

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



BEYOND UNCERTAINTY

ANNUAL REPORT 2019 HIGHLIGHTS



UNITED NATIONS

FOREWORD



@UNCTADKituyi

The world stands at a crossroads. In 2019, we saw multilateralism come under increasing pressure from tensions over trade and technology and a fragmented political landscape. Our quest for inclusive prosperity remained hobbled by rising inequality and ever louder voices of protectionism, which continued to dominate national and international discourse.

Over the past year, the nexus between trade and the environment took centre stage as we grappled with how trade can be part of the solution to the relentless climate crisis. The challenges and opportunities of digitalization for development came into sharper focus as the extent of growing digital divides and new digital pathways for structural transformation became more widely acknowledged.

Despite the fraught context, the United Nations Conference on Trade and Development – UNCTAD – continued to support developing countries to step up efforts to tackle poverty and extend the ladder of opportunity to the millions who remain far behind economically. We continued facilitating trade through mechanisms such as the African Continental Free Trade Area, under which trading begins in July 2020, creating the world’s largest free trade area.

UNCTAD stepped up crucial efforts in helping countries to attract investment in the Sustainable Development Goals, while advising governments on the implications of a changing climate on trade and development. We also worked with countries to design policies to enhance their productive capacities and tap into the opportunities offered by e-commerce and new technologies.

As we embark on the road to Barbados, host of the 15th ministerial conference of UNCTAD scheduled for 18 to 23 October 2020, we see hope in the strong commitment by member States to maximize the potential of trade in addressing the development challenges of our time. It is our conviction that UNCTAD 15 will play a pivotal role in aligning support to the economic dimension of the 2030 Agenda for Sustainable Development, helping kick off a “decade of action” to accelerate achievement of sustainable development.

UNCTAD will continue catalysing change as we race to meet the United Nations Sustainable Development Goals by 2030. We count on the support of all.

A handwritten signature in black ink, reading "Mukhisa Kituyi".

Mukhisa Kituyi, Secretary-General of UNCTAD

10 Trade and development trends from 2019

- 1 Global trade and economic output stagnated in 2019, according to our analysis published in December in the *Handbook of Statistics 2019*.
- 2 Europe continued from \$1.5 trillion the previous year to \$1.3 trillion dominate global e-commerce ranking in 2019, with 8 countries featuring in the top 10 of the UNCTAD business-to-consumer e-commerce index published in December.
- 3 World maritime trade lost momentum in 2018 as heightened uncertainty, escalating tariff tensions between the China and the United States of America and mounting concerns over other trade policy and political crosscurrents sent waves through global markets, according to our *Review of Maritime Transport 2019* published in October.
- 4 Our ranking of the world's best-connected ports, released in August, placed Shanghai at the top. Our ranking of the world's best-connected ports, released in August, placed Shanghai at the top. China retained its lead as the country best connected to others by sea, our 2019 liner shipping connectivity index showed.
- 5 Global foreign direct investment flows slid by 13% in 2018, to from \$1.5 trillion the previous year to \$1.3 trillion – the third consecutive annual decline, according to our *World Investment Report 2019*, released in June.
- 6 Services accounted for 56% of total output in developing countries, as of 2019, serving as the main contributors to economic output in these countries. This was revealed at the seventh session of the UNCTAD multi-year expert meeting on trade, services and development held in May.
- 7 Global e-commerce sales grew 13% in 2017, hitting an estimated \$29 trillion, according to the numbers we released in March.
- 8 The exports of services that can be provided online, such as insurance, business processes or financial services, grew annually by 7–8% over the past decade and were worth \$2.7 trillion in 2017, as per our data analysis released in March.
- 9 Demand for electronic components used in Internet-of-things devices drove the value of trade in international imports of information and communications technology goods in 2017 to reach \$2.1 trillion, our figures released in March showed.
- 10 As the world marked Data Privacy Day in January, our Global Cyberlaw Tracker showed that only 58% of countries reported having data protection and privacy laws. And only 52% had laws protecting consumers online.

6 UNCTAD facts and figures

Promoting development



56
years

Membership



195
member States

Staff members



480+

Regular budget for 2019



68
million

Technical cooperation expenditure



44
million

Projects



227
in 57 countries

FORUMS



United Nations Trade Forum convenes to tackle climate emergency

Leaders of the small island developing states of Barbados, Saint Lucia and Vanuatu, ministers, senior government officials and experts affirmed global trade policy's integral role in fighting the climate crisis at the first-ever United Nations Trade Forum held in September.

