

**Trade and Development Board**

Sixty-fifth session, part II

Geneva, 1–4 October 2018

Item 8 of the provisional agenda

**Other business****Report of the hearing with civil society and the private sector****Introduction\***

1. The United Nations Conference on Trade and Development (UNCTAD) held a hearing with civil society on 24 May 2018 on topics that will lead the high-level discussions at the sixty-fifth session of UNCTAD's Trade and Development Board to be held from 4 to 12 June 2018.

2. The hearing was attended by the Secretary-General and the Deputy Secretary-General of UNCTAD, and chaired by the Chief of the Communications, Information and Outreach. In his opening remarks, the Secretary-General of UNCTAD said he hoped civil society could make a substantive contribution to the Trade and Development Board.

3. Referring to the first topic (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), he said that civil society was painfully aware of the headwinds that multilateralism faced today. He said that there was a declining spirit of collective responsibility and action and that this was a challenge to those that believed that common problems need common solutions. He said that ground was being lost in efforts to mobilize resources, for example, for Sustainable Development Goal 9 on building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation. Efforts to mobilize private sector financing should not disguise the responsibility of governments toward domestic resource mobilization, emphasized the Secretary-General.

4. The Secretary-General said that civil society organizations could help build the political legitimacy needed to push through the 2030 Agenda for Sustainable Development on such areas as illicit financial flows, sovereign debt, and actions to discipline fisheries subsidies under Sustainable Development Goal 14 on conserving and sustainably using the oceans, seas and marine resources for sustainable development. He recalled that the new date of the Trade and Development Board in June was designed to feed into United Nations processes in New York and particularly the General Assembly meetings in September. The Deputy Secretary-General noted the fruitful nature of speakers' contributions and said that UNCTAD would take note of them.

**I. 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**

5. A civil society representative said that the crisis in multilateralism, as regards the trading system, left in place asymmetrical rules that made attainment of the 2030 Agenda all the more the difficult and urged UNCTAD to raise the alarm about this.

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\* Note prepared by the UNCTAD secretariat. This document has not been formally edited.

6. She felt that UNCTAD had a valuable avenue of debate in its Public Symposium, which had not been held since 2014, and urged the organization to revive the event.

7. Another participant said that the development dimension was not strong enough in UNCTAD deliberations and that, for example, technological changes in agriculture were becoming structural obstacles to development outcomes and not, as some analyses maintained, drivers of them. He also called for a new multilateralism that concentrated on the fight against illicit financial flows and global tax planning.

8. The Secretary-General underscored the difference in purpose between the WTO and UNCTAD and said that UNCTAD had a role, for example, in trade facilitation that was separate from the rule-making function of the WTO.

9. A civil society representative noted the paradox of interconnected challenges needing collective action arising at exactly the time when the multilateral system appeared to be falling apart. However, it was noted that UNCTAD was well-placed to address this paradox.

10. In her remarks, the Deputy Secretary-General of UNCTAD said that the link between UNCTAD and civil society must be nourished even in the face of disagreements and reminded participants of the limitations of UNCTAD's advisory role as regards government actions and WTO processes.

11. She emphasized that UNCTAD could help countries negotiate local content deals in global value chains which addressed civil society concerns about the perceived power of multinational enterprises to dictate terms in the multilateral trading system. She recalled that UNCTAD technical assistance was geared as much toward national development plans as goals under the 2030 Agenda for Sustainable Development.

12. A participant said that UNCTAD should partner with the World Bank Group on the Sustainable Development Goal 17.17 ("encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships") as it was well placed to oversee this target.

## **II. Plugging financial leakages, mobilizing domestic and international resources to deliver the SDGs**

13. A participant said that this debate was often framed around the idea that taxation was a burden to be minimized but history told us that public spending on interventionist industrial policies had helped developed and industrialized economies reach such a state. There was sufficient wealth in the world to finance the 2030 Agenda and financing its objectives would have a net positive effect on the world economy, he argued. The only thing missing was political will.

14. Another speaker said that championing public-private partnerships was a proven route to failure, leading neither to improved services nor better domestic resource mobilisation. The speaker called for greater transparency in global tax regimes and information sharing, saying that UNCTAD had a role to play in countering the capture of the debate by certain interests.

