



2023 Financing for Development Forum

Session: *Financing sustainable industrial transformations*

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Thank you Chair. I am Ranja Sengupta representing Third World Network and the civil society FfD Mechanism.

Developing countries, in particular African countries, have for decades reiterated their need for structural transformation keeping industrial development at its core. However they have been restrained through the global economic architecture from pursuing such a policy, trade policy being a central instrument.

Historically, developed countries have used numerous trade measures to pursue their industrialisation policy. For example they used import tariffs ranging between 18-to even 50% when they industrialised. But in comparison developing countries are supposed to manage with zero tariffs. Not only that, they are supposed to give up subsidies, open up their raw material and natural resources without any restrictions, they are supposed to embrace an IPR regime that blocks access to technology not only in the case of covid vaccines as we saw but even environmentally sound technologies, and to liberalise tools such as government procurement. This has tied developing countries into low value manufacturing and lower end of value chains. They are also asked to dilute control over national digital policymaking and over data which is a key resource necessary for their future economic and industrial development.

Now, sustainability is being brought into the trade discussions ostensibly with a constructive objective but seem designed to expand the market control of northern MNCs. Selective imposition of such standards can make developing countries perennially import dependent and not be able to produce environment friendly goods and services even when they move to a greener pathway.

After the Covid 19 pandemic, industrial policy is back in fashion since now the developed countries want it. However it is important to recognise that to ensure sustainable industrial policy we need to ensure that developing countries first; 1) have the policy space to use tariffs & subsidies, 2) have full flexibility to develop independent national digital policies, 3) are able to regulate foreign investors keeping national interests in mind, and 4) can fully reshape IPR regime that blocks access to technology including environmentally sound technologies. Further sustainability standards must not be used as a political tool to perpetuate economic dominance. The FFd forum must recognise, protect and expand a trade policy for ensuring an industrial policy that is not only sustainable but is also equitable.