Statement of Mr. LI Yong
Director General
United Nations Industrial Development Organization

at

Columbia University

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New York
[Introduction by Prof. Modi]

Thank you very much, Professor Modi, for your kind words of introduction. I very much appreciate this opportunity to share my view and vision with all of you. This is an excellent opportunity for exchanging opinions with all of you.

It is very nice to come to this university – not only was I stationed at the Chinese mission here in New York to the UN, and also my son was studying here in Columbia University.

Friends and Colleagues,

It is always a great pleasure to be here in New York, and it is especially gratifying to be in the midst so many bright young minds – the next generation of scientists, business people, politicians, journalists and civil society leaders – to discuss what will be your reality in the very near future.

Thank you so much for this kind invitation.

In today’s dialogue, you asked me to address the “Role of Inclusive and Sustainable Industrial Development in the Post-2015 Development Agenda”. Thank you for choosing such a pertinent and timely topic – for all countries, industrializing and industrialized countries alike.

As you know, our projections for the future are tempered by some serious global challenges: Poverty and inequality, climate change, instabilities in our global economic system, enduring and expanding conflicts, and the scourge of disease such as Ebola, to name but a very few of a much longer list.

At the same time, it is clear that the world has never been more interdependent, than it is now. Never has it been shaped more by technological, economic and social progress based on an ever-closer interaction between countries and people across the globe. And yet, this very increase in global interaction that has brought us this progress and prosperity has also made the world more vulnerable than ever before to various shocks.

In this era of globalization, it is therefore more important than ever that we work on the establishment of effective and functional global institutions and systems as the world’s best hope for sustained progress, prosperity and peace.

Friends and colleagues,

Let me start with addressing the most pressing issue of poverty eradication first.

Over the past 30 years, I have witnessed tremendous changes in the political, economic and social conditions prevailing in the world. Billions of people have been lifted out of poverty, and the challenge now will be how we can sustain this achievement. And how we can advance further in a sustainable manner.

In China we say that if you give a man a fish, you feed him for a day, but if you teach him how to fish, you can feed him for his lifetime.

However, I believe that in order to really eradicate poverty, you also have to give him the capacities and capabilities to build the boats and nets with which to catch the fish. And you need to give him the possibility to trade the fish for other goods and services.

Industrialization, technology and trade are integral building blocks for sustained development results. And indeed, I believe that industrial development is the critical foundation we need for creating the world we all want – a world without poverty and with shared prosperity.

A world free of poverty.
From my own personal experience in my home country – watching how hundreds of millions of people were lifted out of poverty through industrialization over the past decades – I have the firm conviction that an accelerated drive towards more inclusive and sustainable patterns of industrial development will be key for achieving higher levels of prosperity in all countries.

And the Member States of UNIDO all agree: Last year in December, in Lima, Peru, they discussed our world’s industrial future, and they adopted unanimously a major global declaration, which they entitled “Lima Declaration: Towards Incusive and sustainable industrial development”.

This declaration makes it clear: In order to eradicate poverty, and to allow a better life and prosperity for the billions that are still excluded from a dignified human existence, the world needs to grow its industries in an inclusive and sustainable manner.

And similar conclusions emerge from all corners of the world. The African Union sees the need for industrialization at the core of its 50-year development plan. By 2063, they want to have achieved full industrial transformation.

In Latin America, governments consider inclusive and sustainable industrialization as a response to tackle inequalities and environmental degradation.

At the global summit of Small Island Developing States (SIDS), industrial development is recognized as a necessity for advancing food and energy security, health and employment.

And even the European Union has passed policies for the sustainable re-industrialization of Europe. This was a policy passed last year for two purposes: For technological investment and for innovation, particularly in SMEs.

This is a very clear mandate to UNIDO – and to me as Director General – from the peoples of the world.

I believe that this new impetus will shape the global framework, under which we will create a sustainable future for generations to come.

An era in which we will have ended poverty.

An era in which we will have increased our shared prosperity.

Ladies and Gentlemen,

The story of globalization over the past decades, and even centuries, is one that has been shaped by technological, economic and social achievements. Many countries have reaped the rewards of a global success story. How was this success possible?

