

Trade and Development Board, fifty-ninth session
Geneva, 17–28 September 2012

Opening plenary

General statements by regional groups
Speaker: European Union

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European Union

UNCTAD

**UNITED NATIONS CONFERENCE ON TRADE AND
DEVELOPMENT**

**59th SESSION TRADE AND DEVELOPMENT BOARD
17-18 September 2012**

EU Statement

Geneva, 17 September 2012

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TRADE AND DEVELOPMENT BOARD

59th Session

(Geneva, 17-18 September 2012)

Opening Statement

Mr. President,
Secretary General,
Excellencies,
Distinguished delegates

I have the honour to speak on behalf of the European Union and its Member States.

The Acceding Country Croatia*, the Candidate Countries the former Yugoslav Republic of Macedonia*, Montenegro*, Iceland[†] and Serbia, the Countries of the Stabilisation and Association Process and potential candidates Albania and Bosnia and Herzegovina, as well as the Republic of Moldova and Georgia align themselves with this declaration.

Mr. President

Congratulations on your election as the President of the Trade and Development Board. We are convinced that, under your leadership, we will have a successful TDB Session.

We would like to start by thanking the outgoing President of the Trade and Development Board, His Excellency Ambassador Mr. Maruping, for his excellent work and effective leadership during the negotiations of the Doha Mandate in the UNCTAD XIII Conference, the UNCTAD Secretariat, as well as other Members of the Bureau.

Our thanks also go to the SG of UNCTAD, Dr. *Supachai Panitchpakdi*, the Deputy SG Dr. *Petko Draganov* and the UNCTAD Secretariat for their work during the past year.

* Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia continue to be part of the Stabilisation and Association Process.

[†] Iceland continues to be a member of the EFTA and of the European Economic Area.

We welcome the results of this Ministerial Conference in Doha, Qatar, which brought UNCTAD a new mandate, and with it, a comprehensive agenda for the next 4 years. To this effect, we are looking forward to examining and discussing the Work Plan for enhancing the management and administration of UNCTAD that will be presented during this TDB and to reach Agreed Conclusions on this relevant issue.

Our objective is to continue to strengthen UNCTAD as an efficient organization as well as to maximize the impact of its work. We are fully committed to the role of UNCTAD as an institution in the trade and development arena, and interrelated issues in the areas of finance, technology, investment and sustainable development.

Mr. President,

The new global realities including the economic crisis, mainly manifesting itself in the last 5 years, have impacted all countries to varying degrees. Yet, due to their lower economic development and lack of capacity, the effects are more severe in developing countries and in particular least developed countries. This makes UNCTAD's role as a forum for these countries come to the fore. We are firmly convinced that with the new Mandate agreed in Qatar, UNCTAD will continue to play a central role for trade and development.

UNCTAD's Trade and Development Report 2012 serves as the background paper for several of the issues to be discussed in the next two weeks. We have read the Report and can say from the outset that there are some assertions in it that we would not agree with. One has to be careful before putting the blame squarely on Europe for the failing to take the world out of these crises. Many would agree that the crisis in 2007 did not have its origin in Europe, and currently countries around the globe, developed and developing, battle with similar problems such as below potential growth, high unemployment, sluggish private consumption, slow expansion of trade and in addition fiscal constraints. We also take issue with the report on what measures in Europe are necessary at this particular juncture in time, to put right the failings in past decades that lead to the current situation. While discussing the nature of the crisis in the euro area and the role of fiscal

policy therein, one should not abstract from the specific context of a monetary union and not forget the multitude of bold actions taken in Europe since the outbreak of the crisis, of both institutional and economic policy nature. Of particular interest is the process launched by Europe's Heads of State or Government to strengthen the architecture of the Economic and Monetary Union and the on-going work on creating a banking union within the eurozone. In reply to the concerns about the role of growth and its relation to inequality in Europe, I would also like to draw your attention to the fact that the economic policy of the European Union is guided by our Europe 2020 strategy, which is a strategy for smart, sustainable and inclusive growth. We also don't share the scepticism expressed with regard to structural reforms and their impact on growth. In fact, in our view, high regulation and barriers in some sectors of the economy have significantly contributed to the current economic doldrums. We do agree, however, with the overall downbeat messages in the Report about the global economy being very fragile, about the sluggish recovery and high unemployment. In contrast, we are very pleased about UNCTAD's observation that growth in developing countries is relatively high and expected to continue on that trend. In particular we are happy that growth rates increased in Sub-Saharan Africa. Growth rates are due partly to high prices for primary commodities but we are hopeful that structural reforms and more resistant economies also played a part. Different growth patterns and their impact on the relative weight of different countries should feed UNCTAD's reflection on evolving roles and responsibilities, particularly of emerging economies.

