

Main issues for developing countries in relation to the UNCTAD XV Preparatory Committee Compilation Zero Draft (TD(XV)/PC/L.1)

Established in 1964 in Geneva, the UN Conference on Trade and Development (UNCTAD) is the focal point within the United Nations system with respect to issues on the integrated treatment of trade and development as well as interrelated issues regarding finance, technology, investment, and sustainable development, with a view towards assisting in the development-friendly integration of developing countries into the global economy.

UNCTAD currently serves as a forum for intergovernmental discussions and deliberations aimed at consensus-building; undertakes policy research and analysis and data collection; and provides technical assistance to developing countries with respect to such issues. UNCTAD meets every four years, with intergovernmental bodies meeting between sessions and a permanent secretariat providing the necessary substantive and logistical support.

Its establishment was a landmark in terms of the UN's institutional ability to carry out its functions in the economic development field under the UN Charter. UNCTAD was intended to be the UN's focal point for the integrated treatment of all trade and related development problems, and was supposed to assist developing countries in shaping fairer and more equitable global economic relations.

UNCTAD has historically been an important institution for developing countries. During its first two decades (the mid-1960s to the mid-1980s), it supported developing countries in articulating, aggregating, and pressing their demands for a reshaping of the international political and economic environment to give them a role of increased importance on issues directly affecting their welfare and to structure North-South dialogue on development issues.

Third World Network (TWN) is an independent non-profit international research and advocacy organisation involved in bringing about a greater articulation of the needs, aspirations and rights of the peoples in the South and in promoting just, equitable and ecological development.

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Over the years, the Group of 77 (G77), currently comprising 134 developing and least developed countries, has been generally consistent in its positions with regard to UNCTAD. In general, the G77 has pushed for:

- Strengthening UNCTAD's intergovernmental machinery since UNCTAD X to recover its ability to have multilaterally agreed policy-relevant outcomes and norm-setting, and to extend UNCTAD's mandate to areas such as the impacts of new bilateral agreements on developing countries and accession to the World Trade Organization (WTO). The G77 has consistently wanted UNCTAD to play a monitoring and advisory role and help identify relevant development perspectives in these areas. The G77 resisted developed countries' views that UNCTAD's work should be tied to, and must be complementary with, the work of the International Financial Institutions (IFIs) and the WTO. In addition, developing countries pushed hard to introduce and support the concept of expanding the policy space for developing countries to adopt and implement policies that promote their development objectives and provide for a more nuanced and critical approach towards globalization and developing countries' integration into the multilateral trading system. The G77 wants UNCTAD to be able to cover, discuss and provide normative, specific and practical policy options and outcomes with respect to trade and development-related policy issues (including systemic issues), and to make sure that UNCTAD situates itself to be better able to contribute towards the achievement and review of internationally agreed development goals.
- Protecting UNCTAD's ability to produce independent and critical policy analysis and recommendations on multilateral trade and development-related issues, including on globalization, international trade and investment policies, and global financial issues including on debt and tax; and preventing UNCTAD's scope of work from being narrowed and downsized into only trade-related technical assistance. In particular, the G77 has sought to protect UNCTAD's ability to provide quality and empirically research-based systemic and structural critiques of the current international economic system, and to strengthen UNCTAD's institutional ability to act on such critiques.

More specifically, the G77 has historically maintained the following issues as important elements in UNCTAD's work and mandate:

- **Systemic analysis** – The G77 expects UNCTAD's research and analysis to cover systemic and structural issues related to trade and development. The G77 expects such research and analysis to be empirical and to provide a systemic critique, when needed, of global macroeconomic and development trends and challenges. The G77 wants UNCTAD's policy research and analysis on specific trade and development issues to be contextualized within the broader systemic developmental issues that affect the development prospects of developing countries.
- **Policy space** – The G77 sees UNCTAD as the only major international economic organization that recognizes and highlights the concept of policy space for developing countries to be the basis for macroeconomic policies and analysis to stress that there is no one-size-fits-all approach to trade and development policy.
- **Trade** – The G77's approach to how UNCTAD should treat trade issues has been to request UNCTAD to provide policy research and analysis on the impacts of trade liberalization on developing-country economies, and to provide policy recommendations that would ensure that trade liberalization is appropriate to national circumstances, is balanced with the exercise of national policy space, promotes developing countries' exports, and supports long-term development objectives.
- **Investment** – The G77 has historically wanted UNCTAD to be more focused on the development dimension of investment agreements and on supporting developing countries' effective participation in the debate on international investment agreements.
- **Commodities** – The debate has been over the extent to which the international factors that contribute to commodity market failures are identified, which UNCTAD should address through its work.

- **Palestine** – The G77 sees UNCTAD’s mandate with respect to Palestine as being part of the longstanding G77 call globally to end the prolonged Israeli occupation and for the establishment of a stable and effective Palestinian state, by harnessing UNCTAD’s assistance to the Palestinian people.
- **Unilateral trade measures** – The G77 has historically supported strong language on the need to avoid unilateral trade measures and other protectionist measures that are not consistent with international law.
- **Climate change** – The G77 has pushed UNCTAD to do more work on the trade and development-related aspects of climate change so that it can contribute its expertise to the climate change debate, including to have UNCTAD’s economic expertise look into the financing and technology transfer needs of developing countries that need to be addressed in a systemic manner through international cooperation on trade and development.
- **Technical cooperation** – The G77 has pushed to ensure that UNCTAD’s technical cooperation and technical assistance work continues and for such work to be consistent with UNCTAD’s systemic critique and analysis of global trade and development-related issues – e.g., that UNCTAD’s technical assistance should help developing countries identify various policy alternatives to trade and investment liberalization.

