UNCTAD 62ND TRADE AND DEVELOPMENT BOARD

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DG REMARKS

Mr. President,
Secretary-General Kituyi,
Executive Director González,
Excellencies,
Ladies and gentlemen,

I am pleased to join you today – and to have the chance to discuss the evolution of the international trading system from a development perspective.

There is no doubt in my mind that trade and development are closely linked.

Rather than being two parallel or independent tracks, I think the international community now recognizes that trade and development are more complementary than ever before.

A look at the global agenda ahead makes this very clear.

I am leaving Geneva tomorrow to attend the UN Summit on the Sustainable Development Goals – where trade is going to be high on the agenda.

In just over two months' time, we will be holding the WTO's Ministerial Conference in Nairobi, and will be at the core of that meeting.

And in March, we will be taking these issues forward again at UNCTAD's own Ministerial Conference.

It's a full agenda. There is a lot we can do.

Looking at the recent history, trade has helped to deliver a great deal.

As you know, the Millennium Development Goal to cut extreme poverty by half was reached by 2010 – well before the 2015 deadline.

This was a remarkable achievement.

Around two-thirds of this reduction in poverty came from economic growth in developing countries. And this process was driven, in part, by trade.

The figures tell the story. Developing countries' share of global trade has grown from 28 to 42 per cent over the last two decades.

In commercial services trade, the share has risen from around 25 to roughly 35 per cent over the same period.

And South-South trade has also grown in importance, accounting for 52% of developing countries' exports in goods in 2013.

So huge strides have been taken.

We know that trade can be an important driver of development. But we also know that for the benefits to be realised, it must be accompanied by the necessary capacity-building and financing support.

This is something that both UNCTAD and WTO work very hard to tackle.

We have a long history of collaboration in this field. This includes technical cooperation, capacity building and training initiatives, as well as research and analysis.

As a joint WTO-UN agency, the ITC is a good example of this cooperation.

By helping SMEs in developing countries connect to international markets, this initiative allows many to access the benefits of trade.

In fact, when SMEs connect to global supply chains, the gains from trade often go to sectors of the economy that tend to be more easily marginalized.

So work on this area is key.

Another major example of UNCTAD and the WTO's joint efforts is the Aid for Trade initiative.

To date, more than 245 billion dollars have been disbursed through its programmes, helping developing and least-developed countries improve their trading ability and tackling their infrastructure constraints.

Research has found that one dollar invested in aid for trade results in nearly 8 dollars of exports from developing countries in general – and in 20 dollars of exports for the poorest countries.

When we join forces I think we can achieve a great deal.

And let me be really honest – I think there used to be a perception that UNCTAD and the WTO had quite different agendas.

But that is not the case today.

We are united in doing all we can to support development – and in placing it at the heart of all of our work.

The whole trade and development community increasingly speaks in unison about harnessing the full potential of trade for achieving development objectives.

The debate is more focused and defined than ever before – and this reflected in the increased co-operation between the WTO and UNCTAD.

I think that Mukhisa and I see eye-to-eye on this. We are committed to enhancing the partnership between our organizations. We want to make sure that trade and development go hand-in-hand.

Because, of course, there is so much to do.

One billion people still live in extreme poverty. And factors such as rural isolation, gender discrimination, conflicts, poor infrastructure, and high trading costs obstruct people's capacity to join trading flows.

Also, while we have seen the rising participation of developing countries in world trade, there are still some significant imbalances, especially regarding LDCs.

LDCs face big constraints to trade, such as low productive capacities and limited diversification of their production and export structures.

They account for more than 12% of the world's population, but only for 1.8% of world GDP.

Their participation in global trade has seen gradual improvement over the last twenty years, but the relative share of LDCs in trade remains modest.

In terms of exports, for example, LDCs account for only for 1.17% of world exports of goods, and 0.68% of services exports.

We need to respond to this situation and work hard to close these gaps.

Simply providing more trade opportunities is not enough. A broader and more systemic approach is needed.

