

European Union

Statement

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

68th Executive Session of the Trade and Development Board

(30 September to 4 October 2019)

Agenda Item 2 – Trade and Development report 2019

**Statement by the European Union Delegation to the UN and other international
organisations in Geneva**

Geneva, 01 October 2019

- CHECK AGAINST DELIVERY -

Trade and Development Report

Mr President, Secretary General, Excellencies, distinguished Delegates,

I am pleased and honoured to speak on behalf of the European Union and its Member States in this session of the Executive Trade and Development Board. As each year, UNCTAD's annual Trade and Development Report is awaited with great anticipation. This flagship Report is expected to offer an objective recollection and representation of recent data and trends, as well as providing elements for policy dialogue and consideration.

To a certain extent, the Report does not disappoint and we commend the work done. The Report offers a solid overview on the latest growth figures and various key underlying factors, as well as potential indicators for future trends. And most of all, it reaffirms the urgency to address climate change in a comprehensive and global manner.

While it is positive to see that overall growth estimates remain positive, its predicted slowdown is a cause to remain vigilant. As can be deduced from the report, proper domestic policies reinforced by a trustworthy and rule-based multilateral order, can be decisive for future socio-economic development. This is particularly important given the overarching effects of climate change. Appropriate domestic policies and conducive multilateral order can be instrumental for stimulating productive investment, economy diversification and climate change adaptation and mitigation.

The EU and its Member States collectively, being the biggest ODA donor and a committed actor in multilateral fora, play a key role in this sense. The EU External Investment Plan contributes directly to the Sustainable Development Goals by mobilising and leveraging sustainable public and private investments, providing technical assistance and contributing to an overall improved investment climate. This is particularly important for stimulating green investment, which represents an important opportunity for the developing countries, as highlighted by the Report. As key actors in global climate talks, we supported and contribute to an effective operationalisation of the Paris Agreement through the Katowice climate package.

Mr President, Distinguished Delegates,

Given that the Report does not disappoint on presentation of indicators and certain projections, it is, once again, unfortunate that it packages this in a divisive rhetoric, employing subjective

and polarising language based on partial, at times appearing as misleading, choice of academic research. This is particularly true for the Overview part, as well as for many of the analytical conclusions drawn at the end of each part. In this sense, the Report misses an opportunity to offer legitimate and trustworthy foundation for policy dialogue and identification, rather setting on a path of opinionated, one-sided and poorly substantiated theoretical conclusions of limited use.

The Report fails to give any relevance to good domestic policies, dismissing these as being fully dictated by multilateral rules, state of the global economy and the financial institutions, with fiscal space completely in the hands of "pushed" foreign debt and capitalist interest. This oversimplified and indiscriminately judgemental analytical conclusions, fail to recognise how good governance, democratic structures and regulatory stability can have a particularly positive impact and play a pivotal role for implementing effective national development policies, as recognised by para 36 of the AAAA¹. Keeping in mind yet another element of the AAAA, notably para 9, policy space is important for sustainable development and the EU has striven to find progressive and balanced outcomes in this respect, both, in the multilateral fora and in our trade arrangements with developing countries. However, policy space needs to be consistent with international rules and commitments. Failing this, it risks to seriously undermine the "trust" and "credibility" of a country, both key elements for debt sustainability and future productive investments, as also recognised by the Report.

Furthermore, the Report carefully limits representation of background studies and analysis to those that support the sought conclusions, regardless of how incomplete these might be. In search of supporting evidence, the Report resorts to citing its own past papers, the credibility of which have since been put in doubt, or limiting the presentation of "the other side" through a dismissive mention, oversimplification or an endnote, thus failing to represent the full complexity of the analysis. Such is the case, for example, of the references on the moratorium on custom duties on electronic transmissions.

Even a superficially critical reading of the presented conclusions regarding the moratorium on custom duties on electronic transmissions, makes the reader wonder if the complete picture is being presented. If nothing else, a more informed reader would be aware of the recent research paper prepared by the European Centre for International Political Economy, an independent and non-profit policy research think tank. This paper completely debunks the conclusions

¹ Addis Ababa Action Agenda https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

repeated in the Trade and Development Report and originally made in two earlier UNCTAD papers on the subject (not surprisingly, both linked to the Division that prepared this Report), exposing them as overly simplified and one-sided; i.e. not considering domestic tax losses, enforcement and compliance costs, greatly exaggerating hypothetical trade volumes that does not consider recent trends, as well as the impact on GDP growth. When all these things are kept in consideration, it is safe to assume that dropping the moratorium would, in fact, carry negative effects for the developing countries.

Furthermore, the Report neglects important or relevant facts in search of eye-catching or overly simplistic deductions; for example, the Report's claim regarding a "lacking... international agreement on technology transfer". While one could debate on strong and weak points of the Paris Agreement, it is undeniable that the Agreement did establish a Technology Framework for technology development and transfer, as well as the Climate Technology Centre and Network (or CTCN) as its implementation arm. The CTCN aims at supporting developing countries' capacity to identify technology options by offering free technical assistance and capacity building on climate relevant technologies.

The Report justly records the alarming increase in debt – both prior and after the financial crisis. Unfortunately, and keeping with the tone of the Report, debt accumulation is attributed almost exclusively to exogenous factors and shocks. These undeniably play a role, for example in the case of natural disasters affecting especially the SIDS and various LDCs, as well as some other developing and developed countries. However, it is irresponsible to present debt accumulation and their resolution in such one-sided fashion as done by the Report. As highlighted in the Nairobi Maafikiano, para 38(h), these debates need to take due account and be complementary to the work done by the World Bank and the International Monetary Fund.

Before concluding, let me mention another cross-cutting priority, also confirmed by Nairobi Maafikiano, that the Report fails to address – gender equality and women's empowerment. Despite being a key element underlying sustainable and inclusive development, the Report mentions gender only once on pg. 28; and even that time by referring to gender discrimination as something of the past.

Mr President, Distinguished Delegates,

In conclusion:

By employing polarising and subjective language, and resorting to oversimplification, the credibility of the entire Report is dented, undermining those conclusions which are good and plausible, as well as the considerations that they merit. It is unfortunate that this flagship Report of UNCTAD continues to miss the opportunity to place itself at the centre of debates regarding future policy options.

Over the recent years, the EU has expressed these very same concerns on previous editions of this flagship report – concerns that are shared (albeit informally) by a considerable and varied set of parties. Yet we still wait for the response from senior management on efforts to address these concerns.

In light of these concerns, we would request the Secretariat to clarify to the meeting the quality control mechanism that is currently employed in the publication of flagship reports. We would be interested in receiving details on how the preparation of this report corresponds to the 2009 UNCTAD publications policy. In line with this policy, we would be interested to learn about (i) the process of choosing the theme of the TDR, (ii) the peer review mechanism, (iii) the editing process in the preparation of the TDR and its overview, (iv) the role of the Publications Committee in reviewing the report and (v) the approval process by the UNSG's office.

We believe that there is merit in having a Trade and Development Report. However, if this Report continues to disqualify itself from relevant policy debates, we would be open to revisiting the publications programme and the added value of certain publications during the upcoming preparatory process for the UNCTAD XV ministerial conference.

Thank you.