Third World ECONOMICS
Trends and Analysis

No. 808-809 1-31 December 2024 e-ISSN : 2716-5388

Migrants an "indispensable" force in the global economy

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THIRD WORLD
ECONOMICS
Trends & Analysis

Published by Third World Network Bhd (198701004592 (163262-P))
131 Jalan Macalister
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Migrants an “indispensable” force in global labour market, says ILO

International migrants have become an “indispensable” force in the global economy, with most being employed in high-income countries and in key sectors, according to a new report by the International Labour Organization (ILO).

by Kanaga Raja

PENANG: International migrants continue to play a crucial role in the global economy and made up 4.7 per cent of the total global labour force in 2022, with most employed in high-income countries and in key sectors such as services, notably care provision, according to the International Labour Organization (ILO).

In its Global Estimates on International Migrant Workers, the ILO said that 167.7 million migrants were part of the labour force of their destination countries in 2022.

The majority of migrants in the labour force were concentrated in high-income countries, which accounted for 68.4 per cent of the total (114.7 million people), followed by 17.4 per cent (29.2 million) in upper-middle-income countries, it added.

“Migrant workers are indispensable in addressing global labour shortages and contributing to economic growth,” said ILO Director-General, Gilbert F. Houngbo.

“Ensuring their rights and access to decent work is not only a moral imperative but also an economic necessity,” he added.

Global estimates

According to the ILO report, the global stock of international migrants stood at 284.5 million in 2022, of whom 255.7 million were of working age (15 and over).

The report said the stock of international migrants in the labour force in 2022 was estimated at 167.7 million, representing 65.6 per cent of migrants of working age.

Among those, 155.6 million were employed and 12.1 million were unemployed.

It said that the 2022 estimates increased by 3 million from the revised estimates for 2019 (164.6 million), by 11 million from the revised estimates for 2017 (156.7 million) and by 30 million from the revised estimates for 2013 (137.4 million).

Growth was higher from 2013 to 2017 and from 2017 to 2019, when the number of international migrants in the labour force increased annually by an average of 3.5 per cent and 2.5 per cent, respectively.

From 2019 to 2022, however, the rate of growth slowed down to less than 1 per cent annually, which could be attributed to a number of factors, including the COVID-19 pandemic, it added.

International migrants represented 4.3 per cent of the global working-age population (aged 15 and over) in 2022 and accounted for 4.7 per cent of the global labour force.

While the number of international migrants in the labour force increased over time, their share among migrants of working age remained stable, at around 66.1 per cent in 2013, 67.1 per cent in 2017, 66.8 per cent in 2019 and 65.6 per cent in 2022, said the report.

In 2022, migrants had a higher labour force participation rate (65.8 per cent) than non-migrants (60.1 per cent).

Many migrants move primarily for economic reasons, seeking better job opportunities and higher wages.

This strong economic drive often translates into higher labour force participation, the report explained.

In addition, some countries have immigration policies that favour skilled workers or those who already have job offers, which can lead to higher labour force participation among migrants, it noted.

It said men constituted the majority of international migrants in the labour force. According to 2022 estimates of international migrants in the labour force, 64.9 million were women (38.7 per cent) and 102.7 million were men (61.3 per cent).

International migrant men represented 4.7 per cent of the total male labour force, and migrant women 4.5 per cent of the total female labour force.

From 53.2 million in 2013, the number of women international migrants in the labour force increased steadily to 64.9 million in 2022, said the ILO.

In terms of age composition, it said the vast majority of international migrants in the labour force are prime-age adults (aged 25-54).

It said according to 2022 estimates, there were 125.6 million international migrants in the labour force in this age group, 15.5 million were youth aged 15-24, 20.9 million were aged 55-64 and 5.7 million were aged 65 and over.

Youth constituted 9.3 per cent and prime-age adults 74.9 per cent of international migrants in the labour force, it said, adding that those aged 55-64 accounted for 12.5 per cent and people 65 and older 3.4 per cent.

The report said out of 167.7 million international migrants in the labour force, 155.6 million were employed in 2022, accounting for 4.6 per cent of global employment.

"This represents a steady increase, with 4 million more employed migrants since 2019, 16 million more since 2017 and 41 million more since 2013."

The employment-to-population ratio of international migrants, which reflects the proportion of migrants in employment, among all migrants of working age, is 60.9 per cent, said the report.

The employment-to-population ratio of migrants is slightly higher than that of non-migrants, meaning that a larger share of the migrant population aged 15 and over is employed, compared to non-migrants.

This ratio increased until 2019 and slightly decreased in 2022, it added.

The overall rise in the number of employed migrants and increasing employment-to-population ratios from 2013 to 2019 indicate that more migrants were able to find jobs abroad.

One factor contributing to this trend could be the impact of ageing populations in high-income countries, said the ILO.

It said migrants frequently fill labour market shortages in destination countries, particularly in sectors such as agriculture, care and construction.

The report said that in 2022, the total number of migrant men in employment was estimated at 96.3 million and for women 59.3 million, accounting for 4.7 per cent and 4.4 per cent of total employment for men and women globally, respectively.

Both migrant men and women had higher employment-to-population ratios compared to non-migrants, it noted.

In 2022, the employment-to-population ratio of migrant men was estimated at 72.8 per cent, compared to 69.0 per cent for non-migrant men.

For migrant women, the estimated ratio was 48.1 per cent, compared to 45.1 per cent for non-migrant women.

The ILO said that the majority of employed international migrants were concentrated in services (68.4 per cent), followed by industry (24.3 per cent), and agriculture (7.4 per cent).

In comparison, 51.5 per cent of non-migrants were employed in services, 24.3 per cent in agriculture and 24.2 per cent in industry.

Important disparities exist between the distribution of migrant men and women in employment by broad category of economic activity, the report observed.

Although the majority of international migrants in the labour force were in the services sector, the proportion of women (80.7 per cent) was significantly higher than of men (60.8 per cent).

However, the share of men in industry (31.7 per cent) was over 2.5 times greater than that of women (12.2 per cent).

There was no great difference between the share of men and women in the agriculture sector, which was a little over 7 per cent for both, said the report.

The higher representation of migrant women employed in the services sector is influenced by both demand and supply-side factors, it added.

There is a growing global demand for care work in many destination countries due to demographic changes, such as ageing.

The care sector traditionally employs a higher proportion of women, including migrant women, said the report.

With regard to migrant men, many male-dominated industries, such as construction, heavily rely on migrant men for labour, it added.

In 2022, 7.2 per cent of international migrants were unemployed, compared to 5.2 per cent of non-migrants, the report further said.

However, the migrant unemployment rate declined compared to the 2017 and 2019 estimates, which were 10.5 per cent and 8.0 per cent, respectively, it said, adding that this follows the general global trend of unemployment over the same period.

The report said the higher unemployment rates of international migrants compared to non-migrants reflects the greater challenges they face in securing employment in destination countries.

It said this trend is consistent over time and can be attributed to factors such as language barriers, the lack of recognition of foreign qualifications and the presence of discrimination.

"Migrants often face difficulties in acquiring the language proficiency necessary for many jobs, which limits their employment opportunities."

It also said in 2022, the majority of international migrants in the labour force were concentrated in high-income countries, which accounted for 68.4 per cent (114.7 million), followed by 17.4 per cent (29.2 million) in upper- middle-income countries.

The ILO said that the higher living standards and labour market opportunities in these countries offered strong incentives for migrants to relocate there.

In contrast, the proportion of international migrants in lower-middle-income and low-income countries were much lower at 10.9 per cent (18.2 million) and 3.3 per cent (5.5 million), respectively.

At 18.0 per cent in 2022, international migrants in the labour force constituted a substantial proportion of the labour force of high-income countries, said the ILO.

"This high share can be explained by the large size of immigration and higher labour force participation rates among migrants."

In contrast, in low-income, lower-middle-income and upper-middle-income countries, the share of international migrants in the labour force was lower and did not exceed 2.1 per cent in 2022.

The labour force participation rate of international migrants was higher than non-migrants in all country income groups except in low-income economies, the report pointed out.

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High-income countries have remained the primary destinations for international migrants in the labour force, it emphasized.

It said already in 2013, high-income countries hosted 67 per cent of all migrants in the labour force, representing over four times the share of migrants in the labour force hosted by upper-middle-income countries, and close to 20 times the share hosted by low-income countries.

The ILO said in 2022, this significant gap remained unchanged, with high-income countries hosting 68.4 per cent of international migrants in the labour force.

Furthermore, it said in 2022, international migrants represented 18 per cent of the labour force in high-income countries, and only 2.1 per cent of the labour force in low-income countries, 1.5 per cent in lower-middle-income countries, and 2 per cent in upper-middle-income countries.

It said trends since 2013 show a steady growth in the share of migrants in the labour force only in high-income countries.

In the other income groups, the share of international migrants in the labour force remained relatively stable.

In its gender analysis, the report said in 2022, 70.3 per cent of women international migrants in the labour force were located in high-income countries, compared to 67.2 per cent for men.

In countries where a greater share of women work, women international migrants in the labour force might also have easier access to labour markets, it suggested.

For example, it said in these economies, childcare facilities and policies encouraging paid work may benefit more women, including migrants.

In terms of age composition, the report said across all income levels, the prime-age group (25-54) was dominant among international migrants in the labour force.

It said that in 2022, this age group accounted for 76.2 per cent of men international migrants in the labour force in high-income countries and 74.6 per cent of women.

"The proportion of young men international migrants in the labour force (15-24) was highest in low-income countries, at 15.5 per cent, decreasing as the income level of the country rises."

The large majority of employed international migrants were located in high-income countries, it pointed out.

The report said out of the 155.6 million employed international migrants estimated in 2022, 107.5 million (69 per cent) were in high-income countries, 27.7 million (17.8 per cent) in upper-middle-income countries, 15.9 million (10.2 per cent) in lower-middle-income countries and 4.6 million (3 per cent) in low-income countries.

In 2022, the proportion of migrants in total employment was higher in high-income countries, indicating that such countries relied more on migrant labour, said the report.

In high-income countries, migrant men accounted for 19.3 per cent of total male employment and migrant women for 15.5 per cent.

It said in the other country income levels, the share of migrants in total employment in 2022 was lower and did not exceed 2.3 per cent.

In terms of economic activity, in 2022, and in all income levels, most migrant men were employed in services: 66.9 per cent in high-income countries, 47.7 per cent in upper-middle-income countries, 45.2 per cent in lower-middle-income countries and 58.5 per cent in low-income countries.

A significant portion of migrant men were employed in industry in upper-middle-income (42.7 per cent) and high-income countries (30.2 per cent).

In low-income and lower-middle-income countries, a sizeable share of migrant men was employed in agriculture, 24.7 per cent and 28.6 per cent, respectively.

