

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Trade and Development Board
Sixty-first session**

Geneva, 15–26 September 2014

**Item 4: Interdependence: Trade and development
policy challenges for a sustained recovery of the global economy**

**Item 8: Development strategies in a globalized world:
Policymaking in an evolving framework of global governance**

Speaker: Guatemala on behalf of the GRULAC

Tuesday, 16 September 2014

*Not checked against delivery **

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Statement by Guatemala on behalf of the Group of Latin America and the Caribbean (GRULAC) at the Sixty-first Session of the Trade and Development Board

Item 4 - Interdependence: Trade and development policy challenges for a sustained recovery of the global economy; and

Item 8 - Development strategies in a globalized world: Policymaking in an evolving framework of global governance

Tuesday, 16 September 2014

Madam President, H.E. Ambassador Ana María Menéndez Pérez (España);
Mr. Mukhisa Kituyi, Secretary-General of UNCTAD,
Mr. Richard Kozul-Wright, Director, Division on Globalization and Development Strategies,
Mr. Alfredo Calcagno, Head, Macroeconomic and Development Policies Branch
Excellencies
Distinguished delegates,

Madam President,

1. I deliver this statement on behalf of the Group of Latin American and Caribbean States (GRULAC).
2. Globalization has definitively caused interdependence among countries and regions around the world. Proof of this is the financial crisis that started in the United States and that spread to Europe and the rest of the world, and is still having systemic effects today. This interdependence is the reason why trade and development policy changes must include a global component in order to allow a sustainable recovery of the world economy.
3. In the Trade and Development Report, UNCTAD states the general growth data for the year 2014, and also makes several policy recommendations that we intend to discuss during this session.
4. Regarding the global growth data presented by the report, we take note of the modest improvement of the world economy in 2014, with the well established caveat mentioned by UNCTAD that these figures should be taken with caution. Such improvements entail a growth in developed countries of 2.5 to 3 per cent GDP, against a stagnation and deceleration of the growth forecast for the developing world. We observe with concern the continuous slowdown experienced by the Latin American and Caribbean Region that has been projected to be about 2 per cent this year.

5. The trade and development report presents a thorough analysis of how the combination of fiscal and income restrictive policies and an extremely expansive monetary policy have a low impact on the developed countries that apply them, but have severe consequences on developing countries monetary flows. We also note with concern, that the analysis shows that in several major economies, policies intended to spur the recovery are similar to those that led to the largest global crisis in the first place.

6. Regarding the international financial system, GRULAC countries are aware of the challenge of financial instability and we see the importance of prudential macroeconomic and regulatory policies, but we would like to highlight the importance of these regulations at the global level.

7. For example, the case of Argentina was mentioned, where it became evident that the actual sovereign debt restructuring framework is inappropriate, and we should consider UNCTAD's suggestion of establishing a multilateral structure for dealing with sovereign debt restructuring that would take in consideration general interests, and not just the private ones. It is difficult to understand how at present, arbitral tribunals and courts of justice from some developed countries are becoming threats to countries' sovereignty, as it is occurring not only in Argentina but also in Greece and Cyprus.

8. Regarding trade volume figures, we take note of the deceleration of trade volume that all regions suffered, with the greatest slowdown in developed countries, transition economies and Latin America. Even though we agree with the assertion that the virtual trade standstill is mainly due to a weak global demand, we also maintain that higher trade barriers are also an important impediment for global trade, not only growing in number, but also accumulating over time. We also acknowledge UNCTAD's proposal that the way to expand trade globally is through a robust domestic-demand-led output recovery, and we are ready to further discuss how this domestic-demand-led process could be implemented in small economies such as some of the Latin American ones, where the domestic demand is not capable of ensuring an economic recovery. We would like to know how regional and south-south trade could play an important role in this issue.

9. We welcome the analysis conducted in the report about the importance of policy space in order to advance the development agenda. We highlight that our efforts to promote legitimate industrial, fiscal, financial and social policies in favor of our development, need to be encouraged and not constrained by the international rules. In this regard we encourage the work of UNCTAD in analyzing mechanisms to improve policy space.

10. In conclusion, GRULAC recognizes the importance of the recommendations that UNCTAD makes throughout the Trade and Development Report, and agrees with the fact that there is a need to coordinate national policy strategies, and to continue with efforts to devise a more effective set of globally inclusive institutions to regulate markets imbalances and to better pursue aims of global development.

Thank you Madam President.