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Opening Plenary
General Statements

Speaker: South Africa

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61st SESSION OF THE UNCTAD TRADE AND DEVELOPMENT BOARD (TDB)

STATEMENT BY SOUTH AFRICA DELIVERED BY DEPUTY PERMANENT REPRESENTATIVE, MS NCUMISA NOTUTELA

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My delegation would like to begin by congratulating H.E Ambassador Ana Maria Menéndez Perez on his election to preside over the Trade and Development Board. Ambassador you take this leadership role at a challenging time as UNCTAD and the international community start deliberating about the post-2015 development framework, which this organisation will have to be an integral part of. My delegation also recognises the sterling contribution of Ambassador Triyono Wibowo of Indonesia to the work of UNCTAD during his term as President of the Board.

Let me take this opportunity to congratulate the Secretary-General, Dr. Mukhisa Kituyi, for his insightful analysis of the state of the global economy and how it relates to the trade and development mandate of UNCTAD. South Africa pledges full support to Dr. Kituyi and we hope to continue the close working relationship which we developed with him over the last year.

Madam President

At the outset, I would like to associate my delegation with the statement made on behalf of the Group of 77 and China and that of the Africa Group.

Over the years, this TDB has benefited immensely from the insightful analysis contained in the Trade and Development Reports and the Economic Development in Africa Reports. I therefore wish to express my delegation's gratitude to the Secretariat for all the hard work that they did in the preparation of these reports. The analysis of the state of the global economy, the overview of development challenges confronting many of our countries and the various policy options that both reports provide, are indeed a testimony to the continued relevance of UNCTAD.

Without taking too much time, let me briefly make some observations about some of the salient points of the reports. First, the Trade and Development Report 2014 notes that growth in the world economy has been experiencing a modest improvement in 2014, although it is set to remain significantly below its pre-crisis
highs. Its growth rate of 2.3 per cent in 2012 and 2013 is projected to increase moderately to between 2.5 and 3 per cent in 2014. In the systemically important economies, there are indications that the easing of austerity measures, combined with loosening of monetary policy, has fostered demand driven moderate growth. This is a positive development for the global economy. However, the report notes that in a number of other large euro-zone economies, stagnant or sluggish real wage growth, and persistent weakness in the financial sector continue to hinder economic growth. This is of concern to us since some of our largest trading partners are in the euro-zone, many of our export products are destined for the euro-zone.

Second, this year’s TDB convenes under the theme “Global Governance and Policy Space for Development”. The Trade and Development Report 2014 caution us to remain vigilant and to ensure that developing countries safeguard their policy space in order to advance national development objectives. Over the years, we have witnessed the constraining impact of multilateral disciplines and rules on countries’ ability to aggressively pursue appropriate economic and social programmes designed to achieve economic development in their own national contexts. WTO rules place restrictions on the use of certain policy instruments: for example, prior to the introduction of Agreement on Trade-Related Intellectual Property Rights, innovation and access to technology were far less curtailed that they are in the current context. Many countries that are now industrialised nations were able to rapidly industrialise partly due to lack of restrictions on their policy space. There has to be a balance between the reservation of policy space and the need to have a predictable and open multilateral trading system. Developing countries therefore have to think strategically about how best to use the remaining policy space, in this respect, the role of a developmental state becomes even more critical.

Madam President

Thirdly, the Report observes the utility of proactive trade and industrial policies in order to facilitate structural transformation of the domestic economy. The multilateral
trading system and the international economic order must take account of the desire for developing countries to chart out industrial and trade policies that seek not only to increase exports, but primarily to improve domestic demand, to create jobs, to improve economies of scale and to ensure that a developing country’s industrialisation trajectory is not predicated on export-led growth, but is rather focused on enhancing the productive sectors of the domestic economy.

Fourthly, the Report seeks to answer the question whether Bilateral Investment Treaties foster higher levels of inflows of foreign direct investment. The Report concludes that the hypothesis that BI Ts foster bilateral FDI is not supported by research. In this regard, South Africa has been implementing significant changes to its investment law and policy – both at the national and international levels. In part, the changes have been triggered by a realisation that the current regime of Bilateral Investment Treaties has significant legal deficiencies, particularly with respect to the settlement of investment disputes, and that the system is in need of reform. We believe that the changes that we have introduced are helping to move us closer to our objective, which is to strike a better balance between the legitimate interests of investors and host States, driven by sustainable development imperatives and the rule of law as enshrined in the Constitution.

Madam President

I wish to conclude by appreciating the noble ambition to survey an array of topics in the time allocated to this 61st session of the TDB. This session of the TDB will have the enormous task of deliberating and proposing policy options on a range of issues such trade and development, industrial policy for development, investment and the state of the global economy, amongst others.

I wish this 61st session of the TDB much success in its deliberations.

I thank you.