I would now like to update the Trade and development Board and Member States on two recent European Commission Communications – "*The Trade, Growth and Development Communication*" and the "*EU Accountability report 2012*". The Accountability Report highlights that, despite the crisis, the EU and its Member States remain by far the largest donors of development assistance. First, we managed to limit the decline of ODA from 0.44% in 2010 to 0.42% of the EU's collective GNI in 2011. On the Aid for Trade front, our aggregate flows continued to increase in 2010, to about €10.7 billion including €2.6 billion to Trade Related Assistance. Aid for Trade proportion to LDCs was unsatisfactory, which seems to indicate that LDCs need help with mainstreaming of trade into their development strategies.

We would also like to recall that the Commission continues to be the largest contributor to UNCTAD's operation activities (with 14,6% of contributions to trust funds) and in 2011, with 6,6 million USD, it has doubled its voluntary contributions compared to 2010, mainly to implement ASYCUDA and DMFAS projects.

Concerning the January 2012 Communication on 'Trade, Growth and Development,' it adapts EU trade and development policy to changes that took place in the last decade and sets new orientations for the next decade. The communication confirms that openness to trade is a necessary condition to successful growth and development but is not sufficient in itself: it must be accompanied by sound domestic policies and good governance, in order to maximise the benefits of open trade and make it work for the poor. We remain committed to helping make trade work for development. The EU is the most open market to developing countries based on our General System of Preferences, Duty Free and Quota Free (DFQF) access for all products, except arms and ammunition, from the LDCs, simplified rules of origin and bilateral and regional trade agreements

However, as already indicated, we must reflect changes in the global economy in the last decade, with developing countries becoming drivers of trade. They now account for over half of world exports and South-South trade has outstripped North-South trade. The evidence is that emerging economies now compete with developed countries on an equal footing while LDCs have been further marginalised. We will therefore focus our efforts towards LDCs and other countries most in need. In parallel, we will also encourage emerging economies to assume greater responsibilities, notably by opening up their markets more widely to LDC products and sharing their experiences and best practice of South to South development cooperation.

For a strengthened global economic growth the EU wishes to stress the importance and centrality of the multilateral trading system. We have seen some very difficult negotiations over the last few years, but neglecting the multilateral system is not the answer. There is now an urgent need to work together to move forward and demonstrate that we are capable of reaching agreement, in particular on issues that are key to developing countries.

There has been encouraging progress on the MDGs over the last decade. The world has made strong and sustained progress in reducing extreme poverty. However, progress has varied significantly between regions and between countries. The situation is particularly worrying in sub-Saharan Africa as well as in the LDCs. Several issues will need to be addressed, such as:

- (a) Fiscal policy including the structure of taxation and the quality of public expenditures is decisive to meet the challenges of sustainable growth, poverty eradication and equity.
- (b) Innovative financing and blending instruments as well as stimulating enterprise development, competition, innovation and business facilitation must be used to supplement domestic savings and ODA;
- (c) Economic diversification based on a wide range of sectors is an essential element to ensuring sustainability, reducing a country's economic volatility, and ensuring food security. The right economic and social environment and identification of comparative advantages in productive sectors are required to diversify the economy and attract investments;
- (d) Targeted social protection floors helping the poorest to escape the poverty trap can be an important element to sustain growth. The EU recently renewed its commitment to support such efforts.
- (e) promote gender equality and womens' political and economic empowerment as essential means for poverty reduction and sustainable growth and development

Mr. President, Distinguished colleagues,

Finally, given these economic and social global challenges in mind, the EU and its Member States would like to stress the importance of having a strong and excellency-delivering UNCTAD. This is why we will pay thorough attention, during this TDB and afterwards, to the follow-up of the Joint Inspection Unit Review of Management and Administration in the United Nations Conference on Trade and Development. We are asking that substantial and sufficient time is dedicated to agenda item 12 during these 2

weeks, and we are looking forward to a constructive debate with the Secretariat and Member States on this issue.

UNCTAD is the focal point in the UN for the integrated treatment of trade and development and interrelated issues, and has a very specific role to play. This role will now continue under the new mandate agreed last April in Qatar and by strengthening the efforts aimed at enhancing its efficiency, effectiveness, transparency and accountability, including through effective results-based management.

The European Union and its Member States recognise that due to the changes in the global economy with its implications on trade, investment and development policies, economic and trade issues are more complex than ever. Yet, in the end, we all have the same goal which is to take the world out of the crisis and ultimately to eradicate poverty. This is something we can only achieve collectively.

I thank you for your attention.