Item 3 - The Least Developed Countries Report 2022: The Low-Carbon Transition and Its Daunting Implications for Structural Transformation.

President of the Trade and Development Board Ambassador Hasans of Latvia, Secretary-General of UNCTAD Ms. Rebeca Grynspan, Excellencies, Distinguished delegates, Ladies and gentlemen,

1. The Group of 77 and China would like to start by thanking the Secretariat, in particular the Division on Africa, LDCs and special programmes under the lead of Director Akiwumi, for The Least Developed Countries Report 2022: The Low-Carbon Transition and Its Daunting Implications for Structural Transformation.

2. The year 2023 has started with a lacklustre outlook for the world economy, battered by the succession of the shocks of COVID-19, the war in Ukraine, the rise in world inflation – especially for food and energy –, the sharp increase in interest rates in developed countries. World economic activity is slowing down and the forecasts for economic growth in all major economies have been revised downwards, with some of them projected to stagnate in 2023. Likewise, global trade volume is expected to stall this year.

3. Developing countries have been hard hit by this deteriorating international environment, which started this year, a situation in which they had not yet been able to recover the level of economic activity they had achieved prior to the outbreak of the COVID-19 pandemic. At present, they are struggling to cope with the adverse effects of this world economic downturn and, additionally, with the onslaught of the emerging external debt crisis. Among developing countries, least developed countries are the hardest hit by the lacklustre international environment and its deteriorating performance, due to their high levels of vulnerability. Moreover, given their low level of resilience, LDCs bear the least capacity to counteract and compensate for these adverse international developments.

4. In this context, UNCTAD’s Least Developed Countries Report 2022, the Low-Carbon Transition and its Daunting implications for Structural Transformation, is a stark reminder of the fact that climate change has sharpened the development challenges of the LDCs. The LDCs need to reconcile the imperative of pursuing their development path with climate and environmental constraints. We welcome the report and commend the quality of its research and analysis, as well as the pertinence of its discussion of the policy implications.
5. The cornerstone of climate multilateralism is the principle of common but differentiated responsibilities, and respective capabilities, which appears in the texts of both the United Nations Framework Convention on Climate Change and the Paris Agreement. The LDC Report 2022 innovates by shedding light on how it applies to the specific case of LDCs.

6. First, in terms of the common responsibilities, the LDCs in the context of climate negotiation have made bold pledges of contribution to combatting climate change, in spite of the fact that they are not the main ones responsible for climate change. The challenge for LDCs with the transition to a low-carbon economy is the question of how to accelerate their catch-up with growth and development while simultaneously struggling to close the lingering wide economic and technological gaps that separate them from more advanced economies. Given that the responsibility to combat climate change is common to all countries, LDCs need even more support from the international community in order to be able to implement the ambitious commitments that they have made. They need to receive enhanced assistance, especially in the fields of finance, technology, and capacity-building.

7. In terms of differentiated responsibilities, the report shows that LDCs have historically emitted just 3% of global greenhouse gases and at present account for just 4% of current greenhouse gas emissions. This means that their contribution to climate change is at the most marginal level. They should therefore be given special consideration in international commitment on the low-carbon transition and be given special assistance for their participation in the transition to a climate-compatible development trajectory.

8. Concerning respective capabilities, the LDCs are countries with the most limited institutional and economic capabilities to respond to the adverse consequences of climate change or to plan and implement this type of development trajectory. Therefore, they need strong international assistance, support and backing to help them not only cope with the negative effects of climate change but also design and implement policies that narrow their development gap, while simultaneously contributing to an environmentally more sustainable future. To this end, they need to receive decisive international support to strengthen the institutional capabilities of their state but also of their enterprise sectors to be able to adopt and mitigate climate change effects.

9. The principle of common but differentiated responsibilities and respective capabilities remains the cornerstone of the multilateral climate and regime and of environmental governance more broadly. It must not only be upheld but also applied through concrete initiatives.

10. The LDC report 2022 proposes a framework of sustainable structural transformation for the development policies to be put in place in LDCs with the backing of their development partners. Implementing such a framework consists of a way of reconciling LDCs’ developmental and environmental goals. This includes slowly orienting their development strategies in such a way that allows them to make use of new and emerging opportunities that arise in the wake of the transition towards low-carbon economies, for which they need external assistance to be able to do so.

11. The LDCs’ successful implementation of a sustainable structural transformation strategy requires not only strengthened support from development partners but also a conducive international environment for their trade, finance and technological relations with the rest of the world.
12. The Group of 77 and China encourages the UNCTAD secretariat to continue to analyse the implications and the consequences of the unilateral measures taken by major trading partners to provide incentives for the transition to a low-carbon economy. Despite their environmental intention, it is clear that such policies and programmes can have a strong impact on the trade and development prospects of developing countries, particularly of LDCs, and on the outlook for their sustainable structural transformation.

13. Beyond vigilance on the consequences of such measures, LDCs also need enhanced support from their development partners in terms of the establishment of new international support mechanisms which effectively accelerate their structural transformation in a way that is environmentally sustainable. The enactment of previously assumed commitments on official development assistance and the implementation of the climate financing commitments made by developed partners during COP 21 are initial steps in the right direction, though far from sufficient. They need to be complemented by active and decisive support to the weakest members of the world economy, as are the least developed countries.

14. As part of this effort, the Group of 77 and China calls for the strengthening of the work on LDCs carried out by UNCTAD, so that it can play the leading role in the implementation of the Doha Programme of Action that member States expect. This is an important element of the support of the international community to the LDCs.

I thank you, Mr. President.