

Statement by Pakistan on behalf of the Asia Pacific Group
The Seventy First Executive Session of the Trade and Development Board
16 February 2022

Agenda item 2: Interdependence and development strategies in a globalized world

Madam President,
Secretary-General of UNCTAD,
Director of Division on Globalization and Development Strategies,
Excellencies,
Ladies and Gentlemen,

The Asia Pacific Group thanks Secretary General Grynspan for her remarks and appreciates in particular, Mr. Richard Kozul Wright and his team for their work on the Trade and Development Report 2021 entitled “*From recovery to resilience: the development dimension*”.

The Report provides comprehensive, factual, and convincing analysis of economic trends and policy issues of international concern. It offers recommendations for building a global economy that ensures prosperity for all.

Madam President,

Two years into the COVID-19 pandemic, the world has not yet fully grasped the depth of the shock to developing countries. Many countries in the South, most notably in Africa and South Asia, have been hit much harder than during the global financial crisis.

Constraints on fiscal space, unequal access to vaccines and lack of policy space are holding many developing economies back, further widening the gulf with advanced economies and threatening to derail the progress achieved so far.

The existing international rules and practices have locked developing countries into pre-pandemic responses. They are facing a permanent state of economic stress. The resolve to rebalance the global economy and reform the international economic architecture is still missing.

And on the health front, the COVAX and C-TAP schemes have been unable to mobilize the requisite resources from Northern governments and corporations, many of which have, at the same time, resisted developing country calls to temporarily waive TRIPS rules in the WTO in support of local vaccine production. The Report estimates that the cumulative cost of delayed vaccination will, by 2025, amount to \$2.3 trillion with the developing world shouldering the bulk of that cost.

The widening gaps, both domestic and international, are a reminder that underlying conditions, if left in place, will make resilience and growth luxuries enjoyed by fewer and fewer privileged sections of humanity.

Madam President,

The pandemic has created an opportunity to reform the core principles of international economic governance, a chance that was missed after the global financial crisis.

Crises are, no doubt, an opportunity for change, and the last four decades have seen plenty, culminating in the 2008-09 global financial crisis. But despite the damage to employment, incomes and savings, governments failed to escape the influence of unregulated financial markets, corporate power and extremely wealthy individuals. If the post-pandemic period sees a repeat of this failure, through a combination of fiscal tightening, watered-down labour market rules, and unequal trade and investment agreements – even as monetary policy remains loose - hopes of generating a sustained, equitable boom will surely recede rapidly

Renewed international support is therefore needed for developing countries, many of which face a spiraling health crisis, a growing burden of debts, rising unemployment, and failure to escape the influence of imbalanced international financial markets, corporate power and illicit financial flows.

The inequalities in the current economic system have been recognized in discourse at several multilateral institutions including IFIs. Both the IMF and the World Bank have noted in their reports that the economic thinking of the past would not deliver a more resilient system for the future.

We welcome support of some advance economies to initiatives like global minimum tax, DSSI, Common Framework, agreement on creation of \$650 billion new Special Drawing Rights. These initiatives are welcome, but not sufficient to reverse the downward spiral in most developing countries.

Madam President,

The Report has drawn from the lessons of the pandemic. It has presented some pragmatic and important recommendations. The Group fully endorses these proposals and calls for due reflection and note by the UN General Assembly, Second Committee and the Economic and Social Council. Following proposals deserve particular attention:

- i) Developed countries should lend enhanced support to developing countries in vaccine deployment, including the proposal to temporarily **waive vaccine-related intellectual property rights**.
- ii) UNCTAD's call for **concerted debt relief** and in some cases outright cancellation in order to reduce the debt overhang in developing countries and avoid another lost decade for development.
- iii) UNCTAD's call for political space created by the pandemic to be used to **re-assess the role of fiscal policy in the global economy**, as well as the practices which have widened inequalities.
- iv) A much greater policy coordination is required across developed and developing economies to **reform the international economic architecture** that was promised after the 2008-09 crisis but quickly abandoned in the face of resistance from privileged actors.

Thank you.