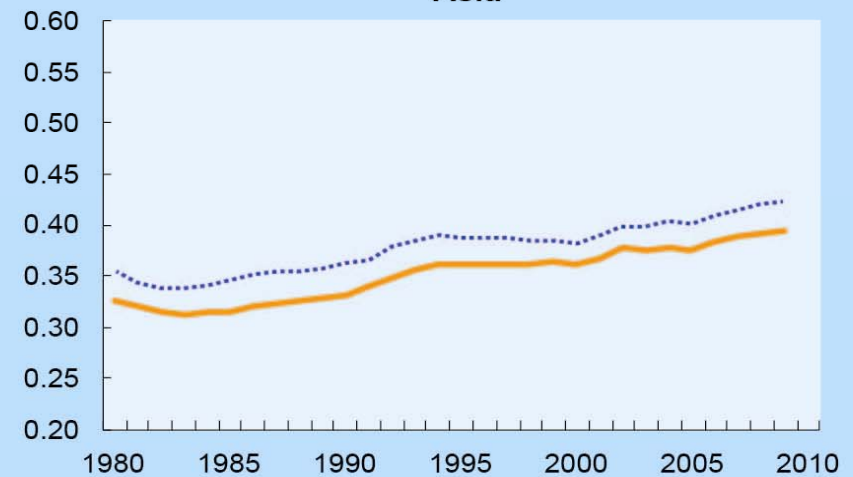
## Transition economies



## Latin America and the Caribbean



## Asia



..... Gini coefficient for gross income

———— Gini coefficient for net income

# Reducing income inequality as an answer to the crisis

- **Progressive income redistribution would help restore demand and growth in developed economies**
- **Supportive policies in surplus developed countries are essential to avoid pro-cyclical and self-defeating adjustments in deficit countries**
- **Reducing income inequality would develop domestic markets in developing countries and regions, strengthening inclusive growth**

# *Trade and Development Report 2012*

## Policies for Inclusive and Balanced Growth

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**UNCTAD**

### TRADE AND DEVELOPMENT REPORT, 2012

Policies for Inclusive  
and Balanced Growth



UNITED NATIONS

**EMBARGO**

The contents of the Report must not be  
quoted or summarized in the print,  
broadcast or electronic media before  
12 September 2012, 17:00 hours GMT



UNITED

CONFERENCE ON TRADE AND DEVELOPMENT