UNCTAD since the early 1990s as an institution has continued to face challenges – especially from the side of developed countries – in terms of providing a more clearly articulated systemic critique of and alternatives to the prevailing international economic system. UNCTAD has been institutionally under pressure from developed countries to change itself.

The institution itself, its philosophical orientation, its analytical work, and the negotiations and debates taking place in UNCTAD were increasingly criticized and opposed by developed countries. These countries generally saw in UNCTAD an intergovernmental organization that they did not control, was sympathetic to developing countries, and often provided a direct critique to the free market-oriented, Washington Consensus-based macroeconomic policies and international economic framework that developed countries actively promoted.

Developed countries have sought at virtually every UNCTAD Conference¹ (with varying degrees of success matched by varying degrees of opposition from the G77) since the early 1990s to marginalize and downsize UNCTAD in the following ways:

- Weakening its intergovernmental machinery – through reducing its commissions and intergovernmental groups of experts, and reducing the number or duration of the sessions of the Conference and of the Trade and Development Board – in order to erode the role of UNCTAD and the UN system in global economic governance and policy making. Developed countries generally do not want UNCTAD to produce any normative policy outcomes that would be considered as multilaterally agreed norms.
- Limiting the policy areas within the scope of the mandate of UNCTAD. In general, developed countries want UNCTAD to avoid discussing issues under negotiation in the WTO or other intergovernmental forums. They also generally want UNCTAD’s intergovernmentally negotiated outcomes (such as the outcome documents of the quadrennial Conference) to avoid criticizing the work of multilateral economic organizations such as the World Bank, the IMF, and the OECD (i.e., those organizations that developed countries generally politically control), and seek a more limited mandate for UNCTAD by insisting that its work should be tied to, and must be complementary with, the work of the IFIs and the WTO. In addition, they want to move UNCTAD’s work away from broad developmental and economic policy analysis (such as looking at commodities, debt, finance for development, taxation, globalization and

¹ UNCTAD VII (Geneva, 1987), UNCTAD VIII (Cartagena, 1992), UNCTAD IX (Johannesburg, 1996), UNCTAD X (Bangkok, 2000), UNCTAD XI (Sao Paulo, 2004), UNCTAD XII (Accra, 2008), UNCTAD XIII (Doha, 2012), UNCTAD XIV (Nairobi, 2016).

development strategies) towards more narrow and focused policy research that fits developed countries' policy priorities (such as trade liberalization, trade facilitation and logistics, investment, environment) and towards providing technical assistance for national governments.

- Criticizing and seeking to reduce the scope of intellectual independence and critical analysis shown by UNCTAD's policy research and analysis into contemporary policy issues relating to the impacts of globalization, trade and investment liberalization, financial deregulation, the financialization of the global economy, the digital economy and the adoption and use of neoliberal economic policy approaches, on developing countries.
- Downsizing the secretariat of UNCTAD through reductions in its core regular budget and in its budgeted staff positions from the regular budget, forcing the secretariat to rely increasingly on extra-budgetary voluntary project funding from developed countries tied to the secretariat undertaking work in policy areas of interest to the donors.

UNCTAD's challenge at UNCTAD XV, scheduled to take place in 2021, is to regain its relevance to developing countries in terms of providing them with the analysis and tools needed to enable them to understand the systemic challenges and opportunities that they face in their pursuit of sustainable development in a global context that is now much more complex than before.

There are currently many issues that are systemic and structural in nature with respect to their root causes, including: the effects of hyper-globalization, the financialization of the global economy, increasing economic inequality among and within countries, the continuing effects of the 2008 global financial crisis, the economic and social impacts of the COVID-19 pandemic, the adverse effects of climate change and other environmental crises, an incipient sovereign debt crisis in developing countries, the implications of e-commerce rules (in addition to a growing digital and technological divide between developed and developing countries), increasing societal anomie in many countries, and internal and external migration. These issues need to be analyzed and critiqued in a systemic and structural manner, with multilateral policy responses and recommendations formulated and agreed upon, and developing countries then assisted to find and use the appropriate policy space.

No major international organization has been able to do these in an independent and critical manner other than UNCTAD. It should be at the forefront in the search for coherence in economic and social policies, at both the intergovernmental and inter-institutional levels, in pursuing improved development prospects and opportunities for the developing and least developed countries.

Overall, the key issue remains the extent to which UNCTAD as an institution will be able to provide to its Member States, in particular, developing and least developed countries, policy research, technical assistance, and consensus-building that jump off from a broad and systemic understanding and critique of the current global economic framework and the challenges that it poses for these countries' development prospects. This issue underlies the differences of perspective between developed and developing countries that can be seen in the compilation of textual proposals from the different UNCTAD negotiating groups.²

² These are the G77, the European Union, the Eurasian Economic Union (EAEU – composed of Russia and Central Asian countries), JUSSECKANZ (composed of Japan, the US, Switzerland, Canada, Korea, Australia, and New Zealand), as well as the Holy See and the United Kingdom.