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US backs COVID-19 intellectual property waiver

The US has thrown its support behind efforts to waive WTO intellectual property rules seen as blocking increased supply of the vaccines required to counter the COVID-19 pandemic. Washington's decision, welcomed by the head of the World Health Organization as "a monumental moment in the fight against COVID-19", will lend fresh impetus to WTO talks on the waiver which had stalled as a result of developed-country opposition.

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In "monumental" decision, US expresses support for TRIPS waiver

The US has voiced backing for an initiative to suspend COVID-19-related intellectual property protections, a move that could kickstart progress in WTO negotiations on this proposal.

by D. Ravi Kanth

WASHINGTON: The US on 5 May announced its decision to support a temporary waiver from certain provisions of the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in order to combat the COVID-19 pandemic, bringing about a seismic change in the seven-month-old discussions in the WTO on the waiver.

The US has signalled its willingness to participate in text-based negotiations on the waiver as called for by South Africa, India and more than 100 other developing and least-developed countries in the WTO.

US Trade Representative (USTR) Katherine Tai issued a brief statement on 5 May "announcing the Biden-Harris Administration's support for waiving intellectual property protections for the COVID-19 pandemic."

"This is a global health crisis, and the extraordinary circumstances of the COVID-19 pandemic call for extraordinary measures," the USTR said in her statement.

Tai, who has been holding round-the-clock meetings with various stakeholders for the past one month, said that "the Administration believes strongly in intellectual property protections, but in service of ending this pandemic, supports the waiver of those protections for COVID-19 vaccines."

She said that the US "will actively participate in text-based negotiations at the World Trade Organization (WTO) needed to make that happen."

"Those negotiations," said Tai, "will take time given the consensus-based nature of the institution and the complexity of the issues involved."

"The Administration's aim is to get as many safe and effective vaccines to as many people as fast as possible," she said, adding that "as our vaccine supply for the American people is secured, the Administration will continue to ramp up its efforts – working with the private sector and all possible partners – to expand vaccine manufacturing and distribution."

She assured manufacturers that the administration "will also work to increase the raw materials needed to produce those vaccines."

The US decision to support a waiver has met with opposition from Big Pharma on grounds that "the waiver won't provide the short-term results proponents think it will."

The Washington-based Pharmaceutical Research and Manufacturers of America (PhRMA) said that "the Biden administration's decision will weaken already-strained supply chains and spur counterfeit vaccines," according to a report in the *Wall Street Journal* on 5 May.

"It is so wrong," said Pfizer's chief executive Albert Bourla, arguing that "the limited supply of COVID-19 vaccines stems from how before the pandemic, there weren't any approved products using the new gene-based mRNA technology in the Pfizer-BioNTech vaccine".

In contrast, World Health Organization (WHO) Director-General Tedros Adhanom Ghebreyesus called the US decision "a monumental moment in the fight against COVID-19."

In a brief statement issued on 5 May, Tedros said "the commitment by the President of the United States Joe Biden and Ambassador Katherine Tai, the US Trade Representative, to support the waiver of IP protections on vaccines is a powerful example of American leadership to address global health challenges."

The WHO DG has all along been supporting the waiver as a credible and people-centred option for ramping up the production of urgently needed COVID-19 therapeutics, diagnostics and vaccines.

Tedros commended "the United States on its historic decision for vaccine equity and prioritizing the well-being of all people everywhere at a critical time."

"Now let's all move together swiftly, in solidarity, building on the ingenuity and commitment of scientists who produced life-saving COVID-19 vaccines," he said.

He added: "The White House's support for the temporary waiving of intellectual property on COVID-19 vaccines reflects the wisdom and moral leadership of the United States to work to end this pandemic. But I am not surprised by this announcement. This is what I expected from the Administration of President Biden."

The international medical humanitarian group Medecins Sans Frontieres (MSF) also applauded the US decision. It expressed hope that the decision will result in increasing "sufficient and timely access to these life-saving medical tools as COVID-19 continues to ravage countries across the globe."

Welcomed

At the WTO's General Council meeting on 5 May, the US decision was welcomed by many members, the *South-North Development Monitor* (*SUNS*) has learned.

However, Germany apparently appears to have decided to block text-based negotiations on the waiver, while the other opponents of the waiver merely said that they took note of the US decision.

WTO Director-General Ngozi Okonjo-Iweala, who had promoted the so-called "third way" approach that is being seen as an attempt to undermine the TRIPS waiver, put out a statement outside the General Council meeting on the WTO's website on 6 May welcoming the USTR's statement.

Okonjo-Iweala said, "I read with interest the statement made yesterday by USTR Katherine Tai and I warmly welcome her willingness to engage with proponents of a temporary waiver of the TRIPS Agreement to help in combating the COVID-19 pandemic."

She noted that she had told the General Council on 5 May that "we need to respond urgently to COVID-19 because the world is watching and people are dying."

She said she was pleased that "the proponents are preparing a revision to their proposal and I urge them to put this on the table as soon as possible so that text-based negotiations can commence."

"It is only by sitting down together that we will find a pragmatic way forward – acceptable to all members – which enhances developing countries' access to vaccines while protecting and sustaining the research and innovation so vital to the production of these life-saving vaccines."

Meanwhile, in an interview with the *Washington Post* on 6 May, Okonjo-Iweala said that "it's not overnight that we're going to be able to scale up."

"It is very difficult to say now whether there is going to be a consensus, but I think they will be able to come to some pragmatic agreement that will give both sides the necessary comfort that they need," the WTO DG said.

The *Post* observed that "even with the support of the United States, a major victory for the developing world, a deal is far from a guarantee, as any one of the 164 member nations [of the WTO] could torpedo the effort."

New Zealand's Ambassador to the WTO David Walker said his minister had announced that they would participate in the text-based negotiations following the US decision.

Trade envoys from South Africa, India and several other countries welcomed Washington's decision. India urged opponents of the waiver to join text-based negotiations.

But a handful of the opponents seemed somewhat perplexed by the US decision, with the European Union and the United Kingdom merely saying that they took note of it.

"Moral and economic issue"

During the discussion on the waiver at the General Council on 5 May, Okonjo-Iweala said "the issue of equitable access to vaccines, diagnostics and therapeutics is both the moral and economic issue of our time."

In her concluding statement at the meeting, the DG said that "vaccine policy is economic policy because the global economic recovery cannot be sustained unless we find a way to get equitable access to vaccines, therapeutics and diagnostics."

"Let me say that WTO members need to act on four fronts. We need to have a wholesome approach that some members have mentioned," she added. The four fronts highlighted by the DG were: (1) sharing vaccines currently being stored by countries; (2) the need to look at export restrictions, bureaucratic and other hurdles; (3) the need to work with manufacturers to enable them to mobilize existing capacity that is idle in several developing countries such as India, South Africa, Bangladesh, Pakistan, Senegal and Brazil among others; and (4) members must discuss the revised text to be tabled soon by the proponents of the waiver.

At the General Council meeting, the chair of the WTO's TRIPS Council, Ambassador Dagfinn Sorli from Norway, presented his report on the waiver discussions held thus far and informed the General Council that members had agreed to continue their discussions in the coming days on all the outstanding issues. He said the proponents were expected to submit a revised proposal later in May.

The US charge d'affaires David Bisbee welcomed the TRIPS Council chair's report, saying that the US was "ready to work with all other members on a global response" to COVID-19.

South Africa's Ambassador to the WTO Xolelwa Mlumbi-Peter said the waiver issue is an "emotive" issue, adding that around 150 countries are unlikely to have vaccination for a number of years. The humanitarian situation on the ground is very grim, with India being most affected, she said.

