

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**

Tuesday, 17 September 2013

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**Statement
on behalf of the Asian Group, at the sixty session of the
Trade and Development Board**

**Agenda items 4 & 8: Development strategies in a globalized world: Growing domestic
and regional demand for balanced and sustainable growth**

Tuesday, 17 September 2013

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**Mr. President,
Mr. Secretary General,
Excellencies,
Distinguished Colleagues,**

I have the honor to deliver this statement on behalf of the Asian Group. The Group associates itself with the statement made by Ecuador on behalf of the Group of 77 and China.

Mr. President,

The Asian Group thanks the Secretariat for this year's *Trade and Development Report*, which serves as the background document for Agenda items 4 and 8, as well as the Secretariat's briefing this morning. Allow me to highlight some pivotal observations that have been reflected in the report.

The *Report* noted that developing countries are likely to face sluggish import demand for their goods as a result of a period of slow growth in developed countries. An emphasis on export-oriented growth is therefore not an option. The current global economic environment rather necessitates a longer term growth strategy that gives greater emphasis on domestic and regional demand.

A domestic demand-oriented strategy will require a new perspective on the role of wages and the public sector in the development process. While export-oriented growth strategies stress the cost aspect of wages, a more domestic demand-oriented strategy would emphasize the income aspect of wages as it would be based on household spending.

The *Report* suggests that employment creation combined with wage growth that is in line with productivity growth should create sufficient domestic demand to fully utilize growing productive capacities without having to rely on export growth. The public sector can also boost domestic demand by increasing public employment or undertaking investment. Increased demand from household consumption and the public sector would provide an incentive to entrepreneurs to invest in increasing productive capacity.

In 2012, international trade in goods and services has not returned to the rapid growth rate of the years preceding the crisis. Export growth declined to 4 per cent in the developing countries as a whole. This slowdown included Asian countries that had previously played a

major role in boosting international trade. This downward trend in international trade highlights the vulnerabilities our countries continue to face at a time of weak growth in their export markets.

While output growth was strong in East, South and South-East Asia, at 5.3 per cent, there has been a slowdown due to weak demand from some of the major export markets. Domestic demand, encouraged by various incomes policy measures in a number of countries in the region, such as India, Indonesia, the Philippines and Thailand, is supporting output growth, which may therefore accelerate moderately in the region as a whole in 2013.

Economic growth in West Asia slowed down from 7.1 per cent in 2011 to 3.2 per cent in 2012, a level that is expected to be maintained in 2013. Weaker external demand, especially from Europe, affected the entire region. The Gulf Cooperation Council (GCC) countries maintained large public spending programmes to support domestic demand and growth.

The thresholds which trigger an acceleration of demand for consumer items typically cluster at a level of per capita income at which an individual is considered to enter the middle class. It has been estimated that the proportion of middle class in the total world population will increase from 26 per cent in 2009 to 41 per cent in 2020. In Asia, the number of people belonging to the middle class is estimated to grow sixfold. An enlarged middle class could be an important source of buyers for domestic manufacturers, and therefore provide an incentive for entrepreneurs to further invest in productive capacity.

The 60th Session of the Trade and Development Board therefore comes at a pivotal point in our history as an organization, but also for our peoples. As an organization, we are engaged in preparations for the 50th anniversary of UNCTAD, an opportunity to reflect on past accomplishments, and shortcomings. This reflection affords us a better opportunity to strengthen our work in UNCTAD thereby enhancing its impact on broader development issues.

This then takes us to the potential impact of our work on the future. The articulation of the post-2015 development agenda is perhaps the single most important process in contemporary development multilateralism. We must therefore ensure that we play our role in ensuring that what emerges from that process will holistically address the broad spectrum of development challenges that we face, and perhaps have yet to encounter.

In the coming sessions under agenda items 4 and 8, the Asian Group looks forward to a very interesting exchange of views on these agenda items today and tomorrow.

Thank you, Mr. President.