15. Another speaker noted that international actors often denied developing countries the policy space needed to raise revenues, reminding the hearing of the principles of taxation and how these fared badly in the tax systems of developing countries today. He urged UNCTAD to continue its work with developing countries on tax systems and domestic resource mobilization especially in the context of the 2030 Agenda for Sustainable Development and certain Sustainable Development Goals including, for example, Sustainable Development Goal 5 on gender equality, in which gender bias against women often existed in tax systems. He said that the Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting (OECD-BEPS) Project was only a first step and that there was no better place to advocate for a global tax body than in the United Nations, and by extension, UNCTAD.

16. One participant observed that wealth inequality was at least partly, if not mostly, to blame for rising nationalism and xenophobia, problems that were only made worse by the challenges of climate change and the disasters such as hurricanes it had wrought. The speaker reiterated the Secretary General's call for common solutions to common problems with regard to global tax planning.

17. The financing gap of trillions of dollars referred to in the UNCTAD paper, recalled one participant, pointed to the scale of the problem and that it was clear that only private sector capital and financial markets funding was up to the task. The question remained how to ensure that the actions of the private sector were at the very least not unfriendly to implementation of the Sustainable Development Goals. Lastly, it was important to note that there were contradictions within the 2030 Agenda which the international community could do more to resolve. The speaker added that UNCTAD should work more closely with the OECD on tax planning issues.

18. A participant raised the possibility of civil society representatives speaking on antimicrobial resistance at a session during the UNCTAD World Investment Forum in October. Another speaker said that access to the internet and the digital transformation of sectors like agriculture should be considered as essential for developing countries.

19. The Director of the Division on Globalization and Development Strategies of UNCTAD said that if taxation systems today resembled those of the late 1960s and 1970s, the trillions needed to fund the 2030 Agenda would be easy to raise with neither ideological or practical obstacles. He recalled that the trade system that boosted growth between 1945 and 1980 depended on factors such as full employment that no longer existed.

### **III. Building resilience to multiple shocks affecting people and sustainable development**

20. A participant said that building resilience to multiple shocks was best achieved through a developing country agricultural sector that employed more people and produced better food. This was shown in successive reports from intergovernmental organizations including UNCTAD. However, weak consultative links with peasant organizations prevailed, the speaker said. The speaker asked what more could be done to improve this while commending UNCTAD for its efforts in this regard. Another participant said that the question was not how to increase resilience but how to decrease vulnerability. The formulation "building resilience" could imply an abdication of responsibility on the part of governments.

21. Another speaker said that the paper presented by UNCTAD to accompany the discussion had not looked sufficiently deeply into the question of systemic resilience, which was surely the key in developing countries where vital connecting structures like municipal governments were under-resourced. This was evident in shocks such as the West Africa Ebola crisis of 2014. The list of shocks was long, but underlying state-built factors – such as functioning health sectors – should be recognized as essential to their mitigation.

22. Another speaker underlined the role of nature in helping prevent environmental shocks and said that degradation of natural resources as well as climate change was an important factor.

### **IV. Industrial policies and productive capacity policies for a digital economy**

23. A participant signalled that the UNCTAD paper prepared for the Trade and Development Board was at odds with what was happening at the WTO since it recommended states protect nascent digital industries but rule-making at the WTO precluded state help. She contended that a number of other tensions were being thrown up as the intergovernmental machinery squared up to the challenges of the digital economy.

She hoped that UNCTAD would not use IT industry lobbyists in its work on the digital economy but experts with a deeper understanding of development priorities.

24. The magnitude of the digital revolution, said another speaker, was great and the debate remained over whether it represented an Aladdin's lamp of beneficial possibilities or a Pandora's box of deleterious effects. He said that developing countries had not yet upgraded their regulatory environments, that skills development lagged, and that policy approaches to digital forces must not be overly proscriptive in a rapidly evolving scenario.

25. Another speaker said rule-making vis a vis the digital economy was entirely premature and claimed that a sort of "digital colonialism" was underway. UNCTAD, since it was not a rule-making body, made it the best and perhaps only multilateral space where developing countries had a chance to shape their participation in the digital future in the face of such phenomena.

26. Another participant said that UNCTAD's work on globalization, as opposed to its work on trade, made it best placed to tackle the immense challenge of the digitizing world.

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