

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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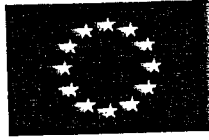
Plenary on Items 4 and 8:
**Interdependence: Towards new patterns in global growth
and
Development strategies in a globalized world: Growing
domestic and regional demand for balanced and sustainable
growth**

Speaker: EU

Tuesday, 17 September 2013

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

60th SESSION TRADE AND DEVELOPMENT BOARD
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EU Statement

Geneva, 17 September 2013

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TRADE AND DEVELOPMENT BOARD

60th Session

(Geneva, 16-27 September 2013)

Item 4

**Interdependence:
Towards new patterns in global growth**

Item 8

**Development strategies in a globalized world:
Growing domestic and regional demand for balanced and sustainable growth**

Mr President,
Secretary General,
Excellencies,
Distinguished Delegates,

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

We thank the Secretariat for the Trade and Development Report 2013. As we have stated before, we understand that this report remains the responsibility of UNCTAD Secretariat and, while we acknowledge the significant contribution of some analysis, we may not agree with all the statements or conclusions in the report.

In addition, it is surprising that the report makes no mention of the relevant and stabilising impact the World Trade Organisation has on the the world economy by providing the basis for a rules-based multilateral trading system nor substantial gains that developing countries and the world economy could make from a trade facilitation deal at the upcoming WTO Ministerial Conference. We would also encourage UNCTAD to ensure in the future more synergy with other UNCTAD flagship reports such as the excellent World Investment Report.

The European Union economy is slowly emerging from recession. We enter the second half of 2013 against a background of stabilising economic activity and improving confidence. We also expect modest employment growth in 2014. However, unemployment remains high, particularly among

the youth, and we are taking the necessary measures to address this situation. Our strategy to strengthen recovery is focused on four points:

First, we try to steadily improve the structural sustainability of public finances, at a pace appropriate for each country. A structural improvement of around 0.8 percentage points in 2013 is foreseen, in both the euro area and the EU.

Second, we are determined to implement the necessary structural reforms, not only on the labour market but also to improve competitiveness and innovation in order to foster growth and jobs. EU Member States have agreed on ambitious reform agendas for the coming twelve months.

Third, we should make all the efforts to ease access to finance for SMEs. This is essential for sustained growth. While low lending volumes are partly due to low credit demand, they are also due to low supply of credit as banks deleverage, build up capital and repair balance sheets.

Finally, the euro zone continues working on the significant progress made over the past year on the Banking Union. The Single Supervisory Mechanism should become fully operational by September 2014.

This is our contribution to a return to strong and sustained growth toward job creation in Europe and beyond. Global imbalances have narrowed with the crisis, but we need to continue with decisive policy action to make sure that they do not increase again when growth picks up.

As far as developing and transition economies are concerned, we also agree that apart from fostering demand policies, many economies need structural reforms in the financial sector, the labour market, the public finance area and the central banking arena in order to make growth sustainable.

In relation to concerns in the report about the current trend of global trade as a consequence of sluggish economic activity, we are convinced that trade must remain at the centre of any sound strategy for economic growth and development. The importance of diversifying trade and regional trade integration is fully recognised. For example, regional integration may help to achieve economies of scale, so that firms can operate in larger markets reducing the cost of inputs and increasing their international competitiveness. This regional integration may attract Foreign Direct Investment (FDI) and foster the effects of FDI on economic development through direct effects –

effects on growth through increases in volume of investment- and indirect effects – spill-overs into productivity and competitiveness gains for the domestic firms through technologies, skills and knowledge transfer.

As we have indicated before, intra-African trade has an important potential to enhance economic growth and we recognise significant economic gains on increasing trade by reducing border crossing time/costs and enhanced infrastructure. The main objective is to bring trade costs –and transport prices- down. However, it is important to recall that most of the efforts must be made on the developing countries' side. Investing in delivery of physical infrastructure will not suffice. Political leaders will need to bring reforms in the policy and regulatory framework. Of course, the EU and its member states stand ready to support the efforts of Least Developed Countries (LDCs) and other countries most in need through their Aid for Trade programmes.

Concerning the MDGs and Rio+20, the EU and its Member States remain committed to take the necessary measures to help achieving the MDGs by 2015, in line with its policy framework as set out in the *Agenda for Change* and the *European Consensus on Development*. Impressive progress has been made – lower proportion of people living in extreme poverty, more population with access to safe drinking water, increased primary school enrolment, etc. However challenges to the achievement of the MDGs still remain, with sub-Saharan Africa in particular lagging behind. Globally more than a billion people still live in extreme income poverty. Around 61 million children are still out of school. We are far from full productive employment and decent work for all. Furthermore the success is unevenly distributed both *between* and *within* countries.

In order to address successfully the challenges of poverty eradication, sustainable development and sustainable global growth, the review of MDGs and the work on drafting Sustained Development Goals (SDGs) need to be tackled together with one overarching framework of priorities and objectives to provide the world a sustainable future, and with the involvement of business, governments and NGOs.

There are new challenges ahead to attain global growth and increase employment but the EU and its Member States are committed to make further efforts to implement the necessary structural reforms to attain a more sustainable and balanced growth path and to make it durable to the benefit of the whole global economy.