

Social protection key to tackling inequality - UN

A United Nations study has called on countries to invest in robust social protection systems in order to reduce inequality, as well as in sustained international partnerships that take a holistic approach by addressing global challenges that deepen inequality, such as pandemics, climate change, and economic volatility. Meanwhile, a UN special rapporteur has also stressed that social protection schemes must guarantee food access for the world's poorest.

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Social protection systems essential to building equitable economies

A study by a United Nations body has stressed that reducing inequality worldwide will require States to invest in robust social protection schemes and sustained international partnerships to support these schemes in resource-constrained developing countries and regions.

By Kanaga Raja

PENANG: Developing robust social protection systems is essential to building inclusive and equitable economies at both the domestic and the global levels, a United Nations study has said.

The study (A/HRC/54/83) is by the Expert Mechanism on the Right to Development, which was established by the UN Human Rights Council in 2019 and comprises five independent experts on the right to development.

According to the study, to be presented at the upcoming fifty-fourth regular session of the Council in September, success in reducing inequality worldwide will require States to invest in social protection programmes and sustained international partnerships to support these programmes in resource-constrained developing countries and regions.

The study said that such partnerships must take a holistic approach to inequality reduction, including addressing global challenges that deepen inequality, such as pandemics, climate change, economic volatility, fragility and vulnerability to shocks and natural disasters.

“These inequality-intensifying shocks can only be mitigated through large-scale system change that entails re-balancing existing power structures and building alliances that can effect transformative change.”

Addressing global inequality

In its study, the Expert Mechanism examined inequality within and among States through the framework of the right to development.

As the world continues to face the seemingly interminable consequences of the global COVID-19 pandemic, one striking effect has been the rise - in both

scale and pace - of inequality, it said.

“Several studies and United Nations reports have signalled a historic shift in wealth distribution, a rise in the frequency and severity of climate change-induced natural disasters and increasing political polarization and conflict.”

A key result of these trends is the compounding of unequal access to resources, including health care, food, safe drinking water, housing, income, overall safety and general well-being, it added.

It said these conditions also foster environments of hostility, particularly towards the poor, the vulnerable and minority groups.

Deepening inequality remains a key obstacle to achieving the globally agreed ambitions of the 2030 Agenda for Sustainable Development and the promise to leave no one behind.

Increasing inequality in income, wealth and opportunity also presents new threats to human rights globally. Indeed, the consequences of inequality threaten the enjoyment of the right to development as it undermines economic development and threatens democratic life, social cohesion and resource redistribution, it added.

“The first step to combating inequality is recognizing that societies cannot reach their full potential if whole segments of society are excluded from participating in, contributing to and benefiting from economic, social, cultural and political development.”

Although inequality had been declining globally in the decades before the 1990s, the past decade witnessed an unprecedented deepening of all dimensions of inequality, said the study.

The COVID-19 pandemic exacerbated pre-existing inequalities

worldwide, as the poorest and most vulnerable were hit hardest by the disease and its profound economic impacts. It is estimated that, globally, the pandemic pushed more than 120 million people into extreme poverty, it added.

“Across the world, absolute poverty grew above even high pre-pandemic levels. In many developing countries, workers employed in the informal sector - who constitute the majority of the workforce - and the unemployed were most affected by the economic disruptions caused by the pandemic.”

A result of the COVID-19 pandemic is that more people worldwide lack access to basic sustenance, including food, housing and health care, the study noted.

Interventions by Governments and international organizations to mitigate the economic shocks of COVID-19 on vulnerable populations have proved inadequate and limited in impact, it said.

“Many countries experienced a significant rise in poverty during the pandemic. It is estimated that inequality between countries rose by 1.2 per cent between 2017 and 2021, the first such increase in a generation.”

Before the pandemic, between-country inequality had been projected to fall by 2.6 per cent over the same period, said the study.

The devastating economic and social impacts of COVID-19 on the world's most vulnerable populations call for renewed attention to addressing inequality and its effects on human and societal well-being, it emphasized.

The study said that the COVID-19 pandemic has had contradictory economic and social impacts.

Even as pandemic-related economic shocks and social disruptions devastated vulnerable communities around the world, it brought significant wealth gains for a tiny group of people, as wealth concentration among the wealthy intensified, it added.

The experts said that the result was an intensification of inequality, which was already widening.

“Data show that, in the past three decades, the top 1 per cent of humanity captured nearly 20 times the amount of wealth as the bottom 50 per cent.”

It said this can be attributed to several trends in the global political economy: neoliberal hyper-globalization and the shift towards market fundamentalism, technological advances, immigration and

rapid urbanization that have produced social disruptions and economic volatility.

It said deep inequality has far-reaching implications at the individual and societal levels. In addition to its impact on the well-being and quality of life of the poorest and most vulnerable members of society, extreme inequality hinders economic growth, undermines democracy and leads to a societal breakdown in trust, solidarity and social cohesion. It reduces people's willingness to act for the common good.

It said with wide disparities in income and access to education and health care, people are more likely to remain trapped in poverty across several generations, which will lead to slower economic growth overall.

The study said equality and non-discrimination are central to the human rights-based approach to development.

“Inequality matters because it is a fundamental issue for human development,” it underlined.

“Addressing the problem of extreme poverty requires consideration of wealth distribution within and among States as well as the historical and present-day conditions that have concentrated wealth among certain groups and regions of the world.”

The study said that wealth redistribution and de-concentration must therefore be integral to conversations about poverty and inequality reduction.

“The notion of redistributing wealth to address inequality is no longer as ideologically polarizing as it once was.”

The study said for many decades, the standard economic argument held that inequality was part of a necessary incentive for hard work and talent.

However, new research and literature have emerged about the destructive and destabilizing effects of inequality, it added.

Some economists also previously warned that policies to level the economic playing field came with a hefty price tag in terms of growth and efficiency, the study noted.

It said this “equality-efficiency trade-off” was a persistent argument against State-led inequality-reduction policy intervention.

However, recent data suggest that extreme levels of economic inequality are as detrimental to the economy as they are to social cohesion, it said.

“Moreover, experiments by behavioural economists confirm that most citizens are committed to fairness and are willing to make sacrifices to help those less fortunate than themselves.”

The study said the right to development provides a comprehensive human rights framework for addressing the various dimensions of inequality and its impact on individuals and communities.

The Declaration on the Right to Development positions the human person as the central subject, participant and beneficiary of development, it added.

It provides a holistic approach to human rights by requiring that development be carried out in a manner in which all human rights and fundamental freedoms can be fully realized (Art. 1).

A right-to-development approach is a practical way to address the challenges of poverty and inequality that have been identified, the study underscored.

“International solidarity is therefore central to operationalizing the right to development and relevant to strategies to address poverty and inequality.”

For example, the study said, States have been repeatedly called upon to create universal social protection floors to address growing poverty and inequality.

“However, in the aftermath of the economic shocks resulting from the COVID-19 pandemic, this responsibility can no longer be left solely to individual States. The world needs to prepare for the next crisis by setting up a global fund for social protection,” the study suggested.

It said social protection floors, as a means of tackling poverty and rising inequality, are a joint responsibility that includes the creation of new international financing mechanisms to help protect populations from the next economic or public health crisis.

“Individual countries, particularly low-income ones, need help to prepare. Many developing and least developed countries need help to afford the social protection floors recommended to tackle poverty and inequality.”

The study said that a new mechanism at the international level would provide both the right incentives and the financial sustainability necessary to establish robust social protection systems.

Building back better from the pandemic requires international solidarity and cooperation to create better social protection for all that covers the poorest

and most marginalized as well as those who currently have the resources to pay for it, it added.

It said that the duty of States to cooperate to remove obstacles to development, which is a key principle of the right to development, offers a valuable framework for addressing these international dimensions of poverty and inequality that transcend State capacity.

The study said that with the Secretary-General calling for a new social contract in his report, *Our Common Agenda*, now is the time to vigorously push for global collaboration to alter the present shortcomings and predicted calamitous trajectories.

Social protection systems to tackle inequality

Inequality is a persistent cause for concern, as reflected in Sustainable Development Goal 10, which focuses on reducing inequality within and among countries, said the study.

It said that as instability and insecurity grow between and within States as well as individuals, Governments and stakeholders must take resolute steps to counter and prevent ongoing and potential sources of inequality.

"States and other stakeholders have a responsibility to take active steps to reduce social inequities as well as inequalities in resource distribution and access to economic opportunities," it said, adding that social protection systems offer one way of doing this.

"Social protection systems are aimed at addressing inequality and poverty through a multifaceted approach and are therefore integral to the ongoing pursuit of global equality for all, as championed in international human rights instruments such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the Declaration on the Right to Development and the 2030 Agenda."

The study said universal social protection coverage typically includes the provision of social assistance through cash transfers to those in need, support for vulnerable people of working age and the unemployed, and pension coverage for the elderly.