She said that it is an exceptional circumstance requiring exceptional solutions, quoting Article IX of the Marrakesh Agreement Establishing the WTO which says that "in exceptional circumstances, the [WTO] Ministerial Conference may decide to waive an obligation imposed on a Member by this Agreement or any of the Multilateral Trade Agreements."

She said that in these exceptional and "unprecedented" circumstances, the world needs solidarity and cooperation to address the burning issue of equitable access for therapeutics, diagnostics and vaccines.

Mlumbi-Peter said the world economy could suffer a loss in the magnitude of $9.2 trillion and that making vaccines available in the shortest possible time is the best option. The waiver would address this option of ensuring equitable access for vaccines, therapeutics and diagnostics. She referred to the unutilized capacity that is available in several countries which can be addressed through a "limited" waiver.

She urged WTO members to engage constructively in finalizing the waiver.

"Staggering inequity"

Indian Ambassador to the WTO Brajendra Navnit said the vast public funding and tremendous scientific progress that resulted in successful COVID-19 vaccines have not improved overall global vaccination. "The promise of international solidarity and of 'global public goods' sounds hollow as staggering inequity in access persists and as the members of the WTO continue to fail to work in solidarity and act to lift intellectual property monopolies," he said.

He emphasized that "addressing intellectual property challenges is a prerequisite if we are to meet this objective in the shortest possible time-frame."

The Indian trade envoy said he has urged the WTO secretariat "to compile data as part of a monitoring exercise as to how many voluntary licensing agreements [for vaccine production] have been achieved …, how many vaccine doses have been added to the overall capacity and how much of such doses have been actually delivered to countries." He argued that this transparency exercise will be useful to gauge the extent to which voluntary licences are delivering, suggesting that the current supply of vaccines is dependent on "secretive voluntary licensing manufacturing agreements built on exclusive monopolies and driven by commercial motives."

Navnit said that the world needs around 10 billion doses annually while the existing approaches of voluntary licensing could deliver only 4% of their projected output in 2020, i.e., 31 million doses. This raises serious questions as to "how and from where the current requirements will be met? What gives them the comfort that projected production by companies will be achieved this year?"

He said evidence-based analysis suggests that each dollar invested by rich countries in getting vaccines to the poorest countries will get them approximately $4.80 in return. "Delaying vaccine deployment in the developing world to lock in profit-boosting patent protections threatens the safety of their own citizens who financed the vaccines in the first place," he said, adding: "Not sharing the vaccine IP and technology puts them at risk if even more dangerous variants emerge," with adverse effects on global travel, tourism, hospitality and other industries.

Members, he said, "can control COVID-19, if we act now to boost manufacturing through textual discussions on the waiver."

Moreover, "the failure to respond in a timely manner on the TRIPS waiver proposal undermines the legitimacy and credibility of the WTO."

The Indonesian Ambassador to the WTO Syamsul Bahri Siregar stressed that the waiver proposal must remain the top priority of the WTO at this critical moment.

He said that pandemics have the deadly potential of tearing down countries. "As long as the inequitable access for vaccines is not resolved, we will see this virus mutate and [hamper] our effort for recovery."

He urged the opponents to see the waiver proposal from the point of view of solidarity and cooperation, adding how history has shown that a monopolistic approach never helped countries in addressing a pandemic.

Out of the 40-odd countries that spoke at the General Council meeting on 5 May, close to 30 supported the waiver and immediate text-based negotiations. These included the coordinators of the African Group, the group of least developed countries (LDCs) and the African, Caribbean and Pacific (ACP) Group, Afghanistan, Bangladesh, Nepal, Pakistan, Cameroon and St. Lucia (on behalf of the Caribbean Community).

The opponents of the waiver proposal coalesced around the DG's "third way" approach, encouraging her to hold more negotiations with the stakeholders.

Brazil, one of the most vehement opponents, said it would support the DG's discussions with all the stakeholders, indicating that it would work with the "third way" approach as enunciated by the DG.

Japan and Switzerland also supported the DG's "third way" approach.

The European Union said it will support using the flexibilities under the TRIPS Agreement, including the Doha Declaration on the TRIPS Agreement and Public Health. It said a waiver from complying with the compulsory licensing conditionalities can be considered, according to people familiar with the proceedings. *(SUNS9342/9343)*

JSIs lack legal status, fragment WTO

Questions surrounding the legal status of the so-called Joint Statement Initiative talks taking place outside the multilateral aegis of the WTO were raised at the WTO General Council on 6 May.

by D. Ravi Kanth

WASHINGTON: The proponents of the Joint Statement Initiatives (JSIs) on 6 May touted the benefits stemming from these non-mandated initiatives but failed to answer to the legal issues as raised by India, South Africa and Namibia at the WTO.

At the WTO General Council meeting on 6 May, the European Union, one of the central navigators of the JSIs, said "what matters is not the legal form but that they [the JSIs] bring undeniable benefits."

"Legal form [of these JSIs] should be secondary in consideration," the EU's trade envoy Ambassador Joao Aguiar Machado said at the meeting, according to people familiar with the development.

He insisted that WTO members should establish a working group on "WTO reforms" at the trade body's 12th Ministerial Conference (MC12), which is to be held later this year, so as to discuss institutional issues, including how to integrate the plurilateral JSIs into the multilateral trading system.

The EU's remarks, which were echoed

by the other JSI members to varying degrees, seem to have unwittingly exposed that the JSIs have no legal status at this juncture, said a person who asked not to be quoted.

The General Council meeting also witnessed the JSI proponents citing the WTO Director-General Ngozi Okonjo-Iweala as having said that the JSIs energize the process for updating rules for the 21st century.

Incidentally, Okonjo-Iweala was stopped in her tracks for including an agenda item on reviewing progress on the JSIs at an informal WTO Trade Negotiations Committee (TNC) meeting on 3 May after India raised "serious" objections to her decision which appeared to have violated the core provisions of the Marrakesh Agreement that established the WTO. She acknowledged her mistake on introducing the item on the JSIs on the agenda, and later did not mention the term "JSI" in her concluding statement at the TNC meeting.

A step in the wrong direction

The 6 May General Council meeting exposed the legal faultlines in the way the JSIs on electronic commerce, investment facilitation, domestic regulation of services trade, and disciplines for micro, small and medium enterprises (MSMEs) are sought to be steamrolled through regardless of their alleged violation of the Marrakesh Agreement.

In a submission tabled in March on the legal status of the JSIs, the co-sponsors – India and South Africa, later joined by Namibia – had raised concerns over the contradiction between the JSIs and the fundamental principles of the WTO, and the systemic and development implications. They elaborated on these issues during the 6 May meeting.

India's Ambassador to the WTO Brajendra Navnit said that where informal discussions on the JSIs turn into actual negotiations, they must be brought into the WTO rulebook and the fundamental rules of the WTO must be followed.

He said any attempt to introduce new rules arising from the JSI negotiations into the WTO without fulfilling the requirements of Articles IX and X of the Marrakesh Agreement "will create a precedent for any member to bring [an issue] into the WTO without the principle of consensus and collective oversight of members."

Such rules, he continued, will undermine the balance "in agenda-setting and members disregarding the multilateral mandates through consensus", and pave the way for "marginalization and exclusion of issues which are difficult and critical such as agricultural negotiations."

Navnit said members must follow the rules enshrined in the multilateral mandates, adding that the India-South Africa-Namibia paper provides options to the JSI participants to bring their negotiating outcomes into the WTO. However, he said there has been no word from the participants explaining the legal basis for their disagreement with the paper, arguing that the JSI members must "express explicitly their objections to the various aspects of our paper."

