

Talking points for *Item 1: Opening address & Item 2: Annual Report of the SG, TDB*
3 July 2020 at 10 a.m.

I bid you welcome to this 67th session of the Trade and the Development Board convened for the first time virtually due to the extraordinary events of the last six months, which has seen a global health emergency and economic crisis emerge due to the Covid-19 pandemic. We meet today just as the most consequential half-year in recent memory comes to an end. In addition to reminding us all of the fragility of our way of life – and of life itself – the pandemic marks a transformation in our collective understandings of the trade and development challenges that UNCTAD is mandated to address.

I extend my deepest sympathies to all Member States and to all of you personally who may have been touched by – or continue to be touched by – this terrible pandemic outbreak. Although some countries and jurisdictions have begun to re-open, many others continue to see the toll of the pandemic rise – both in terms of its public health as well as its economic consequences.

The global health emergency is aggravating the world economy’s own "pre-existing conditions." Covid-19 has starkly revealed that we cannot avoid transforming global approaches to trade and development, if we are to chart a sustainable course to a better recovery. Already last fall Trade and Development Report 2019 suggested the likelihood of global recession in 2020 and proposed the idea of a Global Green New Deal as its alternative. In the recent months we augmented these ideas with proposals to meet the onslaught of Covid-19 – \$1 trillion in debt relief, \$1 trillion in additional liquidity through new Special Drawing Rights at IMF, and \$500 billion in a global health Marshall Plan.

UNCTAD’s new quarterly report, Global Trade Update, currently estimates a drop in world trade of around 20% this year. This implies that in 2020, global trade will be almost 6 trillion USD less than expected, representing a 50% larger drop than that registered during the recession of 2008.

In addition, Covid-19 only further compound pre-existing trade and technology tensions. Border closures, growth in protectionist trade and investment measures, as well as greater hostility towards multilateralism have only picked up in the last six months, as the crisis has unfolded. Many governments understandably met the initial outbreak with a raft of trade restrictions, mostly to prevent exports of medical supplies and essential goods. Although many of these restrictions have begun to be repealed, the uneven and cautious pace of re-opening economies means that uncertainty remains high. **This uncertainty feeds pre-existing uncertainty that we documented this past year in a series of studies of the effects of Brexit and China-US trade war on trade and development.**

After a decade of stagnant trade and investment, Covid-19 is also triggering an inflection point in the transformation of international production. The new World Investment Report 2020 describes how the pandemic accelerates trends slowly building since the global financial crisis more than a decade ago – with worrying consequences for developing countries. FDI will decline by some 40% this year and will be likely slow to recover, with a transformation in the international production beyond the pandemic towards more *re-shoring, regionalization, and resilience*.

The crisis is also accelerating the digital transition but deepening digital divides. Already last fall, the inaugural Digital Economy Report 2019 argued that some of the deepest digital divides are between the China-US digital giants and the digital consumers everywhere else. The divide between digitally enabled and the digitally poor becomes even deeper with the shift to teleworking observed under Covid-19. Most developing countries -- as well others left behind, for example, in Europe, -- will need to do more collectively to ensure their integration into the digital economy is not just as digital consumers, but also as digital producers. Capturing and creating value along new shorter digital supply chains of the future will only become more important in the post-Covid-19 landscape.

Amidst further regionalization and shorter supply chains, regional integration, South-South cooperation and trade facilitation are poised to become even more high stakes. For example, as already documented in last summer’s EDAR 2019, entitled “Made in Africa,” the success of the AfCFTA will hinge on its ability to put in place simple, transparent and predictable “rules of origin” that can help create more viable region-wide value chains, closer to home across the African market.

Similarly, our work with Regional Economic Communities in Africa on their trade facilitation cooperation continues. Newly expanded to more central and western African countries, it has made a crucial difference in helping these regions build the ties they need to make these value chains survive future post-Covid-19 realities. These efforts are particularly relevant for the LLDCs that are most dependent on their neighbors for access to external markets, and for whom therefore the emergency measures imposed by the Covid-19 crisis have been among the most constraining.

The Covid crisis has hit the most vulnerable countries and people hardest, at a time when they already were not doing well. Last fall, our LDC Report 2019 already showed how the financing objectives of the Addis Ababa Agenda had fallen behind for the least developed countries and lacked the focus on productive capacities needed to transform these countries. Now under the impact of Covid, we estimate that some 70 million more people living in LDCs will be pushed into extreme poverty over the next year—constituting a first increase in the poverty headcount ratio globally in two decades.

And the most vulnerable extends beyond the poorest to include SIDS, women, MSMEs among others. For example, the services industry, especially travel and tourism have been among the hardest hit and these sectors are the lifeline of SIDS, as well as disproportionately sources of employment for women and for small businesses. Earlier this week, we released new estimates that the world's tourism sector could lose at least \$1.2 trillion, or 1.5% of global GDP.

SIDS are also among the most vulnerable not only because they are highly dependent on travel and tourism industries, but also because any shock of such magnitude is difficult to manage for small economies, many of which are already highly indebted. Indeed, this vulnerability and its relation to our unequal world were to be one of the key issues we hoped to address at UNCTAD 15 this October in Barbados. **Allow me to therefore use this occasion to acknowledge the efforts that Barbados has already made in preparing our 15th Conference, and to extend my deepest sympathies and expressions of solidarity with Barbados as we work together to overcome the challenges that have accompanied the postponement of the Conference.**

We were fortunate with our analysis to be able to quickly warn about what might happen because of the health emergency and its attendant lockdowns. And we are fortunate to have been able to embrace working remotely without compromising our analytical and technical support to our Members.

We joined with partners across the system – and in the private sector and civil society – to make emergency responses as effective as possible, for example, helping to keep trade moving, customs authorities working, and keeping the ports open, all while observing the necessary sanitary measures.

Going forward, further shaping the ambitions for a better recovery will be a paramount objective. Countries are already thinking about recovery and realizing the devastating limits of current development practices. This gives us a window of opportunity to build the political will towards the systemic changes needed for truly better recovery, despite steep obstacles to international solidarity.

The path to recovery is clear but too many developing countries continue to need more stimulus and additional liquidity, as the pandemic is only beginning to take off in the developing world. Our efforts together with the Friends of SDG Financing initiative in NY are pushing in the direction of collective agreement on these issues ahead of the General Assembly this fall. Our call for debt relief – also championed by Heads of State like HE Imran Khan, Prime Minister of Pakistan, has been heard resoundingly across the UN system and IFIs and we continue to work hard to implement.

On these issues, UNCTAD has charted a course for the direction of travel of the entire UN system towards a coherent agenda for recovery on trade and development issues, and my deputy will elaborate on our detailed plans under the next agenda item. Indeed, from a trade and development perspective, a better recovery must be green, resilient, just and digital – but it must also be for all peoples and all countries, not just those who can afford it. Thank you for your kind attention.