"Assistance may also be provided through social insurance, social benefits, social assistance services, public works

programmes and other schemes guaranteeing basic income security."

The study said social protection systems, such as pensions, health care and access to secure jobs, are an integral facet of economic development and the sustainability of every individual's well-being.

"Social protection provides a foundation for inclusive, equitable and sustainable development. With millions of people falling into extreme poverty owing to the COVID-19 pandemic, social protection should be seen not as a cost but rather as an investment with a potentially high return for human capital development."

It said that social protection systems promote inclusive growth and build societal resilience in times of crisis.

"Tax-funded social protection systems can be effective as a wealth distribution mechanism for tackling poverty and inequality."

Well-designed and implemented social protection systems can also have significant multiplier effects, including increased school enrolment and success, improved health outcomes and higher labour market participation rates, which benefit local economies at large, the study said.

"In addition, social protection can address the economic, social and environmental dimensions of sustainability and the preservation of livelihoods."

Social protection floors can have a transformative role in contributing to long-term inclusive and sustainable growth while also enhancing resilience against natural and human-caused disasters, as well as economic and social crises, it added.

Despite these well-established benefits, universal social protection remains unavailable to many of the world's vulnerable populations. As of 2019, 4 billion people, or 55 per cent of the global population, were excluded from social protection, the study pointed out.

It further said the implementation of universal social protection systems aimed at reducing inequality is essential to the full realization of the individual rights of all, as stated in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and Declaration on the Right to Development.

"It is also crucial to achieving the

Sustainable Development Goals as, at least 92 per cent of them - 11 goals and 27 targets - have a direct relation to social protection, including eradication of poverty."

The study said even though many countries have embraced social protection systems, the effectiveness of these systems in reducing poverty and inequalities have been mixed, adding that critical gaps remain in the design and implementation of social protection systems.

For example, it said Brazil has established several programmes aimed at reducing inequality, with uneven results.

It said in 2016, the country was recognized for having lifted over 36 million people out of extreme poverty, using a human rights-based approach.

The study noted that among the social protection programmes developed in Brazil is *Bolsa Familia*, a conditional cash transfer programme with national coverage that is intended to support families living in poverty or extreme poverty, as well as expand access to education and health services.

It said as of 2015, over 13 million families, that is, roughly 25 per cent of the population, had benefited from the programme.

"Other social protection programmes in Brazil support vulnerable groups and isolated rural communities, and allow data to be collected to serve the poorest sectors of society."

However, the study said these gains have been reversed in the past few years - inequality remains rampant in Brazil.

In 2019, Brazil had the second-highest income concentration in the world, with about 1 per cent of Brazilians possessing 28.3 per cent of the country's income, it said, adding that by 2021, the income share of the top 10 per cent of the population had increased to 59.8 per cent.

The study also noted that Bolivia has a number of social protection programmes in place, including the Dignity Income for older adults, the Juana Azurduy Bonus for pregnant women and children, the Juancito Pinto Bonus for school-age children, and a monthly bonus for persons with disabilities.

Meanwhile, in Ecuador, new social protection measures for the vulnerable population include cash transfer programmes aimed at creating social protection floors that guarantee a minimum income for families in

situations of vulnerability or poverty.

The study said in 2019, Italy introduced Basic Income (reddito di cittadinanza) as the country's primary policy tool for combatting poverty, adding that it was inspired by universal minimum income measures but is tied to a set of conditions.

"Although implementation of the programme revealed limits and contradictions, it was a valuable means of protecting the most vulnerable citizens during the COVID-19 pandemic."

It said while many countries turned to social protection systems to mitigate the devastating economic effects of the COVID-19 pandemic, populations traditionally overlooked in social protection schemes generally remained marginalized.

It said that gaps in these programmes are often caused by poor design and management, difficulty of access and severe under-investment. The latter issue is particularly apparent in Africa, Asia and the Arab States.

The study said that many Governments in Asia and the Pacific consistently spend less than 2 per cent of their gross domestic product on social protection. As a result, less than half of the population is protected by a social protection programme.

The study also pointed out that everyone faces vulnerabilities during their lifetime.

"Experts and practitioners have noted the importance of considering vulnerability when creating and executing social protection programmes, instead of treating them as reactionary tools."

Furthermore, short-term reforms, such as fiscal consolidation and cuts to social protection spending, undermine long-term development goals, it said.

"By targeting the poorest of the population for benefit schemes, while excluding large swathes of people, many Governments are putting those most vulnerable - such as the middle classes - at considerable risk of economic strain and a lack of ability to recuperate after economic or environmental shocks."

For example, in 2006, the Government of Mongolia changed its social protection programme, which is directed towards reducing incidences of child poverty, from a targeted scheme to a universal one. This change resulted in a 21 per cent reduction in the child poverty gap in just eight years, the study said.

The study noted that many Latin American countries have successfully extended social protection coverage to tens of thousands of self-employed people through a subsidy combined with a simplified tax and social security contribution mechanism.

In 2007, Bolivia implemented a universal old-age pension programme, called Renta Dignidad. The programme contributed to reducing the poverty rate by 14 per cent, secured the income and consumption of beneficiaries, reduced child labour by half, and increased school enrolment to almost 100 per cent.

Many Governments in Asia and the Pacific consistently spend less than 2% of their GDP on social protection.

The study said conceiving social protection programmes within a universal framework creates stability, ensures everyone receives coverage and is, therefore, a more effective model for economic and social development than targeted schemes that do not address complex exclusionary factors and the circumstances of those in need.

It also said that several studies have shown that private or market options for social protection systems, such as climate change mitigation developments and health care, regularly result in fragmented and strained access to State services when not properly managed.

The study said relying on private and market-regulated social protection systems compared with universal State-implemented schemes mean that coverage stagnates, benefits decrease, gender inequalities are compounded and administration costs are very high.

"Systemic risks are transferred to individuals, and fiscal positions worsen

significantly given the high transition costs."

Furthermore, schemes that are designed and implemented by the State have distinct advantages because they are grounded in legal authority. They are not regulated by market fluctuations or implemented with the intention of creating profit, but rather to improve the quality of life of the citizens.

Therefore, the study said, governments, in consultation with civil society organizations, communities and other stakeholders, should take a leading role in social protection so as to recast social protection systems as a right and not an economic or social privilege.

Developing robust social protection systems is essential to building inclusive and equitable economies at both the domestic and the global levels, the study emphasized.

It said that Chile and Mexico have implemented the System of Universal Access with Explicit Guarantees, and Seguro Popular (2003-2019), respectively, to provide health-care access to those not covered by private or contributory schemes.

In 2018, the Seguro Popular programme covered over 51 million individuals previously without formal-sector health insurance.

In the light of a global health emergency and an ageing population in many parts of the world, universal access to health care is paramount to realizing human rights, including poverty reduction, the study underlined.

A rights-based approach

The study also said that the global rise in income and wealth inequalities reflects inequalities in development opportunities.

"The 2022 World Inequality Report indicated that, in just 15 years, the share of the global wealth of billionaires grew from 1 per cent to over 3 per cent, with the steepest increase occurring in 2020."

Despite this trend, the study said that inequality within States has outpaced global inequality between countries.

It said as a political choice, it is up to Governments and policymakers to implement comprehensive, inclusive and sustainable programmes and political platforms to address these growing disparities.

It said States must also affirm their

commitment to international human rights principles, such as equality of opportunity for development, as outlined in the Declaration on the Right to Development, and Sustainable Development Goal 8, to promote sustained, inclusive and sustainable economic growth, and to achieve full and productive employment and decent work for all by 2032.

A rights-based approach to public policy design and implementation is central to realizing social and economic development and creating just, equitable societies, it added.

“Expanding the rights of those in marginalized groups and framing

policies, including social protection systems within those rights, will decrease systemic inequalities within States. This, combined with global collaboration and the sharing of best practices, will narrow the inequality gap between countries.”

The experts said that the study confirms the urgent need for interventions relating to universal social protection systems in national and global governance.

In light of the disruptions caused by the COVID-19 pandemic, growing resource scarcity, increasing instances of natural disasters owing to the climate crisis, and widening social and economic inequalities within and among States,

Governments must work together to support and implement a global standard for social protection, said the study.

These interventions must be targeted at poverty and inequality reduction, it added.