The Indian envoy pointed to how the plurilateral Tokyo Round codes had led to the fragmentation of the General Agreement on Tariffs and Trade (GATT) system and how they were subsequently integrated during the Uruguay Round of trade negotiations that resulted in the WTO's establishment. He drew attention to the preamble of the WTO's foundational Marrakesh Agreement that expressed members' resolve to "develop an integrated, more viable and durable multilateral trading system encompassing the General Agreement on Tariffs and Trade, the results of past trade liberalization efforts, and all of the results of the Uruguay Round of Multilateral Trade Negotiations." Even the WTO's Appellate Body, in one of its first rulings, acknowledged that the authors of the new WTO intended to put an end to the fragmentation that had characterized the previous system.

Consequently, Navnit said, going back to plurilaterals will be a step in the wrong direction and contrary to the preamble of the Marrakesh Agreement.

In short, "the JSIs do not have a multilateral mandate and if MC12 is to create trust and build confidence then this issue must be addressed at once," he suggested.

Legal challenges

In her intervention at the General Council meeting, South Africa's Ambassador Xolelwa Mlumbi-Peter reminded members about the legal architecture that governs them and the need to preserve the systemic basis of the multilateral character of the WTO, including the underpinning of the incorporation of new rules into the WTO legal framework.

She said the India-South Africa-Namibia paper lays out the options that JSI members can consider in bringing new rules into the WTO system. It stresses that the amendment of new rules must follow Article X of the Marrakesh Agreement, she said.

Mlumbi-Peter said it is important to acknowledge that the different JSIs are going to cause different legal challenges to the existing WTO rules and mandates, given the nature and scope of issues covered under each of these JSIs.

She recalled that when the JSIs were proposed in the run-up to MC11 in 2017, the JSI members did not obtain consensus due to serious substantive concerns raised by many other WTO members.

She said the JSIs introduce new systemic and developmental challenges that the WTO membership must reflect on, such as implications for decision-making, the consensus principle in decision-making as well as the other core principles that underpin the WTO.

She said that while members have a right to discuss any issue informally, legal questions arise if such discussions turn into negotiations and the outcomes are sought to be formalized into the system. Such negotiations, she said, are to be set out as per the multilateral trade agreement. The issue is not about the number of members that participate in these initiatives but their legal status, she underlined.

Mlumbi-Peter drew a distinction between the JSIs on the one side and the Information Technology Agreement (ITA) and the telecom reference paper on the other. What the ITA did, she said, was to change the commitments, and it was given legal effect by amending the schedules, and a certification procedure after the negotiations with members. This was also done on a most-favoured-nation (MFN) basis, she said. In the case of the telecom reference paper, she said it came about due to a mandated negotiation during the Uruguay Round.

With regard to domestic regulation on trade in services, the South African trade envoy said the Working Party on Domestic Regulation was mandated multilaterally under the General Agreement on Trade in Services (GATS) and there is currently no mandate to discontinue the ongoing work in the Working Party. However, the JSI in this area is circumventing that multilateral mandate and is actually undermining it through a parallel process.

Mlumbi-Peter said it is important, in a rules-based system, for members to answer the legal questions posed in the India-South Africa-Namibia paper.

The trade envoy of Indonesia, which is a member of two JSIs (electronic commerce and investment facilitation), said Indonesia had also raised the issue of the legal status of the JSIs when it joined these two initiatives but its queries have so far not been answered. The envoy said that in the investment facilitation JSI, "Indonesia sought information on what steps are to be taken for integrating the outcome into the WTO architecture, knowing that there is no multilateral mandate on this initiative yet."

Going forward, the Indonesian envoy said, it is incumbent on the JSI co-convenors to explain and clarify how they would try to integrate these JSIs into the multilateral trade framework. An agreed understanding on the legal status would provide a level of comfort to members engaged in the JSIs.

However, at the 6 May General Council meeting, the JSI co-convenors – China, Singapore, Japan, Australia and Costa Rica – brushed aside the legal concerns raised by India, South Africa and Namibia. They pointed to the WTO Director-General's remarks on how the JSIs have energized the WTO and touted the enormous benefits the JSIs are going to provide to members.

But on the crucial question of the legal status of the JSIs, they either remained silent or maintained that it is premature to discuss the issue at this juncture, said people familiar with the development. *(SUNS9343)*

UNCTAD calls for new development pathways in reform of WTO

A UN body has underlined the need for a more development-sensitive international trading system in light of climate change, the digital divide and other pressing global challenges.

by D. Ravi Kanth

WASHINGTON: A new report by the United Nations Conference on Trade and Development (UNCTAD) on "Reforming the International Trading System for Recovery, Resilience and Inclusive Development" promotes new developmental pathways and a narrative centred around the trade and climate change linkages in the World Trade Organization.

The 24-page report, authored by former South African trade minister Rob Davies, Richard Kozul-Wright, Rashmi Banga, Jeronim Capaldo and Katie Gallogly-Swan, draws attention to the trade liberalization policies followed during the last 200 years, particularly during the past 40 years, that have wreaked havoc across countries.

It highlights that although climate change is not a part of the WTO's work programme, sustainable development and protection and preservation of the environment are two basic objectives set out in the Marrakesh Agreement Establishing the WTO. The WTO's Committee on Trade and Environment is the standing forum for dialogue between WTO members on the interaction of trade and environment policies.

The report argues that the coherence between special and differential treatment (S&DT) and the United Nations Framework Convention on Climate Change (UNFCCC) principle of "common but differentiated responsibilities" offers a starting point for understanding a development-sensitive approach to the trade-climate nexus.

With the stock of atmospheric emissions largely resulting from 150 years of their carbon-intensive economic growth, the developed countries bear the largest responsibility in reducing it. Although emissions per capita in the developed world are declining, the levels continue to far outstrip emissions from the developing world. As an example, per capita carbon dioxide emissions in the US (16 tonnes) are more than seven times that of Indonesia (2.28 tonnes) and about 230 times that of Chad (0.07 tonnes). Historically, the US has contributed 25% of the global carbon dioxide stock, more than Asia, Africa and Latin America (with the exclusion of China).

Higher individual incomes are linked to higher emissions, with the richest 10% of people in the world generating around half of all emissions, and the poorest 50% of the world conversely responsible for only 10%.

The US Trade Representative (USTR) Katherine Tai recently acknowledged that "race-to-the-bottom" trade policies, which successive US administrations pursued, seem to have had an adverse impact on the environment and climate change. "For too long, we believed that trade liberalization would lead to a gradual improvement in environmental protection as countries grew wealthier from increased trade flows," the USTR said. "But the reality is that the system itself creates an incentive to compete by maintaining lower standards. Or worse yet, by lowering those standards even further."

Echoing the Northern perspective, Tai said "the multilateral trading system has no rules to address the corporate incentive to participate in the race to the bottom. Rather, the environmental protection measures of WTO members are exposed to challenge."

This is why many look at the WTO as "an institution that not only has no solutions to offer on environmental concerns, but is part of the problem," she stated. "Going forward, trade has a role to play in discouraging the race to the bottom and incentivizing a race to the top," Tai said.

Trade-climate linkages

Against this backdrop, UNCTAD's path-breaking report acknowledges that while developing countries' emissions remain well below those of advanced countries in per capita terms, their total economic output is currently more carbon-intensive than developed countries. However, it argues that in a world where value chains are global, and even more in a hyper-globalized world, developed countries' relative energy efficiency is not independent of developing countries' relative inefficiency.

