



Intervention of H.E. Archbishop Ivan Jurkovič, Apostolic Nuncio,
Permanent Observer of the Holy See to the United Nations Office and other
International Organizations in Geneva at
the XIV Ministerial Conference of UNCTAD
Nairobi, 19th July 2016

Mr. President,

At the outset, the Holy See wishes to thank warmly the Government of Kenya and the city of Nairobi for hosting this Ministerial Conference. The theme “From Decision to Action: moving toward an inclusive and equitable global economic environment for trade and development” clearly signals the ambition and intent we must bring to the attention of the international community.

1. The Holy See strongly supported **the original aspiration of UNCTAD** which aimed at creating a global trading system supporting the development of poor countries: a system able to promote the rebalancing of international economic relations to promote justice and equity, to promote social progress and better standards of life in greater freedom, to create a better and more effective system of international economic cooperation, as part of a new and just global economic order whereby the division of the world into areas of poverty and plenty may be overcome and prosperity achieved by all. This system facilitates regional trade and corrects imbalances between different trade partners, with special concern for trade in raw materials and food.

The last conference in Doha took place during a critical phase of the world economic crisis which left many governments struggling to offset the effects of financial retrenchments in banks, businesses and households as they seek to correct their balance sheets. In this context, many developed economies have turned to “unconventional” monetary policy instruments in efforts at recovery.

2. The **trade slowdown** of the last three years has been widespread across most of the developing and developed countries. Average trade growth rates for all regions are now very low and just a fraction of what they were in the pre-crisis period. The reasons for the ongoing trade slowdown are to be found in a variety of factors. While some of these factors are likely to have only temporary effects and are possible cyclical in nature, others are likely to be more long lasting and related to structural

shifts. As usual, it is very difficult to make predictions, but there are still valid reasons to believe that trade growth in the future will be driven by different factors than in the past. This implies that developing countries willing to benefit from international trade should be ready to adapt their trade strategies by taking into account some of the recent changes in trends in international trade.

Economic and financial actors, both at the international and national levels, need to recognize that economic activities function not only through self-regulation of the market and agreements limited to reconciling the interests of the most powerful countries, but they need also to take into account that they are at the service of persons who work and contribute to development. Most importantly any development and growth strategy needs to be centred on the human person and on the primacy of human work. The Holy See believes that in order to achieve **this result** it is of primary importance to integrate the different social and economic dimensions of development, so as to create an international system balanced on an idea of development that would be truly sustainable, inclusive and equitable at all levels.

3. In this sense, **agriculture** plays a crucial role in the economy of poor countries: it accounts for more than one fourth of the GDP and more than a third of employment, reaching more than 50% in the poorest countries. Promoting agricultural productivity is important for several reasons. First, it addresses the problem of food insecurity which still plagues a large part of the population of LDCs. Despite the recent improvement in economic conditions throughout the world hunger is still claiming too many lives among the poorest¹.

Agricultural development is also crucial in terms of global sustainability. It is well known that in developing countries there is a high concentration of forest and ecosystems that are crucial for ecological development. In these countries agricultural production is intimately linked with natural resources exploitation, deforestation and biodiversity preservation. The opportunity to combine agricultural development with ecological sustainability has too enormous stakes and consequences for the entire planet for it not to be considered a priority action.

¹ *The problem of food insecurity needs to be addressed within a long-term perspective, eliminating the structural causes that give rise to it and promoting the agricultural development of poorer countries. This can be done by investing in rural infrastructures, irrigation systems, transport, organization of markets, and in the development and dissemination of agricultural technology that can make the best use of the human, natural and socio-economic resources that are more readily available at the local level, while guaranteeing their sustainability over the long term as well. Pope Benedict XVI, Encyclical Letter Caritas in Veritate, 27.*

In this respect, trade can be an important channel for fostering agricultural development in local communities; moreover, the development of small farmers and small producers could be vital not only in reducing poverty but also in providing new ways for preserving local ecosystems. In the agricultural sector there is in fact the danger that its development could ultimately damage small farmers. Civil authorities have the right and duty to adopt clear and firm measures in support of small producers and differentiated production².

