Statement by the Group of 77 and China

Agenda Item 3: Interdependence and development strategies in a globalized world

Sixty-Fifth Session of the Trade and Development Board (Part-II)

Geneva, 1-4 October 2018

Mr. President, H.E. Ambassador Salim Baddoura (Lebanon),
Mr. Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, Excellencies,
Distinguished delegates,

I have the honour to deliver this statement on behalf of the Group of 77 and China.

We thank the Secretariat for the presentation of Trade and Development Report 2018 and appreciate the panelists for their insights.

The Report highlights weak spots of world economy which is again going under stress. Ten years after the financial crisis and the start of Great Recession, the economic recovery especially for many developing countries is excruciatingly slow. The growing debt, volatile financial flows, huge technological and digital gaps, high inequalities, trade and tariff wars for so-called race to the bottom are all weighing down on the prospects for robust economic turnaround.

Mr President,

Policy analysis is showing weakened economic and trade outlook due to strains on multilateralism and multilateral frameworks. UNCTAD analysis has observed sharp decline in investment in 2017. Just few days ago, the World Trade Organization (WTO) has again lowered down its outlook for the global trade from 3.9 percent to 3.7 percent due to escalating trade tensions and tighter credit market conditions.

There are growing concern that the imbalances that caused the financial crisis have not been addressed and the consequences are hitting developing countries again. The tariff escalation will not solve these imbalances but will make it more difficult to build cooperation to find inclusive and sustainable solutions. The Group therefore calls for strengthening rules based multilateral trading system and addressing imbalances in the prevailing regime to enable greater and meaningful participation of developing countries.

The Report shows that very large international firms have been the big beneficiaries of the international trading system in recent years leading to inequality and uneven development. We need a fresh approach to dealing with the asymmetric power relations that this implies and hampers development prospects in many countries. Therefore, we call for more research and analysis on this crucial aspect.
Mr President,

As international cooperation and partnership were part of the SDG package, the Group calls for a robust mechanism to assess and follow-up the implementation of commitments made at international level. South-South cooperation can help but it’s not a substitute for an inclusive multilateralism that works to bring prosperity for all. That system is now in crisis and we need fresh thinking from UNCTAD about how to ensure rules and institutions to work for development.

The Group welcomes the Report’s focus on infrastructure and its call for a more integrated perspective on the infrastructure challenge linked not just to the financing of projects (which is critical) but also to how infrastructure can feed in to efforts to build more robust and diversified economies.

Mr President,

We do recognize the growing influence of digital technologies on the world economy. Digitalization has transformational effects and is generating both opportunities and risks. Many developing countries, especially the LDCs, are inadequately prepared to capture the many opportunities emerging as a result of digitalization.

The Report also highlights that technological and digital gaps may create or exacerbate existing inequalities as productivity gains may accrue mainly to a few, already wealthy and skilled individuals. The Group is concerned that the potential benefits from new technologies particularly digital may be skewed in favour of big platforms.

We also recognize that there are concerns over how data flows and digital platforms should be harnessed while at the same time addressing concerns related to privacy and security, implications for competition and taxation.

To this end member States will need to explore relevant approaches to policy making at the national, regional and global level, taking all development aspects into account. Given the differences in readiness to engage in a benefit from digitalization, there are no one-size-fits all solutions to apply.

I thank you Mr. President.