According to the UNCTAD report, decades of outsourcing and financial liberalization have led to a massive transfer of production activities to the South and a concentration of financial and intangible assets in the North. As a result, income from energy-efficient corporate activities in the North is generated through carbon-intensive production activities in the South.

In order to sustainably industrialize, developing countries need to invest in the necessary technology, which is predominantly held and protected by corporations in the North. This must be made accessible and financed through a multilateral arrangement that reflects the commitment to "shared responsibility".

At the moment, initiatives linking trade and climate are not development-sensitive and tend to be market-led approaches to nudge consumption emissions lower, thus lacking a real strategy to keep warming below 1.5 degrees Celsius, the report argued.

The acceleration of negotiations on reducing tariffs on "environmental goods and services" and the related programme on reducing plastics have the potential to distract from the required bolder action while damaging producers in the South. High-emitting plastic supply chains are key industries in the South, which stand to lose most from the necessary consumption shift away from these products without a considered transition. Further, there is reason to be suspicious of the "green" credentials of the list of "environmental goods and services", which includes incinerators and steam generators that are used in carbon energy generation, and public utilities such as waste disposal that would be consequently liberalized. Liberalizing these services could in fact accelerate environmental and climate destruction. For example, the companies overseeing England and Wales' liberalized water system were responsible for 3,000 overflows of raw sewage into the sea in 2020 alone.

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and TRIPS+ measures make green-friendly industrialization difficult and need to be urgently reformed to recognize key technologies as public goods. The current strict regime can negatively impact the green transition by discouraging new research and development (R&D) and keeping patented technology prohibitively expensive. Removing such restrictions is vital for Southern countries to be able to benefit from low-emissions technology and develop their own green technologies, products and services, said the UNCTAD report.

The international community should support initiatives to transform intellectual property rules, such as a WTO Ministerial Declaration on TRIPS and Climate Change, in order to expand TRIPS flexibilities for Southern countries in relation to climate-related goods and services, the report argued.

The report also highlighted the need for a limited "climate waiver" of WTO trade and investment rules combined with preferential space and financing for developing countries. A narrowly defined waiver would give countries the assurance they need that they will not face disputes for climate- and development-friendly initiatives such as prioritizing a transition to renewable energy, green procurement and green jobs programmes, it said.

The report suggested that the ambition should be for developing countries to leapfrog carbon-intensive industrialization and for advanced economies to sustainably accelerate their transition to renewable energy use.

Depending on its design, such a waiver could also help to tackle the policy chill resulting from mechanisms such as investor-state dispute settlement (ISDS) which serve to disproportionately expand the rights of investors over the public policymaking process, often at the expense of climate- and development-friendly initiatives.

Strategic trade and industrial policies

The report further underscored that while massive financial subsidies are being rolled out in the North to sustain its businesses, developing countries, which cannot afford comparable bailouts, will need to revive strategic trade and industrial policies to manage the stresses resulting from the COVID-19 pandemic and its aftermath. Such policies will mean a rethink of the restrictions on policy space that have accumulated over recent decades through the aggressive agenda of "deep" integration.

Given the existing digital divide, which is exacerbating global inequalities especially in the time of COVID-19, it is important for WTO members to ensure that global e-commerce delivers inclusive development.

To revive their domestic production and trade policies in order to provide a level playing field to their small and medium-sized enterprises (SMEs), developing countries will need to provide additional support to their trade and industrial sectors, including concessional financial support for digital upgrading, along with qualified tariff protection.

There is a need for developing countries to reassess their existing agricultural and industrial tariffs to help mitigate the damage from the crisis and build domestic capacity. Promoting innovation is vital for industrialization and all the more so given the threat of climate breakdown.

Encouraging and widening access to innovation may require a review of the balance between rules on intellectual property protection and technology transfer. This matter could be part of the discussion on WTO reform as part of the broader effort at structural reform, economic recovery and fostering more equitable growth and development across the world.

Principles on technology transfer along with supportive multilateral mechanisms were part of previous efforts in UNCTAD to develop a Code of Conduct on Technology Transfer. Revisiting those initiatives would seem timely as we enter a new technological era with the potential to widen inequities across the global economy, said the UNCTAD report.

Given the existing digital divide, which is exacerbating global inequalities especially in the time of COVID-19, the report asserted that it is important for WTO members to ensure that global e-commerce delivers inclusive development. The growing digital monopolies and concentration of rents in the hands of a few digital platforms, which pay little in taxes to the governments of countries where they operate, make it urgent for developing countries to agree to tax these digital platforms and ensure that their products sold via e-commerce also face customs duties to level the playing field with the exporters of physical products.

The WTO moratorium on customs duties on e-commerce, which has continued since 1998, provides special and differential treatment for the big digital platforms which do not face customs duties for their exports. The removal of the moratorium will ensure that the exporters of physical products from developing countries are not outcompeted by the exporters of electronic transmissions which are mainly from developed countries.

The report noted that under a work programme on e-commerce which was established in 1998, WTO members had decided to examine all trade-related issues relating to global e-commerce, considering the economic, financial and development needs of developing countries. The WTO Committee on Trade and Development was specifically tasked to report on the development implications of e-commerce, including in relation to SMEs; challenges to and ways of enhancing the participation of developing countries in e-commerce; financial implications for developing countries; the possible impact on the traditional means of distribution of physical goods; and the role of improved access to infrastructure and transfer of technology.

However, to date, no comprehensive assessment of developmental impacts of global e-commerce focusing on exports and export-oriented development of developing countries has been undertaken, said the report.

Instead of focusing on how to deliver gains from growing global e-commerce to developing countries and building their digital capacities to increase their exports, as mandated by the Doha Development Agenda, some countries are negotiating digital rules under the Joint Statement Initiative on E-Commerce. Not only will these digital rules, if agreed, have high cost of compliance for the developing countries, they will severely restrict their digital policy space. Moreover, this plurilateral initiative is fracturing the multilateral process and diverting attention from the e-commerce work programme instituted within the WTO, said the UNCTAD report. The work programme needs to be reinvigorated by focusing on building awareness of the members on the development implications of growing global e-commerce and the ways of increasing the export competitiveness of their digital companies.

The COVID-19 crisis has also revealed the vulnerability created by the over-concentration of productive capacity in strategic health products in too few locations and too few corporations. Similar patterns are evident in other products and technologies, including those shaping the future such as "green technologies" and products and processes associated with the fourth industrial revolution.

A key lesson is to reduce vulnerability with more inclusivity, solidarity and building regional resilience with greater diversification of production processes. The confluence of an economic, health and climate crisis offers the context to revive multilateralism in a way that reasserts the importance of these goals and recovers the deficit in trust that has hampered its effectiveness over recent decades.

For this, both developed and developing countries will need adequate policy space in the existing trade and investment agreements tuned to their existing conditions. The preamble to the Marrakesh Agreement speaks of "ensuring full employment" and the importance of "sustainable development" consistent with different levels of development.

The report pointed out that it is time to reflect on why the world has not lived up to those ideals and revive their quest in the common interest. Trust is likely to be further eroded if there are initiatives which move away from multilateralism like the Joint Statement Initiatives. Doing so will have a further chilling effect on international cooperation more generally in support of global public goods and the global commons.