The study said weaving the concept of equality of opportunity for development into the existing calls for a rights-centred approach to social protection policies with globally agreed standards will position the international community closer to achieving the Sustainable Development Goals by 2030, as well as a more sustainable and equitable way of life for all. (SUNS 9842)

Monopolies on Biologics, including Vaccines: The Case for Reform in Intellectual Property and Pharmaceutical Regulation

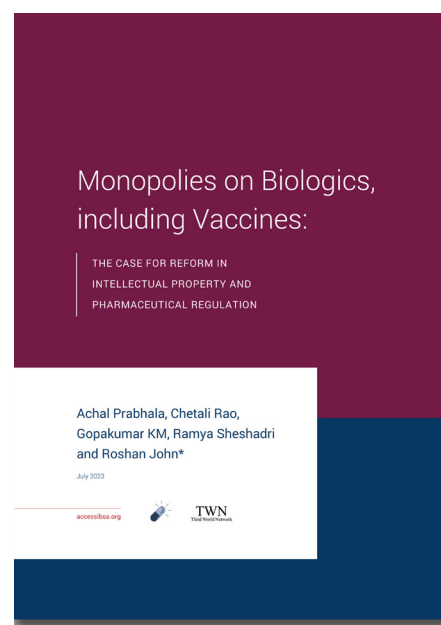
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Biologics are large complex molecules originating from bacteria, yeast, insects, plants, and engineered mammalian cells, and are a category that includes both biotherapeutics and vaccines. This report examines monopolies on biologics in India, and makes the case for reform of Indian laws and policies governing the management of intellectual property and pharmaceutical regulation. It does so through a deep dive into India's experience with biologics over the last decade.

The first chapter of the report examines intellectual property monopolies, primarily through patents, on biologics. The second chapter examines monopolies created by pharmaceutical regulation, primarily through trade secrets.

Publication of the report in the wake of the Covid pandemic coincides with a universal awareness of the importance of affordable and accessible biologics, because we are now fully aware of the importance of both non-vaccine biologics (such as monoclonal antibodies) for the treatment of Covid, as well as vaccines for the prevention and mitigation of Covid.



Available at <https://twn.my/title2/books/pdf/Monopolies%20on%20Biologics,%20including%20Vaccines.pdf>

Expanded BRICS Johannesburg II declaration “shows mirror” to North

The declaration issued by the expanded BRICS coalition of developing countries at their summit in South Africa on 24 August has brought to the center stage the challenges facing the developing and least-developed countries in the multilateral trading system, and reiterates the long-pending concerns of these countries at the WTO.

by D. Ravi Kanth

NEW DELHI: The Johannesburg II Declaration issued by the expanded BRICS coalition of developing countries on 24 August seems to have “shown the mirror” to the Northern countries, particularly the Group of Seven (G7) industrialized nations, who have allegedly ignored the specific concerns of the Global South in the Multilateral Trading System (MTS), including the World Trade Organization, said people familiar with the discussions.

The BRICS coalition - Brazil, Russia, India, China, and South Africa, with six newly admitted members Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates - also showed how the G20 Trade and Investment Ministerial Meeting (TIMM) that concluded in Jaipur, India on 25 August “missed the bus” in articulating the specific concerns of the developing and least-developed countries in the MTS and at the WTO, according to people familiar with the two documents issued at the end of their respective meetings.

At a time when the MTS is being fractured into separate pieces and the World Trade Organization appears to be irreversibly “atrophied”, it was apparently expected of India to stand firm in negotiating the final document along with other developing countries present at the TIMM, said a developing country participant who took part in the series of meetings held in Jaipur on 21-25 August.

The Johannesburg II Declaration was preceded by a meeting of the BRICS trade ministers in early August.

The BRICS trade ministers issued a declaration under the theme of “BRICS and Africa: Partnership for Mutually Accelerated Growth,

Sustainable Development and Inclusive Multilateralism”, reflecting the core priorities of each one of the BRICS members towards “the global partnerships that will bring prosperity to all humanity and achievement of the Sustainable Development Goals.”

According to the declaration, the trade ministers exchanged views on cooperation in key areas of “Multilateral Trading System, Digital Economy, Sustainable Development, Supply Chains Cooperation, Response to Trade Mispricing and Micro, Small and Medium Enterprises (MSMEs)” and “reached a broad consensus on ways to further enhance BRICS cooperation in these areas.”

The declaration contains specific consensus-based understandings on “Strengthening Multilateral Trading System (MTS) and World Trade Organisation (WTO) Reform”, “Framework for Cooperation on Supply Chains for Resilience and Sustainable Development,” “Cooperation and Digital Economy,” “BRICS Response to [Trade] Mispricing,” and BRICS MSMEs Cooperation Framework.

On strengthening “the transparent, rules-based, open, fair, equitable, inclusive, and non-discriminatory MTS with the WTO at its core,” the BRICS trade ministers underscored “the importance of special and differential treatment (S&DT) for developing countries including Least Developed Countries (LDCs) and the key foundational principles of the WTO (as contained in the Marrakesh Agreement).”

The trade ministers inveighed against the carbon border tax scheme

and carbon pricing on grounds that they constitute “WTO-inconsistent unilateral and protectionist measures” being imposed, including under the guise of “environmental sustainability”.

“These measures undermine the MTS, disrupt supply and production chains, and distort competition,” the BRICS trade ministers emphasized.

The BRICS members view the latest slew of carbon-based measures as an attempt “to shift the burden of climate change mitigation to third countries that do not carry such historical responsibility for climate change, and also undermine their necessary pursuit of development.”

They also expressed sharp concern over the “rise of sanitary and phytosanitary (SPS) measures that are not based on science.”

The trade ministers said that they remain committed to “working together to achieve a successful 13th WTO Ministerial Conference (MC13).”

They emphasized that they “will engage constructively to pursue the necessary WTO reform that strengthens the MTS and promotes trade and development.”

The BRICS trade ministers called for “the restoration of a fully and well-functioning two-tier binding WTO dispute settlement mechanism accessible to all members by 2024, and the selection of new WTO Appellate Body Members without further delay.”

Later, the BRICS leaders incorporated the conclusions reached by their trade ministers in their Johannesburg II Declaration.

It has brought to the center stage the challenges facing the developing and least-developed countries in the MTS, and reiterates the long-pending concerns of these countries at the WTO.

More importantly, it offers a comprehensive agenda for reforming the existing international financial institutions.

As the global financial system based on the US dollar gives way to international trading in other BRICS currencies, a paradigmatic shift is certainly underway.

G20 TIMM

In sharp contrast, while the G20 leaders’ meeting is scheduled to commence on 9 September, the G20 Trade and Investment Ministerial Meeting (TIMM) that concluded under the Indian

Presidency in Jaipur on 25 August, seems to have failed to insert strong language on developing-country interests in the MTS and at the WTO.

While it is understandable that there was no communiqué at the end of the meeting due to the proposed language on Russia's war in Ukraine, the Outcome Document and the Chair's Summary of the G20 TIMM appear to have elevated the concerns of the dominant Northern countries such as the United States, the European Union, Japan, and Canada among others in the global trading system and also their WTO priorities.

The concerns of the Global South appear to have been articulated in some rather anaemic language with limited or no implications, while the chair of the TIMM, Mr Piyush Goyal, India's commerce minister, claimed success and "groundbreaking" consensus at a concluding press conference.

Differing narratives

A cursory glance at the two narratives - one issued in Johannesburg and the other at the Jaipur meeting - reveals why the Johannesburg II Declaration represents a watershed moment for the Global South, as compared to a mere reiteration of the previous outcomes in the G20 TIMM document.

The G20 includes 19 industrialized and several developing countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

Since its establishment in Washington in the shadows of the global financial crisis in 2008, successive G20 meetings seemingly merely reinforced the Northern trade and finance agenda at the behest of the dominant international institutions like the International Monetary Fund (IMF), the World Bank, the World Trade Organization, and the Paris-based Organization for Economic Cooperation and Development (OECD).

The United Nations Sustainable Development Goals (SDGs) and the Paris Climate Change Agreement of 2015 are also routinely cited.

The EU appears to be willing to violate the Paris Climate Change Agreement by unilaterally announcing punitive protectionist measures like

carbon border taxes.

In fact, it appears that each G20 meeting has become an event for record-keeping and further embracing the narratives largely set by the US and other industrialized countries.

While it is one thing to make pronouncements about the need to address the concerns of the poor people and communities, as India did in a closed-door meeting on 24 August, it is a different struggle altogether to reflect these concerns in the final language of the G20 TIMM Outcome Document.

The language on trade in the Johannesburg II Declaration is robust and it forcefully represents the concerns of the Global South.

The language on trade in the Johannesburg II Declaration is robust and forcefully represents the concerns of the South.

Paragraph eight of the Declaration reaffirms "support for the open, transparent, fair, predictable, inclusive, equitable, non-discriminatory, and rules-based multilateral trading system with the World Trade Organization (WTO) at its core, with special and differential treatment (S&DT) for developing countries, including Least Developed Countries."

Almost the same language figures in the G20 TIMM Outcome Document except for one vital difference on reinforcing the concerns of the Global South on special and differential treatment.

The G20 TIMM Outcome Document reaffirmed that "a rules-based, non-discriminatory, fair, open, inclusive, equitable, sustainable and transparent multilateral trading system, with the WTO

at its core, is indispensable to advancing our shared objectives of inclusive growth, innovation, job creation and sustainable development."

Under the Indian Presidency of the G20, one would have expected at least strong language on the continuation of S&DT to reinforce the concerns of the developing and least-developed countries. However, it seems to have been excluded from the TIMM Outcome Document, said people familiar with the development.