With regard to migrant women in 2022, the report said that services remained the most important sector of employment in all income levels, except low-income countries: 87.6 per cent in high-income, 72 per cent in upper-middle-income, and 55.2 per cent in lower-middle-income.

Only a small share of migrant women was employed in industry, except for upper-middle-income countries.

It said employment in agriculture for migrant women was significant in low-income and lower-middle-income countries, at 48.9 per cent and 35.3 per cent, respectively.

The report said that these figures indicate that as countries move from low-income to high-income categories, employment for both migrant men and women shifts dramatically from agriculture to services, with industry playing a larger role in upper-middle-income countries.

It said the traditional development path of economies follows a sectoral shift from agriculture to services, and industrial employment is also considerable at higher income levels.

Regional trends

At the regional level, the report said that in 2022, international migrants in the labour force were concentrated in Europe and Central Asia, accounting for 34.5 per cent of them (57.8 million), followed by the Americas at 27.3 per cent (45.8 million), Asia and the Pacific at 16.2 per cent (27.2 million), the Arab States at 13.5 per cent (22.6 million) and Africa at 8.5 per cent (14.3 million).

The ILO said the distribution across 11 sub-regions shows that the majority of the international migrants in the labour force in 2022 resided in Northern, Southern and Western Europe (23.3 per cent), Northern America (22.6 per cent) and the Arab States (13.5 per cent).

Collectively, these three regions hosted 59.4 per cent of all international migrants in the labour force, it added.

From 2013 to 2022, the distribution of international migrants in the labour force by region remained relatively stable, the report observed.

It said that Northern, Southern and Western Europe, Northern America and the Arab States continued to hold a comparatively high number of international migrants in the labour force.

It said the distribution of international migrants in the labour force in Northern, Southern and Western Europe increased marginally between 2013 and 2022, from 22.5 per cent to 23.3 per cent, partly because of changes in the migration policy to accommodate growing labour market demands.

In Northern America, the proportion of international migrants in the labour force decreased from 23.8 per cent in 2013 to 22.6 per cent in 2022, which could be the outcome of the nature of migration policies over the years, the ILO said.

The share of international migrants in the labour force in the Arab States slightly decreased from 13.8 per cent in 2017 to 13.5 per cent in 2022.

The ILO said among the other sub-regions, South-Eastern Asia and the Pacific, as well as Central and Western Asia, experienced an increase in the share of international migrants in the labour force.

In 2022, international migrants represented more than one third of the labour force of the Arab States (37.2 per cent).

Europe and Central Asia (12.9 per cent) and the Americas (9.0 per cent) also had a significant proportion of migrants in their labour force, it added.

The report also said in all regions, international migrants have higher labour force participation rates, compared to non-migrants.

In 10 of the 11 sub-regions, the labour force participation rate of migrants is higher than that of non-migrants, with the exception of Eastern Europe, it noted.

At 73.9 per cent, the Arab States had the highest labour force participation rate among migrants.

The economic growth and heavy reliance of international migrants in the labour force to meet the growing labour demand in the region were the main drivers of this pattern, said the report.

However, it said the lowest labour force participation rate for migrants was 46.5 per cent in North Africa, which could be attributed, among other factors, to transit migration.

In its gender analysis at the regional level, the report said in 2022, Europe and Central Asia hosted around one third of international migrant men in the labour force (31.7 per cent), and the Americas one quarter (25.2 per cent).

The Arab States accounted for 18.7 per cent of migrant men in the labour force, followed by Asia and the Pacific with 15.7 per cent, and Africa with 8.6 per cent.

Migrant women in the labour force are concentrated in Europe and Central Asia (38.8 per cent) and the Americas (30.5 per cent), said the report.

Asia and the Pacific accounted for 17.1 per cent of migrant women in the labour force, Africa for 8.3 per cent, and the Arab States for 5.2 per cent.

In 2022, the Arab States had the highest share of international migrants in their labour force, with migrant men representing 38.5 per cent of male labour force, and migrant women 31.1 per cent of the female labour force, it added.

"The lowest proportion of migrants in the total labour force was observed in Asia and the Pacific, with 1.3 per cent of male labour force and 1.5 per cent of female labour force."

At the sub-regional level, the report said that in Northern America and Northern, Southern and Western Europe, migrant men represented 20.6 per cent and 17.9 per cent of the male labour force, respectively.

The share of migrant men in the labour force of Eastern Europe and Central and Western Asia is also noteworthy at 9.0 per cent and 9.3 per cent, respectively, it added.

With regard to women international migrants in the labour force, the highest proportion was observed in the Arab States, where migrants comprised 31.1 per cent of the female labour force in 2022, followed by 18.7 per cent in Northern America and 16.9 per cent in Northern, Southern and Western Europe, said the report.

In addition, 9.8 per cent of the labour force in Central and Western Asia were migrant women in 2022, which is quite substantial, it said. *(SUNS 10141)*

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Things appear to be falling apart at WTO's year-end GC meeting

A year-end meeting of the World Trade Organization's General Council (GC) on 16 December saw proposals on several key issues appearing to collapse like a proverbial "house of cards".

by D. Ravi Kanth

NEW DELHI: The World Trade Organization's 14th ministerial conference (MC14) is expected to be held in Cameroon on 26-29 March 2026, amid the Trump administration's second term beginning in January next year, as well as the lack of consensus on any of the core issues including concluding several proposed agreements, said people familiar with the development.

The only example of consensus-based decision-making at the year-end General Council (GC) meeting on 16 December was on the improved notifications of farm export subsidies, said a developing country trade envoy, who asked not to be quoted.

At the year-end GC meeting, proposals by Iceland on concluding a phase two agreement on fisheries subsidies, and incorporation of the controversial Investment Facilitation for Development Agreement (IFDA) into Annex 4 of the WTO Agreement, as well as proposed reforms by the "Friends of the System" group which includes leading proponents Norway and Singapore on improving the appointment process for chairs of WTO bodies all seem to have collapsed like a proverbial "house of cards", said a person who asked not to be quoted.

However, there were alleged "theatrics" being displayed at the GC meeting where Barbados and many other countries were placing blue flags on their tables to indicate the failure to reach consensus on addressing subsidies contributing to overcapacity and overfishing (OCOF), said people familiar with the development.

To top it all, Cameroon, the host of MC14, appears to have circulated a proposal for concluding an agreement on OCOF subsidies at the GC meeting, knowing full well that this is unlikely to happen in the current fractured state of the WTO where trust is completely lacking, said a trade envoy, who asked not to be quoted.

Dates for MC14

A statement posted on the WTO's website on 16 December said that: "Members agreed in December 2022 to a proposal from the United Arab Emirates (UAE) and Cameroon to host consecutive Ministerial Conferences.

The UAE hosted the 13th Ministerial Conference from 26 February to 1 March 2024 in Abu Dhabi.

MC14 will be the second Ministerial Conference to be hosted by an African country, following MC10 in Nairobi, Kenya in 2015.

General Council Chair Ambassador Petter Olberg (Norway) said the final structure and programme of MC14 will be addressed in due course depending on progress made next year.

Cameroon's Ambassador Salomon Eheth thanked members for the confidence they have shown in Cameroon to host MC14.

He said his country hopes to not only make a contribution to the development of the multilateral trading system but to seize the opportunity to show to the world the potential of Cameroon and Africa for investment and sustainable development.

The Ministerial Conference, which is attended by trade ministers and other senior officials from the organization's 166 members, is the highest decision-making body of the WTO."

With more than 15 months to go before MC14 in Cameroon, it is unclear how the unfinished second phase of the fisheries subsidies negotiations and the issue of agriculture will proceed, said several people who asked not to be quoted.

The reform of the dispute settlement system may not include the restoration of the Appellate Body because of continued opposition from the United States.

Even though a joint proposal by 130 members has continued to call for filling the seven vacancies on the Appellate Body on an expeditious basis, the US does not seem to be in any mood to restore the Appellate Body, said people familiar with the development.

Moreover, the Director-General, Ms Ngozi Okonjo-Iweala, while allegedly showing "irrational exuberance" on concluding an agreement on fisheries subsidies contributing to OCOF and on the IFDA, remains conspicuously silent on the Appellate Body issue, even suggesting that fresh disputes should not be brought to the WTO, said people who asked not to be quoted.

However, in her address at a special General Council meeting on 28 November, she acknowledged: "The biggest, most challenging, and most publicized gap at the WTO is the hobbling of our dispute settlement function. As a unique asset – the so-called "crown jewel" of the organization – the dysfunction of the Appellate Body has created the most adverse of images for the WTO. The image of dysfunction is now so ingrained in the public psyche that it is difficult to convince anyone that the system actually functions at the panel level. We have spent a long time trying to persuade audiences of this."

The grim situation at the WTO seems to now reflect what has been captured by "The Second Coming," a famous poem written by William Butler Yeats in 1919, said several analysts, who asked not to be quoted.

According to an analyst familiar with current developments at the WTO, the first few lines of the poem reads:

"Turning and turning in the widening gyre

The falcon cannot hear the falconer;

Things fall apart; the centre cannot hold;

Mere anarchy is loosed upon the world, ..."

It appears that alleged attempts are likely to be made by the WTO's leadership to accommodate each and every demand of the new Trump administration, but by doing so, the leadership of the WTO could further erode the trade body's institutional structure, particularly its enforcement function by doing away with the Appellate Body, the highest adjudicating body for resolving global trade disputes at the WTO, said several people who asked not to be quoted. *(SUNS 10141)*

Attempts to "name and shame" India on fisheries at GC meeting

On the eve of the World Trade Organization's year-end General Council (GC) meeting, the chair of the Doha fisheries subsidies negotiations withdrew two draft decisions on fisheries subsidies contributing to overcapacity and overfishing from the agenda of the meeting, due to continued differences among the members.

by D. Ravi Kanth

NEW DELHI: The chair of the fisheries subsidies negotiations at the World Trade Organization, Ambassador Einar Gunnarsson of Iceland, on 13 December decided to "withdraw the inscription of the two draft decisions" on fisheries subsidies contributing to overcapacity and overfishing (OCOF), while indicating that the chair of the General Council (GC) "stands ready to call for a special session of the GC at a short notice."

In an email sent to Heads of Delegations on 13 December, seen by the SUNS, the chair referred to the Doha Trade Negotiations Committee (TNC) meeting of 12 December wherein "a couple of Members continued to call for substantial changes to document TN/RL/W/285, which would clearly unbalance the text for the wider Membership."

Ambassador Gunnarsson, however, did not elaborate on the "substantial changes", or how they would constitute "unbalancing" his revised draft text.

