

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Trade and Development Board, sixtieth session
Geneva, 16–27 September 2013

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: G77 and China

Tuesday, 17 September 2013

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**GROUP OF 77 & CHINA
G E N E V A**

**Statement by Ecuador on behalf of the Group of 77 & China,
at the sixtieth session of the Trade and Development Board**

Tuesday, 17 September 2013

Item 4 - Towards new patterns in global growth

**Item 8 - Development strategies in a globalized world: Growing domestic and regional
demand for balanced & sustainable growth**

H.E. Mr. Triyono Wibowo, President of the Trade and Development Board.
Mr. Mukhisa Kituyi, Secretary-General of UNCTAD,
Mr. Pekto Draganov, Deputy Secretary-General of UNCTAD,
Mr. Alfredo Calcagno, Officer-in-charge, Division on Globalization and Development Strategies,
Excellencies,
Ladies and Gentlemen.

1. Today we have a very important agenda in the work of the Trade and Development Board. We will discuss two of the issues that have settled the academic and political agenda in recent years: firstly interdependence, which will be analyzed from the perspective of new models of global growth and, on the other hand, development strategies in a globalized world.

Mr. President,

2. From the outset, I want to convey the importance attached to the two topics of this session by the Group of 77 and China. It is not possible to understand the current economic scenario without understanding interdependence. However, the current crisis has showed us that interdependence is not a one way road, but on the contrary, there are several ways to tackle it and developing countries are finding that while the international market has been a traditional source of growth, the domestic market can become a more secure and stable source.

3. On the other hand, the current process of globalization produces a lot of challenges, especially for countries with smaller and less diversified economies. However, it also offers a number of opportunities that can benefit development. The integration in a global economy implies the need to make decisions that may affect the conditions of development of a country, such as whether to bet more heavily on regional integration or on openness to international trade. We hope that the sessions scheduled for today will allow us to delve into these issues, particularly to discern the options that best contribute to the development of developing countries.

Mr. President,

4. In the present session of the Trade and Development Board, issues pertaining to interdependence and development strategies converge in one concern: what is the way to generate demand in the long run that have more impact on developing countries? Demand is a central issue in economics and development policies, because it can have positive effects on the generation of employment and hence on the reduction of poverty.

5. On this issue, a key point is to explore new ways to generate demand. A weak demand does not allow to develop productive capacities, affecting not only the ability to generate employment, but also the options to develop a sustainable industrial policy. Traditionally, the way to increase the demand has been to be integrated into the international market in order to take advantage of the aggregation of foreign markets as a way to improve the selling of local products.

6. This approach has many advantages but also problems. While developing countries have succeeded in entering the international market, such integration have occurred regularly through few products, with little presence of value added and usually directed to few markets. Moreover, in many cases it has led to build a dependence to these markets, which makes to selling countries to suffer the fate of their clients in cases of bonanza, but also in cases of crisis.

7. Thus, interdependence has had mixed results on the economic development of developing countries. This has meant that currently there are discussions on the ways to generate a more sustainable demand, so as not to jeopardize development in the continuous changes of the international markets. Probably, one of the options most widely explored is the generation of domestic demand, which can produce better predictability, because it could be subject to incentives and public policies generated by each country.

8. However, this is a solution that may work better with countries with large populations, with a certain levels of consumption and industrial capacity to solve a large part of the domestic needs. In this context, there are alternatives for countries with smaller populations and markets. The main of them is regional integration.

9. Regional integration has a number of advantages that can contribute to the development of its member countries. On the one hand, through the formation of an area which allows the aggregation of the economic demand of various countries for mutual benefit. On the other hand, it allows the development of economies of scale, by the addition of the productive capacities of several countries, which can catalyze the generation of centers of industrial and technological development. Well run, this may be an example of a win-win model, based on cooperation and not competition.

10. However, all these benefits cannot be achieved only with the will and resources of developing countries. The generation of new industrial centers requires, among others, stable financing, investment and technology, framed in support of sustainable development.

11. For these conditions to be achievable, we need to generate a conducive international structure, in order to direct the stimulus to the real economy, supporting the production and development to the detriment of speculation and unlimited risk. In this framework, a strengthened cooperation for development will help shaping the internal conditions to take advantage of these opportunities.

12. In no event, this emphasis in the generation of domestic and regional demand can replace the integration of developing countries into the international market. While domestic and regional demand may create opportunities for more stable and predictable trade in benefit of developing country, this does not mean that we should stop working in making the international market more conducive for development, especially by improving conditions of market access for developing countries. This is a commitment that is yet to be fulfilled and that should be translated in the prompt conclusion of the Doha Development Round.

Mr. President,

13. We are ready to listen to the contributions of the panelists who have kindly agreed to join us today. This space is very important for developing countries as we seek not only to understand the latest trends in international trade, but mainly the ways in which this can become an engine for development, in order to make tangible the principle that trade is not an end in itself but a means to improve the living conditions of the people, especially the poorest populations in the world.

Thank you very much Mr. Chairman.

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