Aside from strengthening S&DT in the WTO rulebook, as demanded by more than 90 developing countries, the BRICS declaration calls for "concrete deliverables" at the upcoming WTO's 13th ministerial conference (MC13) in Abu Dhabi.

"We call for the restoration of a fully and well-functioning two-tier binding WTO dispute settlement system accessible to all members by 2024, and the selection of new Appellate Body Members without further delay," said the BRICS declaration.

India, which has repeatedly called for the restoration of the two-stage dispute settlement system, seemed to be unable to include strong language on this vital issue in the G20 Outcome Document, in the face of opposition from the US.

Somewhat disappointingly, the G20 Outcome Document merely said: "We note the ongoing discussions on Dispute Settlement reform and remain committed to conducting discussions with a view to having a fully and well-functioning Dispute Settlement System, accessible to all members, by 2024."

Effectively, the above G20 language does not guarantee the restoration of the two-tier system or the Appellate Body.

Without a binding two-tier system undergirding the WTO's enforcement function, the WTO faces the prospect of being run on the principle of "MIGHT is RIGHT" - which is what the US wants.

More importantly, the BRICS declaration, in paragraph nine, called for "the need to make progress towards the achievement of a fair and market-oriented agricultural trading system, ending hunger, achieving food security and improved nutrition, promoting sustainable agriculture and food systems, and implement resilient agricultural practices."

It emphasized the need to "deliver on agriculture reform in accordance with the

mandate in Article 20 of the Agreement on Agriculture, while recognizing the importance of respecting the mandates with regards to a Permanent Solution on Public Stockholding (PSH) for food security purposes and special safeguard mechanism (SSM) for developing countries, including LDCs, in their respective negotiating contexts.”

Further, the Johannesburg II Declaration states: “BRICS members are also concerned with trade-restrictive measures which are inconsistent with WTO rules, including unilateral illegal measures such as sanctions, that affect agricultural trade.”

At the G20 TIMM meeting of senior officials a day before the actual ministerial meeting, the US opposed any language on “WTO-inconsistent” measures. Therefore, it is not surprising that India seemed to be unable to stop the US from inserting language in the G20 Outcome Document that is inimical to the concerns of the developing countries, said people familiar with the development.

Trade and environment

Another issue on which the BRICS declaration seemed to be more credible and relevant for the developing countries is on trade and environment.

It states in paragraph 63: “We oppose trade barriers including those under the pretext of tackling climate-change imposed by certain developed countries and reiterate our commitment to enhancing coordination on these issues.”

It underlined that “measures taken to tackle climate change and biodiversity loss must be WTO-consistent and must not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade and should not create unnecessary obstacles to international trade.”

“Any such measure must be guided by the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), in the light of different national circumstances,” the BRICS declaration emphasized.

“We express our concern at any

WTO inconsistent discriminatory measure that will distort international trade, risk new trade barriers, and shift the burden of addressing climate change and biodiversity loss to BRICS members and developing countries.”

In contrast, the G20 Outcome Document, in paragraph nine, merely recalls that “trade and environment policies should be mutually supportive, consistent with WTO and multilateral environmental agreements. We further acknowledge the essential role of multilateral cooperation to effectively address common environmental and sustainable development challenges. We will engage in further discussions on trade and sustainability.”

Surely, this seemingly diluted language does not appear to augur well for the South in the coming days and months. Of course, it can be argued that the G20 is a grouping of major industrialized countries with a limited say for the developing countries, unlike the BRICS. (SUNS 9845)

G20 meet issues Jaipur Call on MSMEs, document digitization, GVCs

Although the G20 Trade and Investment Ministerial Meeting that ended in Jaipur, India on 25 August failed to issue a final communique, some successes were cited by India’s commerce minister, particularly on the Jaipur Call for Action on micro, small, and medium enterprises, digitalization of trade documents, and mapping global value chains.

by D. Ravi Kanth

JAIPUR: Notwithstanding the lack of consensus on issuing any communique at the end of the G20 Trade and Investment Ministerial Meeting (TIMM) in Jaipur, India on 25 August, the Indian commerce minister, Mr Piyush Goyal, claimed some successes from the two-day event,

particularly the so-called Jaipur Call for Action for enhancing MSMEs’ (micro, small, and medium enterprises) access to information and the “High Level Principles on Digitalization of Trade Documents”, said people familiar with the development.

The G20 was established in the wake of the global financial crisis in 2008 and it includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

At the end of the two-day event, Mr Goyal told reporters at a press conference that there was “groundbreaking consensus” on the “Outcome Document” barring paragraph 32 concerning Russia’s war against Ukraine, as well as on three annexes dealing with issues such as “A G20 Generic Framework for Mapping GVCs (Global Value Chains)”, “Jaipur Call for Action for enhancing MSMEs’ access to information”, and “High Level Principles for Digitalization of Trade Documents”.

As previously reported in the SUNS, the Jaipur ministerial meeting failed to issue a final communique as would normally be expected at the end of such a high-profile meeting.

While Russia rejected the “Outcome

Document” on grounds of the inserted language by the major industrialized countries concerning the war in Ukraine, it accepted the rest of the items in the document.

China also opposed the “Outcome Document” for allegedly dabbling in issues that are not part of the trade ministerial meeting.

The trade ministers appear to have given short shrift to the mandated issues like the permanent solution for public stockholding (PSH) programs for food security, the reform of the WTO based on development-oriented priorities as proposed by more than 100 developing and least-developed countries, ensuring effective special and differential treatment (S&DT) and the principle of consensus-based decision-making as enshrined in the Marrakesh Agreement that established the WTO in 1995.

The trade ministers also agreed on a text that does not guarantee the continuation of a binding two-stage dispute settlement system with the Appellate Body being the final adjudicator of trade disputes.

The 18-page text further contained language favourable to the proponents of the controversial non-mandated Joint Statement Initiatives (JSIs) on digital trade, investment facilitation, disciplines for micro, small, and medium enterprises (MSMEs), and trade and gender among others.

Apparently, the language on the JSIs reflected the consensus achieved at the Sorrento trade ministers’ meeting during the Italian G20 Presidency almost two years ago while setting aside the consensus agreed at the Bali trade ministerial meeting last year.

The European Union and several other industrialized countries also managed to include language on trade and environment, though, in somewhat ambiguous terms, said participants, who asked not to be quoted.

Speaking to reporters on 25 August, Mr Goyal went on to assert that under the Indian Presidency, the G20 has “turned the wheel”, while praising his Prime Minister Narendra Modi for being the architect in navigating the meeting.

Apparently, Mr Modi addressed the meeting virtually, urging the trade ministers to work towards addressing the concerns of the Global South, said a

participant, who asked not to be quoted.

However, a cursory glance at the G20 Outcome Document seems to indicate that it is tilted more in favour of the industrialized countries than squarely projecting the “bread-and-butter” concerns of the Global South, said a developing country representative who asked not to be quoted.

Mr Goyal’s concluding remarks at the press conference on 25 August seemed to contain political undertones rarely heard at the previous G20 trade ministerial meetings.

For example, Mr Goyal told reporters that Prime Minister Modi will secure another term in 2024 to carry forward the vision and agenda to make India a USD 5 trillion economy soon and becoming a developed country by 2047.

Even though the G20 outcomes are non-binding, Mr Goyal highlighted the significance of the three annexes, with which India has had reservations in the past.

At a time when India is opposing the Joint Statement Initiative on MSMEs at the WTO, it is somewhat confusing to lay considerable emphasis on the Jaipur Call for Action for enhancing MSMEs’ access to information, said people familiar with the development.

Jaipur Call for Action

The Jaipur Call for Action for enhancing MSMEs’ access to information states that “seeking to promote the integration of MSMEs into international trade, G20 members recognized the importance of taking necessary steps towards increasing the availability of trade and market-related information to them in an accessible manner.”

Against this backdrop, the G20 members:

- “1. Recognize the continued challenges posed by information asymmetry to MSMEs and the need to utilize technological tools to bridge such informational gaps for MSMEs seeking business and trade-related information.
2. Support scaling up an existing portal that is already providing such business and trade-related information to MSMEs.
3. Agree that Global Trade Helpdesk implemented by ITC, UNCTAD,

and WTO is suited for such an upgrade considering its inclusivity and veritable information provided to MSMEs.

4. Welcome the action plan in this regard by:
 - a) Calling upon participating members to provide to Global Trade Helpdesk appropriate aggregated trade-related information relevant for MSMEs available on a single portal and/or a non-exhaustive list of links to relevant government websites for MSMEs engaged in trade.
 - b) Providing access to data or information publicly available on such portals through appropriate technological frameworks pursuant to existing domestic rules and requirements.
 - c) Making such trade-related data/information available in multiple languages to the extent it is maintained as such by respective members, thereby ensuring ease of use by MSMEs.
 - d) Recommending ITC to work on a detailed implementation plan, in consultation with UNCTAD and WTO.
 - e) Recommending ITC to incorporate the principles of technological neutrality, data privacy, data security, and reliability while upgrading Global Trade Helpdesk.
5. Invite members of the WTO and UNCTAD, international organizations and other interested parties to contribute, on a voluntary basis, to support the effective implementation of Jaipur Call for Action.
6. Look forward to an annual progress report by ITC to its Joint Advisory Group on the efforts made in this regard beginning from 2024.”

