



**Statement of His Excellency Mr. Marcelo Cima
Ambassador and Permanent Representative of Argentina,
Chairman of the Group of 77 and China in Geneva
At the 63rd Session of the Trade and Development Board
5-9 December 2016**

**Item 2 - Evolution of the international trading system and its trends
from a development perspective**

Monday, 5 December 2016

Mr. President, H.E. Mr. Christopher Onyanga Aparr (Uganda)
Mr. Guillermo Valles, Director, Division on International Trade in Goods and Services, and
Commodities
H.E. Ambassador Héctor Casanueva (Chile)
Excellencies,
Distinguished Colleagues,

Mr. President,

1. Allow me to thank the secretariat for its presentation as well as for the background notes for this discussion as contained in document TD/B/63/2 and TD/B/63/4. Both documents, as is usual with UNCTAD, provide us with much food for thought and, especially coming out of Nairobi and UNCTAD XIV, we appreciate that document TD/B/63/4 contains policy recommendations for our consideration.
2. As time is short, I will make very brief and concise remarks on behalf of the Group and other members will amplify and expand during the course of our debate.
3. Mr. President, with regard to the background paper on services, we appreciate the discussion on the implications of recent developments in the WTO in the area of services, particularly the services waiver for LDCs, as well as the document's identification of the opportunities for developing countries. Yet we are troubled with the implication, made most explicit in paragraph 20, that services liberalization represents a panacea of all sorts. While some developing countries have been benefiting from the services sector, others have not due to many reasons including lack of prerequisites such as infrastructure and capacity including as a result of the technology gap.
4. In other instances, increased reliance on the services sector can also open up developing countries to additional vulnerabilities to external economic shocks, for example declines in tourism arrivals due to economic difficulties in the tourist source countries, shifts in business process outsourcing preferences of overseas customers, capacity constraints in providing environmental services, among others. A more nuanced and pragmatic view of the challenges and opportunities that trade in services can provide would be useful.

5. Indeed the Group has always recognized the complexity of the global economic system and the multifaceted nature of trade, and hence has always been skeptical of the one-size-fits-all and silver bullet approaches to development. Likewise, this has been the holistic and nuanced approach that UNCTAD has traditionally taken.

6. The background note, while it does have important and useful elements, seems to have a too optimistic outlook towards the services sector and services liberalization. For trade to fully serve as an engine of development, other sectors of importance and interest to developing countries first need to be addressed.

7. With regard to the background note contained in TD/B/63/2, we commend the secretariat for presenting policy recommendations. The Group recognizes that strengthening global value chains can be a useful tool for development. Yet we caution that it too is not a panacea. We therefore find the first recommendation useful in that it helps to address the serious issue of monopolistic tendencies by the large players. We also find much value in the second recommendation, as it addresses the key issue of fostering a level playing field so that even medium and small enterprises can benefit from participating in global value chains.

8. We would also note that care should be taken in drawing generalized conclusions with respect to the developmental impact of integrating into agricultural commodity global value chains, as different commodities may likely result in different conclusions. Additionally, the relationship between fostering national industrialization through industrial policy and integration into global value chains should also be studied.

Mr. President,

9. The Group has great interest in addressing the question of how we are going to arrive at a consensus on the policy recommendations presented at future sessions of the Board. I believe that a tacit understanding exists that we will not have negotiations at this TDB due to its brevity, yet this is a pressing issue which we believe could begin to be addressed in our deliberations on item 7.

Thank you very much.