I think that at the multilateral level, we have three key tasks to support growth and development.

First, we must keep momentum behind the existing initiatives, such as Aid for Trade, the ITC and the Enhanced Integrated Framework, which has been renewed this year.

These initiatives have accomplished a lot, and we must make sure they have the necessary support and resources to continue a successful trajectory.

Second, we must implement the decisions taken in Bali and ensure that the benefits of those decisions are delivered.

In the 2013 Bali Ministerial Conference, very important decisions were taken in terms of development.

Ministers agreed an LDC package that will help the further integration of LDCs into the global economy.

It includes provisions to improve duty-free quota-free market access for LDC goods.

And to facilitate the utilization of these market preferential schemes by LDCs, Ministers adopted for the first-time multilateral guidelines on rules of origin.

Bali also provided a potential boost to LDC services trade, through steps to operationalize the LDC Services Waiver.

At a high-level meeting in the WTO earlier this year, some 20 Members indicated their intention to offer preferences in sectors and modes of supply of export interest to LDCs. And 15 Members have followed through on this commitment already.

Advancing these and other matters would have a great impact for LDCs. And we are working hard to move them forward.

Of course Bali brought us the Trade Facilitation Agreement.

This Agreement is about streamlining border procedures to dramatically cut the costs of trade, which fall most heavily on the poorest.

High trade costs have a negative impact on the economies of developing countries, notably on the LDCs. They price them out of global markets and disconnect their economies.

The Agreement aims to tackle many of these hurdles. And it offers major benefits for developing countries. By cutting red tape and increasing transparency, it could cut the cost of trade by up to 15% in developing countries and create 18 million developing country jobs.

The Agreement also has a unique architecture.

For the first time, it will provide real, practical support to help developing countries implement its provisions.

This is new – it has not been seen before in other WTO agreements.

The Trade Facilitation Agreement Facility was created with this in mind, and it has got off to a good start.

Now, the Agreement is pending ratification by members. Two thirds of members must ratify the agreement before it can enter into force.

Some have done so, but we need to increase the pace.

But as well as making the existing trading system work better for developing countries – we also need to change and improve the system.

This brings me to my **third task** – which is perhaps the biggest challenge that we face.

We must make further progress on multilateral negotiations.

We are now on the run up to the WTO's 10th Ministerial Conference in Nairobi, in December – the first time such a conference has ever been held in Africa.

As such, we have to deliver for Africa, and for developing and least-developed countries around the world.

This must be our priority at MC10.

There are some big issues on the table. The whole DDA menu of issues is available.

But so far negotiations have been tough. After extensive engagement this year there are still large gaps in key areas.

In recent months, we have been focusing on the most challenging issues in an effort to find possible solutions. But time is short. I think it is time for us to start working more intensely also on the more promising issues.

From conversations with a wide range of members – and groups of members – I sense that at least a set of deliverables is within reach. And, crucially, there is a broad understanding across the membership that those deliverables must include significant steps on development and LDC issues.

How we move forward now is up to the members.

They must decide on the shape and scope of the outcomes that they want to achieve in Nairobi. Then we can work hard to deliver them.

And we have to move quickly. We have just a few weeks left before the start of MC10. We must make each day count.

So negotiations will continue. And I have no doubt that developing countries will continue to be at the forefront of the debate – just as they were in the lead up to Bali.

In closing, I think that this is an exciting and challenging time. And with challenges also come opportunities. There is much that we can achieve.

New outcomes in the multilateral trading system – along with a package of outcomes to support LDCs – would be a major step forward in our efforts to ensure that trade supports development.

Also, it would be the biggest contribution the WTO could make to global efforts on development, and to taking forward all of the issues that we are discussing here today.

So in New York, in Nairobi, in Geneva, let's make sure that trade continues to be an enabler for economic growth, development and prosperity.

I look forward to working together with UNCTAD, ITC – and all of you – in this effort.

Thank you.