Digitalization of trade documents

In a similar vein, at the concluding press conference, the Indian commerce minister went on to read out the ten “High Level Principles on Digitalization of Trade Documents”.

Apparently, the United States, the European Union, and other industrialized countries as well as China applauded when he read out the same principles in a closed-door meeting.

That these principles further reinforce trade facilitation seems clear.

The ten principles are:

PRINCIPLE 1: NEUTRALITY — Digitalization initiatives for trade documents should remain unbiased towards any specific technology, software or system. The initiatives should ensure the immutability and interoperability of data for seamless communication and exchange across diverse systems.

PRINCIPLE 2: SECURITY — To ensure the security of the data related to the electronic trade document(s), the utilized technologies, including their related digital infrastructure, should adopt robust encryption and other security protocols to protect the data and the infrastructure concerned against physical damage and information security threats or data theft.

PRINCIPLE 3: TRUST — Technologies/frameworks based on transparent domestic rules and procedures should enable confidence, accountability and authentication for the generation and exchange/transfer of the electronic trade documents.

PRINCIPLE 4: INTEROPERABILITY — The utilized technologies, including their related digital infrastructure, should aim to ensure interoperability and seamless exchange of electronic trade document(s) and related data between or among the transacting parties and other stakeholders. The desired interoperability should enable the use of a variety of existing technological systems, standards, document formats, frameworks, etc.

PRINCIPLE 5: DATA PRIVACY — The utilized technologies should implement privacy enhancing technological features/solutions, and share the minimum data necessary for the generation/exchange of electronic trade document(s) and execution of business transactions between the transacting parties. Also, utilized technologies should comply with applicable data privacy rules/norms.

PRINCIPLE 6: RELIABILITY — The utilized technologies, including their related digital infrastructure, should ensure the authenticity, immutability and validity of the electronic trade documents.

PRINCIPLE 7: VOLUNTARY SHARING OF DATA — Sharing of electronic trade documents and related data should be voluntary with the informed consent of economic operators supplying the data and only limited to the minimum data exchange necessary for the generation and exchange of documents and execution of the business transaction between the transacting parties, in compliance with applicable domestic rules and regulations.

PRINCIPLE 8: COLLABORATION — The utilized technologies should provide adequate flexibility to facilitate reliance on the same electronic trade document by governments and competent authorities concerned, financial institutions, transacting parties, technology providers and other stakeholders.

PRINCIPLE 9: TRACEABILITY — The utilized technologies should provide a comprehensive audit trail of the transaction(s), in accordance with domestic regulations, of the electronic trade documents.

PRINCIPLE 10: SCALABILITY — To accommodate growth, shifting trade conditions and new technological developments, utilized technologies for the exchange of electronic trade documents must be scalable, and should be able to handle extensive data volumes and transaction numbers.

Mapping GVCs

Lastly, at a time when there is considerable disruption of the much-established global value chains in the face of the worsening US-China relations, it is not clear whether mapping the global value chains will serve any purpose, said a developing country participant, who asked not to be quoted.

The G20 Generic Framework for Mapping GVCs states: “As countries take steps to mitigate risks to GVCs including regional value chains, policy actions can benefit from a well-defined, voluntary and non-binding generic mapping framework based on the following building blocks:

- * Data: GVC resilience framework should be based on collecting timely high quality sector level data and voluntarily provided firm level data.
- * Analysis: The complexity of GVCs

necessitates the use of models and indicators which can provide key insights from such GVC data.

- * Representation: GVC resilience framework should use advanced technological tools that present underlying patterns from data analysis in a user-friendly manner.”

According to the corresponding annex to the Outcome Document, “By incorporating these building blocks, the framework can help in the identification of the sectors and products critical to GVC resilience. Under such a generic framework, it is important to identify key dimensions to help evaluate the resilience of GVCs both at the sectoral and product levels.”

According to the annex, the following non-exhaustive set of indicators can help with such evaluation including by domestic authorities:

- * Concentration of suppliers and markets: Heavy reliance on a small group of players or concentration in the buyers/seller market can significantly impact the resilience of a GVC.
- * Volatility of trade volume and value: GVCs that are subjected to a high degree of uncertainty in terms of supply and demand experience outsized volatility in terms of both volumes and value of trade.
- * Upstreaming of an industry or product: An industry or a product that is situated upstream of a GVC has the potential to disrupt the entire chain through spill-over effects.
- * Downstreaming of an industry or product: Industries or products that are dependent on multiple inputs through various stages are more susceptible to frequent disruptions.
- * Critical nature of industry and product: Resilience and robustness in certain industries and products can be considered critical given their end-use.
- * Product attributes: Products with long lead times in the production process or with limited shelf life can be critical from a replacement/timing perspective.
- * Connectivity: Logistics & communication infrastructure, customs efficiency and information technology networks are important elements for GVC resilience. (SUNS 9844)

G20 ministers spar over Russia-Ukraine conflict, WTO reform

The G20 Trade and Investment Ministerial Meeting in Jaipur, India was unlikely to reach a consensus on “geopolitical” issues after the proposed language by India on this issue arising from Russia’s war in Ukraine was rejected by the major Western nations.

by D. Ravi Kanth

JAIPUR: The G20 Trade and Investment Ministerial Meeting in Jaipur, India, is unlikely to reach a consensus on “geopolitical” issues after major Western countries apparently rejected the proposed language by India on this sensitive issue which stems from the war launched by Russia against Ukraine, said people familiar with the development.

In a separate but significant development at the meeting of chief negotiators/sherpas of the G20 member countries on 22 August, it has become somewhat apparent that the United States is distancing itself from the rules-based multilateral trading system, said participants familiar with the discussions.

Significantly, several officials tasked with finalizing the negotiating text on 23 August said that the US seems opposed to including any language that would explicitly refer to “WTO-inconsistent” measures in the section on WTO reforms, said people, who asked not to be identified.

In response to the above issue, the spokesperson for the United States Trade Representative (USTR), Mr Sam Michel, said that the US rejects the above assessment that Washington is distancing itself from the WTO.

Later, the spokesperson for the USTR said that the above assertion “is absolutely incorrect.”

“We have never distanced ourselves from the multilateral rules-based trading system.”

“On the contrary,” he said, “we are strong supporters of it and we remain deeply committed to multilateral institutions, including the WTO.”

Mr Michel added: “Our focus is

making sure the WTO works for all Members and addresses the needs that our people face, and this view is shared by members.”

WTO reforms

Among the four issues emphasized by the Indian trade minister, Mr Piyush Goyal, the topic of WTO reforms has assumed considerable importance during the discussions.

Within the issue of WTO reforms, the issue of the dispute settlement system (DSS), particularly the restoration of the two-stage system in which the Appellate Body remains the final adjudicator of trade disputes, remained the core issue.

Yet, the final language that is being worked out on the DSS apparently does not even mention the restoration of the two-stage system and also the Appellate Body, said several sherpas who spoke to the SUNS.

It appears that due to pressure from a major industrialized country, the language on the DSS is weakened considerably, reducing the WTO’s binding enforcement mechanism, in which rulings issued by the Appellate Body are expected to be fully implemented, is now on the verge of becoming a proverbial “vegetable”, said participants, who preferred not to be identified.

The final draft, which is yet to be issued by the Indian presidency at the time of writing, in no way reflects the repeated calls by around 130 countries to expeditiously fill the seven vacancies in the Appellate Body.

The Indian trade minister told reporters that the restoration of the two-stage dispute settlement system is a key

priority for New Delhi.

According to the negotiators, the US seemed unwilling to let the WTO’s enforcement function, which was largely negotiated by the US during the Uruguay Round negotiations that ended in December 1993, play its central role any longer.

Washington seems somewhat determined to return to good faith consultations and disputes resolved by parties through enhanced mediation, said sherpas, who asked not to be identified.

Although the Indian trade minister emphasized the importance of arriving at decisions through the principle of consensus-based decision-making as enshrined in the Marrakesh Agreement, the prospects for the continuation of a consensus-based decision-making system appear to be chipped away at the margins.

Incidentally, the BRICS (Brazil, Russia, India, China, and South Africa) trade ministers’ declaration issued on 7 August called for the restoration of the two-stage dispute settlement system, as well as strengthening the S&DT (special and differential treatment) provisions.

S&DT

At a press conference with reporters, the Indian trade minister Mr Goyal said that the Marrakesh Agreement, which led to the establishment of the WTO in 1995 after more than seven years of “hard” Uruguay Round negotiations (1986-93) in which the US secured maximum gains through a brand new agreement on intellectual property rights, services, and even in agriculture, provided for flexibilities to countries according to their differing levels of development.

