STATEMENT BY MR. DEREK O'BRIEN, MEMBER OF PARLIAMENT & MEMBER OF THE INDIAN DELEGATION, AT THE JOINT DEBATE ON AGENDA ITEM 18: MACROECONOMIC POLICY QUESTIONS: [A] INTERNATIONAL TRADE & DEVELOPMENT AT THE 67TH SESSION OF THE UN GENERAL ASSEMBLY ON OCTOBER 24, 2012

Mr. Chairman,

We thank the Secretary General and the United Nations Conference on Trade and Development (UNCTAD) for their insightful reports. India aligns itself with the statement made by Algeria on behalf of the G-77.

Mr. Chairman,

The deceleration in world trade witnessed since 2008 continued in 2011. The overall global economic recovery continues to be fragile and halting. The prospects for global trade do not appear to be too encouraging.

The sovereign debt crisis in Europe and the recessionary trends in the traditional engines of the global economy have dampened capital markets which are showing signs of acute distress.

Developing countries cannot remain untouched by these economic sentiments. After the 2008 economic meltdown, it was said that large developing countries would replace the traditional economic engines. This has not happened. Growth in large developing countries is also slowing down. Unemployment, food and energy concerns remain high. This has further undermined the limited coping capacity of developing countries to absorb shocks.

It is, therefore, of utmost importance that we collectively undertake growth promoting policies to boost demand and create jobs.

Transforming trade into greater income opportunities through job creation remains a critical development challenge, more so in the present job-less growth scenario with a deficit of 50 million jobs in comparison to the pre-crisis situation. And with over a billion people in extreme poverty and hunger in developing countries, we cannot but afford to make inclusive growth our priority.

Declining global demand and availability of capital, increasing barriers to free trade and mounting debt pose a threat to the international trading and financial systems. Unstable capital flows and volatility in the currency market have further eroded the export competitiveness of developing countries.

To act as an engine of development, the international trade framework should work towards removing barriers that prevent developing countries from fully participating in global trade. Eschewing protectionism and enhancing market access for developing countries are critical in this regard. We welcome the decision of the G-20 to renew its Standstill commitment until the end of 2014 and its pledge to roll back any new protectionist measures.

Mr. Chairman,

We are happy to note that South-South exports rebounded at a much faster pace in 2010, now representing 55% of developing countries' exports and a quarter of the world exports. We are equally encouraged by the trend of developing countries exploring South-South regional integration to promote economies of scale, diversification and resilience.

The UNCTAD report calls for strict regulation of the financial sector, and focuses on policies that emphasize income growth as the basis for sustainable and balanced development worldwide. We are pleased to note that the G-20 is actively pursuing these policy suggestions.

Mr. Chairman,

Commodities are key export products for a large number of developing countries, especially the Least Developed Countries and have a direct impact on their socio-economic advancement. Growing commodity price volatility is a matter of deep concern for us and is having a negative impact on global food and energy security. At the same time, increasing financialization and excessive speculation of the commodity market have become a factor of economic instability for most developing countries.

Mr. Chairman,

Due to their structural constraints, the LDCs are overwhelmingly dependent on trade as an engine of growth and development. However, their share in global trade in 2011 was only 1.14%. At this rate, the prospect of achieving the Istanbul Programme target of enhancing the share of LDCs in global trade remains a challenge.

We ought to create an enabling international environment to address their limited trading options. In this regard, we call for early implementation of the Duty Free Quota Free market access for the LDCs.

The DOHA Development Round presents a valuable opportunity to make international trade a vehicle for growth and development, and we must push for an outcome that it is fair, balanced and equitable. At the same time, the proliferation of bilateral and regional trade agreements could be made more compatible and coherent with the multilateral system.

We must also be aware of the felt need to modernise the multilateral trading system to meet economic realities and challenges of the 21st century. This brings us to the seminal issue of global economic governance.

A comprehensive reform of the global governance is critical to addressing the present systemic weaknesses in the international financial and trading architecture. India has been working hard to ensure that developing countries' representation at the Bretton Woods Institutions adequately reflect their growing importance in today's global economy.

Both the IMF and the World Bank have taken important steps to enhance their governance structures and to increase the voting power of developing countries, and we welcome them. These reforms must be implemented most urgently. We look forward to the comprehensive review of the current IMF quota formula to be completed in January 2013.

More effort, however, is required to ensure that global economic governance and the development agenda complement each other effectively. We look forward to discussing these issues in the run to the Post-2015 development framework.

I thank you.

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