It is an open secret that the revised draft Additional Provisions on Fisheries Subsidies (TN/RL/W/285) was seemingly constructed primarily to take the interests/concerns of the big subsidizers on board with specific carveouts and manageable notification requirements, contrary to the mandate on prohibiting OCOF subsidies, said a trade envoy, who asked not to be quoted.

Moreover, the chair seems to have structured the revised draft text in favour of the big subsidizers to continue with their tens of billions of dollars of subsidies for distant-water fishing, the trade envoy said.

The chair ought to have mustered the courage to justify his allegedly asymmetrical treatment of favouring the big subsidizers with manageable notification requirements, while bringing modest improvements in the special and differential treatment (S&DT) provisions for developing countries, said another member, who asked not to be identified.

In his email, the chair said, "I did not detect any signs that Members would realistically be able to deal with these differences over the weekend."

"The situation, therefore, continues to reflect what I described in my report to the TNC (which has been circulated as document TN/RL/37)," the chair said.

"Furthermore," the chair said, "I took note of the TNC chair's observation that despite a large majority of mostly developing Members being ready to conclude based on document W/285, a couple of Members continued to call for a fundamentally different approach."

"As such, the TNC chair [Ms Ngozi Okonjo-Iweala, who is also the WTO Director-General], out of respect for the two or three Members who are not ready to join consensus, they should be given more time to further engage their capitals and continue working with other members," the chair wrote in his email.

The DG's apparent "benevolent" attitude is neither needed, nor is it consistent with a rules-based, member-driven organization, said a person, who preferred not to be quoted.

Moreover, the DG has remained silent when only one member, the United States, has systematically blocked a joint request from 130 countries for filling the vacancies on the Appellate Body since December 2019.

Like the revised draft Additional Provisions on Fisheries Subsidies, the previous chair of the General Council, Ambassador David Walker of New Zealand, had also produced a draft text to address one member's concerns about the functioning of the Appellate Body that was accepted by a large majority of members, but it resulted in no change, the person said.

The DG's seemingly "glaring double standards" are out there for everyone to see, the person said.

The fisheries chair's above claims seem to be devoid of fair and equal treatment as set out in the mandates based on the UN Sustainable Development Goal 14.6 and the WTO's 11th ministerial conference (MC11) in December 2017, the member said.

UN SDG 14.6 states, "by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation."

This comes in light of a manifestly wrong method that the chair seems to have adopted in calculating subsidies on an aggregate level instead of a per capita basis, which would reveal the gross disparities in the quantum/ magnitude of subsidies provided by the big subsidizers on the one hand, and the rather insignificant levels of subsidies provided by developing countries on the other, the person said.

The problems encountered by the chair now appear to be a legacy issue that the previous chair, former Ambassador Santiago Wills of Colombia, created, the person said.

Later, Ambassador Wills was made the Director of the General Council and TNC Division at the WTO, the person said.

"I also bear in mind that the General Council (GC) Chair stands ready to call for a special session of the GC at a short notice," the chair said in his email.

"In light of all this, Iceland has, at my recommendation, decided to withdraw the inscription of the two draft Decisions from the December GC agenda," the chair concluded.

Chair's statement

At the TNC meeting on 12 December, Ambassador Gunnarsson made a rather lengthy statement explaining the process as well as how the negotiations have proceeded over the past five months.

The chair's intervention (TN/RL/37), drew attention to his earlier draft text

(TN/RL/W/279) that he circulated under his own responsibility as chair of the Negotiating Group on Rules (NGR).

He said he asked his mission to place the draft text and two accompanying draft decisions on the agenda of the GC meeting on 22-23 July.

Ambassador Gunnarsson also drew attention to the three papers inscribed by India on 11 July for discussion at the GC meeting.

He said, "India raised fundamental issues and concerns that would require substantial restructuring or would roll back the key compromises made at MC13, which were essential elements of the considerable convergence that was achieved then."

India, according to the chair, "also called into question the negotiating mandate given to us by Ministers at MC12, and even sought to reopen the Fish 1 Agreement."

The chair said, "at the TNC meeting of 15 July, the vast majority of Members' interventions revealed that there was broad support for concluding the negotiations on the basis of document W/279, and provided valuable insights into the remaining gaps and areas where many Members believed further progress was required to reach consensus by the July GC."

Ambassador Gunnarsson, without naming India, said "at least one Member's statement clearly indicated that it would not be in a position to conclude on the basis of W/279 without substantial changes in approach."

The chair said he held sustained discussions with Members, who "moved beyond their long-standing negotiating positions and showed a willingness to compromise with a view to finding creative solutions to several key issues."

The chair said these centred on "(i) the transition period for LDC Members and related provisions on the peace clause; (ii) the role and formulation of footnote 23 on artisanal and small-scale fishing; and (iii) the interplay between subparagraphs (a) and (b) in Article A.2 on distant water fishing."

The chair said he had realized that "a consensus on a revised version of document W/279 could not be achieved at the July GC, accordingly, I advised Iceland to move the draft text and accompanying decisions on the Additional Provisions on Fisheries Subsidies from a "decision" item on the agenda of the GC to a "discussion" item."

He said this fall, "I resumed NGR activities at the end of October to hear Members' latest reflections and views on the way forward. Between 28 October and 11 November, I altogether held 28 bilateral meetings with individual Members and Group representatives covering a wide spectrum of the Membership."

He said that he held "an open-ended NGR plenary on 19 November to report on those consultations and to provide Members with an opportunity to exchange views on whether a decision on the Additional Provisions on Fisheries Subsidies should be inscribed onto the agenda of the December GC."

The chair said, "while the overwhelming majority of Members that spoke at the November NGR plenary called for the conclusion of the negotiations in December, a few Members advised against pushing for the December GC."

Without naming the two members (India and the United States), the chair said that "at least two of these Members reiterated their position that they needed to see substantial changes to several different parts of document W/279 to be able to join consensus."

The chair continued: "On 29 November, I circulated a revised text of the Additional Provisions in document TN/RL/W/285 (document W/285) with an accompanying addendum and informed Members that I would once again request Iceland to inscribe the Additional Provisions on Fisheries Subsidies onto the agenda of the December GC for "decision". Document W/285 contained the three changes that we had identified in July and removed the numbers for the two transition periods in Articles B.1 and B.3 to acknowledge that further engagement from Members is needed on them."

After Iceland inscribed the draft text in document W/285 and the two accompanying draft decisions onto the agenda of the GC meeting on 5 December, the chair said, "India also inscribed onto the agenda of the December GC for "discussion" the three papers previously discussed at the July GC, as well as one additional paper, circulated as document WT/GC/W/958, proposing to introduce the notion of subsidy intensity into the draft text of the Additional Provisions."

The chair maintained that on 7 December, "I met with a small group of Members to discuss the overall balance in document W/285 and the way forward."

According to the chair, "members had a frank and open exchange of views, which included discussing the overall approach underlying the draft OCOF disciplines."

At the small-group meeting of some dozen countries on 7 December, the chair said, "Many Members noted that the draft text did not fully address all their interests and needs."

"However, they recognized that it is the product of years of negotiations in which all Members' positions have been tried and tested," the chair said, suggesting that the participants "see document W/285, with some final tweaks and adjustments, as allowing us to bring our negotiations to a conclusion."

In this context, the chair said, "several Members reflected on the consequences for fish stock sustainability if Members fail to reach consensus now, noting that it was difficult for them to see a viable alternative way forward."

"For at least two Members, however, document W/285 falls far short of an acceptable outcome and is not appropriately balanced," the chair noted.

Further, "these Members stated forcefully that they would need considerable substantial changes to document W/285 in order to be able to join consensus," the chair said, arguing that "one Member's balance may be another Member's imbalance."

The chair said, "it was obvious that further engagement in small groups on other issues would be futile unless there was some kind of a breakthrough on these more fundamental questions of the overall balance of document W/285."

The chair said that it is his "honest account" that he "continuously observed that the vast majority of Members is willing to conclude the negotiations on the basis of the existing draft text - be it on the basis of document W/279 or document W/285 – either as it is or with some limited tweaks and adjustments."

"For these Members, the disciplines thus far negotiated strike a delicate balance among many conflicting interests and are the product of hard-won compromises over years of discussions," the chair maintained.

"However, at least two Members have continuously maintained that significant imbalances remain in the draft text and that substantial changes would be required for them to join consensus," the chair pointed out.

He suggested that "these two Members continue to seek more material amendments to the text, calling for a fundamentally different approach, as elaborated, for example, in India's four papers circulated in documents WT/GC/W/945, WT/GC/W/946, WT/GC/W/947, and WT/GC/W/958."

The chair believed that "these calls for substantial changes have been very well explained by their proponents and are well understood by the rest of the Membership."

Therefore, the chair said, "at this juncture, I cannot see or detect any signal that will allow me to issue a written revision of document W/285 that could pave the way to its actual adoption along with the two decisions inscribed for the GC meeting come next Monday [16 December]."

He urged members to prove him wrong "through your interventions in this (GC) meeting, and on this occasion, I would absolutely love to be proven wrong."

There might likely be an orchestrated effort at the GC meeting on 16 December to "name and shame" the two members opposing an agreement, said a person who asked not to be quoted.

"So, in short, save for any last-minute solution, it seems to me that, as one Member has put it, the negotiations have reached a stalemate even though nearly all Members can support the current text as a basis for conclusion," the chair noted. *(SUNS 10140)*

DG asks GC chair to move OCOF decision to discussion at GC meeting

Acknowledging the concerns of several members, the World Trade Organization's Director-General on 12 December requested the chair of the General Council (GC) to move the proposed decision on Additional Provisions on Fisheries Subsidies from the "decision" to the "discussion" section of the agenda of the year-end GC meeting on 16 December.

by D. Ravi Kanth

NEW DELHI: The World Trade Organization's Director-General, Ms Ngozi Okonjo-Iweala, on 12 December is understood to have asked the chair of the WTO General Council (GC) to move the proposed decision on Additional Provisions on Fisheries Subsidies addressing subsidies contributing to overcapacity and overfishing (OCOF) to discussion only, said people familiar with the development.

At a heads of delegations (HoD) meeting followed by a meeting of the Doha Trade Negotiations Committee (TNC), the DG conveyed to the GC chair, Ambassador Petter Olberg of Norway, not to keep the Additional Provisions for a decision at the upcoming GC meeting on 16-17 December, recognizing the concerns of a few members while at the same time noting that 95 percent of members are on board, said people familiar with the discussions.

She appears to have said that members must come out of their comfort zone after the winter break in January next year.

After the DG's interventions, the United States is understood to have unambiguously stated that members need to select a new chair for the Doha agriculture and fisheries subsidies negotiations next year, conveying the message that it will not be able to join the consensus on concluding a deal on OCOF subsidies, said people familiar with the development.