Mr Goyal mistakenly mentioned the principle of common but differentiated responsibilities (CBDR), which is a core element of the Paris Climate Change Agreement of 2015, to indicate the importance and significance of special and differential treatment (S&DT) which has come under assault after the Trump administration refused to recognize it.

JSIs

Another important development at the Jaipur meeting was on the issue of the Joint Statement Initiatives (JSIs) involving the non-mandated plurilateral negotiations on digital trade, disciplines

for micro, small, and medium enterprises (MSMEs), investment facilitation, and trade and gender.

During the past several G20 meetings, the issue of JSIs, which has been steadfastly opposed by India and South Africa, was kept out of the final text.

Even the G20 trade ministerial declaration issued in Bali last year, without mentioning the controversial plurilateral JSIs, said, “we recognize the need to promote value addition through sustainable and inclusive investment in highly productive sectors such as downstream manufacturing, digital trade, and services and to foster linkages between foreign investors and local enterprises, particularly MSMEs.”

Under the Indonesian Presidency of the G20, an initiative to hold “discussions on policy coherence between trade, investment and industry, and to continue addressing industry-related issues in the broader G20 process, as appropriate,” will be continued.

Yet, at the Jaipur meeting, several

industrialized countries apparently ensured that the Bali language is set aside and instead brought back the language agreed in Sorrento under the Italian G20 Presidency during the COVID-19 pandemic that referred to plurilateral negotiations.

Apparently, the Jaipur text mentions “plurilateral” though, in the same breadth, it also mentions objections raised by several developing countries to “plurilateral”, said sherpas, who asked not to be identified.

The language on JSIs being treated as “plurilateral” may seem like a gain for the major industrialized countries, said sherpas, who preferred not to be quoted.

Trade and environment

Even though the Jaipur text does not include language on the controversial carbon border adjustment measures that are about to be unilaterally implemented by the European Union and to be closely followed by the US, there is mention

of continuing the discussions on environmental “sustainability” issues, said sherpas, who asked not to be quoted.

Despite these varying developments at the Jaipur meeting, the Indian trade minister repeatedly described the trade ministerial summit as a “historical” event under the Indian Presidency.

On the same day that India conducted its first solar mission on the Moon, the Indian minister said New Delhi has become “the voice of Global South.”

Yet, the Jaipur text seems to be far away from ensuring that the “rules-based, non-discriminatory, free, fair, open, inclusive, equitable, sustainable and transparent multilateral trading system (MTS), with the WTO at its core, is indispensable to advancing our shared objectives of inclusive growth, innovation, job creation, and sustainable development,” as set out in the Bali leaders’ declaration last year. (SUNS 9843)

G20 ministers to issue Outcome Document and Chair’s Summary

The G20 Trade and Investment Ministerial Meeting in Jaipur, India witnessed some sharp exchanges on unilateral trade measures, alleged abuse of the multilateral trading system by some countries, trade protectionism, and “green” subsidies.

by D. Ravi Kanth

JAIPUR: Under the Indian Presidency, the G20 trade ministerial meeting of major industrialized and several developing countries is expected to conclude on 25 August in Jaipur, amidst some sharp exchanges on unilateral trade measures, alleged abuse of the multilateral trading system by some countries, trade protectionism, and a rising wave of “green” subsidies being provided by the industrialized countries, said people familiar with the discussions.

Apparently, India cautioned the

participants that if they do not give up their intransigent positions, the World Trade Organization’s 13th ministerial conference (MC13), to be held in Abu Dhabi in February next year, could prove to be an unmitigated disaster, said participants, who asked not to be quoted.

Despite the assertions made by the Indian trade minister, Mr Piyush Goyal, in the run-up to the Jaipur meeting that it would address some fundamental issues like the restoration of the two-stage dispute settlement system as well as

the development concerns of the Global South, the “Outcome Document and Chair’s Summary”, to be issued on 25 August, contains some rather anaemic language on all major issues, said participants familiar with the document.

In a closed-door meeting on 23 August, the Indian trade minister quoted what Prime Minister Narendra Modi had said about the need to address the concerns of the poorest sections of society.

Yet, strangely, the unprecedented pomp and splendour witnessed at the meeting seemed somewhat surreal, said one participant, who asked not to be quoted.

At the meeting on 24 August, trade ministers discussed “Trade for Growth & Prosperity” as well as “WTO Reform” during which some sharp exchanges marked the proceedings, particularly China’s severe criticism apparently levelled against the US.

Without naming the US, China’s deputy trade minister, Wang Shouwen, apparently charged some countries for allegedly abusing the multilateral trading system, including the World

Trade Organization, by adopting outright unilateral measures that are avowedly inconsistent with the WTO rules.

The US Trade Representative (USTR), Ambassador Katherine Tai, said that some countries are apparently not following the rules, in what appears to be directed against China, said a participant, who asked not to be identified.

The USTR appears to have said at the meeting that Washington has serious concerns over the manner in which the dispute settlement system has functioned over the years.

Ambassador Tai appears to have underscored the need for changes. However, she did not spell out the specific issues for improving the functioning of the Appellate Body.

The USTR said that Washington is ready to discuss with members and even urged them to come up with fresh proposals for reforming the dispute settlement system.

The US also acknowledged the importance of addressing issues concerning “Development”, though Washington has repeatedly “stonewalled” the ten Agreement-specific proposals submitted by the Group of 90 (G90) developing countries for improving the special and differential treatment provisions, said a developing country participant, who asked not to be identified.

Amidst the hundreds of billions of dollars of industrial and “green” subsidies being provided by the US, the European Union’s trade commissioner Mr Valdis Dombrovskis raised the issue of tackling industrial subsidies at the meeting.

Although Brussels has embarked on a massive scale of providing state relief and subsidies, raising an issue on industrial subsidies is not proper without tackling the farm subsidies, said another participant, who preferred not to be quoted.

It is against this backdrop that the two-day G20 Trade and Investment Ministers’ Meeting that concludes on 25 August has produced a seemingly anaemic and somewhat inane document, said two participants, who preferred not to be quoted.

In contrast to the Jaipur “Outcome Document and Chair’s Summary,” the Bali outcome document issued last year seemed much stronger in bringing developmental issues to the center stage,

said participants who attended both the meetings.

Outcome Document & Chair’s Summary

The Outcome Document and Chair’s Summary acknowledges at the outset that it “was unanimously agreed to by all G20 members, except for paragraph 32 which pertains to the Chair’s Summary.”

Paragraph 32, which deals with “geopolitical issues”, states: “This year, we have also witnessed the war in Ukraine further adversely impact the global economy. There was a discussion on the issue. We reiterated our national positions as expressed in other fora, including the UN Security Council and the UN General Assembly, which, in Resolution No. ES-11/1 dated 2 March 2022, as adopted by majority vote (141 votes for, 5 against, 35 abstentions, 12 absent) deplores in the strongest terms the aggression by the Russian Federation against Ukraine and demands its complete and unconditional withdrawal from the territory of Ukraine. Most members strongly condemned the war in Ukraine and stressed it is causing immense human suffering and exacerbating existing fragilities in the global economy - constraining growth, increasing inflation, disrupting supply chains, heightening energy and food insecurity, and elevating financial stability risks. There were other views and different assessments of the situation and sanctions. Recognizing that the G20 is not the forum to resolve security issues, we acknowledge that security issues can have significant consequences for the global economy.”

In a footnote attached to the document, obtained by the SUNS, Russia “rejected the inclusion of geopolitical Para 32. On the basis that it does not conform to the G20 mandate and recognizes the status of the Para 32 as Chair’s summary.”

Russia said it agrees with the rest of the text.

China also stated that “the G20 TIMM (Trade and Investment Ministerial Meeting) is not the right forum to discuss geopolitical issues and did not support the inclusion of the geo-political related content.”

Two important but rather ambiguous highlights of this section of some seven-odd paragraphs in the Outcome Document is the recognition given to the

importance of trade and environmental policies on the ground that they are “mutually supportive, consistent with WTO and multilateral environment agreements”, as well as the “adherence to the rules and foundational principles of the World Trade Organization (WTO) and reaffirm our commitment to fulfilling its objectives.”

Surprisingly, the EU, which is on the verge of implementing its controversial carbon border adjustment measures, appears to be openly undermining the letter and verse of the Paris Climate Change Agreement of 2015, said participants, who preferred not to be quoted.

As reported in the SUNS, the Jaipur outcome document does not mention either the two-stage dispute settlement system that was established after the Uruguay Round of trade negotiations, or the Appellate Body.

In paragraph 12, the Jaipur document says: “... We note the ongoing discussions on Dispute Settlement reform and remain committed to conducting discussions with a view to having a fully and well-functioning Dispute Settlement System, accessible to all members, by 2024.”

