



**CIVIL SOCIETY
FINANCING FOR
DEVELOPMENT**
Mechanism

FfD4 Multi-Stakeholder Hearing Oct 28, 2024

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Good morning excellencies, distinguished delegates and colleagues. I am honored for the opportunity to highlight concerns from the Trade workstream.

At the core of our understanding of trade-related financing for development issues is the unbreakable connection between trade and development. When properly harnessed, and with the necessary policy space, trade can be a veritable engine for development. This can be seen clearly in the historical experiences of many of the industrial nations of today. However, the international trade regime -- as currently organized around the World Trade Organization and the web of multilateral, regional and bilateral trade and investment agreements, and reinforced by policy prescriptions of the international financial institutions -- has failed most developing countries, including Least-Developed Countries, in Africa and elsewhere.

An instrument that significantly contributes to the unequal balance of power in the trade arena is Investor-State-Dispute-Settlement (or, ISDS). ISDS is a mechanism in international investment agreements that allows corporations to sue states. The trials take place in secretive tribunals that almost always rule in favor of the corporations. This is a reversal of global priorities for development and for the public good. As such, our first call is for a multilateral agreement banning ISDS provisions in international investment agreements.

Our second call is for a multilateral agreement allowing for non-compliance or breach of existing commitments under trade and investment agreements, including intellectual property rights regulations, if they constrain policy space for pursuing public policy goals. We can no longer accept the sidelining of social and public policy goals in the Global South as second-order to the continued economic dominance of the Global North.

Finally, a third important call is for a ban on unilateral trade measures that are passed on the grounds of sustainability. There is a notable and worrying proliferation of unilateral trade measures, including the EU's Carbon Border Adjustment Mechanism, which discriminate against developing countries by unilaterally imposing so-called sustainability standards on

their exports. Developing countries have the right to develop their economies in light of climate constraints at their own pace and in their own ways, while addressing social concerns. This is not possible without a ban on unilateral trade measures. According to UNCTAD, a 44 dollar per ton carbon tax would result in a 2.5 billion dollar increase in developed country incomes and a 5.9 billion dollar decrease in developing country incomes. There is no justification for this fundamental injustice and unilateral trade measures must be called out as the tools of manipulation they are.

What is needed now is a balanced pursuit of all three dimensions of sustainable development– economic, social, and environmental– through trade policies. It is crucial that the fourth FfD Conference (or, FfD4) plays a part in this agenda of transformation. FfD4 must contribute to restoring and reconfiguring international trade policy into an instrument for transforming developing economies (especially primary commodity economies); for agrarian and structural transformation; for development which reduces inequality, including gender inequality; for sovereign industrialization processes; and for building overall domestic productive capacity at national, regional, and continental levels.

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