At the informal HoD meeting on 12 December, the US apparently said that it was ready to conclude the fisheries subsidies negotiations based on the draft text (TN/RL/W/279) issued in July this year.

The US lamented that there was no consensus at that time, said people familiar with the discussions.

The US seemingly said the latest revised draft Additional Provisions (TN/RL/W/285) issued by the chair of the fisheries subsidies negotiations brought more imbalances in the commitments.

The US said it cannot accept these latest changes as they appear to have created more imbalances in the proposed decision on subsidies contributing to OCOF, said people familiar with the development.

The US also seemingly said a new chair for the agriculture negotiations is needed next year to move the process forward, said people familiar with the development.

Earlier, there were expectations that the US could join the consensus as it did in agreeing to a second term for the incumbent DG on which it had initially raised reservations, said a person who asked not to be quoted.

However, agreeing to the DG's appointment for a second term is a procedural issue, while the decision on the Additional Provisions on addressing OCOF subsidies is a substantive policy issue, said a trade envoy who asked not to be identified.

DG's remarks

The WTO Director-General, Ms Okonjo-Iweala, seemingly stuck to her repeated refrain that leaders expressed confidence that members would conclude agreements on fisheries subsidies and other issues at the WTO.

She implored members to live up to the expectations expressed by leaders at the recent meeting of the G20 leaders in Brasilia, said a participant who asked not to be quoted.

The DG apparently suggested that there is still time to conclude an agreement on fisheries subsidies before the General Council meeting, the participant said.

The DG apparently suggested a way forward on other issues in the new year, and also supported the proposed controversial Investment Facilitation for Development Agreement (IFDA), though she urged the proponents to sort out the differences with the few opponents including India, said people familiar with the discussions.

The chair of the Doha fisheries subsidies negotiations, Ambassador Einar Gunnarsson of Iceland, said barring two members, who were not named, there is support from the majority of members to conclude an agreement at the upcoming General Council meeting on 16-17 December, said people familiar with the negotiations.

The fisheries chair apparently suggested that there could still be some surprises between now and the GC meeting, though the prospects appear highly unlikely, said people familiar with the negotiations.

Ambassador Gunnarsson apparently indicated that the changes sought by one member could create far-reaching implications that are not acceptable to many members, said people familiar with the discussions.

Many countries, including the European Union, China, the "Friends of the System" group that includes Norway, Singapore, Australia, New Zealand, and Canada among others, Barbados, and Nigeria, whose positions are far from the African Group, apparently threw their weight behind the decision to conclude the fisheries subsidies agreement, said people familiar with the discussions.

India's proposal

India, which has consistently opposed the proposed agreement, had not yet made its intervention at the time of filing this article.

On 5 December, India highlighted the deficiencies in the chair's draft text (TN/RL/285), particularly "on the issue of aggregate level of fisheries subsidies to establish different obligations for Members in terms of Article A.1.1(a) and A.1.1(b)."

Additionally, said India, "this would also be the basis for review provision under Article D.1(a), which entails the potential imposition of quantitative restrictions or reduction commitments on subsidies provided by major subsidizing countries."

According to India, "the Fisheries Subsidies Agreement, including Additional Provisions, is essentially a sustainability agreement."

Therefore, said India, "it should discipline subsidies that lead to overcapacity and overfishing. The annual aggregate level of fisheries subsidies cannot be the correct measure as these subsidies include beneficial subsidies as well as subsistence subsidies that are linked to livelihood which in no way contribute to overcapacity and overfishing."

"This approach, while convenient for assessing subsidy flows on a large scale, overlooks the intensity of subsidies and their real impact on sustainability," India argued.

It suggested that "it fails to reflect the situation of a few countries that have already expanded their fishing capacities and continue to heavily subsidize their large-scale industrial fleets, thereby contributing significantly to overfishing."

It said countries like India that are planning to build "such capacities and support large fisher populations are placed at a disadvantage."

India argued, "thus, adopting a "per capita distribution of subsidies" criterion could provide a more accurate and fair basis for managing overfishing and capacity issues, considering both stock sustainability and livelihood concerns."

"Countries with a substantial fishing population tend to provide higher aggregate subsidies owing to the large number of fisher populations, even though subsidies per fisher may be minuscule and do not lead to overcapacity and overfishing."

"In such contexts, the aggregate subsidy metric fails to meet the aim and objective of disciplining "harmful" subsidies that impact the "sustainability" of fish stocks," India argued.

On the other hand, "a relatively smaller annual aggregate level of subsidy may translate into a much higher subsidy per fisher and contribute to overcapacity and overfishing," India pointed out.

India said "countries should not be subjected to stricter disciplines based on the total value of their subsidies but rather on the intensity of subsidies provided."

India offered an illustrative example, suggesting that "India provides a subsidy of $35 per fisher per year. This translates to a meagre amount of subsidy, less than $3 per fisher per month, which also accounts for subsidies provided during the fishing ban period. A fisher receiving such a meagre amount of subsidy is unlikely to create overcapacity or engage in overfishing. In fact, Indian fishers, on average, catch about 480 kg a year or 40 kg a month."

In contrast to traditional fishing practices which can be characterized as subsistence fishing, India said that "historical subsidizers provide subsidies as high as $76,000 per fisher per year. The catch per fisher for historical subsidizers is as high as 237,130 kg per year."

India reiterated in its proposal (TN/RL/W/286) "that this is the extent of disparity that the Chair's draft text would institutionalize if major subsidizers were subjected to quantitative restrictions or reduction commitments based on the annual aggregate level of subsidies under Article D.1(a) of W/285."

India said the global commitment to achieving the Sustainable Development Goals (SDGs), particularly Goal 14 (Life Below Water) calls for the reduction of harmful fisheries subsidies while ensuring that subsidies provided to promote sustainable fishing practices and the livelihoods of vulnerable fishers are not undermined.

India also cited "SDG 14.9 (Support Small Scale Fishers)" that calls for providing access for small scale artisanal fishers to marine resources and markets.

It said adopting a per capita approach to subsidy obligations would better align with the UN SDGs by supporting countries in their efforts to balance environmental sustainability along with the social and economic development of small-scale fishers.

India argued that "the principle of Common But Differentiated Responsibilities-Respective Capabilities (CBDR-RC) recognizes that in order to sustainably manage the resources, historical polluters having higher resource consumption should take the lead in reducing pollution."

In conclusion, India said it has proposed that differential obligations among WTO Members should not be based on the aggregate level of subsidization.

Meanwhile, on behalf of the chair of the Doha agriculture negotiations, Ambassador Alparslan Acarsoy of Turkiye, who was absent at the meeting, the Director of the General Council and TNC Division, former Ambassador Santiago Wills of Colombia, who was the chair of the Doha fisheries subsidies negotiations and later secured a job at the WTO, apparently gave an account of the state of play in the negotiations on agriculture, said people familiar with the development. *(SUNS 10139)*

Third World ECONOMICS No. 808-809, 1-31 December 2024

US seeks to terminate litigation of disputes involving security exceptions

Advancing a seemingly controversial new narrative, the United States has tabled a proposal that claims that adjudicating questions of national security in the World Trade Organization is incompatible with the purpose of the WTO, a trade organization.

by D. Ravi Kanth

NEW DELHI: The United States on 11 December said that "litigating matters of essential security at the WTO undermines the foundations of the WTO by dragging the Organization into debating inherently political matters."

After making the World Trade Organization's Appellate Body dysfunctional since December 2019, which Washington now says should not be restored at all, the US has tabled another controversial proposal.

It states: "Adjudicating questions of national security in the WTO is not only incompatible with the purpose of the WTO, a trade organization, but will not advance WTO Members' shared interests in the WTO as a forum for discussion and negotiation."

Effectively, the US appears determined to push its proposal for doing away with the litigation of trade disputes at the WTO involving the alleged illegal use of the security exceptions to advance its unilateral goals.

During its first term, the Trump administration in 2018 had imposed tariffs on steel and aluminum products.

Subsequently, several countries, particularly China, challenged the US measures under Article XXI(b) of the GATT 1994 (relating to security exceptions).

The panel, in its ruling, dismissed the US use of the security exceptions, stating that an "emergency in international relations" under Article XXI(b)(iii) refers to situations of a certain gravity or severity and international tensions that are of a critical or serious nature in terms of their impact on the conduct of international relations.

The panel said that "having considered the evidence and arguments submitted in this dispute, the Panel did not find that the measures at issue were "taken in time of war or other emergency in international relations" within the meaning of Article XXI(b)(iii) of the GATT 1994."

The Panel therefore found that the inconsistencies of the measures at issue with certain provisions of the GATT 1994 were not justified under Article XXI(b)(iii) of the GATT 1994.

On 26 January 2023, the United States notified the Dispute Settlement Body (DSB) of its decision to appeal to the Appellate Body certain issues of law and legal interpretations developed in the panel report.

The US action seemed somewhat paradoxical given the fact that it had paralyzed the functioning of the Appellate Body since December 2019.

Consequently, the US challenge remains "frozen for eternity", said people familiar with the development.

Even at the DSB meeting last month, the US blocked a proposal by Colombia on behalf of 130 countries to expeditiously fill the seven vacancies at the Appellate Body.

"Now, the US wants to dissuade members from raising trade disputes that could involve illegal use of national security exceptions to justify its growing unilateral measures," said a legal analyst who asked not to be quoted.

US proposal

In its proposal (Job/DSB/10), circulated on 11 December, Washington is now advancing a seemingly controversial new narrative, said people who asked not to be quoted.

The US said "since the international trading system was re-created after World War II, the United States and our trading partners have shared the view that every WTO Member has the right - and responsibility – to protect its essential security interests. WTO Members recognize the sovereign obligation of each Member to protect its people - a core task for every government."

It said that Washington "firmly believes that litigating matters of essential security at the WTO undermines the foundations of the WTO by dragging the Organization into debating inherently political matters."

However, the Dispute Settlement Understanding (DSU) was negotiated to provide certain security exceptions to members, but it did not envisage that WTO members would use it to justify their unilateral measures under these exceptions, said people familiar with the development.

According to the US, "adjudicating questions of national security in the WTO is not only incompatible with the purpose of the WTO, a trade organization, but will not advance WTO Members' shared interests in the WTO as a forum for discussion and negotiation."

Further, the US argued, "the WTO Agreement reflects an understanding among trading partners that judgments on matters of essential security are to be left to governments, and not adjudicators."

It claimed that "numerous regional trade agreements reflect the same understanding between many Members, and even when those Members are close political or military allies."

"We must acknowledge that dispute settlement findings will not alter a Member's views on the fundamental importance of an essential security measure," the US said.