Whether we look at the early advancements in European countries or the United States over two hundred years ago, or at Japan in the early part of the 20th century, or indeed at such countries as the Republic of Korea and the many “tigers” and “dragons” in South-East Asia that achieved rapid growth in more recent times, one thing stands out very clearly – it was always industrial development that shaped their success.

Let me share with you the experience of my own country. When China opened up to the world in the 1980s – just when I joined the Government – it was a very, very poor country with a big population. You can’t imagine that in 1978 GDP per capita at current prices was only 228 US dollars. In 1985, the GDP per capita was just above 300 US dollars. And now, after more than 30 years of opening-up reforms, last year’s GDP per capita was more than 6,000 US dollars.

What was the driving force? What drove the momentum?

It was industry. Industrialization. Industrial development.
And we can see that as industrialization proceeds, the quality of jobs improves even more. Besides having higher wages, more advanced manufacturing jobs typically provide better benefits and security for the workers. I believe that on this basis, prosperity can be shared throughout society and among nations, providing a new backbone and stabilizer for our global economy.

Of course, the achievement of shared prosperity also requires that the industrialization process must be inclusive in nature. I will come back to this issue later.

First of all, let me address the issue of sustainability. History teaches us that any advances in prosperity are short-lived if they are not achieved within an environmentally sustainable framework. We cannot deny that our industries cause major emissions and leave an important environmental footprint. Indeed, there is no country in the world that is not struggling with the issues of waste management, water purification and emission reduction – it remains a major learning process for all of us.

Tomorrow, the UN Secretary General has invited world leaders – including private companies – to come to New York to address the issue of climate change, which was described by Sir Nicolas Stern as “the greatest market failure the world has ever seen”. The UN Framework Convention on Climate Change sought to cap the increases in global carbon emissions to at levels that would limit the rise in global temperatures to below 2 degrees Celsius. However, success in this field has proven elusive, and policymakers are still searching for the best solutions. And we look forward to the important summit in Paris next year.

But the effects of climate change will affect all mankind. And indeed, the people who have released the least amount of carbon dioxide and other greenhouse gasses will most probably suffer most.

We know that there is no alternative to the rapid reform of our industrial processes towards sustainability. We must increase our energy efficiency. We must reduce our emissions. We must use our scarce resources more efficiently and effectively, and promote cleaner and greener production processes. This is a very clear policy of UNIDO.

We at UNIDO have regarded this as a priority for many years, and have long promoted cleaner and sustainable modes of production in the industrial sectors. For example, we have worked for more than ten years now on creating cleaner production capacities, making energy sources cleaner while more affordable, and supporting countries in the implementation of major environmental agreements through industrial adjustments. The Montreal Protocol for the protection of the ozone layer is just one successful example in this context. The Stockholm Convention on Persistent Organic Pollutants is another.

And many industrial companies, large and small, have indeed recognized this urgency and are seeking to apply cleaner technologies and optimize their production processes in order to reduce emissions, improve their energy and resource efficiency, and adopt improved recycling systems. UNIDO is closely working with the partners of the “Sustainable Energy for All”, an initiative that is strongly promoted by the Secretary-General, to set up industrial energy efficiency accelerators to scale up investments in energy efficiency technologies, standards and systems. And many companies have joined the Green Industry Platform established by UNIDO in cooperation with UNEP at the Rio+20 conference two years ago as a multi-stakeholder mechanism precisely to encourage more sustainable methods of industrial production. Coincidentally, the Advisory Board of the Green Industry Platform, will meet later today here in New York. This is a platform that brings together more than 200 parties from public and private sectors, and many policymakers.

Increasingly, the business sector has recognized that we do not need to choose between industrial growth and sustainability.

Both can – and must – go hand-in-hand, with the right choice of technologies.

With the ingenuity and the entrepreneurial spirit of private businesses and industry both these goals can be achieved, and companies can, in fact, make money by adopting sustainable production practices.

