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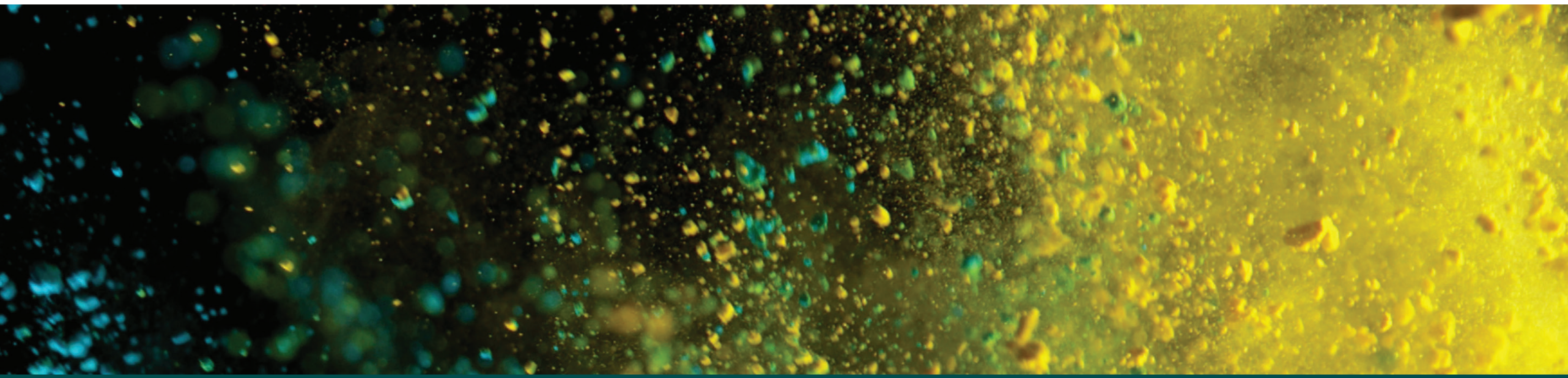

TRADE AND DEVELOPMENT REPORT 2020

FROM GLOBAL PANDEMIC TO PROSPERITY FOR ALL: AVOIDING ANOTHER LOST DECADE

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Report by the secretariat of the
United Nations Conference on Trade and Development

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Foreword

Covid-19 has served as a reminder that we live in a closely interdependent world that brings opportunities but also carries dangers. It has, just as importantly, shed light on a whole series of pre-existing conditions – from heightened inequality, to unsustainable debt and rampant environmental destruction – that were left unaddressed after the Global Financial Crisis. The world at the end of 2019 was, in truth, a good deal more fragile than many were willing to acknowledge. As a result, Covid-19 obliges us to think carefully about what makes for healthy and resilient communities, at the global level as much as the local level and take to heart the lessons we have learned in the last decade.

This year is shaping up to be a very difficult year for the global economy. With many countries unprepared to respond to a health pandemic, lockdown seemed to be the only plausible way to protect lives and preserve health systems. Doing so triggered an economic crisis that spread as quickly as the virus itself. Data for the first two quarters of this year show output contracted more sharply than in 2008-2009, and in some cases registering the steepest drop on record. Estimates for the year point to a generalized global recession matching the Great Depression of the 1930s.

Next year will likely see a rebound. However, it will be uneven within and across countries and uncertainty will persist. Unemployment will be on an upward trend, more and more companies will be facing the threat of bankruptcy; supply chains will be fragile; confidence will be shaken; demand will be weak. Debt levels across the world, in both the public and private sectors, will have risen significantly from the historically high levels registered before the crisis. In this condition, the wrong policy steps – and ignoring the experience of the last decade – could trigger further shocks which would not only derail recovery but could usher in a lost decade.

These threats are greatest in the developing countries where the ability to respond to the crisis, on both the health and economic fronts, has been hampered by years of austerity combined with massive debt servicing, high levels of informality and policy space constricted by the rules we've chosen to manage globalisation. To date, the international community has not matched its expression of concern with commensurate support and action. Multilateralism was already under stress before the crisis, but Covid-19 has highlighted the need for frank discussion and bold proposals that match the ambition shown when the global system was founded.

This year's *Trade and Development Report* argues that the global economic crisis caused by Covid-19 throws up a stark choice: continue misguided policy choices or collectively chart a new path that leads from recovery to a more resilient, more equal and more environmentally sustainable world in line with the ambition of the 2030 Agenda for Sustainable Development.

Neither path is preordained. Building a better world is a matter of conviction and collective action. The lives of future generations and of the planet itself will depend on the choices we all take over the coming months.

Mukhisa Kituyi
Secretary-General of UNCTAD

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