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UNCTAD's Roles Reaffirmed, after Significant Wrangling

By Martin Khor

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The United Nations' leading development organisation UNCTAD recently obtained a renewed mandate for its work, but not without difficulty.

This is because the developed countries are now much more reluctant to give concessions to the developing countries, thus showing up the present shaky state of North-South relations and of development cooperation.

The 14th session of the United Nations Conference on Trade and Development (dubbed UNCTAD 14) concluded in Nairobi on 22 July with an agreed declaration on global economic issues.

It also gave UNCTAD another four-year mandate for its activities of research, intergovernmental meetings, and technical assistance.

Reaching this consensus was hailed as a success in multilateral cooperation on trade, development, and related issues. However, an agreement was reached, on what should have been non-controversial issues, only after a lot of difficult wrangling between the developed and developing countries.

Formed in 1964, UNCTAD is the UN's premier economic development organisation. In its hey-day from the 1960s to the 1980s, it was the world's most important negotiating forum on trade issues, specialising in global commodity agreements.

It helped lead the developing countries' initiative for a "new international economic order". It was also designated the UN's focal point for the integrated treatment of trade and development and with areas of finance, technology, and investment.

For over half a century, UNCTAD has championed the cause of developing countries. But in recent decades, under the influence of developed countries, its role was downgraded. Many of its important issues were passed on to other organisations over which the developed countries have more control, such as the OECD, World Trade Organization, IMF and World Bank.

The developing countries have had to fight continuously to slow down or stop the decline of UNCTAD and the UN in general.

At UNCTAD 14, the delegations spent hectic days and sleepless nights to thrash out hundreds of disputed paragraphs which could not be agreed on even after many months of negotiations in Geneva.

Principles or even phrases that have long been agreed to as part of global cooperation are now challenged or even made taboo by the developed countries.

They had previously been amenable to place on record the need to transfer technology and provide financial resources and special treatment to developing countries.

Now it is considered almost too sensitive to propose language on "additional financial resources" and "technology transfer", while big battles have to be waged to reaffirm the long-accepted principles of "common but differentiated responsibility" and "special and differential treatment for developing countries."

The developed countries have become less secure in their domination over the global economy and thus they are no longer willing to recognise many of the rights of and concessions to the developing countries that are embedded in the global development system.

It was thus a big challenge for the developing countries, led by their umbrella group, The G77, and China, to get their developed-country partners to reach a consensus at UNCTAD 14, as illustrated by the following examples.

First, the developing countries fought to re-affirm the need for countries to have “policy space”. This concept agreed to at an earlier UNCTAD conference, implies that developing countries should be given the right to make use of policies and instruments required for their development.

Many trade and investment agreements have been identified as containing provisions that restrict or even eliminate the ability of developing countries to pursue pro-development policies.

The developing countries proposed language on policy space in many parts of the document, but they faced resistance. Eventually only a mild and conditioned reference was accepted, as follows: “...and respecting each country’s policy space while remaining consistent with relevant international rules and its commitments.” (Para 3 of the Declaration)

Second, the developing countries wanted an expanded mandate for UNCTAD’s important work on external debt issues. UNCTAD has been the UN system’s main organisation on debt; it has championed debt relief for poor countries, and the need for an international debt restructuring mechanism to resolve debt crises.

Developing countries wanted to stress that UNCTAD has a role in the prevention and resolution of debt crises and not just debt management, but this faced objections. Further, language was introduced to narrow the scope of UNCTAD’s debt work to one of complementing the work of the IMF and World Bank, which would have curbed its independence.

At the last minute, developing countries managed to add “as appropriate”, implying that the “complementing” function would be used only at UNCTAD’s own discretion.

Third, the developing countries wanted to mention the need to rapidly conclude the Doha Round at the World Trade Organization. This is hardly a radical idea since the need to conclude the Doha trade negotiations has been a longstanding mantra for many years in

international discussions and many declarations on development.

However, the developed countries have recently decided to give up on the Doha Round altogether, to the frustration of developing countries. Thus, at their insistence, work on the Round was not even mentioned in the UNCTAD14 outcome.

Fourth, in many other fora, including the UN climate change convention, “technology transfer” has become a taboo phrase, and even its mention has been opposed, especially by the US.

It is to the credit of developing countries that this term appears several times in the UNCTAD 14 declaration, including that UNCTAD should assist developing countries to identify ways to operationalize technology transfer (Para 40f).

Fifth, the need for international cooperation on tax issues (including how to deal with tax evasion, tax avoidance and tax havens) has become a hot topic recently. Most developing countries have been excluded from the international discussions on these issues as they are mainly held at the OECD (the club of developed countries) of which they are not members.

They asked during the UNCTAD negotiations for the setting up of a UN committee on tax issues at which all countries could discuss and make decisions, but this was not acceptable to the developed countries.

However, the final document does mention taxation a number of times, thus providing UNCTAD a mandate, though limited, in pursuing the issue.

There were other positive elements too at UNCTAD 14. The role of UNCTAD as the focal point in the UN system dealing in an integrated manner with trade and development and inter-related areas of finance, technology, and investment, was reaffirmed.

Also reaffirmed is the importance of UNCTAD’s “independent development oriented analytical work”. And the conference gave a fresh mandate for UNCTAD’s work in the next four years.

These reaffirmations of UNCTAD’s roles and mandates were hailed as a victory, for it was uncertain until the last hours whether an overall agreement could be reached on the

Declaration.

This situation depicts the underlying conflicting positions, with the South desiring that UNCTAD expand its mission to champion the cause of development and the North attempting to restrict the role of UNCTAD to a bare minimum.

As UNCTAD 14 neared conclusion, UNCTAD Secretary General Mukhisa Kituyi remarked: “I’m delighted that our 194 member states have been able to reach this consensus, giving a central role to UNCTAD in delivering the sustainable development goals.”

It is to the credit of the developing countries and the G77 and China, that they succeeded in having many of their main points, although in diluted form, included in the UNCTAD 14 outcome.

Although it may not have the same clout as during its high years some decades ago, UNCTAD lives on to fight another day.

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