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**GROUP OF 77 & CHINA
G E N E V A**

Statement of the Group of 77 and China

Delivered by the Delegation of Cambodia at Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, and the Promotion of Economic Integration and Cooperation, Seventh Session

28 November 2024 | Room XVII, Palais des Nations, Geneva

General Statement

H.E. Mr. Tareq Md. Ariful Islam, President of the 7th Session of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development, and the Promotion of Economic Integration and Cooperation

Excellencies, Distinguished delegates,

1. I have the honor to deliver this statement on behalf of the Group of 77 and China.
2. The Group of 77 and China would like to welcome the background non-paper prepared for this meeting by the Secretariat. We would like to also to congratulate you Mr. President and the bureau for your election. We appreciate the opening remarks by Ms. Anastasia Nesvetailova, Head, Macro-Economic and Development Policies Branch, UNCTAD.
3. It is pertinent to the subject of this meeting, to start by the reaffirmation of the Group's steadfast commitment to promoting policy frameworks that advance the Sustainable Development Goals (SDGs), foster economic diversification, and address systemic inequalities. We have witnessed that the policy space required for these endeavors is under increasing strain due to external constraints and the compounding effects of crises, including climate change, unsustainable debt, and global economic volatility.

Trade and Investment Policy Space for Sustainable Development

4. Policy space is fundamental for enabling governments to tailor economic and social policies to their specific national contexts, as articulated in the non-paper. However, it is evident that the proliferation of trade and investment agreements, often negotiated under asymmetrical conditions, has systematically eroded this space. These agreements frequently impose constraints on essential policy

tools such as tariffs, subsidies, and public procurement, which were instrumental in the industrialization of now-developed countries.

5. The Group underscores the paradox identified in the paper: while developing countries are expected to go through a sustainable transition to achieve the SDGs, their ability to implement proactive policies for structural transformation is being curtailed. This situation is further exacerbated by external pressures, including rising debt burdens and environmental vulnerabilities, which disproportionately affect the Global South.
6. The current global trade and investment regime continues to reflect historical inequities, as highlighted by the non-paper. The Uruguay Round Agreements and subsequent WTO rules have deepened constraints on the policy autonomy of developing nations, limiting their capacity to implement industrial policies and navigate external shocks.
7. The Group of 77 and China calls for urgent reforms to the global economic governance architecture to address these inequities. Specifically, we advocate for:
 - Enforceable flexibilities in the multilateral Rules: Developing countries require more adaptable trade and investment frameworks that accommodate their developmental needs and priorities.
 - Debt Relief and Financing Mechanisms: International financial institutions must provide predictable, long-term support to developing nations to foster resilience and sustainability.
 - Technology Transfer: The transfer of technologies from developed to developing countries is essential for enabling sustainable industrialization and bridging the digital divide.

Environmental Sustainability and Economic Resilience

8. The transition to a sustainable economy must be at the heart of global trade and investment policies. As noted in the non-paper, the environmental costs of industrialization disproportionately burden developing countries, which are often relegated to resource-intensive and low-value activities in global value chains.
9. The Group emphasizes the need for policies that promote resource efficiency and renewable energy adoption. This requires a coordinated global effort to phase out fossil fuels and reduce trade-related carbon emissions. We also call for increased investment in climate adaptation and mitigation initiatives in the Global South, aligned with the non-paper rightly highlights the constraints imposed by trade-related intellectual property regimes, investment treaties, and the over-reliance on foreign direct investment (FDI). These frameworks often prioritize short-term financial returns over long-term developmental goals, perpetuating cycles of dependency and ecological degradation.
10. To counter these challenges, the Group advocates for:
 - Flexibilities in the Intellectual Property Rules: Flexibilities under agreements such as TRIPS must be expanded to enable developing countries to build domestic technological capacities.

- Redesigning Investment Treaties: Investment agreements should include provisions that safeguard the rights of host countries to regulate in the public interest and pursue sustainable industrialization.
 - Strengthening South-South Cooperation: Enhanced collaboration among developing countries can provide a pathway for more equitable trade and investment arrangements, fostering mutual growth and resilience.
11. Economic diversification and industrial upgrading are crucial for reducing inequalities and fostering inclusive development. The Group concurs with the paper's emphasis on non-tradable services and sectors with low environmental impact as key drivers of growth. However, we caution against over-reliance on these sectors to the detriment of manufacturing and industrial development, which remain vital for achieving broad-based economic transformation.
 12. The Group of 77 and China reiterates its call for a rebalanced global economic order that prioritizes inclusivity and sustainability. We stress that the success of any development strategy hinges on international solidarity and cooperation, particularly in addressing systemic issues such as tax evasion, illicit financial flows, and profit shifting.
 13. Moreover, the digital divide must be addressed through targeted investments in digital infrastructure and capacity-building initiatives. This will enable developing countries to participate meaningfully in the digital economy and harness its potential for sustainable growth.
 14. As we approach the UNCTAD XVI, the Group of 77 and China urges the international community to act decisively in addressing the structural constraints outlined in the non-paper. The global economic system must be reoriented to support the aspirations of developing nations, ensuring that no country is left behind in the pursuit of sustainable development.
 15. In closing, the Group stands ready to work collaboratively with all stakeholders to expand policy space, foster economic resilience, and build a more equitable and sustainable global economy. Together, we can turn the challenges of globalization into opportunities for transformative development.

Thank you, Mr. President.

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