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EU statement (check against delivery)

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

Mister President, dear Secretary General Grynspan, Excellencies, distinguished Delegates,

I have the honour to speak on behalf of the European Union and its Member States.

For too many years now, we are confronted by a crisis over a crisis over a crisis. Faced with the overwhelming and all-pervading threat of climate change, and while still grappling with the socio-economic effects of the COVID pandemic, Russia's war of aggression against Ukraine propelled additional global shockwaves, thus causing uncertainties with undeniable detrimental impacts for our shared global sustainable development goals.

The 2022 Trade and Development Report touches upon many relevant issues for reaching our shared 2030 Agenda in this complex global framework. We would like to touch upon three key messages that we see seeping through: the need to address the cascading crises, the importance of green transformation and the significance of regional integration.

The Report, unfortunately, continues to maintain certain practices that undermine its analytical robustness and, therefore, its potential contribution to intergovernmental deliberations. We will highlight some of these at the end of this intervention. While the broad messages of the report might not be overly impacted by these shortcomings, the validity of the underlying analysis and recommendations certainly are.

Dear President, Excellencies, colleagues,

The global cost of living crisis is seriously challenging our common development objectives. Hunger levels are higher than ever before, with 45 million people in 37 countries at the edge of starvation or already in famine conditions. The most affected people live in countries highly dependent on grain exports from Ukraine and Russia, and in countries highly vulnerable to food insecurity. In parallel, debt situation in many countries has become highly challenging. Indeed, 60% of the poorest countries worldwide are at high risk of debt-distress or already in debt-distress – a challenge that demands our action.

The EU is at the forefront of global efforts in supporting its partners in coping with food insecurity, supporting macroeconomic stability and mitigating the consequences of Russia's war of aggression against Ukraine. Almost EUR 5 billion were committed by the EU, and several billions more by our Member States *[to be updated with a number, if the figure becomes available before the Board]* for supporting those most at risk and for their macroeconomic stability. Together with European Investment Bank, we are supporting over 70 partner countries around the world with EUR 7.4 billion, as they boost local food production. We are taking concrete measures to keep markets open and fighting unjustified trade restrictions. Indeed, by extraordinary measures, we brought 23 million tonnes of Ukrainian grain and related products to the world markets, more than what was unlocked by the equally crucial Black Sea Grain Deal.

It is vital to implement the G20 Common Framework for Debt Treatments in a predictable, timely, orderly and coordinated manner, addressing the challenges of better debt transparency and ensuring private creditors' participation. We also stand ready to engage with the IMF and WB initiative to establish a Global Sovereign Debt Roundtable to help addressing debt challenges amongst key stakeholders. Active and constructive participation from all G20 creditors is crucial for success. Especially as the Paris Club share of DSSI eligible countries' public debt decreased from a large majority only 15 years ago, to less than a third today.

The ”leaving no one behind” principle anchored in the 2030 Agenda and the Paris Agreement remain our objectives. In this context, more investments, soft and hard, in the transition to a green and sustainable economy are required. As well as new innovative ways to mobilise resources, in particular private finance, to narrow the enormous financing gaps. Regulations and standards, including interoperable taxonomies for enhancing transparency and addressing the risk of green-washing, are needed to facilitate such shift in investment flows. Hence, Nevertheless, fiscal space, in particular domestic resource mobilization, remains crucial for financing sustainable development goals.

As noted by the TDR, capital flows from advanced economies intensified during the last decade. Yet for any investment flows to deliver on the sought improvement of sustainable productive capacities, a stable, predictable and "green" rule based business climate is crucial.

Domestic resource mobilisation, specifically tax collection, remains the most solid basis for a long-term sustainable development. In complement to domestic resource mobilisation, the EU and its 27 Member States, as Team Europe, remain the largest provider of ODA, with EUR 71.6 billion accounting for about 41 % of global ODA to developing countries in 2021. The EU is also moving towards using ODA more catalytically to generate additional finance for sustainable development. Global Gateway is already delivering on infrastructure that crucially underpins sustainable development, as well as having a strong regional integration component. For instance, supporting renewable energy production across Africa, as well as transmission lines between African countries (e.g. in DRC, Zambia and Tanzania). Establishing fiber optic digital connectivity through Africa and even across to Central America and the Caribbean. And investing in 11 critical strategic transport corridors across Africa to unlock the full potential of the AfCFTA.

As noted in the beginning and before concluding, we would like to offer a few comments on the drafting and analytical robustness of the Trade and Development Report.

Overall, we recognise that the report makes a noteworthy attempt to present its analysis and conclusions through a less divisive drafting. The report brings our attention to many familiar challenges that developing countries and the world is facing today. Overall the report could, however, benefit from a more focused approach, which would improve its strategic relevance and coherence.

Looking into more detail – and without venturing into the report's conclusions – the report still employs many counts of reasoning and analysis that undermine its potential value as a contributor to intergovernmental consensus building.

We continue noting oversimplification in presenting state of affairs, paired with perceived contempt towards other relevant stakeholders. For instance when describing policy actions taken by advanced economies and international institutions, when defining the drivers behind current economic slowdown, or when trying to, inaccurately, present issues along the North-South divide. Such reasoning only aids to further entrench potential unjustified preconceptions and, therefore, does not offer a constructive basis on which intergovernmental deliberations can take place.

There are several occasions with arguably selective picking of data and their interpretation, use of self-referencing and of obsolete or incomplete research, and even false referencing. Without trying to be comprehensive, for instance, on debt data selection, on presenting capital flows from developing countries, on claiming sharp correlation when the correlation coefficient is moderate at best, on defining losses from a potential environmental goods agreement (talks on which have been discontinued for many years now), on misrepresenting the impacts of EU's Carbon Border Adjustment Measure (an issue on which we went into more detail under the agenda item 3 this morning), on drawing conclusions on continental level based on data from only 3 countries, and even on misquoting the EU or misinterpreting certain reports. The presence of such examples throughout the report reduces the analytical value of the conclusions.

Furthermore, several claims of the report appear to be undermining the rule based multilateral trading order under the WTO, as well as many trade agreements negotiated on the same principles. Seemingly arguing in favour of more ad hoc and flexible informal cooperation, rather than a predictable and transparent collaboration, is concerning. As well as contrary to the consistent and explicit views expressed by UNCTAD member States, most recently through the Bridgetown Covenant. Especially as data shows better integration into global trade patterns by countries joining WTO.

These comments clearly do not pretend to be exhaustive or detailed. Indeed, in the interest of time and consensus building objective of this UNCTAD pillar of work, we preferred to focus on how we can join forces in addressing global challenges. However, given the potential that a robust UN publication can contribute to these efforts, it would have been remiss of us not to recognise the improvements in the drafting, yet also highlight the continuous deficiencies of the Trade and Development Report.

Thank you.