

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**

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**Plenary on Item 6:  
Economic development in Africa: Intra-African trade:  
Unlocking Private Sector Dynamism**

**Speaker: G77 and China**

**Thursday, 19 September 2013**

*Not checked against delivery \**

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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 sixty session of the Trade and Development Board**

**Item 6 - Economic Development in Africa: Intra-African trade: Unlocking  
private sector dynamism**

*Thursday, 19 September 2013*

Mr. President, H.E. Mr. Abdul Samad Minty (South Africa),  
Mr. Petko Draganov, Deputy Secretary-General of UNCTAD  
Mr. Taffere Tesfachew, Director, Division for Africa, Least Developed Countries and Special Programmes,  
Excellencies,  
Distinguished Colleagues,

1. Mr. Chairman, allow me to begin by congratulating you for your nomination as Chair of this thematic session.

2. It is an honor to speak on behalf of the Group of 77 and China on an issue of great importance to its constituency: the economic development of Africa. The development of this continent is one of the challenges we have worldwide. The progress made in recent years, especially in terms of economic growth, makes that UNCTAD should deepen their political orientations and their technical cooperation projects to take advantage of this favorable situation.

Mr. President,

3. Economic growth is one of the most important variables to support any development process and several African countries have achieved plausible levels of growth in recent years. However, in this area we should care not only on the quantity but also on the quality. This means that growth should be based on sustainable activities, both economically and environmentally, as well as it should be inclusive enough to make a significant contribution in reducing poverty.

4. What we are witnessing with concern that much of this growth lies in the increasing price experienced in recent years by commodities, which make it very vulnerable to changes in demand conditions of its partners. The international market has shown signs of a slowdown in demand, which would endanger not only the economic conditions of Africa, but in developing countries in general.

Mr. President,

5. To face these challenges, UNCTAD has developed a series of recommendations in its report "Economic Development in Africa 2013, intra-African trade: Harnessing the dynamism of the private sector", which I will comment.

6. Regional trade can never be enough stressed. A healthy growth should be clearly balanced between an active foreign trade and strengthening domestic demand, be it national or regional. Experience shows us that a diversify sources of demand allows countries to become more resilient to the recurrent changes of the international market, such as in the current international crisis. The same can be applied to funding sources, including foreign direct investment.

7. The advantages of more conducive trade flows, financing and regional foreign direct investment are varied: first, it can develop regional economies of scale, which increases the competitiveness of local enterprises to have presence in local, regional and global markets. This, in turn, has a positive impact on job creation and demand, enabling a virtuous cycle that impact on the growth of the countries.

8. In the case of Africa, we find that in comparative terms the proportion of intra- regional trade is quite small, reaching only 11 % of the international trade of the continent. While there are structural causes that do not allow such trade to grow faster, such as the size of domestic markets, we understand that the work of UNCTAD, in all pillars, has among its primary objectives to guide members in the adoption of public policies that strengthen the conditions to develop intra- regional trade.

9. Within this process, one of the issues to be prioritized is the creation of productive capacities. The structural transformation processes that allow us to move in this direction do not occur in one day. It is the result of multisectoral national plans that should be treated as state policies and must count on public and private support and, if applicable, on the necessary technical and financial support from more advanced countries in these fields and international organizations, such as UNCTAD.

10. In this process it is necessary the presence of the private sector, through the generation of dialogue and sufficient facilities for regional economic agents to deepen their relationships, in order to generate a regional offer, taking advantage of the options to develop economies of scale. The gradual growth of the middle class can be a catalyst to generate a domestic market that can contribute to the growth of intra -regional production.

11. The continent has taken important steps, such as the African Union's decision to promote a hemispheric free trade agreement. This could allow to extend the commercial possibilities of the countries of the continent, because currently most of the intra-African trade takes place within each subregion. However, the experience of the continent in this field shows that trade agreements are not a sufficient condition to ensure the integration, show by the fact that despite having recorded a series of sub-regional trade agreements, their application have been limited.

12. Finally, we agree that integration should not be based only on processes but must be geared to results. Only in this way we can evaluate the outcomes and make modifications to the processes undertaken or to determine whether the objectives have been achieved.

Mr. President,

13. As we will discuss in this session, Africa shows some positive indicators that allow us to be cautiously optimistic about the future. However, for such potentials to materialize, it must adopt a series of measures, in which UNCTAD can play a key role, as the focal point within the United Nations system for trade and development.

14. Among the measures that have been mentioned by UNCTAD to assist in this process, we have the following:

- Encourage business and build supply capacity.
- Establish a robust mechanism for dialogue between the state and the private sector.
- Create regional value chains.
- Improve the implementation of existing regional trade agreements.
- Reconsider the approach to regional integration.

15. The Group of 77 and China believes that these recommendations are quite relevant and call this organization and its member countries to support their effective implementation.

Thank you very much Mr. Chairman.

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