This amounts to saying that the adjudication process should permanently stay out of adjudicating on essential national security measures, the legal analyst said.

The US said that "no Member would or can be expected to withdraw a measure that it considers to be necessary to protect its essential security interests."

The US maintained that "WTO Members designed a system for the settlement of disputes where re-balancing can take place without interfering with a Member's assessment and sovereign responsibilities for its essential security."

It said that "if a Member is impacted by an essential security measure, and the Member wishes the assistance of WTO

Members in defining an appropriate re-balancing, the appropriate response is to bring a non-violation nullification or impairment claim pursuant to the General Agreement on Tariffs and Trade 1994 (GATT 1994), the General Agreement on Trade in Services (GATS), or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), or the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)."

According to the US, "a non-violation nullification or impairment claim may be used to challenge any measure applied by another Member, whether or not the measure breaches the WTO Agreement, provided that the measure nullifies or impairs a benefit, or impedes the attainment of an objective, of the Agreement."

However, it is not clear whether non-violation complaints can be raised in trade disputes involving the provisions of the TRIPS Agreement.

In its proposal, the US argued that the consistency of the measure with the WTO Agreement is not in dispute and is not assessed by an adjudicator; instead, the claim rests on the assertion that a Member's benefits have been nullified or impaired by the measure, with the objective of ensuring that the negotiated balance of concessions is maintained.

For dealing with essential security measures, the US said that "such disputes should proceed in accordance with the following guidelines:

- Members agree to pursue arbitration under DSU Article 25 to determine the level of suspension equivalent to the level of nullification or impairment based on a claim of non-violation nullification or impairment with respect to an essential security measure;
- A complaining party Member agrees not to challenge the invocation of the essential security exception;
- A responding party Member agrees not to contest the claim of non-violation nullification or impairment provided the complaining party Member has not resorted to countermeasures; and
- The parties agree the complaining party Member may suspend the application of tariff concessions at the level equivalent to the level of nullification or impairment determined by the Arbitrator."

The US said that "WTO Members should also agree, pursuant to Article IX of the WTO Agreement, to an authoritative interpretation of Article XXI of the GATT 1994, Article XIV bis of the GATS, and Article 73 of the TRIPS Agreement, to clarify the understanding of the essential security exception."

It illustrated with an example: "Under GATT 1994 Article XXI(b), GATS Article XIV bis:1(b), and TRIPS Agreement Article 73(b), each Member determines for itself whether an action it takes is necessary for the protection of its own essential security interests and whether one or more of the circumstances set out in the subparagraph endings are present."

"Therefore, in any dispute in which a responding party Member invokes GATT 1994 Article XXI(b), GATS Article XIV bis:1(b), or TRIPS Agreement Article 73(b), a WTO adjudicator shall not review a Member's invocation of GATT 1994 Article XXI(b), GATS Article XIV bis:1(b), or TRIPS Agreement Article 73(b), and shall instead limit its report to the DSB to note that invocation," the US said.

At a recent meeting of heads of delegations at the WTO, the US said that members need to be clear: "We are not here to restore the Appellate Body as it was. The task is to work towards a "fully and well-functioning dispute settlement system". We will continue to work towards achieving that. To do that, we have to stop having the same binary conversation and instead be creative – there are creative ideas on the table that we need to continue to explore."

"At the end of the day, we are not going to roll over and accept any outcome - this issue is critically important to us. But we want to stress that we remain committed to working towards an outcome."

In short, the US has almost declared the "death knell" of the Appellate Body as well as the binding enforcement function, leaving trade disputes to be resolved through the proverbial "might is right" framework, said people familiar with the development. *(SUNS 10138)*

Proposed controversial IFDA creating trade-related impunity at WTO?

Despite opposition from three members, the proponents of the proposed Investment Facilitation for Development Agreement (IFDA) continued to press the issue by tabling a draft decision on its incorporation into Annex 4 of the WTO Agreement for discussion at the year-end General Council meeting on 16 December.

by D. Ravi Kanth

NEW DELHI: A draft decision tabled by 125 countries on the incorporation of the Investment Facilitation for Development Agreement (IFDA) into Annex 4 of the WTO Agreement is expected to be discussed at the World Trade Organization's General Council (GC) meeting on 16 December.

Despite the WTO Director-General's call to "find a way forward to handle the concerns of the few members who continue to voice reservations on this matter," it is not clear why the proponents have inscribed their draft decision on the GC agenda knowing full well that three countries – India, South Africa, and Namibia – opposing the agreement are unlikely to change their positions, said people familiar with the development.

In her statement (Job/GC/418) at the special GC meeting on 28 November, the DG, Ms Ngozi Okonjo-Iweala, referred to the IFDA twice.

In paragraph 20 of her statement, she said, "inserting the Investment Facilitation for Development Agreement (IFDA) into Annex 4 is still an ongoing request by the 125 signatories to the agreement whilst the very important e-commerce plurilateral negotiations have reached conclusion on a stabilized text."

The DG continued in paragraph 21 of her statement: "Over the short to medium term, I would like to work with you to deliver on Investment Facilitation for Development. We have to find a way forward to handle the concerns of the few Members who continue to voice reservations on this matter. I believe that with some trust we can also manage to close on this in the near future."

Against this backdrop, it appears rather puzzling as to why the 125 proponents continue to press the issue when the DG herself recognizes that an agreement is only possible in the short to medium term and that too only "with some trust".

In their revised proposal (WT/GC/W/927/Rev.2) circulated on 14 October 2024, the proponents requested the General Council to adopt the draft decision, pursuant to paragraph 9 of Article X of the Marrakesh Agreement Establishing the World Trade Organization.

The proponents include: Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Australia; Bahrain, Kingdom of; Barbados; Belize; Benin; Bolivia, Plurinational State of; Brazil; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Canada; Central African Republic; Chad; Chile; China; Congo; Costa Rica; Cote d'Ivoire; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; European Union; Gabon; Gambia; Georgia; Grenada; Guatemala; Guinea; Guinea Bissau; Honduras; Hong Kong, China; Iceland; Indonesia; Japan; Kazakhstan; Korea, Republic of; Kuwait, the State of; Kyrgyz Republic; Lao People's Democratic Republic; Liberia; Macao, China; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova, Republic of; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; New Zealand; Nicaragua; Niger; Nigeria; North Macedonia; Norway; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Russian Federation; Saudi Arabia, Kingdom of; Seychelles; Sierra Leone; Singapore; Solomon Islands; Suriname; Switzerland; Tajikistan; Thailand; Togo; Uganda; United Arab Emirates; United Kingdom; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Yemen; Zambia; and Zimbabwe.

The first paragraph of the draft GC decision states: "Having regard to paragraph 9 of Article X of the Marrakesh Agreement Establishing the World Trade Organization (the "WTO Agreement")".

Paragraph 9 of Article X of the Marrakesh Agreement Establishing the World Trade Organization states: "The Ministerial Conference, upon the request of the Members parties to a trade agreement, may decide exclusively by consensus to add that agreement to Annex 4. The Ministerial Conference, upon the request of the Members parties to a Plurilateral Trade Agreement, may decide to delete that Agreement from Annex 4."

However, what appears to be left unsaid in the proposal by the 125 members is that there has been no prior consensus on any of the Joint Statement Initiatives such as on digital trade, investment facilitation for development, disciplines for micro, small, and medium enterprises (MSMEs), and trade and gender, as per the provisions in Article IX of the Marrakesh Agreement since the WTO's 11th ministerial conference (MC11) in Buenos Aires, Argentina, in December 2017, said several trade envoys familiar with the IFDA.

Yet, the IFDA proponents seemingly embarked on reaching an agreement rather "illegitimately", a process that has been supported by the current DG, trade envoys said.

Another argument raised against the IFDA appears to be that though the issue of investment figures in the WTO's General Agreement on Trade in Services (GATS), it is not part of the Marrakesh Agreement, said a person who asked not to be quoted.

However, the DG seems to be prepared to brush aside the procedural and systemic concerns to conclude the plurilateral agreement at any cost, said people familiar with the negotiations.

At a time when the United States President-elect, Donald Trump, is threatening to wage a trade and currency war unilaterally without respecting any of the WTO's rules, it may not augur well for a rules-based organization to violate its own rules, and create impunity at the WTO, said a legal analyst who asked not to be quoted. *(SUNS 10136)*

Investor optimism prevails over market uncertainty, says BIS

Markets for risk assets mostly shrugged off uncertainties relating to amongst others rising government bond yields, an appreciating US dollar and volatility in bond markets to register a positive sentiment on balance during the review period from September-December 2024, according to the Bank for International Settlements (BIS).

by Kanaga Raja

PENANG: Despite lingering risks, investor optimism about the near-term outlook set the tone for financial markets during the period from 7 September to 2 December 2024, according to the Bank for International Settlements (BIS).

In its latest Quarterly Review of developments in international banking and financial markets, BIS said that the global economy seemed to be heading for a smooth landing, and the results of the US presidential election were conclusive.

As a result, stock markets rose and credit spreads narrowed, easing global financial conditions.

At the same time, rising government bond yields and an appreciating US dollar tightened them, pulling in different directions, BIS added.

Measures of risk premia and volatility ticked up in bond markets, amid signs that investors were pricing in higher fiscal and (geo-)political risks, said BIS.

However, the markets for risk assets mostly shrugged off these uncertainties and sentiment remained positive on balance, it added.

On the other hand, BIS said that financial conditions in emerging market economies (EMEs) tightened.

With few exceptions, equity markets declined, currencies depreciated against the dollar and bond yields rose.

China's stimulus announcement resulted in positive, albeit short-lived, spillovers to equity markets of EMEs with strong trade links to China.

In currency markets, somewhat higher volatility reduced incentives for currency carry trades, it added.

Changing perceptions

According to the Quarterly Review, over the review period from 7 September to 2 December 2024, global fixed income markets resumed their divergence on the back of changing perceptions of the future paths of monetary policy and macroeconomic outlooks.

While readings generally pointed at inflation converging towards targets, economic activity indicators painted a varied picture, as substantial strength in the United States contrasted with softness elsewhere, said the report.

Additionally, potential concerns about the fiscal positions in some jurisdictions emerged as another key driver of bond markets, said BIS.

According to the Basel-based central bank for the world's central banks, the US dollar appreciated initially with rising US yields and then surged further following the US election.

Long-term yields rose across most advanced economies (AEs), led by soaring US Treasury yields for most of the review period.

Despite the Federal Reserve's 50 basis point rate cut in September, US yields shot up in October.

Ten-year Treasury yields rose by over 80 basis points from the trough reached on 16 September, before retracting somewhat late in the review period, said BIS.

"Yields in other AEs followed a similar pattern, though with more muted movements overall, particularly in the euro area."