The report concluded by proposing that the WTO reforms should aim at restoring the trust in the trading system with a commitment to special and differential treatment as a prerequisite for ensuring a fair outcome. Moving forward, concluding the Doha Round and delivering on the Doha Development Agenda in the WTO can help build this trust. *(SUNS9337)*

CSOs call for WTO transformation that "puts people first"

The call for fundamental change in the global trade regime has been echoed by civil society organizations which assert that the WTO system "was never fit for purpose and certainly is not now".

by D. Ravi Kanth

WASHINGTON: More than 200 international civil society organizations (CSOs) have issued a clarion call for "the transformation of the World Trade Organization into a completely new framework for international trade that is fit for the 21st century – which means it puts people and the planet first."

In the face of the damage created by "the regime of hyper-globalized trade, investment, and supply chains that the World Trade Organization has championed and implemented during its 25 years of existence, [which] is on the verge of collapse," the CSOs, drawn from labour, environmental, consumer and other organizations, underscored the need for a systemic change at the WTO in addressing the COVID-19 pandemic.

"The COVID-19 pandemic has exposed how the WTO model exacerbates insecurity, inequality and instability," the CSOs argued.

It is time to ensure that "legitimate global commercial rules facilitate the improvement of the livelihoods, health and well-being of all people around the world and the long-term survival of the planet."

Also, it is well established that "the WTO system has not met these goals: It was never fit for purpose and certainly is not now."

The WTO is now mired in an existential crisis as it has "failed to make people's lives better, but in many countries it has done significant damage by empowering pharmaceutical, agribusiness, financial and other corporate interests in high-income countries to dominate economies to the detriment of workers in both high and low-income countries."

It is also well known that the WTO's "negotiating and enforcement functions are paralyzed, and the divisions were spotlighted by the former WTO Director-General's early departure," the CSOs said.

The CSOs, which include Third World Network, African Aid International, ActionAid International, Arab NGO Network for Development, and Caribbean Policy Development Center among others, said they had predicted back in 1995, when the WTO came into existence, that it has "functioned to establish rules for the world economy that mainly benefit large transnational corporations at the expense of national and local economies, workers, farmers and indigenous peoples, our health and safety, and the environment."

"Without a labour protection floor, a race to the bottom has repressed wage growth and increased precarious work," the CSOs said.

In addition, the CSOs pointed out that "the climate, biodiversity, and poverty crises have been ignored, the needed solutions constrained by 'trade' rules."

Trickle-down policies based on the neoliberal framework have contributed significantly to the "rise in inequality within and between nations, as governments have been stripped of essential tools to pursue the well-being of their peoples and address the negative impacts of hyper-globalization."

Further, the so-called global value chains, which are an offshoot of hyper-globalized trade liberalization promoted by the WTO, "have undermined numerous countries' fights against the global COVID-19 pandemic," the CSOs observed.

The pandemic has exposed the "black hole" of value chains in which "countries cannot make or obtain masks, test kits, ventilators, medicines and other necessary equipment." That the WTO rules "have prioritized large corporations' demands to concentrate global production to maximize their profits and banned countries' use of policy tools to ensure local production capacity and diversity of import suppliers," is well established.

The CSOs said the "WTO intellectual property rules that are designed to maximize pharmaceutical corporations' profits instead of public health have driven up prices for medicines that are essential to combat COVID-19 in scores of countries and could become a barrier to equitable and universal access to vaccine and treatment supplies."

"Fracturing" WTO

"The WTO itself is fracturing," the CSOs said. The former Director-General "abruptly departed", while "the WTO's dispute settlement system, whose tribunals have often ruled that governments must change legitimate public policies meant to promote public health, encourage development, protect the environment and fight climate crisis, or face potentially crippling trade sanctions, was derailed at the end of 2019."

At the same time, the WTO's "negotiating function has been on the ropes since the first failed attempt to launch a new round at the 1999 Seattle WTO Ministerial meeting, [where] developing country consensus demands were ignored, but attempts by rich countries to bully through an agenda opposed by most nations also failed."

The CSOs said that, in the "so-called Doha 'Development' Round [that] was launched in 2001, invoking the need for unity in the face of the 9/11 attacks in the United States, the developing countries were promised that their need to use trade for development would be central, but in the intervening 19 years, the same WTO expansion agenda that most countries have always opposed has been prioritized and the development agenda sidelined."

In the face of the crises created by Northern countries that made the WTO dysfunctional, "rich and powerful states have resorted to plurilateral negotiations of new rules that prioritize corporate rights and profits."

According to the CSOs, "those rules are facing stiff opposition whether promoted at the WTO or elsewhere, and their failures provide further evidence of a paradigm that has no legitimacy."

With the Trade in Services Agreement (TiSA) and the Transatlantic Trade and Investment Partnership (TTIP) having collapsed altogether and with the Trans-Pacific Partnership (TPP) agreement's failure to secure a US congressional majority for the year after it was signed, as well as India's decision to withdraw from the Regional Comprehensive Economic Partnership (RCEP), there is little support for these failed agreements.

"Instead of learning from these mistakes, or acknowledging the chasm between promised positive WTO outcomes and reality, powerful interests at the WTO are doubling down to push more of the same," the CSOs alleged. It appears like "a parody of the parable that when one only sees nails, the answer is always a hammer, the WTO answer for COVID-19 is to maintain and expand the same failed liberalization policies, including an entirely counterproductive, new tariff-zeroing pact for COVID-19-related goods".

The CSOs castigated the powerful countries' attempt to steamroll domestic regulation of trade in services through the pandemic, notwithstanding the concentration of services firms posing a major impediment to timely and cost-effective procurement and distribution of essential goods.

The CSOs said that negotiations to limit regulation and vetting of foreign investors have continued, "despite a clear need for production of personal protective equipment (PPE) and medicines to be diversified." In a similar vein, "negotiations that would give Big Tech more control over peoples' data and the digital economy that WTO member countries explicitly rejected are continuing at a time when most people and governments are clamouring for serious checks on Big Tech and their unaccountable control of data," the CSOs observed.

Drawing attention to the original global trade body – the International Trade Organization (ITO) – that was envisioned in the Havana Charter of 1948 in response to the horrors and chaos of World War II, the CSOs said the ITO "focused on full employment, limiting corporate concentration, fair competition, protections for workers and standards to ensure currency and other related policies did not distort trade."

"The very different vision for a rules-based global trading system – updated to recognize the climate crisis, systemic inequality, and the unaccountable power of Big Tech – remains attainable, but only if countries agree that global trade rules are supposed to work for people around the world, not the world's largest corporations."

Therefore, "the choice is not between the status quo or no trade," the CSOs said, arguing that "is a straw man hawked by those who want nothing to change. Change is happening." In short, "the question is what multilateral framework can be inclusive, promote real sustainability, human rights and prosperity for all, and deliver the benefits of expanded trade to most people, while also providing our elected representatives the policy space to promote the public interest."

"One example is the Geneva principles for a global Green New Deal," the CSOs said, adding that "we call on governments to grasp this opportunity for transformational change." *(SUNS9339)*

Third World ECONOMICS No. 722, 1-15 May 2021

UNCTAD unveils portal on COVID-19's trade and development impact

UNCTAD has set up an online resource tracking the impact of COVID-19 on various economic fronts, with a view to aiding formulation of policies for durable recovery.

by Kanaga Raja

GENEVA: The UN Conference on Trade and Development (UNCTAD) on 4 May launched a new portal that provides an overview of the impact of the COVID-19 pandemic on trade and development.

According to UNCTAD, the portal (https://unctad.org/programme/covid-19-response/impact-on-trade-and-development-2021), which covers more than 25 indicators highlighting a broad selection of data as of 31 March 2021, is aimed at enhancing policymakers' understanding of the wide-ranging impact of the pandemic and helping them design suitable recovery policies.

