



**INTERNATIONAL TRADE UNION CONFEDERATION
EUROPEAN TRADE UNION CONFEDERATION**

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Dear Ms Tuininga,

At the fifteenth conference of the UN Conference on Trade and Development (UNCTAD 15) on October 3-7, 2021, Member states will finalize a text which will determine the mandate of the institution for the coming four years.

As civil society organizations based in the European Union, we are concerned about the role that the EU delegation has played in the discussions about UNCTAD's mandate. It is imperative that the institution is provided with the tools required to best serve developing countries as the focal point in the UN system for trade and development, and the interrelated issues of finance, technology, investment, and sustainable development. While there is much to criticize in the text, we will focus on areas which are unresolved as of the last meeting of the Trade and Development Board (TDB) on 17 September.

The debt crisis currently experienced by developing countries is a result of flaws in the international monetary and financial architecture. UNCTAD should retain its long-standing mandate to work on development-oriented reforms of the international monetary and financial system to address these flaws, with a view to strengthening developing countries' prospects in the global economy. This includes work on the need for a multilateral sovereign debt workout mechanism building on the UN General Assembly resolutions 68/304 and 69/319. Furthermore, UNCTAD must contribute to the discussions on a vulnerability criteria for the allocation of official development assistance and concessional financing.

Likewise, many of our organizations have participated in the Intergovernmental Group of Experts on Financing for Development and have found its work to be invaluable and a unique contribution to this area. The mandate of the IGE on FfD provides a unique forum to discuss the challenges faced by developing countries in the aftermath of Covid-19. As such, it must be supported.

Tax evasion and avoidance by transnational enterprises based in developed countries is a serious constraint on development. Tax-motivated illicit financial flows (IFFs) reduce the fiscal

space that developing countries need to invest in their own development. UNCTAD should be mandated to address tax motivated IFFs, including to address not only tax evasion but also tax avoidance.

In the context of the crisis of Covid-19, the most important priority should be ensuring widespread diagnostics, treatments, and vaccines to the world as quickly as possible. Intellectual property barriers on vaccines, as well as treatments and diagnostics, enforced by the WTO are the single biggest cause of harm to developing countries, in addition to severely constraining their ability to use trade for development. Thus, UNCTAD's mandate should call for an immediate agreement to the TRIPS waiver proposal so that barriers to trade in under the rubric of intellectual property can be removed to end the pandemic for all.

On trade, the text fails to acknowledge the ways in which the current multilateral system constrains, rather than facilitates, countries' ability to create jobs, protect environmental sustainability, and ensure food security and financial stability. Thus, UNCTAD should call for the transformation of the current system one which would put development (rather than trade liberalization) at its core. This would include assessing the asymmetries and imbalances in the rules of the multilateral system (as well as various bilateral and regional agreements) which constrain the ability of developing countries to use trade for their development and providing technical cooperation and building consensus towards ameliorating them. It would include calling for the conclusion of the development agenda, as well as strengthening of Special and Differential Treatment (SDT) provisions in the WTO. This would also include strengthening UNCTAD's work to reduce economic concentration, one of the most significant problems of the global economy affecting developing countries. UNCTAD's mandate should also condemn unilateral coercive measures and work for their removal under international law.

UNCTAD's work on South-South cooperation should be strengthened, and we regret that the facilitation of cooperation among developing countries was ever opposed by the EU.

On investment, the negative impacts of investment policies, including those promulgated by UNCTAD in the past, such as those with investor to state dispute settlement (ISDS) mechanisms, must be acknowledged. Investment rules must not only be "clear" and "predictable" but also facilitate developing countries' development priorities and the right to regulate while ensuring that states maintain the ability to hold corporations accountable. UNCTAD's role should focus on increasing foreign direct investment - not in volume terms but in accordance with national development priorities - and in advocating for frameworks that put development at the centre of policies and practices governing investment flows.

On the climate emergency and environmental crisis, the text fails to recognize the overwhelming responsibility of developed countries in causation and falls short in a number of critical areas, including by attempting to limit the work of UNCTAD to specific groups of countries when all developing countries are affected. Technology Transfer must be emphasized as a solution which UNCTAD's three pillars should be mobilized to accelerate, and references to "mutually agreed terms" should be removed. The efforts to support a transition to a just, sustainable and fully inclusive economy, such as UNCTAD's work to promote a global green new deal, must be strengthened; and the potential impacts of climate-related tariffs on developing countries should be studied. Finally, language should be included to reference learning from UNCTAD's long experience in commodity and supply management and cooperation for keeping global warming within the Paris Agreement goal of 1.5 degrees Celsius.

On technology and the digital divide, it is not only increasing access to technology but the digital economic divide, as demonstrated by UNCTAD's research, that must be addressed. All governments need the policy space to pursue digital industrialization to create jobs and spur innovation in the digital age, free of the pernicious impacts of economic monopoly and concentration. They also need policy space to manage the governance of data in the public

interest, such as in the strengthening of quality public services which are essential for development and the achievement of the Sustainable Development Goals (SDGs). Thus, references to “data flow with trust” must be removed; the phrase “multistakeholder approach” which facilitates corporate driven policy making should be removed; and work should be mandated across all three pillars on digital industrialization, the value of data for its use and governance in the public interest and reducing economic concentration in this sector.

The consensus-building and technical cooperation pillars of UNCTAD would be improved if they were more evidence-based, in particular on the outcomes and evidence identified by the analysis and research pillar. We lament the introduction of mechanisms that may limit the independence of the analytical pillar. We call on the EU to propose the removal of provisions of 86.bis.primus

UNCTAD 15 will occur in a key moment in the ongoing Covid pandemic and recovery. Developing countries have suffered extensively, in large part because the international system’s trade, investment, technology, and climate rules and practices have failed to provide an environment conducive to sustainable development. Developing countries will not be able to “build back better” unless the global community recognizes the need to transform the current rules. We look forward to working with you to ensure that these provisions are included in UNCTAD’s mandate.

Yours sincerely,



Luca Visentini
ETUC General Secretary



Sharan Burrow
ITUC General Secretary