

SEATINI's Position on UNCTAD XIV session Pre-Conference negotiating text

SEATINI takes note of the provisions in the Pre-Conference negotiating text. The background to the UNCTAD 14 pre-conference negotiating text is drawn from the continuing challenges to the global economy arising from the financial and economic crises especially the uneven distribution of the gains from globalization and the rising global inequality between and within countries. The text also recognizes the series of significant meetings which took place in 2015 i.e. the ambitious UN SDG summit to end poverty, the COP 21 and the 10th WTO Ministerial Conference. **Para 3** of the Pre-Conference Negotiating text stresses the critical role these agreements have played in reinforcing the role of trade and development and interrelated issues of finance, technology and investment for inclusive and sustainable development.

Given this background the Pre-Conference negotiating text should recognize the dichotomy between the ambitious SDGs on the one hand and the outcomes of the COP 21 and the 10th WTO Ministerial Conference on the other. In both conferences there is a regression from the earlier commitments made to address the challenges therein. The COP 21 saw the ascendancy of the more voluntary Intended Nationally Determined Commitments (INDCs) as opposed to the earlier commitments to have in place multilaterally agreed binding commitments on emission reduction. Regarding the WTO MC 10, again, the commitment to conclude the Doha Round was minimal while the push for “new approaches” gained momentum. Issues of critical concern for developing and African countries, especially in the areas of agriculture were not adequately addressed. In fact, it can be argued that since the launch of the Doha round, there has been limited progress in tackling the development concerns of Africa and developing countries. The UNCTAD 14 Pre-conference negotiating text should clearly support the conclusion of the Doha Round as all the previous UNCTAD Declarations (Accra and Doha Manar) have done. The Reference to “New approaches” in **para 14** would mean that UNCTAD is supporting the introduction of the “New issues” in the WTO, before the conclusion of the Doha Round as proposed by the Africa Group. Therefore UNCTAD should ensure that the Multilateral Trading System supports and provides the

policy space for developing countries to promote equitable and sustainable people centred development in Africa and developing countries.

It is against this background that we present our proposals for consideration in the pre-conference negotiating text and the subsequent declaration. We are proposing areas for further emphasis in the pre-conference negotiating text and the subsequent declaration.

Areas which should be emphasized in the text:

1. Regional trade agreements and the mega regionals

One of the contemporary trends reshaping the global trade landscape over the last two decades has been the rise in the number of bilateral & free trade agreement including the “mega regionals”. There are also regional integration efforts in Africa including efforts towards forming a Continental Free Trade Area. These processes are critical for Africa in addressing her development challenges. However, given the fact that the mega regionals have the potential to reshape significantly the global trade landscape over the next few years, Africa will need assistance in participating in and crafting their own regional integration processes to address their development challenges. While **para 40 (n)** of the Pre-Conference negotiating text proposes that the role of UNCTAD should be to assess the implications of plurilateral and regional trade agreements for development prospects of developing countries, we are proposing that UNCTAD should go further to build the capacity of RECs to enable them to factor this process in their regional integration processes.

2. Investment

While investment is key in promoting sustainable development in Africa, the existing frameworks that prioritise support of investor rights over people’s rights is not inductive to this objective. Whereas **para 12** of the Pre-Conference negotiating text argues that foreign direct investment has been mutually supportive contributing to the unprecedented transformation of many developing countries, we note with deep concern that investments have become so liberal that possibilities of capturing the benefits that accrue from them are constrained. UNCTAD should therefore enhance its work on developing the capacity of

African countries to come up with pro-development national and regional investment models and policies.

Para 21 of the Pre-Conference negotiating text acknowledges that global governance of investment faces many challenges including those arising from the problematic and fragmented regime of international investment agreements. UNCTAD has also done a lot of research and publications on Investment on the pro-investment model, and this work has enabled a number of countries to commence on the process of reviewing their investment regimes in order to ensure that FDIs support national and regional development aspirations. UNCTAD should enhance its work further in this area by developing the capacity, and supporting the review processes especially in African countries which have not yet embarked on this processes in order to help them come up with national and regional investment model templates that will guide to put in place investment policies that support sustainable development and poverty eradication, and which will help them to engage in negotiations with third parties at multilateral and bilateral levels. At African Union level, UNECA has put in place guiding principles on large scale land based investments in Africa. UNCTAD should continue supporting these efforts to ensure that they result into models that should promote agricultural and rural transformation and increased trade.

