Achieving Inclusive and Sustainable Industrial Development along the New Silk Road

SPEECH BY

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at the
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Fourth China-Eurasia Expo
“Jointly Build the Silk Road Economic Belt in an Open and Cooperative Way”

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Excellencies, distinguished guests and friends,

Ladies and Gentlemen, good afternoon.

It is a pleasure for me to be with you here today, representing the United Nations Industrial Development Organization, or UNIDO, at this Fourth China-Eurasia Expo, which is being held this year under the theme “Jointly Build the Silk Road Economic Belt in an Open and Cooperative Way”.

Two thousand years ago, the geopolitical conditions allowed for the creation of the original Silk Road, that long network of trade routes which stretched all the way from China to the coast of the Mediterranean Sea. Trade allowed the economies of all the regions along the trade routes to flourish. And goods and services, but also know-how and technologies, travelled in both directions along the Road, with benefits for all. Then, some 700 years ago, the geopolitical conditions changed, and trading across the Eurasian landmass died out nearly completely. Now, once more, the conditions have changed and are allowing for an upsurge in regional economic cooperation among the countries along this ancient trade route.

I therefore commend the organizers for holding these annual China-Eurasia Expos as one important mechanism for promoting and supporting regional cooperation, and I thank them for inviting me to attend this year’s event. Moreover, I am very grateful to the organizers for allocating to UNIDO half a day in the Expo’s agenda. Tomorrow, 2 September, we will run a Roundtable on the theme of “Development of the Silk Road Economic Belt: Urbanization, Industrial Civilization, and a Better Life for All”. I cordially invite you all to attend this event, with its rich programme and many different speakers.

Excellencies,
Ladies and Gentlemen:

Since the early 1800’s, livelihoods in modern societies have been built on the economic foundations created by the industrial revolution. It is primarily industrialization that has lifted hundreds of millions of people around the world out of poverty over the past 200 years. Consider the early advances of the European countries, or the United States, or Japan. Look at those countries which caught up in the latter half of the 20th century, including the Republic of Korea, China, and the many other Asian ‘tigers’ and ‘dragons’. It was always industrial development and trade in industrial goods that shaped their successes.

A glance at recent data is revealing. Three decades ago, every second person in the developing world was poor. But by 2010, the share of people living in absolute poverty had decreased to just over 20 per cent. Take China for example. For over 30 years, China has enjoyed increasing economic development, driven by strong industrial development. In that period, more than 500 million people have been lifted out of poverty. Per capita annual disposable income of urban households increased ten-fold between 1990 and 2008; that of rural households increased seven-fold. This economic development was reflected in a better quality of life. For instance, the ratio of underweight children was reduced by more than 50 per cent between 1990 and 2005,
reflecting better diets. The infant mortality rate dropped from 50 per thousand live births in 1988 to 14.6 per thousand live births in 2011, reflecting the population’s better health.

Those countries with steady economic growth, driven by industrialization, international trade, and related services have managed to reduce poverty most effectively. In fact, there is not a single country in the world today which has reached a high stage of economic and social development without having developed an advanced industrial sector.

Yet, this prosperity has not been evenly shared. There remain considerable differences between and within regions, countries and societies. Too often, growth has left significant segments of the population behind. This is particularly true for women and youth.

At the same time, one side-effect of the current patterns of industrialization is their considerable environmental footprint. No country has yet fully resolved the issues of effective waste management and proper control of soil, water and air pollution. I cannot emphasize enough the importance of promoting cleaner and resource-efficient production, and the decoupling of economic growth from environmental degradation.

Based on the realization that current modes of industrialization are neither fully inclusive not properly sustainable, the Member States of UNIDO, at their General Conference in December 2013, adopted the Lima Declaration. In this Declaration, they agreed that inclusive and sustainable industrial development, or ISID for short, must become an important part of the world’s long-term development agenda. In doing so, they have clearly recognized the role that ISID plays in eradicating poverty and fostering sustainable development.

Excellencies,
Ladies and Gentlemen:

I believe that the principles of ISID must be embedded in the plans for the Silk Road Economic Belt. The concept of building such an Economic Belt was put forward by President Xi Jinping of China during his state visit in September 2013 to four central Asian countries. His proposal was positively received by the leaders of these countries. Since then, the concept has been growing in popularity. However, how to develop the Belt and what needs to be done are issues which remain to be discussed by all the stakeholders involved.

In this connection, given its reinvigorated mandate to promote Inclusive and Sustainable Industrial Development, I believe that UNIDO can be an important partner for all the countries along the Silk Road Economic Belt. We can support them to put in place the inclusive and sustainable industries which surely must be the backbone of this Economic Belt.

UNIDO is already at work. Last year, we produced pilot guidelines which can be used to direct the development of new, green industrial zones along the New Silk Road.

We are ready to go further, in cooperation with the Asian Development Bank and other partners. Together, we aim to create the necessary green technical know-how as well as the managerial skills required to build the Silk Road Economic Belt. As we promote inclusive and sustainable
industrial development throughout the Silk Road Economic Belt, we want our efforts to follow these principles.

- Firstly, we want every country to achieve a higher level of industrialization in their economies, and to benefit from the globalization of markets for industrial goods and services.
- Secondly, we want to ensure that no-one is left behind in benefiting from this new industrial growth, and in particular that prosperity is shared among women and men in all the countries.
- Thirdly, we must ensure that the broader economic and social growth which we promote takes place within an environmentally sustainable framework.
- And finally, we want to make sure that the unique knowledge and resources of all relevant development actors are combined to maximize the development impact of ISID.

In this partnership for promoting ISID along the Silk Road Economic Belt, UNIDO will focus on identifying state-of-the-art practices and encouraging knowledge exchange in industrialization, related standards, and industrial policymaking. We will do this while engaging key stakeholders who have the potential to enhance the ability of the government to pursue inclusive and sustainable industrial development. In collaboration with development finance institutions, national research institutions, universities and government departments, UNIDO will also provide policy advisory services to the countries along the Silk Road Economic Belt on trade capacity building, private sector development, investment and technology transfer, green industry and its role in the transformation of industry and the achievement of a circular economy.

Excellencies,
Ladies and gentlemen,

Let me conclude by once more expressing my firm belief that inclusive and sustainable industrial development will be a fundamental pillar for a thriving Silk Road Economic Belt. Once more, the economies of all the countries along the old routes of the original Silk Road will flourish. Goods and services, but also know-how and technologies, will travel back and forth along the Road, giving a better life to all the peoples in this region. Let us make the best use of this Fourth China-Eurasia Expo, here in the wonderful city of Urumqi, as an excellent platform to promote this vision.

I wish every success for this important event and look forward to fruitful deliberations and outcomes in the coming days.

Thank you.