The portal is an update to UNCTAD's report, *Impact of the COVID-19 Pandemic on Trade and Development: Transitioning to a New Normal*, that was released in November 2020.

According to the portal, more than one year on, the pandemic "continues to dominate our lives." Despite the successful development of vaccines, the end of the pandemic is not yet in sight, said UNCTAD. The number of cases continues to increase in all regions, with daily infection rates reaching new records in April.

"The roll-out of vaccinations has begun in many parts of the world, yet distribution and access vary greatly. This puts everyone at risk, as it allows for the virus to mutate and generate new variants," UNCTAD added. "Moreover, the uneven access will likely lead to stark differences in the ability of countries to recover from this crisis and, hence, to deepening inequalities."

According to the portal, the pandemic pushed the global economy into recession in 2020 on a scale not witnessed since the 1930s. To respond to this unprecedented crisis and avoid a prolonged period of depressed economic activity, governments, particularly in advanced economies, adopted large fiscal support packages and central banks provided ample liquidity and lowered interest rates.

The human and economic cost of the pandemic is still being felt, yet the support provided by governments and the vaccination campaigns that are gathering pace have given rise to more encouraging forecasts for 2021, said UNCTAD. Global gross domestic product (GDP) growth is expected to attain almost 5% this year, compared with predictions at the end of 2020 of GDP growth of around 4% in 2021.

However, it is developed countries which are expected to experience a relatively more significant rebound in GDP growth than developing countries in 2021, leading to concerns about a further expansion in the gap between rich and poor countries, particularly if this trend continues in 2022.

"As the global economy emerges from the recession, the international community must be careful to avoid the mistakes made in the aftermath of the global financial crisis of 2008/09," said UNCTAD. It is crucial to maintain an expansionary macroeconomic policy stance for as long as it takes the private sector to regain its confidence to spend, it added.

According to UNCTAD, a large public investment push will be needed, with a variety of supportive policies used to complement expansionary measures, including job guarantees and public works programmes.

"Measures such as increased financial flows and debt relief for developing countries should be considered, to assist them in achieving a more rapid recovery from the pandemic," it said.

COVID-19 cases and vaccination

According to the portal, as at 31 March 2021, the World Health Organization (WHO) reported that almost 128 million people had contracted the coronavirus, of which 46 million cases (or 36%) had been reported since the start of 2021. Nearly 2.8 million deaths were attributed to COVID-19, of which 1 million (or 36%) had occurred in 2021.

Globally, the apparent mortality rate is 2.2% and the data suggest that the world is currently in the grip of a third wave. The first wave peaked in mid-August 2020 (with almost 1.9 million cases in one week), the second wave, in early January 2021 (with over 5 million cases in one week), and the third and current wave began in the second half of February 2021, with no indications yet that it has peaked. In the last week of March, only seven weeks into the third wave, more than 4.1 million new cases were recorded in one week.

As at end-March 2021, the Americas accounted for 44% of cumulative cases (almost 56 million) and 48% of deaths (1.3 million); Europe, for 35% of cases (almost 45 million) and deaths (almost 1 million); and South-East Asia, for 12% of cases (almost 15 million) and 8% of deaths (220,000), with the lowest apparent mortality rate among the regions, while Africa has recorded the highest mortality rate.

Wave patterns differ markedly across the regions. The Americas, Europe and the Eastern Mediterranean currently appear to be in the middle of a third wave, said UNCTAD. "Africa has experienced two distinct waves and there are indications of increasing numbers of cases, which may signify the start of a third wave, beginning at a much higher level of daily infection rates." South-East Asia appears to be recovering from a second and relatively shortlived wave. The Western Pacific is an outlier in that it appears to be recovering from a fourth wave.

UNCTAD said a general pattern across all regions is that the recovery from each wave is only partial, meaning that each subsequent wave starts at a higher level of daily infection rates than the previous wave. In every region, the underlying trend is of increasing rates of infection.

According to the portal, as at 31 March 2021, 806 million people had received at least one dose of a COVID-19 vaccine. In absolute terms, Asia has administered the most vaccines (369 million) but this accounts for only 2.1% of the regional population. In terms of population share, North America has the highest rate of vaccination (18.8%), followed by Europe (12.7%), and Africa has the lowest share, with 14 million people (0.6%) vaccinated.

Disparities at the national level are pronounced, UNCTAD said, pointing out that as at end-March 2021, Bhutan and Israel had the highest vaccination rates, at 51.6% and 60.1%, respectively. Other countries with relatively high rates included the United Kingdom (45.9%), Bahrain (30%), the United States (29.2%), Uruguay (17.9%) and Morocco (11.7%).

The Russian Federation, a producer and exporter of a COVID-19 vaccine, has vaccinated 4.8% of the population. Australia and New Zealand, which have pursued a closed border or zero-COVID strategy, had vaccination rates of 0.6% and 1.1%, respectively (the latest reported data for Australia is as at 13 March), said UNCTAD.

Human development and poverty

According to the portal, the pandemic has had negative consequences for human development. In 2020, for the first time since the United Nations Development Programme (UNDP) launched the *Human Development Report* in 1990, the Human Development Index declined, with some of the gains achieved over the past three decades having been eroded.

More than 2.7 million people have died from health problems associated with COVID-19 and the quality of education has deteriorated due to school closures and mitigation measures introduced to curb the spread of the virus. Furthermore, as a result of the pandemic, the world has experienced the largest contraction of global output since the Great Depression.

"These developments have resulted in a narrowing of individual capabilities and exacerbated the challenges to human development created by technological progress, climate change and inequality in resources and opportunities," said UNCTAD.

A notable consequence of the pandemic is the significant challenge it presents to global efforts to eradicate poverty, it said. New estimates of the impacts on global poverty, based on January 2021 growth forecasts, indicate that 119-124 million people were pushed into extreme poverty in 2020. In the baseline scenario, global extreme poverty increased by 119 million and in the less optimistic or downside scenario, which assumes a greater contraction of growth, it increased by 124 million.

Changes in poverty levels associated with the pandemic arise from two sources, namely, those who were pushed into poverty because of the pandemic (88 million in the baseline scenario and 93 million in the downside scenario) and the poor who would have transited out of poverty in the absence of the pandemic (31 million).

About 60% of the additional poor globally are estimated to be in South Asia. In 2021, it is estimated that 143-163 million people will be pushed into extreme poverty.

"These estimates are worrisome as it is the first time in the past two decades that there has been a significant increase in global extreme poverty, representing a major setback for efforts to eliminate extreme poverty and achieve the Sustainable Development Goals," said UNCTAD.

ODA and debt

According to the portal, contrary to expectations and despite contractions in GDP, total official development assistance (ODA) provided by the member states of the Development Assistance Committee is estimated to have risen to $161.2 billion in 2020, its highest level to date. This marked a 3.5% increase in real terms over the level in 2019.

Preliminary estimates suggest that in 2020, $11.9 billion of ODA disbursements was dedicated to pandemic-related activities, of which $3.27 billion was directed to the health sector and $554 million was delivered in the form of debt relief grants to developing countries.

However, total ODA figures pale in comparison with combined global stimulus packages that amounted to $16 trillion, UNCTAD noted; ODA represents only 1% of the total resources mobilized to respond to the pandemic.

ODA is the most stable source of financing for many developing countries and, while an increase was welcome, it was not sufficient to offset the significant contractions in other resource flows, namely, remittances, foreign direct investment (FDI), private capital flows and trade, said UNCTAD.

In this context, the recent announcement to reallocate $650 billion in Special Drawing Rights to help provide liquidity to developing countries is welcome, it said.