The forum explored the linkages between trade, climate change, oceans economy and biodiversity, and served to exchange innovative ideas and approaches on how global trade and related policies could enable and support the implementation of the 2030 Agenda for Sustainable Development.

Helping nations tap technology for development

The pace, problems and promises offered by rapid technological change was the central discussion point for ministerial representatives who met in Geneva in May to explore the benefits of science and technology for sustainable development. The 22nd annual session of the United Nations Commission on Science and Technology for Development examined the sustainable development implications of science, technology and innovation, including information and communications technologies, at a time when rapid technological change offers unprecedented opportunities to deliver on the 2030 Agenda.

And in November, the commission's intersessional panel for 2019–2020 continued deliberations on how to make rapid technological change work for all.



eCommerce Week 2019: From digitalization to development

The fifth edition of the global eCommerce Week took place in Geneva in April. Amid a surge in global online commerce, decision-makers shifted the discussion around e-commerce from a focus on digitalization to one on development. Over 1,000 participants from 120 countries attended the event that brought together development and digitization policymakers and e-commerce entrepreneurs from around the world under the theme “From digitalization to development”.

They addressed the profound questions raised by the lack of development aid earmarked to help poorer countries build the infrastructure and skills they need to adapt to the digital economy.



TOP STORIES

Trade tensions leave countries worse off



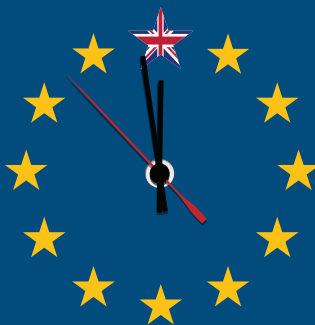
Our study released in November warned that tariffs imposed by the United States of America on China are economically hurting both countries. It showed that the ongoing United States–China trade tensions have resulted in a sharp decline in bilateral trade, higher prices for consumers and trade diversion effects (increased imports from countries not directly involved in these trade tensions).

By analysing the latest trade statistics, the study found that consumers in the United States were bearing the heaviest brunt of their country's tariffs on China, as the associated costs had largely been passed down to them and importing firms in the form of higher prices. It also found that Chinese firms had started absorbing part of the costs of the tariffs by reducing the prices of their exports.



Trends in foreign direct investment

Our *World Investment Report 2019* released in June showed that global foreign direct investment flows dropped for the third consecutive year, sliding 13% in 2018, from \$1.5 trillion the previous year to \$1.3 trillion. Despite this decline, the United States remained the largest recipient of foreign direct investment, followed by China, Hong Kong (China) and Singapore. Developing country flows managed to hold steady (rising by 2%), which helped push flows to the developing world to more than half (54%) of global flows, from 46% in 2017 and just over a third before the financial crisis.



Brexit: Trade winners and losers

Our research released in April pointed out the potential impact of a no-deal Brexit on the trading partners of the United Kingdom of Great Britain and Northern Ireland, including developing nations. It observed that a no-deal Brexit could damage smaller economies trading with the United Kingdom. It could hit European Union exports hard, as the political and economic union stands to lose out on \$34.5 billion in exports to the United Kingdom. However, it could generate substantial gains for China, estimated at \$10.2 billion in exports to the United Kingdom.

MEMBER STATES

Even if for many,
we are invisible,
we are not
dispensable.



Prebisch Lecture

In September, Prime Minister of Barbados, Mia Amor Mottley, delivered the 16th Raúl Prebisch Lecture in Geneva. She challenged the world to reinvent the international order and do better by small island States that are on the frontlines of the climate crisis, fighting for their survival in a war they did not start. Speaking on the topic “Invisible yet indispensable”, Ms. Mottley drew attention to the daunting challenges facing small island States, saying “even if for many we are invisible, we are not dispensable.” Ms. Mottley was the second woman to deliver the lecture established in 1982 to honour Argentine economist Raúl Prebisch, the founding Secretary-General of UNCTAD.