4. The international trading system is regulated by an increasing number of **preferential trade agreements** (PTAs). Most of the recent trade agreements address not only goods but also services, and deal with rules beyond reciprocal tariff concessions. The Holy See strongly stresses the importance of recognising a primacy of multilateral agreements over bilateral and regional ones. Despite its limits and its complexity, the multilateral framework gives pluralism a universal dimension and facilitates an inclusive dialogue.

More specifically in a multilateral framework weaker and smaller countries are better safeguarded than in a regional and bilateral setting where the counterparts are large and strong countries. In such asymmetric settings advanced economies inevitably have more bargaining power with respect to LDCs, with the result that the latter are not fully able to benefit from the agreements.

5. The issue of **foreign debt** and the alleviation of the debt burden for poor countries remain a major concern for the Holy See. In fact the Holy Father has recently made an appeal to the leaders of nations to “to forgive or manage in a sustainable way the international debt of the poorer nations”³. The debt of developing countries must be placed in a broader context of economic, political and technological relations which has brought an increased interdependence between countries, as well as the need for international collaboration in pursuing the objectives of the common good. This interdependence should give rise to a new and broader concept of solidarity that respect the equal dignity of all peoples, rather than leading to domination by the strongest, national self-interest, inequalities and injustices. As Pope Francis stated, “It must never be forgotten that political and economic activity is only effective when it is understood as a prudential activity, guided by a perennial concept of justice and constantly conscious of the fact that, above and beyond our plans and programs, we are dealing with real men and women who live, struggle and suffer, and are often forced to live in great poverty, deprived of all rights.”⁴

² Pope Francis, Encyclical Letter *Laudato sii* 129.

³ Pope Francis, message for the XLIX world day of peace (2016)

⁴ Pope Francis, Meeting with the members of the General Assembly on the United Nations Organization, New York, (2015)

The Addis Ababa Action Agenda (AAAA) provides a clear mandate to address the vulture funds problem⁵. The role of UNCTAD in helping developing countries to attain such long-term debt sustainability has been of great importance and will remain indispensable for the foreseeable future. In this sense, it is crucial that UNCTAD continues its research and analysis of the international financial and monetary system and price volatility of commodities and it should propose recommendations to address the problems in financial markets that result in macroeconomic instability, distortions of international trade and increased levels of poverty and inequality.

6. The international community should use this Conference outcome document as an instrument also to promote innovative economic policies, to support the development of agricultural sector in poor areas and to promote the SME participation in global and South-South trade. These policies need adequately fund through development aid, aimed at fulfilling the needs of the poorest and marginalized segments of the world population. Given the productive, technological and scientific capacities of the world economy in the 21st century, the international community cannot wait until the end of the current global economic crisis, or until the transition of least developing countries into emerging economies, in order to fulfill the fundamental human rights that millions of people are still not enjoying, in particular, but not exclusively, in Africa.

7. The Holy See believes that this Conference should therefore aim at a high level of ambition and should focus on how the international community will ensure that UNCTAD plays its full and meaningful role in supporting the new global development agenda, with a particular attention to the needs of poor countries and of the poor people. UNCTAD XIV should address the contemporary needs and priorities of developing countries in the current volatile and unbalanced global environment. As stated by Pope Francis, *It is important that ethics once again play its due part in the world of finance and that markets serve the interests of peoples and the common good of humanity*⁶. In fact, we should reaffirm that an essential ingredient for an enabling international environment for development is a healthy and positive approach to the issue of good global governance.

⁵ Addis Ababa Action Agenda (AAAA) paragraph 100 : « We are concerned by the ability of non-cooperative minority bondholders to disrupt the will of the large majority of bondholders who accept a restructuring of a debt-crisis country's obligations, given the potential broader implications in other countries. We note legislative steps taken by certain countries to prevent these activities and encourage all Governments to take action, as appropriate”.

⁶ Address of Pope Francis to the participants in the Conference on impact investing for the poor, Rome 16 June 2014. Available at: https://w2.vatican.va/content/francesco/en/speeches/2014/june/documents/papafrancesco_20140616_convegno-justpeace.html