



Online discussion on UNCTAD's actions to support member States in the recovery of their trade and industries from the COVID-19 pandemic

**Tuesday 14 July 2020
1:00 PM to 2:00 PM New York time**

Link to meeting:

<https://sustainabledevelopment.un.org/index.php?page=view&type=20000&nr=7088&menu=2993>

CONCEPT NOTE

This HLPF 2020 side event will provide an opportunity for HLPF participants to hear from UNCTAD Senior management about: (1) the economic, trade and development implications of the COVID-19 pandemic; (2) how UNCTAD has realigned its work in response to the pandemic, along with partners; (3) what the UNCTAD response has been so far, and (4) further plans to support member States, especially those most affected, to recover better from the crisis.

Background

This side event occurs at a critical moment. COVID-19 has triggered the most severe global health and economic crisis in a century. It reminds us of our collective fragility and vulnerability. It also marks a transformation in our understandings of the trade and development challenges, something member States have mandated UNCTAD to address.

Some economies have begun to re-open, but many countries still record increasing numbers of cases and see the toll of the pandemic rise – both in terms of its public health as well as its economic consequences.

UNCTAD's latest Global Trade Update estimates a drop in world trade of around 20% this year. Border closures, growth in protectionist export restrictions and investment measures, as well as greater hostility towards multilateralism have picked up in the last six months. Many governments met the initial outbreak with export restrictions, mostly to prevent exports of medical supplies and essential goods. Although many of these restrictions have begun to be repealed, the uneven and cautious pace of re-opening economies means high uncertainty. This uncertainty adds to pre-existing trade tensions, as shown in our studies on the effects on trade and development of Brexit and the China-US trade war.

COVID-19 is also triggering an inflection point in the transformation of international production. FDI is estimated to decline by up to 40% in 2020-2021 and will likely be slow to recover. The recently launched World Investment Report showed that reshoring, diversification and regionalization will drive the restructuring of global value chains. The impact on developing countries is of much concern given that many of these countries already have very limited fiscal space owing to high debt service payments and low custom and tariff revenues and remittances. UNCTAD has thus called for additional debt relief, liquidity through new Special Drawing Rights and a global health Marshall Plan.

The impact of the pandemic is especially severe for the most vulnerable countries. It is estimated that COVID-19 will push an additional 70 million people in Least Developed Countries into extreme poverty over the next year. This is the first increase in the poverty headcount ratio globally in two decades. For these countries, mobilizing development finance is particularly critical. However, the financing objectives of the Addis Ababa Action Agenda had already fallen short and lack the focus on productive capacities needed to transform these countries.

The crisis has accelerated the digital revolution owing to rapid digital adaptation. Yet, many have been left behind. The divide between the digitally enabled and the digitally poor has become deeper with the shift to teleworking. The divide is also further exacerbated as existing digital platforms could build on their strength. We will need to collectively ensure better integration into the digital economy and build digital capabilities.

The vulnerability of the pandemic manifests in many ways. The services industry, especially travel and tourism, has been among the hardest hit. And this is the lifeline of many SIDS, critical for micro, small and medium enterprises, and essential for many women as services have a comparative high share of female employment. Coupled with high levels of debt, the pandemic can thus be particularly threatening for small economies.

UNCTAD response to COVID-19

UNCTAD has used its three pillars of work to support member States in coping with the pandemic. It has published numerous analytical reports on the impact of the crisis and potential policy responses (found here <https://unctad.org/en/Pages/coronavirus.aspx>). It has used its intergovernmental machinery to debate and discuss the challenges of the pandemic and way forward. It has quickly made available and adapted its technical assistance to respond to country needs. Therein, it has joined forces with partners across the UN system, from the private sector and civil society.

Moreover, UNCTAD has played a critical role in the drafting of the UN framework for the immediate socio-economic response to COVID-19 and it is a member of the Advisory Committee of the multi-partner trust fund to combat COVID-19.

Agenda

Presentation: Ms. Isabelle Durant, Deputy Secretary-General, UNCTAD

1. What are the documented impacts of COVID-19?

Q&A

2. How has UNCTAD reallocated resources to address COVID-19?
3. How is UNCTAD contributing to the UNSG COVID-19 response?
4. What are UNCTAD's future plans to support member States in the recovery from COVID-19?

Q&A

Moderator: Ms. Chantal Line Carpentier, Chief, New York Office, UNCTAD

Respondents:

1. His Excellency Mr. Neil Pierre, G77 Coordinator, Permanent Mission of Guyana to the United Nations
2. Ms. Sharon Lindo, Lead negotiator, Sustainable Development Alliance of Small Island States (AOSIS), Permanent Mission of Belize to the United Nations