It noted that in an effort to assist developing countries to respond to the crisis, the Group of 20 major economies established the debt service suspension initiative (DSSI) to provide short-term debt relief to enable the poorest countries to concentrate their limited resources on responding to economic, social and health-related needs associated with the pandemic. Since it took effect in May 2020, DSSI has delivered more than $5 billion in short-term debt relief to 47 of the 73 eligible countries.

DSSI has been extended to the end of 2021 and has provided much-needed breathing room, yet it is important to note that it offers only a temporary suspension of debt-servicing obligations and does not constitute a decrease in the debt owed, said UNCTAD.

"Among eligible countries, 45% are either in debt distress or at a high risk of debt distress, indicating that more significant measures will need to be taken beyond DSSI to resolve their debt difficulties."

Unfortunately, the eligibility criteria have not been expanded to include additional countries that also have growing levels of debt distress, it added.

Investment and trade

According to the portal, the pandemic has hit international investment flows hard, although the impact has varied across regions and country groups.

In 2020, global FDI fell by 42%, reaching an estimated total of $859 billion. FDI in Europe and North America fell sharply, while FDI in developing Asia dropped by only 4%. As a result, developing economies received 72% of total FDI. The pandemic has affected all types of investment, namely, greenfield projects (-35%), cross-border mergers and acquisitions (-10%) and international project finance (-2%), said UNCTAD.

According to the portal, after steep declines in the first half of 2020, global merchandise and services trade bounced back in the third quarter of 2020. The data indicate a continuation of this trend in the fourth quarter of 2020 and the first quarter of 2021 but the recovery in services continues to lag behind that of merchandise trade. In the first quarter of

2021, on a year-on-year basis, merchandise trade is expected to have grown by 25% (or 8% in terms of volume), yet services trade is expected to have contracted by 8%. The negative state of services is largely driven by the steep fall in and continued sluggish demand for tourism and travel services, said UNCTAD.

"The use of trade policy instruments, both tariff and non-tariff, was a common response to the pandemic," UNCTAD said, adding that many of these measures had a trade-restrictive effect. "While most of the measures were designed to be temporary, they nevertheless disrupted supply chains and created uncertainty."

Both developed and developing countries used these restrictive measures. Many countries ultimately decided to be cautious about or completely withdraw such measures. For example, the Group of 20 stated that emergency measures must be "targeted, proportionate, transparent and temporary [and] not create unnecessary barriers to trade or disruption to global supply chains". Similarly, the heads of government of the 54 member states of the Commonwealth pledged to lift emergency measures as soon as possible. According to UNCTAD, nearly 40% of the measures that had a trade-restricting effect have since been terminated. Several countries used measures to facilitate trade in medical goods and foodstuffs, enabling easier imports. Many of these involved the elimination of tariffs by developing countries.

"There is concern that such patterns will be repeated with regard to the roll-out of vaccinations and related inputs, yet most measures introduced to date with regard to vaccines are of a trade-facilitating nature and only one is a restriction on exports," UNCTAD said, adding that experience has shown that such restrictions could derail vaccine production and distribution efforts.

"Trade-related responses to the pandemic have reinforced the need for more coordinated arrangements in future in order that the market-related disruptions that often result from such measures may be minimized."

Commodity prices

According to the portal, commodity prices declined at the start of the pandemic in early 2020, with the index of all commodity groups dropping from 115.51 in December 2019 to 73.47 in April 2020. This 36% decline in only four months was the result of responses to the pandemic, particularly confinement measures. Apart from minerals, ores and metals, all commodity categories experienced a drastic drop in prices. Fuels recorded the most dramatic decline, falling from 115.65 in December 2019 to 49.08 in April 2020, a drop of 58%.

"Thereafter, as it became clear that the pandemic would extend into the longer term, countries began to adapt response measures," said UNCTAD.

The reopening of economies, particularly in China, the world's greatest importer of primary commodities, resulted in increasing demand and, therefore, higher prices. By December 2020, most commodity prices had recovered from their lows in April 2020.

"It is the first time in the past two decades that there has been a significant increase in global extreme poverty, representing a major setback for efforts to eliminate extreme poverty and achieve the Sustainable Development Goals."

The price rally continued into 2021, with the index of all commodity groups reaching 131.85 in February 2021, or 14% higher than the pre-pandemic level. In February 2021, the food price index was 114.85, or 10% higher than in December 2019 and 17% higher than the low in April 2020. In December 2019-February 2021, the index of minerals, ores and metals increased steadily, gaining 35% of its pre-pandemic value. Similarly, the index of fuels recovered from its low in April 2020, reaching a value of 122.16 in February 2021.

The price declines in December 2019-April 2020 may be primarily explained by the pandemic yet the factors behind what occurred subsequently are more complex, said UNCTAD. The pandemic has continued and most related measures remain in place in many countries, yet commodity prices continue to increase.

Two main factors may explain the current state of commodity markets, said UNCTAD. The first is the early recovery of the economy in China, given its position as the greatest importer of commodities. "The new focus in China on high-end manufacturing to build domestic capacity in technology and innovation may, for example, help explain the rally of prices for minerals, ores and metals."

The second factor is the current economic environment, with a weak US dollar, near-zero interest rates and increasing demand for commodities associated with the "green" transition (cobalt, lithium, aluminium, nickel, manganese and graphite, among others).

Some analysts suggest that the world may be on the cusp of a new commodity super-cycle. However, the period under consideration is too short to confirm this, said UNCTAD, given that previously observed comparable price movements did not necessarily lead to a super-cycle.

Manufacturing

According to the portal, after a significant decline in the first half of 2020, global manufacturing output showed signs of recovery in the second half of the year. Following a significant drop of 11.2% in the second quarter due to pandemic-related confinement measures, output grew by 2.4% year-on-year in the fourth quarter of 2020.

According to UNCTAD, the early recovery has been uneven, in terms of both industries and country groupings. For example, some industries have reported moderate growth across all country groupings, such as computer, electronic and optical products; rubber and plastic products; and chemicals and chemical products. In contrast, fabricated metal products, basic pharmaceutical products and other industries have experienced declines in industrialized countries. Year-on-year in the fourth quarter of 2020, there were considerable reductions in nearly all country groupings in textiles, wearing apparel and coke and refined petroleum products.

Overall, the recovery to date has been more pronounced in developing economies, led by China, than in developed economies, said UNCTAD.

The portal also provides detailed data in other areas such as tourism, small and medium-sized enterprises, transport and greenhouse gas emissions. *(SUNS9341)*

Third World ECONOMICS No. 722, 1-15 May 2021

20 million more people face food crises

The number of people suffering from acute hunger reached a five-year high in 2020, finds a global food insecurity monitor.

by Alison Kentish

NEW YORK: The COVID-19 pandemic, protracted conflicts and climate change have created an untenable situation for the most vulnerable, with 155 million people across 55 territories suffering from severe food insecurity, sending acute hunger figures to a five-year high.

That's according to the Global Network Against Food Crises, an alliance of humanitarian partners working to prevent hunger and respond to food crises.

The Network, which was founded by the European Union, the Food and Agriculture Organization (FAO) and the World Food Programme (WFP), released the findings of its 2021 *Global Report on Food Crises* on 6 May.

The partners have issued an annual report on food crises since 2017, but this year's publication presents the grimmest snapshot to date of global food insecurity.

It reported that 20 million more people faced acute hunger in 2020 than in the previous year.

Stating that by the end of 2020, the "zero hunger by 2030" goal seemed "increasingly out of reach", the report categorized 133,000 people in Burkina Faso, South Sudan and Yemen as being in "catastrophe", meaning that they need immediate action to prevent widespread death and collapse of livelihoods.