Of course, policymakers also have to play their part by providing the right infrastructure, policy frameworks and incentive schemes for investments into sustainable development solutions.
Ladies and Gentlemen,

The past development framework of the Millennium Development Goals (MDGs) could count many successes. But their capacity to meet the economic and environmental challenges the world faces today are clearly limited.

With the endpoint of the MDGs fast approaching, the world’s attention has therefore turned to the international development agenda beyond 2015. And the international community has recognized that any future development framework must take an integrated approach to economic, social and environmental challenges – the three dimensions of sustainable development.

Also, the world has witnessed the possibly most inclusive consultation process in history, with millions of people participating, and thousands of consultations and meetings taking place all over the world, with representatives from government, the private sector, civil society, academia, and the UN system all making their valuable contributions in identifying the new set of development goals.

Having this in mind, the Member States of the United Nations have been discussing over the past one and a half years a set of universal Sustainable Development Goals. In July this year, a final proposal was presented to the General Assembly, and we expect that a final resolution will emerge next year in September, to guide us over the next decade or more.

A major scientific network – the Sustainable Development Solutions Network – was launched here at Columbia University. The findings and recommendations of this network served as an important input during the negotiations, particularly in the field of environmental sustainability. This network understood the importance of industry from the outset, also inviting private industry members to contribute to the various reports and consultations. I commend you for this exceptional vision and contribution – it is very important to the international community.

Looking at the now established set of SDGs, I am personally very happy at how balanced they are. Member States have succeeded to cover all of the world’s social, environmental and economic sustainability concerns in a small set of 17 goals. I am particularly pleased to see that inclusive and sustainable industrialization is included as one of these 17 goals, alongside infrastructure development and innovation.

But these goals must not be understood as 17 separate silos.

At the contrary, the goal on industrialization impacts on most of the other goals, and vice versa. For example, without clean industrial technologies and innovation, one cannot achieve sustainable production and consumption.

Without a stable macroeconomic environment, industry and business cannot strive and create the necessary innovative technologies needed.

Without the products from industry, goals such as food security or universal health cannot be achieved.

Without infrastructure, without water, without energy – we cannot run industry and industrialization.

And I could go on.

Ladies and Gentlemen,

Let me come back to the issue of inclusiveness that I touched upon earlier.

Many countries have experienced robust economic growth over the past decades. However, income-inequality – as well as unequal access to assets and resources, including knowledge – remains persistent challenges to their development.
We know that high levels of inequality are detrimental to the social fabric of countries. They impede economic growth or shorten periods of growth. And it goes without saying that persistent inequalities are unjust in their own right and harmful to future generations. We need to resolve this issue.

Today’s world is marked by a new geography of poverty where 65 per cent of the world’s poor live in middle-income countries. Any poverty reduction policy worthy of its name has to take this new reality into account.

At the same time, aid and support to least developed countries – or LDCs – needs to be re-thought. We must think about a radical shift in development strategies and partnerships, to allow LDCs to make a significant leap forward at all levels, and to enable them to meet all the graduation criteria by 2020. With 12 per cent of the global population – some 900 million people – LDCs still collectively produce only 1 per cent of world exports, and receive less than 2 per cent of global investment.

This shows the imperative and urgency for a path of inclusive and sustainable industrial development for LDCs. It is more crucial than ever to give these countries, which have been least favoured by our global markets, a chance to grow their industries, to lift their people out of poverty through productive activities and trade, and to reduce their dependence on external aid with their own economic capabilities being built.

The international community needs to understand that in order to meet the social development objectives such as health and education; we will need to develop the economic potential and income-generating capacity of the LDCs.

This, in turn, will require the development of the industrial capacities of these countries. Only industry will provide the necessary jobs and opportunities that will allow the development of stable societies, the economic empowerment of women, the creation of jobs for their youth, or dignity in life for their populations at large – just to mention some of the development goals that we all aspire to achieve.

Friends,

We need to recognize that international development cooperation is not a ‘zero-sum game’.

We are not dealing with development as a finite dollar figure. We are looking at development as a human and societal aspiration.

Over the past decades, the world has continued to grow into an almost single global market place.