3. Domestic Resource Mobilisation

In **para 47**, UNCTAD stresses that official development assistance continues to be a vital source of financing for development, which, by virtue of targeting the eradication of poverty in its multiple dimensions, is particularly important to the achievement of the Sustainable Development Goals. However, the text should further capture the fact that in a bid to reduce on dependency, the concept of innovative financing has become trendy, mostly pushed within Public Private Partnerships (PPPs). While in theory PPPs could be a great way to transfer the risks of investments in infrastructure to the private sector, this requires well-crafted contracts that strike a fair balance of risks and benefits; and sufficient institutional capabilities, including transparency and checks and balances, during the negotiation and monitoring of contracts to ensure that the public interest (especially that of citizens and

taxpayers in the host country) is adequately protected. Therefore, more capacity is required for African countries to negotiate mutually beneficial PPPs and also most importantly how to mobilise resources fairly and equitably and limit the outflow of resources. Regarding the outflow of resources, African countries need enhanced capacity on how to address the recommendations from the Mbeki report

4. Industrialisation and structural transformation

There has been a resurgence in the call for industrialisation in Africa. Many African countries have come up with industrial policies. However a lot needs to be done to ensure that all policies and the multilateral trading system are geared towards supporting industrialisation which promote backward and forward linkages, increase productive capacities & create viable employment & reduce inequalities. **Para 61** of the Pre-Conference negotiating text recognises structural transformation and industrialisation as key elements in increasing resilience to social, economic and environmental shocks for sustained growth and sustainable development. However, the text should take into consideration the fact that Africa has undergone de-industrialisation as a result of the neo-liberal related policies like the Structural Adjustment Policies, which policies have continues to manifest themselves in regional, bilateral and multilateral trade negotiations. UNCTAD to enhance capacity of African countries to come up with and negotiate coordinated and complementary policies at all levels that support Industrialisation, value chain enhancement and structural transformation.

5. Debt

There has been increasing indebtedness in a number of African Countries as they embark on ambitious infrastructure projects. Uganda's indebtedness stood at 33.2% of GDP in 2014 and is likely to continue as government engages on new infrastructure projects. In **para 15**, the text acknowledges the role of strengthening multilateralism in addressing challenges that require collective action at the global level such as debt crisis prevention and resolution. In order to address the debt issue, increased capacity will be required at national level especially in areas of how to balance the sources of financing and the increased involvement

of stakeholders in these negotiations, increase in transparency and accountability, and also putting in place an international system of debt arbitration and restructuring.

6. Role of State in development

Para 71 of the Pre-Conference negotiating text stresses the need for an effective developmental State which delivers public goods and services to the population, provides an enabling environment for growth and private sector development, and ensures peace and security. However, it should be noted that the State in most countries in Africa has been greatly weakened under the SAPs and other subsequent policies which have promoted the private sector at the expense of the State. Therefore, UNCTAD has a critical role to play in enhancing Africa's capacity to put in place policy frameworks that enhance the capacity of state institutions and this should be complemented by an engaged society, which as UNECA summarises it, participates in public decision making, contributes to the provision of public goods and services, and holds authorities accountable for the means and results of public action.

7. Technology transfer

Para 48 of the Pre-Conference negotiating text argues that foreign direct investment and trade can play a key role in disseminating technologies to domestic companies where domestic policies are conducive to technology transfer. The para also stresses that Technology is a key means of implementation of sustainable development policies. UNCTAD should further assist African Countries in how to access appropriate technology and how to put in place policy frameworks especially in Bilateral Investment Treaties in order to make this happen and promote linkages to technology, innovation and industrialisation.

8. Trade Facilitation

Para 30 of the Pre-Conference negotiating text points out that the WTO Trade Facilitation Agreement will, if implemented effectively, enhance mutual benefits to trading nations and thus promote global sustainable development, as well as generate welfare gains for

consumers and businesses. However, Trade Facilitation goes beyond cutting of the red tape at the customs (customs clearance), and in order for the global South in general and Africa in particular to benefit from it, efforts have to be enhanced in addressing structural issues that hinder Africa's meaningful gaining from Trade facilitation. If these efforts are not enhanced, the TFA will be acting, as dubbed by its critics, an import facilitation agreement.

In conclusion, we commend the important role played by UNCTAD in promoting equitable integration of developing countries into the world economy. UNCTAD has largely fulfilled this mandate than any other multilateral economic institution has fulfilled from a development perspective. However, in order for Given this important role that UNCTAD is playing, enough resources should be committed in order to enhance her work on implementation of the SDGs for the achievement of Agenda 2030.