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Ministerial round table: Political challenges to globalization – are we coming to the end of the era of globalization as we know it?

Summary prepared by the UNCTAD secretariat

1. This ministerial round table discussed current political challenges to globalization, particularly those brought about by rising levels of inequality and exclusion. The panellists suggested solutions for the various challenges.
2. Participants agreed that while global economic integration could lift millions out of poverty and serve as a basis for human and social development, gains from globalization had not been shared equitably or fairly. In 1970–2014, trade as a percentage of the global gross domestic product had risen from 9.4 to 24.4 per cent, with exports from developing countries accounting for half the world's total exports. The least developed countries had experienced an almost fivefold increase in merchandise exports. In 1990–2015, the number of people living in extreme poverty had been reduced by 1 billion. However, inequalities were deepening within countries, and the causes of inequality and exclusion were multiple. In this context, participants agreed that trade growth did not automatically generate gains and that certain requirements needed to be met before it could improve overall well-being. One panellist stressed the importance of the Aid for Trade Initiative in this regard.
3. Several panellists recognized the role of national Governments in promoting appropriate policies, to ensure that the benefits of trade were maximized and to realize the benefits of globalization. The panellists agreed that openness, trade, technology and innovation were key to economic growth, but needed to be accompanied by the right redistributive policies. Participants agreed on the need to share the benefits of globalization more equally and on the need to better design globalization.

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4. One panellist highlighted the need to build a new governance structure, particularly a global tax initiative, with the full participation of developing countries in the decision-making process. The panellist also stressed the need for new politics, a reconsideration of the neoliberalism paradigm and a more inclusive human economy in which consumers, workers, communities and the environment were taken into consideration.
5. Another panellist discussed the effects of financial globalization and fiscal consolidation, concluding that without the appropriate institutions, capital account liberalization increased inequality, and inequality was followed by weaker growth. An appropriate design for financial globalization was therefore needed, and fiscal consolidation in countries with large fiscal space might not be necessary.
6. One participant stressed that lack of education was one of the main sources of inequality and that innovation could be instrumental in addressing the related challenges. Special attention needed to be paid to women and children.
7. One panellist emphasized that more and better quality education and health care were required, along with social protection, progressive taxation and the guarantee of a minimum wage. In this regard, one participant highlighted that building support for globalization required demonstrating that policies had efficiency effects, and redressing the adverse distributional effects of such policies.
8. The panellists agreed that economic growth was more fragile in unequal societies and that the distributional effects of policies needed to be considered of primary importance. They recognized the role of UNCTAD, as the organization for the joint treatment of trade and development, in addressing and framing these issues.
9. A representative of the youth forum at the fourteenth session of the United Nations Conference on Trade and Development stressed the importance of education and better job security for youth, along with the importance of involving youth in decision-making. Finally, the representative underlined that the mobility and integration of youth were significant elements in the discussion on trade and development.