An increasing number of large trans-national corporations have emerged both from traditional industrialized countries – like the U.S. – as well as increasingly from emerging markets such as India, Brazil or China. And many of these companies consider the national boundaries of the markets as a mere “legal or technical hurdle”, rather than a real hindrance to market access.

At the same time, even small and medium-sized companies from developing countries are increasingly entering the global markets – unthinkable in the past. They are becoming a real backbone to the global economy, stabilizing markets when large industrialized nations struggle.

Of course, this is only possible due to technological innovation and globalization. Technology has globalized at an ever-accelerating rate, benefitting millions of people in developing countries by granting them access not to only information – through the internet and other ICT innovations – but also to improved solutions for common developmental problems such as water purification, immunization or public mass transport.

This is precisely where I see UNIDO to make a great difference. Our experience in advancing trade standards for industry, in advancing industrial technologies, including Green Industrial Technologies, in creating mutually beneficial public-private partnerships, and our experience in providing policy advice that favours the small and medium-sized enterprises – the backbone of our economies – will be at the core of UNIDO’s development strategy. This is our toolbox.

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Today’s division in the global economy is about those countries that are connected – with access to knowledge, technology, trade and innovation – and those that are not.

In this new era of globalization, we need new approaches that harness globally available knowledge and innovation. Knowledge exchange and technology transfer – both on North-South and South-South axes, and through triangular cooperation – can positively influence success in reaching this goal = everywhere.

UNIDO has done a lot to bring together the right partners and governments to exchange knowledge in all fields of industrialization: Be it for the development of agro-industries; for ensuring a better energy future; for advancing green industries; or for advancing the specific industrial agenda of groups of countries with similar interests and needs.

These kinds of partnerships should be expanded. They are critical for promoting industrial development.

Very frankly: Industrialization is not about building one or two factories, or just a stand-alone assembly line for making shoes or shirts.

In fact, industrialization is a holistic structural transformation from a lower level of development to a higher level of development.

This is the spirit with which we should understand the post-2015 era of development. We need to make sure that we use our industrial technologies, our global trade, and our overall industrial advancement for a greater good – and above all for eradicating poverty. In the end, it is the goal, rather than the means that make our deeds stand out in history.

Private actors will make a particularly important contribution to this effort, but so will development finance institutions through their ability to support necessary technology and infrastructure investments.

Ensuring sustained, inclusive and sustainable growth through industrial structural transformation requires investments in infrastructure. This includes information and communication infrastructure, irrigation and water, sanitation and waste collection and disposal, energy, roads and other transport forms and infrastructure for health care, education, and many other important fields of investment.

Adequate economic infrastructure improves productivity and reduces the costs of any productive activity.

UNIDO will partner with those who can provide and finance such infrastructure, and link it to the industrialization plans and policies that our Member States design for their countries. Of course, we will continue to offer our policy advice on holistic industrial strategies wherever requested.

This is what we are currently piloting in several countries – to start with, we chose to work with Senegal and Ethiopia in this context.

We will need a new global partnership for inclusive and sustainable industrial development that provides the necessary trust in the global ambitions and goals, and to allow us to truly eradicate poverty within the next generation.

Friends,

Our world is more interdependent than ever in history. It is more important than ever that we work together, to eradicate poverty within the next generation, which is strongly proposed by the Secretary-General.

To achieve this, we will need new strategies for all countries towards the overarching goal of inclusive and sustainable industrialization.

The UNIDO Member States have requested me in the Lima Declaration to launch a new multi-stakeholder system of consultations on inclusive and sustainable industrial development to achieve prosperity for all. I am determined to do this, and would be delighted if I could count on the intellectual resources and academic rigor of Columbia University in this endeavour.
An Asian wisdom says: “Thousands of candles can be lighted from a single candle, and the life of the candle will not be shortened.”

What we need is a vision to guide us towards ISID.

The solutions for our future are not easy, but one thing is certain:

You are part of the solution.

Let’s strive together for a better tomorrow.

For all the people of the world.

Thank you very much for your attention.