

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD Hearing with Civil Society

Geneva, 24 May 2018

Written contribution from Consumer Unity & Trust Society (Cuts International)

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CONSUMER UNITY & TRUST SOCIETY (CUTS INTERNATIONAL)

**STATEMENT SUBMITTED TO UNCTAD FOR THE HEARING WITH
CIVIL SOCIETY ORGANISATIONS**

GENEVA, THURSDAY, 24TH MAY 2018

Given below is the consolidated statement of CUTS International as a response to the Call for Statements announced by UNCTAD for the purpose of holding a hearing with civil society organizations on Thursday, 24 May in Geneva, Switzerland.

The CUTS statement lays emphasis on the importance of achieving the 2030 Agenda for Sustainable Development Goals (SDGs). It underlined that for SDGs to be achieved the importance is to create a political narrative to maintain multilateralism, focus on securing long term financing, strengthen manufacturing/industrial capacity with focus on job creation and the need to harness the potential of digital economy to ensure the promotion of competition and innovation resulting in enhanced consumer welfare.

**NEW WAYS IN WHICH THE UNITED NATIONS COULD ADDRESS THE
CRISIS OF MULTILATERALISM AND TRADE, ITS DEVELOPMENT
MACHINERY, AND WHAT WOULD BE THE CONTRIBUTION OF
UNCTAD**

The 2030 Agenda for Sustainable Development Goals (SDGs) states that “international trade is an engine for inclusive economic growth and poverty reduction and contributes to the promotion of SDGs”. In recent years, contribution of trade towards socio-economic objectives is being increasingly questioned. Unlike the legally binding nature of commitments under the WTO, UNCTAD offers the

United Nations Member States informal and formal space for open and creative dialogues to explore policy issues and, ultimately, reach consensus without immediately requiring hard commitments.

Given this distinction, there is the need for UNCTAD to create more space to highlight the positive beneficiaries of trade that often tends to be side-lined in discussions and also to deliberate about negative impacts of trade resulting in job displacement/loss, which calls for on-the-ground trade adjustment programmes.

Here it is important to mention that a large constituent that is often neglected in trade discourse is consumers. The trend towards protectionism has a harmful effect on consumers, particularly low-income consumers in developing countries with high poverty rates. Similarly, the rise in the cost of imports due to protectionism can also make it difficult for countries to enter into global value chains and limits their participation in domestic value chains. Focusing on the missed opportunities that arise due to protectionism and the potential job losses could serve to counter the perpetuating anti-trade sentiments as prevailing in the current discourse.

INDUSTRIAL POLICIES AND PRODUCTIVE CAPACITY POLICIES FOR A DIGITAL ECONOMY

Digitalisation and technological advancements in advanced economies are increasingly robbing away advantages of cheap labour which developing countries traditionally offered. Not only do developing economies lag in manufacturing capacities but are also lagging behind in embracing the digital economy. The digital divide is increasingly becoming synonymous to economic divide. Limited awareness about digital products and services, insufficient data processing and

management skills, among others, has limited the sustained usage of digital medium in emerging economies. Industrial policies in emerging economies should focus on enabling awareness, uptake and usage of digital technologies.

Also, the policy and regulatory architecture in developing countries is still suited for pre-digital era, resulting in unreasonable impediments and constraints in embracing the digital economy. The digital and non-digital modes should be provided a level playing field so that producers and consumers can exploit the potential of digital economy. The policy framework is also not attuned to addressing digital economy related risks with respect to user privacy, data protection, etc.

International organisations and civil society should support developing countries in building capacities to harness the potential of digital economy. This would require investments in digital education, skill development, research and development, and policy and regulatory capacity building.

PLUGGING FINANCIAL LEAKAGES, MOBILIZING DOMESTIC AND INTERNATIONAL RESOURCES TO DELIVER THE SDGS

Successful implementation of SDGs calls for secure long-term financing. However and unlike the Millennium Development Goals, countries are encouraged to mobilise domestic resources for its implementation. Efforts to address financial leakages through various means, such as illicit financial flows, tax evasion, tax fraud, tax avoidance, corruption etc., are also vital. Implementation of even more effective international regulations that ensures cooperation, transparency and accountability on tax issues need to be looked into. Coordinated action at the international level to crack down on tax havens and eliminating banking secrecy and

automatically exchanging information between tax jurisdictions could plug the biggest leaks.

Apart from these, governments could also earn adequate revenue through robust expansion of its taxable economic activities. Governments can mandate private sector to invest in development financing through Corporate Social Responsibility, and public investment be planned in such a way so as to catalyse and leverage funds from private sector and other domestic sources.

Generating finance through trade and using it to promote sustainable development is also a viable option. Expanded economic activities, enabled by trade, results in more employment opportunities, higher tax collection from both income and sales as well as potentially lesser need for direct government spending on income support. Civil societies can be entrusted with the responsibility to raise awareness among policymakers and other stakeholders.

BUILDING RESILIENCE TO MULTIPLE SHOCKS AFFECTING PEOPLE AND SUSTAINABLE DEVELOPMENT

One of the most important challenges in today's world is to create effective international consensus towards the implementation of SDGs. While there is an agreement in principle, the action has been slow moving, at best. The reason is probably multifarious and majorly to do with factors such as how to align local with global, gains for the most vulnerable by promoting competition and innovation. The challenges that countries face are a combination of economic, ecological and social factors, which are particularly felt by the developing and least developed countries.

Given that they are complex and multi-layered, strategic actions could aim to target specific elements of improvements in the economic, social and environmental spaces as solutions. This includes creation and strengthening of financial institutions at the ground level to cater to better access and distribution, while at the same ensure that the systems on the ground increasingly reflect and adapt to changes in global financial and monetary systems.

Further, it is also important to develop strategic interventions to counter anti-globalisation/multilateralism discourses through political consensus building and creation of opportunities and tangible infrastructure & institutions at the local level to highlight gains from multilateralism and cross-border cooperation.

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Secretary General

16th May 2018