BIS said the macroeconomic backdrop, along with expected monetary policy paths, largely underpinned yield movements.

"Positive macroeconomic surprises continued to accumulate in the United States, but were more short-lived elsewhere."

The report said as data releases highlighted a resilient labour market and somewhat persistent inflation, market participants lifted the expected 2025 path of the federal funds rate.

"Further upward revisions took place following the US presidential election as markets digested the policy changes which were likely to ensue."

By the end of the review period, the US term structure flattened again, as near-term yields rose on expectations of a strong economy and fewer policy rate cuts next year, said BIS, adding that these revisions coincided with signs of increased uncertainty about the level of terminal rates.

It said revisions to the expected monetary policy paths and resulting yield movements were not as pronounced elsewhere.

"The macroeconomic backdrop in other major AEs was less benign."

With weaker growth expected in the euro area in particular, and with inflation even falling below target in September, investors priced in larger rate cuts by the European Central Bank (ECB).

In Japan, the central bank signalled that it would continue to normalise policy very gradually, as inflation stayed somewhat above target, said BIS.

Long-term Japanese government bond yields rose modestly during the review period, reflecting gradual policy normalisation by the Bank of Japan.

It said the US dollar soared and the yen touched lows not seen since late July, but developments in fixed income markets only partly explained these movements.

The dollar appreciated with rising US yields early in the review period, but then surged even further on the US election outcome, even as US long-term yields retracted somewhat, said BIS.

Among AE currencies, the yen depreciated notably vis-a-vis the US dollar, by some measures in excess of what would be expected based on the yield gap in the respective bond markets.

Net short positions in yen currency futures started rebuilding, suggesting investor positioning for further yen weakness, said BIS.

"Typically, short positions by financial investors, especially hedge funds, suggest a rise in yen carry trades," it pointed out.

However, this time, leveraged funds held a smaller share of yen shorts due to increased volatility making such bets riskier, it added.

Thus, the current positioning

may primarily reflect greater currency hedging by asset managers holding yen assets, BIS suggested.

Some indicators in fixed income markets pointed to greater investor uneasiness. For one, the implied volatility of US Treasuries reached the highest level of the year before falling sharply following the election, it said.

At the long end of the yield curve, estimates of the term premium edged up through the review period, indicating that investors demanded greater risk compensation for holding long-term US government debt.

It said higher measures of risk in fixed income markets coincided with tell-tale signs of a possible supply glut of government bonds.

In this regard, the report said interest rate swap spreads - the swap rate minus the government bond yield - fell rapidly, indicating that government bonds had become relatively cheaper (and their yields relatively higher).

BIS said the phenomenon was widespread across currencies and maturities, with the euro and Japanese yen spreads joining their US counterparts in negative territory, even at those shorter maturities where spreads had previously been positive.

"Negative swap spreads appeared to reflect pressures on investors and intermediaries due to the need to absorb more government debt supply in the near future."

Conditions in short-term funding markets over the review period reflected ongoing quantitative tightening and an increasing shift towards a relative abundance of collateral, said BIS.

In the United States, repo spreads - defined here as the difference between the rate on an overnight repo and the effective federal funds rate - spiked on a few occasions, most notably in September.

BIS said this seemingly reflected the greater repo financing needed to absorb large Treasury issuance as well as constraints on dealers' balance sheets linked to end-of-quarter regulatory reporting pressures.

It said repo spreads in Japan, while still negative, showed signs of normalisation in recent months, pointing to government collateral becoming less scarce, despite still very ample liquidity.

In the euro area too, the reversal of collateral scarcity drove repo rates higher. Large sovereign issuance and a dwindling ECB footprint contributed to the gradual increase in repo rates over the past 18 months, it added.

The report said that this shift was also visible in the rapid reduction in take-up of the ECB Securities Lending Programme, particularly against cash collateral: investors had less need to turn to the central bank as they were able to obtain collateral from other sources.

However, BIS said several indicators pointed to the re-emergence of fiscal concerns. US sovereign credit default swap (CDS) spreads widened in advance of the November presidential and congressional elections, amid worries about the fiscal implications of the uncertain outcomes.

"The subsequent narrowing may have reflected a drop in the likelihood of another debt ceiling impasse, as the next president's party gained a congressional majority."

In the euro area, French sovereign spreads remained elevated, as the newly appointed government announced larger-than-expected fiscal deficits, while its ability to command a majority in parliament was itself in doubt.

The fiscal outlook also appeared expansionary in Japan on the back of the October parliamentary election results.

And it became so in the United Kingdom, where the government announced a relaxation of fiscal rules and more borrowing, said BIS.

Equity & credit markets

According to the BIS Quarterly Review, equity and credit markets were undeterred by political and fiscal risks, posting gains as the global economy continued to show strength.

Corporate spreads compressed further, even in the euro area and in Asian markets, where the growth outlook was more mixed, said BIS.

The credit spread compression counteracted the effect of rising government bond yields and a stronger US dollar on overall financial conditions.

At the same time, BIS said investors appeared to be more attuned to downside risks, at least in equity markets, with the VIX lingering at higher levels following the August turbulence, before retreating somewhat after the US election.

The report said stock market performance varied significantly across major economies.

US equities recorded fresh highs, as market valuations were buoyed by the Federal Reserve's 50 basis point September rate cut and by the economy's strength.

Stocks, especially small caps, shot up further on 6 November once the outcome of the US election became clear, said BIS, adding that Bitcoin followed a similar pattern, reaching all-time highs.

However, across the Atlantic, the more subdued performance of major European equity markets was in line with the relatively weaker economy, it added.

"Expected earnings for European-listed companies deteriorated further and trailed those of their US peers by a significant margin."

BIS said to some extent, their relative weakness also reflected a greater weight of more cyclical industrial and energy stocks in the index.

The report said that in China, equities rose substantially following the announcement of a large policy stimulus package in late September.

However, it said the impact on earnings expectations was more muted, as authorities released information on the content of the package in batches.

Following the initial jump, Chinese equities moved mostly sideways.

Notwithstanding the large gains of US equity indices, investors appeared to be growing warier of potential risks, said BIS.

After the volatility of early August subsided, the VIX continued to fluctuate within higher ranges, it noted.

"It then retreated as the (near-term) uncertainty surrounding the US election was resolved. However, the term structure of the VIX became upward sloping again, with higher expected medium-term volatility."

Conditions in the credit markets around the globe remained unusually accommodative.

Corporate credit spreads stayed compressed relative to their historical watermarks, in both the investment grade and high-yield segments, in some cases reaching lows not seen since the mid-2000s, said BIS.

Indeed, some analysts started referring to conditions in corporate funding markets as the "valuation conundrum."

Several underlying forces appeared to put a lid on corporate spreads. For one, debt default rates moderated in the United States, said BIS.

"Furthermore, corporates' immediate refinancing needs subsided as the maturity wall was pushed out until late 2025-26."

In addition, BIS said US corporate debt markets continued to see strong foreign demand, with almost two years of consecutive net foreign purchases, according to Treasury International Capital data.

"Finally, compressed spreads also reflected higher government bond yields rather than lower corporate yields."

Bank lending conditions eased amid a surge in bank equity prices in the United States.

The stock prices of banks began to rally following the September policy rate cut, especially for regional banks with large commercial real estate (CRE) portfolios, said BIS.

The out-performance of CRE-exposed banks reflected shifting investor sentiment towards risk in the sector.

Bank stock prices rose further after the US presidential election, as investors looked to some regulatory easing.

BIS said that rising stock prices went hand in hand with easing lending standards; declining non-performing loan ratios supported this shift in both the United States and Europe.

EMEs facing headwinds

According to the BIS Quarterly Review, EMEs faced headwinds and financial conditions tightened.

With few exceptions, equity markets declined, currencies depreciated and bond yields rose.

China's stimulus announcement caused visible, albeit short-lived, positive spillovers to equity markets of EMEs with stronger trade links to China, the report said, pointing out that some EME currencies also depreciated on domestic political and fiscal uncertainties.

"Bond yields in EMEs diverged across regions, reflecting differences in the macro backdrop, monetary policy cycles and exposure to US developments."

Yields in major Latin American economies increased notably, tracking their US counterparts more closely than those in other EMEs, said BIS.

Bond yields in Mexico proved especially sensitive to US developments, while those in Brazil reflected mainly strong domestic economic activity and monetary tightening amid rising inflationary pressures.

Most Latin American countries also maintained an expansionary fiscal stance, putting further upward pressure on yields.

In contrast, in emerging Asia, many central banks cut policy rates for the first time in the cycle and yields rose substantially less, said BIS.

At the end of the spectrum, Chinese government bond yields stayed low, amid subdued growth and policy easing.

EME currencies generally depreciated against the greenback, while their volatility increased. The depreciation was particularly large for Latin American currencies, it added.

The Mexican peso depreciated further on the likelihood of trade tariffs under the new US administration, while the Brazilian real tumbled in December as the highly anticipated measures to curb public spending were thrown into doubt.

In Asia-Pacific, the Korean won was briefly shaken by a bout of domestic political instability, BIS noted.

Still, while EME currency volatility picked up in October, it decreased somewhat for most EME currencies with the US election results, in line with retreating near-term implied volatility in other markets, it said.

It said EMEs with strong links to China saw their equity markets benefit from the Chinese government's stimulus announcement.

BIS said that following China's stock market jump, which erased more than a year of losses in a single day, other markets quickly followed suit.

"The impact was especially noticeable in Brazil and some other Latin American commodity exporters such as Chile," it added.

BIS said within emerging Asia, the Korean and Thai stock markets were among the most affected.

However, such spillovers were short-lived, and EME equity indices declined rapidly thereafter.

EME portfolio flows at times diverged, while remaining volatile. In China, the surge in equity markets at the beginning of the review period went hand in hand with a sharp, albeit brief, rebound in equity inflows, it said.

"Inflows into other EMEs concentrated mostly in portfolio debt early in the review period, but were also volatile, posting sharp outflows across debt and equities in October."

The report said stronger macroeconomic headwinds in China were also a key driver of commodity prices.

The prices of agricultural commodities remained low, despite a brief surge at the time of the stimulus announcement.

Oil prices were flat over the review period, notwithstanding a severe escalation of hostilities in the Middle East in October.

Except for the price of iron ore, which did rise with the announcement, those of industrial metals also declined.

Only gold and silver continued to climb, possibly reflecting geopolitical risks, but their prices then sank in the weeks following the US election, said BIS.

On balance, the outcome in EMEs of rising yields, depreciating currencies and declining stock markets was a tightening of financial conditions.

