



**Statement by His Excellency Mr. Diego Aulestia Valencia
Ambassador and Permanent Representative of Ecuador
Chairman of the Group of 77 and China
at the Sixty-eighth executive session of the
Trade and Development Board**

Tuesday, 1 October 2019

Item 2 – Interdependence and development strategies in a globalized world

Madame President, Ms. Charline Van Der Beek (Austria),
Mr. Richard Kozul-Wright, Director of the Division on Globalization and Development Strategies,
Mr. Arkebe Oqubay, Minister and Special Adviser to the Prime Minister of Ethiopia
Ms. Ann Pettifor, Director of Policy Research in Macroeconomics and Research Fellow at City
University, London, United Kingdom,
Excellencies,
Ladies and Gentlemen,

1. First of all, allowed me to congratulate the eloquent and passionate presentation of Mr. Kozul-Wright. In addition, we are grateful for the ideas expressed by Madame Pettifor and Mr. Oqubay, controversial as they are, provide several serious and well researched elements for adopting a different angle in the analysis of the global economy.
2. The Group of 77 and China would like to congratulate the Division of Globalization and Development for the publication of the Flagship Trade and Development Report 2019 entitled “Financing a Global Green New Deal”. Its content is challenging in many aspects and has obliged us to ask ourselves a number of questions regarding the path we are taking to attain Agenda 2030 and the Sustainable Development Goals. Good intentions are not enough to achieve these goals and this Report tackles a fundamental element: financing. We have an enormous challenge in front of us: to mobilize resources on the scale needed to fulfill our global development commitments.
3. The report is highly relevant for many reasons, one of them is addressing a current that is seemingly gaining momentum in the world: the need of an international coordination action to reach the 2030 SDG through a Global Green New Deal. The falling income share of labour, the lack of attention to those negatively affected by hyperglobalization, the need to boost productive investment and regulating the financial sector and the increase in carbon emissions require an active role of the public sector, both at the national and international level.
4. When mentioning “New Deal” we cannot avoid the reference to the Great Depression Days in the United States and the response the government gave to the crisis – massive state investment and new laws to bolster wages and suppress speculative finance. This was the successful approach that also worked well at the international level through the first few decades of the Bretton Woods system, for which the New Deal was an inspiration. The State has a fundamental role leading plans and actions to overcome difficult times, like the climate crisis we are facing now and the urgent need to accelerate economic development in many countries. We require global action to stop a man-made phenomenon with very real consequences on peoples’ lives. The TDR 2019 shows that global recovery, development and emission reduction can go hand in hand, but only if responses are coordinated at the global level.

5. Few days back we were honored by the presence of Mrs. Mia Motley, Prime Minister of Barbados, as Prebisch lecturer. What Prime Minister Motley delivered here was an urgent call for action, small islands developing States are facing devastation over and over again, a threat to their very existence.
6. Developing countries produce per capita approximately 80% less atmospheric carbon dioxide than their developed counterparts. This is not random, is an element to be taken into account when we talk about productive activities, trade and development. The invisible people from the countries Prime Minister Motley talked about pollute by far less than others in the planet. Nevertheless, their opportunities to develop and survive are being taken away. Indeed, the responsibility is common but differentiation is needed.
7. The Group of 77 and China would like to highlight the relation between credit expansion and accumulation of fixed capital as presented by the Trade and Development Report (TDR) 2019. The TDR points out that “credit has been used to finance speculative activities by both financial and non-financial corporations”. Productive investment is not the favorite use of the financing available in the world. Innovation for green transition is not necessarily, according to the rationale of financial markets. The challenge remains therefore how to ensure accumulation of fixed capital and innovation for green transition, both of which are crucial for the attainment of Agenda 2030. The Groups finds enlightening the reflection that blended finance must be approached with precaution regarding its true potential of significantly contributing to the delivery of the 2030 Agenda.
8. Some current member States of the Group of 77 and China were still suffering colonial hardships when Bretton Woods Institutions were created under the influence of the original American New Deal. This time around, the climate crisis response should be truly multilateral and coordinated in order to be effective. The Group of 77 and China requests UNCTAD to support our efforts to strengthen South-South cooperation in the framework of a Global Green New Deal.
9. At UNCTAD we can do more than just deliver a range of technical cooperation projects on adaptation. The Group of 77 and China believes that we have the responsibility to discuss policies that can help boost development within the framework of commitments acquired under the United Nations Climate Change Conferences , which we believe can be done without harming peoples’ livelihoods and continuing to fight for more decent jobs.
10. The Group of 77 and China recognizes that the energy challenge many developing countries face is also an opportunity to build green projects from the start. Related challenges have to be overcome though, such as securing adequate financing without compromising financial stability due to already high levels of debt in many small and vulnerable economies.
11. The Group of 77 and China coincides with the assertion that levels of debt should allow a country to achieve the sustainable development objectives without an increase in debt ratios. Developing countries would need to grow at 11.9 per cent annually to avoid increasing their debt levels in order to accomplish the Sustainable Development Goals by 2030.
12. The Group of 77 and China would like to recognize the convergence of the recommendations of this report and views expressed by researchers of other multilateral institutions regarding the use of capital controls as a legitimate part of policy toolkits and the need of revisit the link between the action of the central banks and the development goals of the governments.
13. South-South Cooperation and development banks of the Global South play a fundamental role in helping developing countries to attain the objectives of Agenda 2030. The Group of 77 and China recalls the principle that South-South Cooperation cannot replace official development cooperation from developed countries. The immense amount of funds needed to attain the Sustainable Development Goals requires multilateral action to mobilize sufficient resources to where they are

needed. Clearly, the massive investment both public and private required public national and international development finance including international taxation coordination and the fiscal resources that could be provided by the activities of the digital economy.

14. The Group of 77 and China finally congratulates the Division on Globalization and Development Strategies on their work as a primary pillar of UNCTAD's participation in the relevant financing for development fora within the United Nations System.

Thank you.