Trade and Development Board: Rising inequality a blight on our development hopes

The sixty-sixth session of our Trade and Development Board, held in June in Geneva, focused on inequality, with various speakers warning that the development gains of the 20th century are being eroded by growing inequality – and something needs to be done about it. UNCTAD calculations show that inequality between countries increased from the early 1980s until 2002, a period characterized by the debt crisis, structural reforms and economic instability in most of the developing world. The fast growth of the global economy from 2003 reversed that trend, and so inequality started to slowly decrease. From 2015, however, inequality between countries started to increase again. The inequality challenge is exacerbated by a fraught multilateral system and rising tensions.

Two hosts, two major UNCTAD events in 2020



Barbados will host the 15th session of the quadrennial Conference in Bridgetown in October, while the United Arab Emirates will host the World Investment Forum and the first eCommerce Week for Asia in Abu Dhabi in December. The venues were unanimously endorsed by our Trade and Development Board in June. And in December, the United Nations General Assembly approved Barbados as our Conference venue.



REPORTS

The Least Developed Countries Report 2019

We called on the world's most impoverished nations to proactively ensure external finance from all sources is directed to national development priorities to manage their aid dependency and eventually escape it.



Review of Maritime Transport 2019

We reported that world maritime trade lost momentum in 2018 as heightened uncertainty, escalating United States of America–China tariff tensions and mounting concerns over other trade policy and political cross-currents sent waves through global markets.



Digital Economy Report 2019

We drew attention to the vast disparity in wealth creation in the digital economy, which is highly concentrated in the China and the United States of America, with the rest of the world trailing considerably far behind.



Trade and Development Report 2019

We called for bold action to finance a global green new deal and meet the Sustainable Development Goals.



Commodities and Development Report 2019

We highlighted how commodity-dependent developing countries will be directly affected by climate change, and indirectly by mitigation and adaptation policies pursued not only by themselves but also by third countries.



World Investment Report 2019

We revealed that global foreign direct investment flows slid by 13% in 2018, from \$1.5 trillion the previous year to \$1.3 trillion – the third consecutive annual decline.



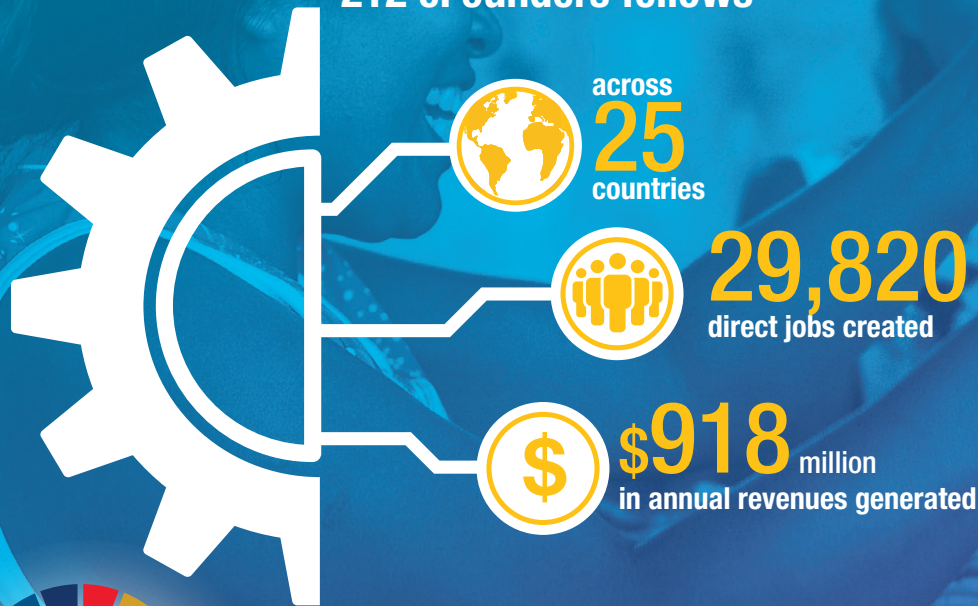
Economic Development in Africa Report 2019

We noted that rules of origin – the criteria needed to determine the nationality of a product – could be a game changer for Africa if they are simple, transparent, business friendly and predictable.



INNOVATION

Businesses of 212 eFounders fellows



Digital entrepreneurs herald a new era

Our eFounders Fellowship Programme continued to offer a platform for game-changing entrepreneurs in the digital space in Africa and Asia to turn problems into business opportunities, create jobs and improve lives. Since 2017, the businesses of the programme's fellows have created direct jobs and generated millions in annual revenues. And the numbers are growing.