Additionally, it stated that children living in food-crisis countries are especially vulnerable to malnutrition. In the 55 food-crisis countries under review, almost 16 million children under five years were acutely malnourished, while 75.2 million children under five years experienced stunted growth.

The Network partners say that it is possible to reverse the rising trend of food insecurity, but this requires urgent commitment, finance and action.

"Humankind can now pilot a helicopter drone and even split molecules to generate oxygen on the far-off planet of Mars, yet here on Earth, 155 million of our human family are suffering acute hunger and their lives and livelihoods are at risk because they lack the most basic of foods. The contrast is shocking and not acceptable," said FAO Director-General Qu Dongyu.

The FAO chief says that as the international and humanitarian community prepares for the United Nations Food Systems Summit in September, the information in reports like this one should serve as a guide for solutions to the world's hunger crises.

In the 55 food-crisis countries under review, almost 16 million children under five years were acutely malnourished, while 75.2 million children under five years experienced stunted growth.

"This requires a bold transformation of agri-food systems to be more efficient, inclusive, resilient and sustainable. This includes the development of early warning systems linked to anticipatory actions to protect livelihoods and food security before a shock or the threat emerges," he said.

UN Children's Fund (UNICEF) Executive Director Henrietta Fore told the launch that the situation was worrying. She said COVID-19, with its lockdowns, economic and social shocks, has worsened a fragile nutrition situation.

"In virtually every single one of the crises described in this year's report, the most vulnerable are young children and marginalized, hard-to-reach populations," she said. "These children and their communities must be our priority. We need to invest in data and information systems that help us identify hotspots of vulnerability and risk at the sub-national levels in key countries.

"This information is critical in targeting resources efficiently to reach children, their families and their communities who are most in need."

Bleak outlook

While the partners lament the staggering acute food insecurity statistics, the outlook ahead is just as dire. They say threat of famine persists in some of the world's worst food crises.

"Tragically, this report is just the tip of the iceberg that we're facing all around the world," said WFP Executive Director David Beasley.

"The global picture is even more bleak when we consider all countries significantly impacted by hunger. For example, chronic hunger, which was 690 million, is now up an additional 130 million people."

According to the report's forecast, while conflict will remain the main driver of food crises in 2021, the economic fallout of COVID-19 will worsen acute food insecurity in fragile economies. Some 142 million people are projected to be in a food crisis, emergency or famine, in 40 territories for which forecasts are available.

"High levels of acute food insecurity will persist in countries with protracted conflicts by limiting access to livelihoods and agricultural fields, uprooting people from their homes, and increasing displaced populations' reliance on humanitarian aid for their basic needs," the report stated.

The Global Network Against Food Crises says while humanitarian assistance is urgently needed, on its own, it is insufficient to deal with the scale of the present crises. The Network says that the answer also lies in peace and a transformation of global food systems.

"A system that has the most vulnerable people continuing to bear the greatest burden of global crises is broken. We must take this opportunity to transform food systems, reduce the number of people in need of humanitarian food assistance and contribute meaningfully to sustainable development and peaceful and prosperous societies," it said. *(IPS)*

Third World ECONOMICS No. 722, 1-15 May 2021

Struggle for the future of food

Increasing corporate control of food systems is putting the interests of farmers and consumers and food security at risk.

by Jomo Kwame Sundaram

Producers and consumers seem helpless as food all over the world comes under fast-growing corporate control. Such changes have also been worsening environmental collapse, social dislocation and the human condition.

A recent joint report by the International Panel of Experts on Sustainable Food Systems (IPES-Food) and the ETC Action Group on Erosion, Technology and Concentration is ominous, to say the least.

A Long Food Movement, principally authored by Pat Mooney with a team including IPES-Food Director Nick Jacobs, analyzes how food systems are likely to evolve over the next quarter-century with technological and other changes.

The report notes that "hi-tech", data processing and asset management corporations have joined established agribusinesses in reshaping world food supply chains. If current trends continue, the food system will be increasingly controlled by large transnational corporations (TNCs) at the expense of billions of farmers and consumers.

Big Ag weds Big Data

The Davos World Economic Forum (WEF)'s much-touted "Fourth Industrial Revolution" (IR4.0), promoting digitization, is transforming food systems, accelerating concentration in corporate hands.

New apps enable better tracking across supply chains, while "precision farming" now includes using drones to spray pesticides on targeted crops, reducing inputs and, potentially, farming costs. Agriculture is now second only to the military in drone use.

Digital giants are working with other TNCs to extend enabling "cloud computing" infrastructure. Spreading as quickly as the infrastructure allows, new "digital ag" technologies have been displacing farm labour.

Meanwhile, food data have become more commercially valuable, e.g., to meet consumer demand. Big Ag profits have also grown by creating "new needs". Big data are already being used to manipulate consumer preferences.

With the pandemic, e-retail and food delivery services have grown even faster. Thus, e-commerce platforms have quickly become the world's top retailers.

New "digital ag" technologies are also undermining diverse, ecologically more appropriate food agriculture in favour of unsustainable monocropping. The threat is great as family farms still feed more than two-thirds of the world's population.

Meanwhile, hi-tech and asset management firms have acquired significant shareholdings in food giants. Powerful conglomerates are integrating different business lines, increasing concentration while invoking competition and "creative disruption".

The IPES-ETC study highlights new threats to farming and food security as IR4.0 proponents exert increasing influence. The report warns that giving Big Ag the "keys of the food system" worsens food insecurity and other existential threats.

Powerful corporations will increase control of most world food supplies. Big-Ag-controlled supply chains will also be more vulnerable as great power rivalry and competition continue to displace multilateral cooperation.

There is no alternative?

But the report also presents a more optimistic vision for the next quarter-century. In this alternative scenario, collaborative efforts, from the grassroots to the global level, empower social movements and civil society to resist.

New technologies are part of this vision, from small-scale drones for field monitoring to consumer apps for food safety and nutrient verification. But they would be cooperatively owned, open access and well regulated.

The report includes pragmatic strategies to cut three-quarters of agriculture's greenhouse gas emissions and shift $4 trillion from Big Ag to agroecology and food sovereignty. These include "$720 billion in subsidies" and "$1.6 trillion in healthcare savings" due to malnutrition.

IPES-ETC also recommends taxing junk food, toxins, carbon emissions and TNC profits. It also urges criminal prosecution of those responsible for famine, malnutrition and environmental degradation.

Food security protocols are needed to supersede trade and intellectual property law, and not only for emergencies.

But with food systems under growing stress, Big Ag solutions have proved attractive to worried policymakers who see no other way out.

Historically, natural resources were commonly or publicly shared. Water and land have long been sustainably used by farmers, fisherfolk and pastoralists. But market value has grown with "property rights", especially with corporate acquisition. Touted as the best means to achieve food security, corporate investments in recent decades have instead undermined remaining "traditional" agrarian ecosystems.

Big Ag claims that the food, ecological and climate crises have to be addressed with its superior new technologies harnessing the finance, entrepreneurship and innovation only they can offer. But in fact, they have failed, instead triggering more problems in their pursuit of profit. As the new food system and corporate trends consolidate, it will become increasingly difficult to change course. Proposed by the WEF, the UN Secretary-General's Food Systems Summit later this year clearly seeks to promote corporate "solutions".

Very timely, *A Long Food Movement* is an urgent call to action for the long haul. With so much at stake, representatives of food producers and consumers need to act urgently to prevent governments from allowing a UN-sanctioned corporate takeover of global governance of food systems. *(IPS)*

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