The tightening was overall much larger than in AEs and the United States in particular, it concluded. *(SUNS 10142)*

Third World ECONOMICS No. 808-809, 1-31 December 2024

Number of ISDS cases more than doubles in the past decade

The number of treaty-based investor-State dispute settlement (ISDS) cases more than doubled in the past decade, with developing countries facing the majority of these disputes, according to UN Trade and Development (UNCTAD).

by Kanaga Raja

PENANG: The number of treaty-based investor-State dispute settlement (ISDS) cases has more than doubled in the past 10 years, according to UN Trade and Development (UNCTAD).

In its latest IIA Issues Note (No. 3) on facts and figures on ISDS cases, UNCTAD said the total count of ISDS cases brought based on investment treaties reached 1,332, with 60 new arbitrations initiated in 2023.

Developing countries faced the majority of investor-State disputes, often brought by claimants from developed countries, it pointed out.

According to UNCTAD, in 2023, 60 known investor-State dispute settlement (ISDS) cases based on investment treaties were initiated.

As some arbitrations can be kept confidential, the actual number of arbitrations filed in 2023 (and previous years) is likely to be higher, it added.

The total count of ISDS cases brought based on bilateral investment treaties (BITs) and treaties with investment provisions (TIPs) reached 1,332.

In the past 10 years, the total number of ISDS cases has more than doubled.

There were fewer than 600 known ISDS cases at the end of 2013, against more than 1,300 at the end of 2023, said the Note.

To date, 132 countries and one economic grouping are known to have been respondents to one or more ISDS claims.

The new cases in 2023 were initiated against 37 countries and one economic grouping (the European Union), said UNCTAD.

About 70 per cent of them were brought against developing countries, including least developed countries (Myanmar, Senegal and the United Republic of Tanzania).

Mexico was the most frequent respondent, with 10 new known cases. Honduras faced five cases, followed by Argentina and the Bolivarian Republic of Venezuela with three cases each.

The largest share of claims was directed at countries in Latin America and the Caribbean, with about half of the 60 cases, said the Note.

It said that developed-country claimants brought most – about 75 per cent – of the 60 known cases in 2023.

The highest numbers of cases were brought by claimants from the United States (13), the United Kingdom (8) and Switzerland (5).

The ISDS cases filed in 2023 involved disputes related to different economic sectors, said the Note, adding that construction, manufacturing and the extractive industries accounted for over half of them, with ten or more cases each.

These sectors often involve lengthy and asset-intensive projects, which can be prone to litigation risk, it pointed out.

About 70 per cent of investor-State arbitrations in 2023 were brought under BITs and TIPs signed in the 1990s or earlier, UNCTAD further said.

It said in combination, the North American Free Trade Agreement (NAFTA) (1992) and the agreement between Canada, the United States and Mexico (USMCA) (2018) were the international investment agreements (IIAs) most frequently invoked in 2023.

They gave rise to 11 cases based on so-called "legacy claims" under the NAFTA.

UNCTAD said five cases were based on the Energy Charter Treaty (ECT) (1994), followed by the Central America-Dominican Republic Free Trade Agreement (FTA) (2004) with three cases and the Association of Southeast Asian Nations-Australia-New Zealand FTA (2009) with two cases.

Between 1987 and 2023, about 20 per cent of the 1,332 known ISDS cases invoked either the ECT (162 cases) or the NAFTA (92 cases).

On the outcomes of ISDS cases, the Note said in 2023, ISDS tribunals rendered at least 49 known substantive decisions in investor-State disputes, 28 of which were in the public domain at the time of writing.

Ten of the public decisions principally addressed jurisdictional and preliminary objections, it noted.

It said that in four of them, tribunals dismissed such objections (at least in part) and continued the arbitration proceedings.

It said that in six of them, tribunals upheld the objections and ceased the proceedings for lack of jurisdiction or admissibility.

Another 18 public decisions were rendered on the merits, with 9 holding the State liable for IIA breaches and 9 dismissing all investor claims.

In addition, UNCTAD said six publicly available decisions in annulment proceedings at the International Centre for Settlement of Investment Disputes (ICSID) were rendered.

In all of them, the ad hoc committees of the ICSID rejected the applications for annulment.

By the end of 2023, at least 958 ISDS proceedings had been concluded. The relative share of case outcomes changed only slightly from that in previous years, said UNCTAD.

The average amount of damages awarded has significantly increased in the past decade.

On average, successful claimants were awarded about 35 per cent of the amounts they claimed as damages or compensation, UNCTAD said.

The average amount claimed was $1.1 billion and in cases decided in favour of the investor the average amount awarded was $385 million. This takes into account the principal amounts of damages, excluding interest.

The pre- and post-award interest incurred on the principal amounts can also be substantial. In addition, costs for the legal representation of each party, tribunal costs and administrative fees apply, said the Note.

It said the $200 billion claimed in Zeph v. Australia (I) and the combined $114 billion claimed in the three cases related to the Yukos company (brought by Hulley Enterprises, Veteran Petroleum and Yukos Universal against the Russian Federation) are the highest amounts sought in ISDS proceedings so far.

It said the $50 billion awarded in three Yukos-related cases continue to be the highest damages in the history of investment treaty arbitration.

The Yukos-related ISDS awards have been subject to long-running set-aside proceedings at the seat of the arbitration, it noted.

Excluding these particularly large values as outliers from the calculations, the average amount claimed falls to $753 million and the average amount awarded to $194 million.

Overall, UNCTAD said developing countries faced the majority of investor-State disputes (62%), while most cases were brought by developed-country investors (81%).

Looking at individual respondent States, Argentina (with 65 cases), the Bolivarian Republic of Venezuela (64 cases) and Spain (56 cases) have received the highest number of ISDS cases, it added.

Claimants invoking the IIAs of the United States (232 cases), the Kingdom of the Netherlands (132 cases) and the United Kingdom (109 cases) initiated the most cases.

As for the main economic activities underlying ISDS cases, about one third of ISDS cases involve energy supply and the extractive industries, said the report.

UNCTAD pointed out that these are the most frequent economic activities underlying ISDS cases, followed by manufacturing, construction, and financial activities.

Many treaty-based ISDS cases involve different economic activities related to fossil fuels.

By the end of 2023, claimants had filed at least 235 fossil fuel-related cases, accounting for almost 20 per cent of total ISDS cases.

According to the Note, fossil fuel-related cases included in the data encompass the following economic sectors and activities: mining of coal and lignite; extraction of crude petroleum and natural gas; power generation from coal, oil and gas; manufacture of coke and refined petroleum products; and transportation and storage of fossil fuels.

In addition to fossil fuel cases, at least 123 ISDS proceedings arose in relation to the renewable energy sector.

The fair and equitable treatment (FET) provision was invoked by claimants in about 85 per cent of ISDS cases for which information on breaches alleged was available, followed by indirect expropriation with 70 per cent, said UNCTAD.

In cases decided in favour of the investor, ISDS tribunals most frequently found breaches of FET (about 65 per cent) and indirect expropriation (about 30 per cent).

It also said about 60 per cent of all known treaty-based ISDS cases have been filed under the ICSID Arbitration Rules (Convention) or the ICSID Additional Facility Rules, and are administered by ICSID.

The Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) were the second most used procedural rules, with cases often being administered by the Permanent Court of Arbitration (PCA), UNCTAD added. *(SUNS 10143)*

Third World ECONOMICS No. 808-809, 1-31 December 2024

Global food prices reach highest level since April 2023, says FAO

Surging prices of international vegetable oils pushed the overall prices of world food commodities to their highest level since April 2023, according to the United Nations Food and Agriculture Organization (FAO).

by Kanaga Raja

PENANG: World food commodity prices rose in November to reach their highest level since April 2023, driven by surging international vegetable oil prices, according to the UN Food and Agriculture Organization (FAO).

According to FAO, its Food Price Index (FFPI) averaged 127.5 points in November 2024, up 0.5 percent from the October level and reaching its highest value since April 2023.

It said the increase was driven by higher price quotations for dairy products and vegetable oils, which slightly outweighed declines in the meat, cereals, and sugar quotations.

Compared to historical levels, the FFPI in November was 5.7 percent higher than its corresponding value a year ago but remained 20.4 percent below its peak of 160.2 points reached in March 2022, it added.

The FAO Food Price Index is a trade-weighted index that tracks the monthly change in the international prices of a basket of key food commodities.

According to FAO, its Cereal Price Index averaged 111.4 points in November, down 3.0 points (2.7 percent) from October and 9.6 points (8.0 percent) below its November 2023 value.

It said global wheat prices declined month-on-month due to increased supplies from the ongoing harvests in the Southern Hemisphere and improved crop conditions for the 2025 harvests in some major Northern Hemisphere exporting countries.

Weaker international demand also contributed to the softer price tone.

World maize prices remained stable in November as a result of opposing factors, said FAO.

FAO said that downward pressure on prices stemmed from generally favourable weather in South America with the continuing sowing, weaker demand for Ukrainian supplies, and seasonal pressure from the ongoing harvest in the United States of America, while strong domestic demand in Brazil and Mexico's demand for the US supplies provided upward support.

Among other coarse grains, world prices of barley and sorghum declined slightly in November, it added.

"The FAO All Rice Price Index declined by 4.0 percent, driven by price falls across major market segments resulting from increased market competition, harvest pressure, and currency depreciations against the United States dollar."

According to FAO, its Vegetable Oil Price Index averaged 164.1 points in November, rising 11.4 points (7.5 percent) month-on-month to reach its highest level since July 2022.

The increase was driven by higher quotations for palm, rapeseed, soy and sunflower oils, it said.

International palm oil prices increased for the sixth consecutive month, maintaining a premium over alternative oils due to lingering concerns about lower-than-expected global production amid excessive rainfall in Southeast Asia, said FAO.

Meanwhile, world soy oil prices also continued to rise, mainly due to robust global import demand.

Similarly, prices of rapeseed and sunflower oils increased, reflecting prospects of tightening global supplies in their respective markets, said FAO.

According to FAO, its Dairy Price Index stood at 139.9 points in November, up 0.9 points (0.6 percent) from October and 23.4 points (20.1 percent) above its level a year ago.

"International quotations for milk powders, in particular whole milk powder, registered the largest increases, driven by a rebound in global demand and the seasonal decline in milk production in Western Europe, which offset rising seasonal milk production in Oceania."

World butter prices increased for the fourteenth consecutive month, reaching a new record high due to strong internal and international demand amid tight inventories, particularly in Western Europe, it said.

Cheese prices also rose, reflecting limited availabilities to meet growing import demand for spot supplies, FAO added.

According to FAO, its Meat Price Index averaged 118.1 points in November, down 0.9 points (0.8 percent) from the revised October value but up 6.6 points (5.9 percent) from a year ago.

The decline was mainly due to lower international pig meat prices, which fell for the fifth consecutive month, principally driven by weaker quotations in the European Union, reflecting abundant supplies and persistently subdued global and domestic demand, it said.