Effectively, it implies that the binding dispute settlement system as negotiated in the Uruguay Round for undergirding the enforcement function/pillar of the WTO is unlikely to be restored, said participants, who preferred not to be quoted.

Without mentioning the Joint Statement Initiatives (JSIs) on digital trade, investment facilitation, disciplines for micro, small, and medium enterprises (MSMEs), and trade and gender, the Jaipur document and chair’s summary seems to have leaned in favour of the JSI proponents.

In paragraph 14, it says, “We remain committed to strengthening the rule-making arm of WTO by facilitating trade negotiations and fostering the update of global trade rulebook, and underscore the importance of the ongoing negotiations [on JSIs] in WTO.”

Surprisingly, under the Indian Presidency, the Jaipur document did not even mention the core mandated issues, including the permanent solution for public stockholding programs for food security and other “bread-and-butter” issues of the Global South, said a participant, who asked not to be quoted. (SUNS 9843)

G20 ministers elevate North's trade priorities over concerns of South

The G20 Trade and Investment Ministerial Meeting concluded in Jaipur, India on 25 August, where the United States and the European Union in particular appeared to have weakened the core priorities of the developing countries at the World Trade Organization.

by D. Ravi Kanth

JAIPUR: Under the Indian Presidency, the trade ministers of the Group of 20 (G20) industrialized countries and several developing countries concluded a two-day meeting in Jaipur, India, on 25 August, in which the dominant industrialized countries, particularly the United States and the European Union, appeared to have weakened the core priorities of the developing countries at the World Trade Organization and in global trade, said participants familiar with the discussions.

The G20, which was established in the shadows of the global financial crisis in 2008, includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, South Korea, Japan, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

The G20 trade ministers apparently gave short shrift to the mandated issues like the permanent solution for public stockholding (PSH) programs for food security, the reform of the WTO based on development-oriented priorities as proposed by more than 100 developing and least-developed countries, ensuring effective special and differential treatment and the principle of consensus-based decision-making as enshrined in the Marrakesh Agreement that established the WTO in 1995.

They seem to have agreed on what appears to be a rather anaemic text that may not advance the priorities/ interests of the Global South, a developing country participant told the SUNS after the meeting.

The participant, who preferred not to be quoted, said that the final "Outcome Document and Chair's Summary" fails to guarantee the continuation of a binding

two-stage dispute settlement system, with the Appellate Body continuing to serve as the final adjudicating body for resolving global trade disputes.

For hundreds of trade disputes raised since 1995, when the WTO was established, the findings/rulings of the Appellate Body became binding on governments to implement regardless of their status.

The 18-page text also inserted language favourable to the proponents of the controversial non-mandated Joint Statement Initiatives (JSIs) on digital trade, investment facilitation, disciplines for micro, small and medium enterprises (MSMEs), and trade and gender among others.

Apparently, the language on the JSIs reflected the consensus achieved at the Sorrento trade ministers' meeting during the Italian G20 Presidency almost two years ago while setting aside the consensus agreed at the Bali trade ministers' meeting last year.

The European Union and several other industrialized countries also managed to include language on trade and environment, though, in somewhat ambiguous terms, said participants, who asked not to be quoted.

Due to differences over the language inserted on the Russia-Ukraine conflict, Russia and China rejected the negotiated text, but agreed to the rest of the items.

Consequently, the chair of the G20 Trade and Investment Ministerial Meeting, Mr Piyush Goyal, issued what is called an "Outcome Document and Chair's Summary" along with three annexes.

Despite a lack of consensus on the final text because of the proposed language on the ongoing Russia-Ukraine

conflict, the Indian minister claimed success on account of what he called "new outcomes which were not part of the previous agenda."

He referred to the three annexes as "G20 Generic Framework for Mapping GVCs (Global Value Chains), the Jaipur Call for Action for Enhancing MSMEs' Access to Information, and High-Level Principles on Digitalization of Trade Documents."

Amidst the seemingly unprecedented pomp and circumstance rarely witnessed in previous G20 trade ministers' meetings, the Jaipur meeting brought to the surface the aspirations of the current Indian government, notwithstanding the Indian minister's repeated calls for ensuring that the WTO and global trade must serve and address the interests of the poorest communities during the first session on "trade for growth and prosperity" held behind closed doors, said participants who asked not to be quoted.

In the introduction to the Outcome Document, trade ministers acknowledged that they "remain in the middle of a multi-dimensional crisis that raises global challenges such as macroeconomic instability, food insecurity and disruptions across Global Value Chains (GVCs)."

It says: "This crisis is undermining resilient, sustainable and inclusive economic growth and poses a threat to economic development and to global trade growth, with a particular impact on developing countries and Micro, Small and Medium Enterprises (MSMEs)."

Trade for growth & prosperity

The Outcome Document reaffirmed that "a rules-based, non-discriminatory, fair, open, inclusive, equitable, sustainable and transparent multilateral trading system, with the WTO at its core, is indispensable to advancing our shared objectives of inclusive growth, innovation, job creation and sustainable development."

During the closed-door meetings of senior trade officials at the conference center on 21-23 August, it became somewhat apparent that the United States is distancing itself from the rules-based multilateral trading system, said people familiar with the discussions.

It appears that the US is opposed to including any language in the G20 text that would explicitly refer to "WTO-

inconsistent” measures in the section on the WTO reforms, said people, who asked not to be identified.

As reported in the Washington Trade Daily (WTD) on 24 August, the spokesperson for the United States Trade Representative (USTR), Mr Sam Michel, said the US rejects the above assessment that Washington is distancing itself from the WTO.

The spokesperson said the above assertion “is absolutely incorrect.”

“We have never distanced ourselves from the multilateral rules-based trading system.”

“On the contrary,” he said, “we are strong supporters of it and we remain deeply committed to multilateral institutions, including the WTO.”

Mr Michel continued: “Our focus is making sure the WTO works for all Members and addresses the needs that our people face, and this view is shared by members.”

The USTR’s statement says that Ambassador Katherine Tai “underscored continued US commitment to the WTO, and to (her) leadership in reforms that ensure the WTO effectively works on behalf of all its members, and all people.”

The G20 Outcome Document issued at the end of the meeting acknowledged that “mounting challenges are adversely affecting predictability and resilience of global trade, aggravating poverty and inequality and negatively impacting achievement of sustainable development objectives.”

It emphasized that the G20 members are “committed to reinforcing cooperation on international trade and investment to avoid unnecessary disruptions and to achieve SDGs [Sustainable Development Goals].”

It reiterated that the G20 members “will continue to ensure a level playing field and fair competition to foster a favorable trade and investment environment for all.”

The G20 trade ministers said they will support “policies that enable trade and investment to serve as an engine of growth and prosperity for all, thereby supporting the UN 2030 Agenda and its Sustainable Development Goals in its three dimensions.”

They underscored the importance of the WTO’s “Aid-For-Trade Initiative” to enable developing countries, notably LDCs, “to effectively participate in global trade including through enhanced local

value creation.”

The Outcome Document also referred to strengthening “cooperation to increase transparency of SPS [sanitary and phytosanitary] and TBT [technical barriers to trade] measures in accordance with WTO agreements and continue to assist developing countries, notably LDCs through technical assistance and capacity building to strengthen their ability to establish and comply with technical requirements.”

Apparently, at the insistence of India, the Outcome Document “reaffirmed the importance of services trade in global growth and generating employment.”

It underscored the “importance of sound, predictable and transparent domestic regulatory frameworks for trade in services.”

Without referring to the movement of short-term services providers under Mode 4 of the General Agreement on Trade in Services (GATS), the G20 trade ministers recalled “the importance of ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services.”

The G20 trade ministers welcomed “the voluntary sharing of best practices by G20 members on Mutual Recognition Agreements (MRAs) for professional services and the proposed development of a “Presidency’s Compendium of best practices on MRAs for Professional Services”.”

Although the G20 trade ministers made no mention of extending the WTO’s 12th ministerial conference (MC12) Ministerial Decision on the TRIPS Agreement to cover COVID-19 diagnostics and therapeutics, they recognized that “global economic recovery since the Covid-19 pandemic has been uneven and underline the need for increased preparedness of the multilateral trading system and its members to address any future global exigencies and pandemics in an effective manner and according to members’ specific needs.”

The G20 Outcome Document recalled that “trade and environment policies should be mutually supportive, consistent with WTO and multilateral environmental agreements. We further acknowledge the essential role of multilateral cooperation to effectively address common environmental and sustainable development challenges. We

will engage in further discussions on trade and sustainability.”

Yet, the EU is pushing ahead with its controversial carbon border adjustment measures, knowing full well that such measures are inconsistent with the Paris Climate Change Agreement of 2015, said a participant, who asked not to be quoted.

The G20 trade ministers underlined “our adherence to the rules and foundational principles of the World Trade Organization (WTO) and reaffirm our commitment to fulfilling its objectives, underscore the need to ensure that gains from trade are shared by all and that international trade and investment can help to bridge inequalities, promote greater resilience and address economic vulnerabilities.”

