

‘Indian MSMEs will be the world’s most innovative in post-COVID’ period, says Dr. Kituyi

Dr. Mukhisa Kituyi, Secretary General, United Nations Conference on Trade and Development (UNCTAD) in an interview to MVIRDC World Trade Center Mumbai projects India’s economy to be most resilient and adaptable to changes in a post-COVID world. Indian exporters and entrepreneurs will dominate among the world’s most innovative economies.

Dr. Kituyi suggests Indian MSMEs to take advantage of UNCTAD’s new project on global support to MSMEs post COVID-19. For a long-term approach, he advises MSMEs to adapt to growing digitalisation, opportunities in re-oriented industries, regional value chains and a resilient global economy.

What role can UNCTAD play in helping India cope with post-COVID-19 and further to help build its trade?

Although India’s trade has suffered dramatically from the Covid-19 pandemic, there are opportunities to re-orient industry towards the new realities that will be evident in a post-Covid world, where we expect more re-shoring and shortening of value chains leaving the main opportunities from globalisation in more regional and more resilient production. The footprint of international production is also becoming more asset-light, greener and more digital.

UNCTAD’s policy advice and analysis on the digital economy, investment policies and business facilitation can help Indian government and firms to identify where they fit into this new changing landscape of global trade and development. We project India will be among the most resilient economies to the current crisis, and by adapting to the changes underway, Indian exporters and entrepreneurs will continue to be among the world’s most innovative.

In your opinion how should MSMEs better build themselves during and post-COVID-19 and embrace the ‘new normal’?

MSMEs should try to stay on their feet during and after this crisis, as they create jobs that offer hope to the most vulnerable in our communities. They are also the spine of our local, national and global economy and must be front and centre in our COVID-19 response and recovery strategies. The first and most urgent step is for government and industry to provide necessary support for their survival. We at UNCTAD have launched a new project on global support to the MSME response promoting post-Covid-19 economic resurgence through MSME-driven growth in developing countries.

The long-term recovery of MSMEs will also require they adapt to the new realities of a more digital, regional and resilient global economy. They can do this by working together to help improve the digital business ecosystem that is emerging across India and other developing countries. Through the eFounder Fellowship initiative for example, we are working with young entrepreneurs across Asia and Africa to build a network of digital entrepreneurs, committed to helping their own local ecosystems grow and prosper as the transition to more digital economy continues. Many of them

have been critical in local responses to Covid-19, for example, using their existing business models to help their communities adapt to the new normal of social distancing and moving more of our daily lives on-line.

To what extent has UNCTAD been able to help India integrate into world economy?

UNCTAD has worked with Indian government and industry groups to promote Indian private sustainability standards in order to help Indian products gain better access to global markets. We also work with Indian government officials and diplomats to support their deliberations at the World Trade Organization, and our close relationship with Indian government and private sector representatives has helped guide our analytical work in areas like the circular economy, South-South cooperation, and digital industrialisation strategies. India is an active member of UNCTAD's trade and development board, and the success for example of India's service-led export growth has served as an inspiration for many other UNCTAD member states, including many in Africa.

A global economic recession seems inevitable. What are your views on it? How can the impact of it be mitigated?

We expect a downturn of at least -5% globally this year and project that developing countries collectively need at least \$2.5 trillion in liquidity, debt relief and fiscal stimulus to even begin to reverse the effects of the Covid epidemic on the same order that developed countries have been able to accomplish with their own fiscal and monetary stimulus packages.

Global trade is on track to decline more than 20% this year, according to our latest Global Trade Update, and global FDI flows will be down some 40%, according to our latest World Investment Report. Government clearly is the first line of defense in such an extraordinary scenario, but they shouldn't have to make the impossible choice between lives and livelihoods. There is also an important role for international cooperation and coordination to play, as well. This will be crucial to ensure that goods keep on flowing, and that countries remain open for cross-border trade, all while respecting the sanitary measures need to preserve human lives.

UNCTAD's Trade and Development Report reveals that there is a growing threat of environmental breakdown and its effects would only compound to increasing economic insecurity. What is your take on this?

The importance of a transition to a greener and more resilient economy has been made starkly clear by the novel coronavirus. No one could have predicted that the current global economic crisis would be caused by a microscopic pathogen. But it is clear that this pathogen crossed from animal species to humans, due to the increasing interdependence between the environment and society. Now that interdependence is allowing the disease to wreak havoc on our economies. If businesses and governments don't pay attention to the existential issue of climate change, then the current Covid-19 induced crisis will pale in terms of the economic impacts we will reap in just a few decades more of climate inaction. Business has a

leading role to play in making this fact understood to governments and the wider public as a whole.

What are your thoughts on how the pandemic will shape globalisation in post-COVID world?

In the wake of Covid-19 we expect broader structural shifts already under way to accelerate. The new industrial revolution, the shift towards more economic nationalism, and sustainability trends all have far-reaching consequences for the configuration of international production. We see a trend over the next decade towards shorter value chains, higher concentration of value added and declining international investment in physical productive assets.

These changes will bring challenges for developing countries. For decades, their development and industrialisation strategies have depended on attracting FDI, increasing participation and value capture in GVCs, and gradual technological upgrading in international production networks. In this new context, a degree of rebalancing towards growth based on domestic and regional demand, and promoting investment in infrastructure, domestic services, the green economy and the blue economy is necessary.

Do you feel G20 Forum is coordinating as effectively in the current crisis as it did in the 2008 one?

G20 has been a useful forum for sharing of ideas and for building consensus, however it falls short of not returning to the level of genuine coordination, we saw for a short while in the aftermath of the global financial crisis more than a decade ago. This could be, because the international mood and the relations among major economies have also changed dramatically over the past decade.

G20 will continue to be a useful platform to build momentum on important issues of the moment, as it has been during this crisis on fiscal stimulus and on debt relief discussions. However, in the absence of a more robust commitment to inclusive multilateralism incorporating the perspectives and voices of all people, the needed scale of international coordination will remain limited.

Notifications

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