Taking the pulse of the global goals

In June, we launched the Sustainable Development Goal Pulse – “SDG Pulse”, an online statistical review of the 2030 Agenda and the Sustainable Development Goals. It presents analyses for a range of indicators relevant to trade, investment, financing for development, debt, transport and technology and, most importantly, all of the data are easily downloadable.



Tool equips companies to report contributions to the global goals

Our guidance tool on core indicators for entity reporting on contributions to Sustainable Development Goal implementation is making it easier to measure the private sector's contribution to global action for people and the planet. The tool provides practical information on how companies can report data on their contributions to the goals. It also assists governments to design policies and build institutional mechanisms to collect data from companies' reports to reflect the private sector's contribution to Sustainable Development Goal implementation in a consistent and comparable manner. Developed through three-year consultations under the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, it was endorsed at the group's thirty-sixth session that took place in Geneva in November.

POLICY REVIEWS



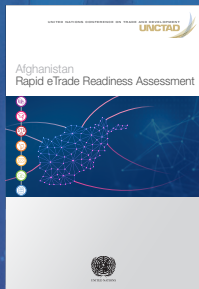
Investment policy reviews

Our investment policy reviews continue to help developing countries and countries with economies in transition attract and benefit more from increased foreign direct investment, while improving their business climate. In 2019, we finalized reviews for Angola, Armenia, Chad and Côte d'Ivoire, outlining measures for these countries to create sustainable and inclusive long-term growth and address the most pressing development issues facing their citizens. We also prepared a report on the implementation of the review of Nepal and launched a new review for Seychelles.



Science, technology and innovation policy reviews

In 2019, we continued to support developing countries in conducting science, technology and innovation policy reviews of their countries. We published the reviews of Ethiopia and Panama, finalized the review of Uganda and launched new projects in the Dominican Republic and Zambia.



Rapid eTrade readiness assessments

Our rapid eTrade readiness assessments help countries to quickly identify barriers to further e-commerce development. In 2019, we finalized assessments for Afghanistan, Bangladesh, Kiribati, Lesotho, Malawi, Mali and Tuvalu. These demand-driven assessments provide a basic analysis of the current e-commerce situation in the countries concerned to identify opportunities and barriers. The resulting reports serve as a valuable input to these countries' involvement in various discussions related to e-commerce and digital trade.

REGIONAL COOPERATION



Making the promise of the African Continental Free Trade Area a reality

We continued to support the implementation of the African Continental Free Trade Area, under which trading takes off in July 2020, creating the world's largest free trade area. Working with the African Union, we continued tackling the non-tariff barriers that make trade on the continent difficult or costly. We also provided technical advice on ensuring rules of origin – the criteria needed to determine the nationality of a product – are made simple, transparent, business friendly and predictable.

Revitalizing South–South trade cooperation for development

South-South trade offers promising opportunities for developing countries in the face of uncertainties arising from heightened trade tensions and the impasse in multilateral processes. We continued to support the revitalization of South–South trade cooperation under the Global System of Trade Preferences. In October, its Committee of Participants met in Geneva for its 31st session and affirmed that renewed commitment to the global system could send a strong signal to the international community on the value of South–South cooperation in the implementation of the Sustainable Development Goals.

CAPACITY BUILDING

Centres of excellence

Our centres of excellence serve as network hubs for capacity-building in Africa and Asia. In 2019, we created three new centres of excellence – with the European University Institute in Florence, Italy; the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping in Mauritius; and the Centre for the Study of the Economies of Africa in Nigeria – increasing them to five. The courses developed and provided at these centres fostered an exchange of experiences, best practices and knowledge among policymakers and experts from several countries.

1,000+

trade facilitation stakeholders,



47%



53%



Advocates for women in technology, e-commerce

eTrade for Women

In September, we announced the first UNCTAD “eTrade for Women Advocates” on the margins of the 74th session of the United Nations General Assembly in New York.

These advocates hail from Côte d’Ivoire, China, Indonesia, the Islamic Republic of Iran, Mexico, North Macedonia and Rwanda.

Trade facilitation spurs development

UNCTAD assists developing countries to spur development by eradicating obstacles to trade, such as long waiting times at borders, inappropriate fees, cumbersome formalities and inadequate or unclear rules and regulations. In 2019, we continued to increase the capacity of developing countries to implement trade facilitation reforms and comply with international and regional rules and standards. We organized workshops and seminars at the regional and national levels.

Online report 



unctad.org/AnnualReport2019



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