



**Statement of Mr. LI Yong
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at the

**Open Working Group Session on
Sustained and Inclusive Economic Growth,
Infrastructure Development, and Industrialization**

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Your Excellencies, Co-Chairs of the Open Working Group,

Excellencies,

Ladies and Gentlemen,

Colleagues and Friends,

I am honoured to be here with you today at this important session of the Open Working Group.

You have a daunting task to fulfil. The decisions you make in this Working Group will define which development issues the world will prioritize in the decades to come. You will help create the global framework under which we will create the world for our future generations. You will shape the next era of globalization.

Thankfully, we are not starting from scratch. There are many good examples to build on and success stories to share. Many countries have achieved higher levels of sustainable development in all its dimensions – economic, social and environmental – for the benefit of their people.

Poverty – the biggest and most inhumane challenge of our times – has been reduced or eradicated in many parts of the world. And we should learn from those who succeeded, study their ideas and policies, and intensify our efforts to fully eradicate extreme poverty within the next generation.

The story of globalization in the past few centuries is one that is shaped by technological, economic and social advancements – in fact, a global success story of progress in many of our societies. How was this success possible? Whether we look at the early advancements in European countries or the United States several hundred years ago – or those who caught up quickly with the global trend in the mid 19th till mid 20th century, such as Japan, the Republic of Korea and the many “tigers” and “dragons” – it was *industrial*

development that shaped their success. In fact, there is not a single country in the world that has reached a high stage of economic and social development without having developed an advanced industrial sector.

Let me tell you that over the past 30 years, I have witnessed a tremendous change in our global political and economic world order, not least because of enormous changes in my own country. I saw how industrialization – and the related structural change in our economies – helped greatly in pulling large sections of the population out of poverty. As industrialization proceeded, the quality of jobs improved even more. Besides having higher wages, more advanced manufacturing jobs typically provided better benefits and security for the workers. I believe that on this basis, prosperity can be shared throughout society, providing a new backbone and stabilizer for our global economy.

Excellencies, Ladies and Gentlemen,

Since my election to the post of Director General of UNIDO in June this year, I have visited many of your countries. I have talked to many of your leaders – in government and business. We discussed, what matters most to them: How to advance the well-being of their people in an inclusive and sustainable manner. How to create the necessary jobs for the millions that are still excluded from decent employment.

Least-developed and vulnerable countries can often find substantial employment opportunities by shifting from agriculture to labour-intensive industries. Middle- and high-income countries can grow jobs by shifting towards more technologically advanced industries, and expand the services surrounding them. With industry expanding, the demand for more and improved primary goods from agriculture, forestry, fishing and mining is also growing, as is the demand for banking, insurance, communications, trade and transport services.

I therefore believe that in order to eradicate poverty, and to achieve higher levels of prosperity for all peoples, we will need to accelerate economic growth, driven by industrial development in all our countries. We need to do more to advance the industrialization of all countries, so they can create decent jobs and opportunities for all of their people.

Excellencies, Ladies and Gentlemen,

We need to have a global goal that is based on *inclusive and sustainable industrial development*.

We cannot and must not deny such progress to those who are still struggling, who have so far been left behind. Nobody should be left behind. We need to create more shared prosperity in and among all our countries and societies. And we all need to work on this together – governments, the private sector, civil society and the United Nations. Industrial development must become *inclusive*.

History also teaches us that industrial development needs to happen within an environmentally *sustainable* framework. We cannot deny that our industries globally cause major emissions and have an important environmental footprint. And there is no country 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.

But the technologies are there and available. Major cities such as London, New York and Tokyo suffered from major emissions in the past. And today – look outside – emissions are under control. It was done here. This proves that it can be done in developing countries as well. We do not need to choose between industrial growth and sustainability. Both can go hand-in-hand, with the right choice of technologies.

Excellencies, Ladies and Gentlemen,

To achieve all this in our current era of globalization requires new approaches that harness globally available knowledge and innovation. Knowledge exchange and technology transfer – particularly through strong productive linkages between diverse development actors – can positively influence success in reaching this goal.

Technology and innovation policies will, of course, vary depending on the technological capabilities of different countries. More advanced countries are more involved in advanced research and new product development, and less advanced countries tend to focus on imitation, product adaptation and process technologies. Knowledge exchange – on mutually agreed terms, of course – can help to gradually bridge this gap, support those who are less advanced to catch up, improve their industrial abilities, reduce industrial emissions, and create better job opportunities.

Such knowledge partnerships and networks – on North-South and South-South axes – can advance such innovation and technology. They can also create the necessary knowledge for building suitable institutional capacities and a conducive business environment, which are important to any vibrant economy. Industry networks can also facilitate infrastructure investments and promote trade relations. Indeed, our research at UNIDO has shown that countries that are better networked and globally connected are usually also more performing in their economic and industrial development.

These kinds of partnerships – multi-sector partnerships – should indeed be expanded. Industrialization is not about building one or two factories, or just a stand-alone assembly line for making shoes or shirts. Industrialization is a holistic transformation from a lower level of development to a higher level. This requires strong partnerships with all related stakeholders – national and international, bilateral and multilateral, from private and public sector.

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 existing and new productive activity.

Industrial growth strategies also need long-term predictable funding mechanisms as they focus on productive investments, capital formation, infrastructure and innovation. To achieve this, private industry needs to trust the policy framework and financial investments and guarantees. 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 through industrial growth.

Excellencies, Ladies and Gentlemen,

The global financial crisis has taught us many lessons. One is the realization that industry is a key component to making economies less vulnerable to rapid changes in economic conditions and more resilient to confronting related shocks. In all countries, including the traditionally industrialized ones.

Our world is more interdependent than ever in history – and it has never been more vulnerable to economic shocks and political failure. It is more important than ever that we work on the establishment of effective and functional global policies, institutions and systems as the world's best hope for progress, prosperity and peace.

To achieve this, we will need new strategies for all countries towards an overarching goal of *inclusive and sustainable industrial development*, allowing them to eradicate poverty on our planet within the next generation. If we do not follow this path, I fear that we will still be talking about poverty reduction in fifty years' time.

I count on your engagement, support and leadership, as your work – the elaboration of the Sustainable Development Goals – will determine this important agenda and our common future.

Thank you very much.