It also acknowledged “the need for the WTO to tackle trade issues important to our people and promote inclusivity and fair competition, thereby contributing to the fulfillment of the Sustainable Development Goals (SDGs).”

WTO reform

Aside from reiterating “the essential role of the multilateral trading system with the WTO at its core,” the ministers emphasized the need to “work constructively towards necessary WTO reform to improve its functioning and to strengthen trust in the multilateral trading system while reaffirming the foundational principles and objectives set out in the Marrakesh Agreement Establishing the WTO.”

However, they seemingly remained silent on the mandated issues such as the permanent solution for public stockholding programs for food security, the special safeguard mechanism (SSM) for developing countries in agriculture, the ten Agreement-specific proposals by the G90 developing countries to make the special and differential treatment provisions simple and effective, and several other issues.

It is commonplace that these mandated issues have been hanging in limbo since the WTO’s 10th ministerial conference (MC10), held in Nairobi, Kenya, in 2015.

While these issues have been negotiated in the face of hurdles placed by the US, the EU, and some developing countries, there appears to be a constant display of diversionary tactics during the

discussions.

Pushed into the back burner for almost eight years, the industrialized countries shifted the goalposts to WTO reforms under which they intend to legitimize the controversial Joint Statement Initiatives (JSIs), allow the WTO to discuss new issues without any formal multilateral ministerial mandates, and undermine the WTO's enforcement function that covers the dispute settlement system.

Despite reaffirming "the guidance of the MC12 Outcome Document including on the need to pursue WTO reform through a member-driven, open, inclusive and transparent process that must address the interests of all its members, including on development issues," the G20 Outcome Document calls on "the wider WTO membership to continue advancing all WTO reform efforts."

"The excessive focus on WTO reforms seems to be a testimony as to who gained from the Jaipur meeting," said a developing country delegate, who preferred not to be quoted.

Dispute settlement reform

At a time when a large number of developing and several developed countries made the restoration of the two-stage dispute settlement system as a must-have for the credibility of the WTO at the upcoming WTO's 13th ministerial conference (MC13), to be held in Abu Dhabi in February next year, the G20 Outcome Document seems to have touched a new low on the dispute settlement reform.

The G20 Jaipur document is silent on the restoration of the two-stage dispute settlement system, apparently due to

opposition from the United States.

It merely says, "... We note the ongoing discussions on Dispute Settlement reform and remain committed to conducting discussions with a view to having a fully and well-functioning Dispute Settlement System, accessible to all members, by 2024."

In what appears to be a bolt from the blue, perhaps at the insistence of the US and the EU, the G20 Outcome Document sends a signal about the "importance of deliberations at WTO on all issues impacting the multilateral trading system including the intersection between trade, investment, and industry-related matters and on efforts to make trade transparent, open, fair, more inclusive and accessible for all."

Oddly, this issue was never agreed upon at any prior WTO ministerial meeting, and for the G20 to get this on the mandate under the Indian Presidency appears to have troubled some developing countries that took part in the deliberations.

In an apparent attempt to assuage the developing countries, the trade ministers inserted a line stressing that "the development dimension should be an integral part of such deliberations."

JSIs

Even though the Joint Statement Initiatives (JSIs) were first raised at the WTO's eleventh ministerial conference (MC11) in Buenos Aires, Argentina, in 2017 and rejected by members at that conference, several proponents of the JSIs on digital trade, investment facilitation, disciplines for micro, small, and medium enterprises (MSMEs), and trade and

gender went ahead to negotiate these respective initiatives regardless of their alleged WTO-illegality.

The JSI proponents seem to have secured a green light at the G20 trade ministerial meeting in Jaipur without the JSIs being mentioned.

According to the G20 Outcome Document, the trade ministers said that they remain "committed to strengthening the rule-making arm of WTO by facilitating trade negotiations and fostering the update of global trade rulebook, and underscore the importance of the ongoing [JSI] negotiations in WTO."

India and South Africa have consistently opposed the JSIs on grounds of their alleged violation of the rules set out in the Marrakesh Agreement, particularly Article IX (on decision-making) and Article X (on amendments).

Yet, India's emphasis on "Trade and Investment for Resilient Global Value Chains (GVCs)", the Jaipur call on "Integrating MSMEs in Global Trade", "high-level principles for digitalization of trade-related documents," and a greater role for logistics for trade among other issues appears to have sent mixed signals, said a participant, who asked not to be quoted.

In short, the Jaipur meeting of the G20 trade ministers seems to have taken the trade agenda in the direction of the trade majors while not seemingly neglecting the trade concerns of the Global South, which is a crying call of the current Indian government, said a developing country participant. (SUNS 9843)

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From crisis to resilience – we need new recipe to combat hunger

The global food systems urgently need major changes in light of both acute shocks to food security and chronic underlying food poverty, even as the industrial globalized food system is generating bountiful profits.

*By Olivier De Schutter**

BRUSSELS: The fragile state of global food systems has reached a crossroads. Recent headlines underscore the profound challenges we now confront.

The United Nations released sobering statistics that 122 million more people are going hungry than in 2019, erasing years of progress.

One week later, Russia announced it was ending the crucial deal that allowed Ukraine's vast grain production to be shipped to the outside world.

This deal was an important factor in alleviating last year's record high food prices. Russia then proceeded to bomb grain facilities in Ukraine, causing wheat and corn prices to surge.

Simultaneously, soaring heat, blazing wildfires, and devastating floods are jeopardising harvests around the world. Meanwhile, the food industry has recorded billions in profits.

These events tell us we are facing both acute shocks to food security, and chronic underlying food poverty. Even while the industrial globalized food system generates bountiful profits.

These are all symptoms of the same disease - and highlight the urgent need for major changes in our food systems.

Two statistics from the UN's hunger report are perhaps most concerning.

First, the projection that almost 600 million people could be chronically undernourished in 2030.

This shows that the Sustainable Development Goals - in which governments committed to end hunger by that date - lie in tatters, unless urgent action is taken.

Second, the finding that a decent nutritious diet is now out of reach for nearly half the planet.

The cost of a healthy diet has shot up just as people are seeing disposable

incomes tumble. What an indictment of our failing food system.

This is not because the world does not produce enough food. Global agriculture has never produced so many calories - its growth outpacing population growth.

The industrial food system

The streamlined chains of the industrial food system are well tuned to deliver cheap and uniform biscuits, crisps and fizzy drinks across the planet, increasingly to even the most remote areas.

Rather, the industrial food system is simply not delivering. It prioritises market demand and profit, over meeting human needs.

It is more profitable to produce mass commodities for animal feed, biofuels and processed foods, ultimately serving rich consumers with an ability to pay, rather than the needs of poor communities and hungry populations.

The industrial food system is not built to ensure access to food and healthy diets for all.

Hence, only about 55% of people around the globe live in countries with enough fresh fruits and vegetables available to meet the World Health Organization's minimum recommended daily consumption target.

Our food system has had some unlucky shocks these last three years - from Covid-19, climate impacts and conflict.

But it was also disastrously vulnerable. The industrial food system is built upon layers of concentration which are liable to disruption.

Half the calories consumed around the world come from just three staple crops (wheat, maize and rice), grown

from a narrow range of seed varieties, exported from a small number of countries, shipped around the world by a handful of powerful trading firms. This is profitable, but it is not robust.

Record high debts in many Global South countries are also preventing them from investing to combat hunger, trapping them in a vicious cycle.

Global South countries have been forced to specialise in growing and exporting cash crops like cocoa, coffee and cotton in order to pay down debts - at the expense of growing food for their own populations.

They are thus required to import food - food which is now much more expensive - and unable to invest in resilient local food production.

Africa is today a net importer of food - with net food imports of \$35 billion in 2015, expected to triple by 2025.

Governments will no doubt agree on the need to raise ambitions. But when we are so far off course, the time is up for small adjustments. We need a completely new recipe to address hunger and build resilience.

Based on breaking dependence on the global market to provide adequate nutrition and feed the hungry, and rebuilding countries' capacity to produce the food they require.

Social protection schemes must guarantee food access for the world's poorest - with proven policies like the successful "Fome Zero" programme deployed by Brazil in the 2000s that took the country off the hunger map.

Urgent debt relief for heavily indebted low-income countries is also crucial to allow them to invest in anti-hunger schemes and domestic food production.

In a world of climate crisis in which more shocks are to come, resilience throughout the system must be the goal.

More diverse agroecological food production, shorter food chains, and countries producing more nutritious food for their own people can unlock the food security that too many are denied.

It's time we admit the industrial food system is starving people.

Let these alarming headlines be a turning point to a different road, a route towards resilience. (IPS)

[Olivier De Schutter is co-chair of the International Panel of Experts on Sustainable Food Systems (IPES-Food) and UN special rapporteur on extreme poverty and human rights.]*