Ovine (lamb and mutton) meat prices declined slightly in November, influenced by currency movements despite strong international demand, it added.

Similarly, world poultry meat prices fell marginally, pressured by ample export supplies from major producing regions.

Meanwhile, international bovine meat quotations remained broadly stable.

A sharp rise in Brazilian bovine meat prices, fuelled by robust global demand, was offset by lower Australian prices due to reduced purchasing interest from the United States of America, said FAO.

According to FAO, its Sugar Price Index averaged 126.4 points in November, down 3.1 points (2.4 percent) from October, following two consecutive monthly increases, and as much as 35.0 points (21.7 percent) below its level a year ago.

The decline in November is attributed to the start of the crushing season in India and Thailand, along with eased concerns over next year's crop prospects in Brazil, it said.

While increased rainfall in key southern growing regions of Brazil disrupted harvest progress during the month, it improved soil moisture, benefiting the upcoming crop after a prolonged period of dry weather, it said.

Additionally, the weakening of the Brazilian real against the United States dollar and lower international crude oil prices contributed to the decline in world sugar prices, said FAO. *(SUNS 10135)*

Malaria remains a serious global health threat, warns WHO

Malaria remains a serious global health threat, particularly in the African region, where many at risk still lack access to the services they need to prevent, detect and treat the disease, according to the World Health Organization (WHO).

by Kanaga Raja

PENANG: While new data reveals that an estimated 2.2 billion cases of malaria and 12.7 million deaths have been averted since 2000, the disease remains a serious global health threat, particularly in the WHO African Region, according to the World Health Organization (WHO).

In its latest World Malaria Report 2024, released on 11 December, WHO said that there were an estimated 263 million cases and 597,000 malaria deaths worldwide in 2023, representing about 11 million more cases in 2023 compared to 2022, and nearly the same number of deaths.

Approximately 95% of the deaths occurred in the WHO African Region, where many at risk still lack access to the services they need to prevent, detect and treat the disease, it said.

The WHO report also found that funding for malaria control globally remains inadequate to reverse the current trends, especially in high-burden African countries.

It said in 2023, total funding reached an estimated US$4 billion, falling far short of the year's funding target of US$8.3 billion set by the Global Technical Strategy for Malaria 2016-2030 (GTS).

Insufficient funding has led to major gaps in coverage of insecticide-treated nets, medicines, and other life-saving tools, particularly for those most vulnerable to the disease, it pointed out.

Beyond funding, malaria-endemic countries continue to grapple with fragile health systems, weak surveillance, and rising biological threats, such as drug and insecticide resistance, said WHO.

In many areas, conflict, violence, natural disasters, climate change and population displacement are exacerbating already pervasive health inequities faced by people at higher risk of malaria, including pregnant women and girls, children aged under 5 years, Indigenous Peoples, migrants, persons with disabilities, and people in remote areas with limited healthcare access, it added.

"No one should die of malaria; yet the disease continues to disproportionately harm people living in the African region, especially young children and pregnant women," said Dr Tedros Adhanom Ghebreyesus, the Director-General of WHO.

He said an expanded package of lifesaving tools now offers better protection against the disease, but stepped-up investments and action in high-burden African countries are needed to curb the threat.

On a positive note, WHO said as of November 2024, 44 countries and 1 territory had been certified malaria-free by WHO, and many more are steadily progressing towards the goal.

Of the 83 malaria-endemic countries, 25 countries now report fewer than 10 cases of malaria a year, an increase from 4 countries in 2000.

Since 2015, the WHO African Region has also achieved a 16% reduction in its malaria mortality rate, said WHO.

However, the estimated 2023 mortality rate of 52.4 deaths per 100,000 population at risk is still more than double the target level of 23 deaths per 100,000 population set by the Global Technical Strategy for Malaria 2016-2030 (GTS), and progress must be accelerated, it added.

Global trends

According to the report, globally in 2023, there were almost 263 million estimated malaria cases (between lower and upper bounds of 238 million and 294 million, respectively) in 83 malaria endemic countries (including the territory of French Guiana), an increase of 11 million cases compared with 2022.

Between 2000 and 2019, the number of annual estimated malaria cases remained stable, varying between 227 million and 248 million across the 108 countries that were malaria endemic in 2000, it said.

Since 2020, the number of estimated malaria cases has steadily increased, and most of this increase occurred in countries in the WHO African Region (89.7%) and the WHO Eastern Mediterranean Region (15.5%).

The main countries contributing to the increase in cases between 2022 and 2023 were Ethiopia (+4.5 million), Madagascar (+2.7 million), Pakistan (+1.6 million), Nigeria (+1.4 million) and the Democratic Republic of the Congo (+600 000), said the report.

Malaria case incidence declined between 2000 and 2015, from 79.0 to 58.0 per 1,000 population at risk. Between 2015 and 2022, incidence remained stable, it added.

In 2023, malaria case incidence slightly increased compared with 2022, from 58.6 to 60.4 per 1,000 population at risk.

Since 2000, malaria deaths declined steadily from 861,000 to 567,000 in 2019.

In 2020, there was an increase of 55,000 malaria deaths to an estimated 622,000 as a result of the COVID-19 pandemic, said the report.

Between 2021 and 2023, deaths declined again to 597,000. The malaria mortality rate followed a similar trend between 2000 and 2023, declining from 28.5 to 13.7 per 100,000 population at risk.

The percentage of total malaria deaths among children aged under 5 years declined between 2000 and 2023, from 86.7% to 73.7%.

In 2023, 29 of the 83 countries (including the territory of French Guiana) that were malaria endemic accounted for almost 95% of malaria cases and 96% of deaths globally, said the report.

Five countries − Nigeria (25.9%), the Democratic Republic of the Congo (12.6%), Uganda (4.8%), Ethiopia (3.6%) and Mozambique (3.5%) – accounted for just over half of all cases.

Four countries accounted for just over half of all malaria deaths globally: Nigeria (30.9%), the Democratic Republic of the Congo (11.3%), the Niger (5.9%) and the United Republic of Tanzania (4.3%).

Nigeria accounted for 39.3% of global malaria deaths in children aged under 5 years, said the report.

Highlighting the dire situation in the WHO African Region, the report said in 2023, there were 246 million cases and 569,000 deaths in the WHO African Region.

Over the past 5 years, between 2019 and 2023, estimated malaria cases and deaths increased by 23 million and

24,000, respectively, with a peak at 598,000 estimated deaths in 2020, linked to COVID-19.

Since then, the number of estimated deaths has decreased by 29,000.

This region accounted for about 94% of cases and 95% of deaths globally; 76% of all deaths in this region were among children aged under 5 years in 2023, compared with 91% in 2000, said the report.

Following similar trends, since 2000, malaria case incidence reduced from 356 to 227 cases per 1,000 population at risk in 2023.

The report said that over the past 5 years (2019-2023), while the incidence has remained similar, the increase in estimated cases is a result of a population at risk that is rapidly increasing and has nearly doubled in sub-Saharan Africa since the turn of the century.

Between 2000 and 2023, the malaria mortality rate reduced by 63%, from 140 to 52 per 100,000 population at risk.

In 2023, Botswana, the Comoros, Eritrea, Eswatini, and Sao Tome and Principe all reported fewer than 10 deaths.

Since 2015, the rate of progress in both cases and deaths has stalled in several countries with moderate or high transmission, said the report.

Over the past 5 years, between 2019 and 2023, there were substantial increases in estimated case numbers in Nigeria (6.8 million), Ethiopia (6.9 million), Madagascar (4.2 million), the United Republic of Tanzania (1.9 million), the Democratic Republic of the Congo (1.8 million), Uganda (1.3 million), Mali (1.4 million) and Cameroon (1.2 million), said the report.

According to the report, between 2000 and 2023, in the WHO Region of the Americas, malaria cases and incidence declined by 65.4% (from almost 1.6 million to 0.55 million) and 73.7% (from 13.5 to 3.6 cases per 1,000 population at risk), respectively.

Over the same period, malaria deaths and the mortality rate reduced by 61.8% (from 896 to 342) and 71% (from 0.8 to 0.2 deaths per 100,000 population at risk), respectively.

In 2023, Brazil, the Bolivarian Republic of Venezuela and Colombia accounted for 76.8% of all cases in this region, with most of the cases in this region being due to P. vivax (72.1% in 2023), said the report.

It said that in 2023, several countries experienced a reduction in the case burden.

In the Bolivarian Republic of Venezuela, although the number of cases increased significantly from 35,500 in 2000 to over 467,000 by 2019, they decreased by more than half to 223,000 cases in 2020.

Over the past 3 years, the number has continued to decline, reaching about 135,000 in 2023, the report noted.

The report said several factors may have contributed to this reduction, including but not limited to the initially low population mobility resulting from COVID-19 pandemic restrictions, an increase in malaria diagnosis and treatment availability, and long-lasting insecticidal net (LLIN) distribution.

It said compared with 2022, Mexico (74% reduction), Nicaragua (58%), Ecuador (55%), Honduras (27%), the Dominican Republic (21%), Peru (18%) and Haiti (9%) also experienced a reduction in cases in 2023.

Suriname reported zero indigenous cases for the second consecutive year in 2023.

The WHO said several programmatic factors may explain the reduction in cases: countries such as Nicaragua, Ecuador and Mexico implemented effective programmes that expanded access to diagnostics and treatment, along with strengthened surveillance efforts to enable early diagnosis and prompt response.

From 2022 to 2023, estimated cases increased in several countries and areas: French Guiana (up 800% to 189), Panama (up 100% to 9,485), Guatemala (up 64.1%), Costa Rica (up 33.7%), Guyana (up 33.1%) and Colombia (up 20.4%).

Colombia reported the highest number of P. falciparum malaria cases on the continent.

The report said in Costa Rica, cases have been rising since 2021, with over 80% now caused by P. falciparum, compared to previous years, when the majority were caused by P. vivax.

"In remote regions of the Amazon basin, gold-mining activities attract migrant and local populations with limited access to health care, increasing vulnerability to malaria and putting populations at risk of severe disease."

The report said this has likely sustained transmission in countries such as Guyana, Brazil, Colombia and the Bolivarian Republic of Venezuela, and disproportionately affected Indigenous Peoples and Afro-descendant populations.

Four countries – Argentina, Belize, El Salvador and Paraguay – were certified as malaria-free in 2019, 2023, 2021 and 2018, respectively.

There were few malaria-related deaths in the region, with an estimated 342 deaths in 2023, most being in adults (78%), said the report.

Estimated malaria cases in the WHO Eastern Mediterranean Region reduced by 37.7% between 2000 and 2015, from 6.9 million to 4.3 million, before increasing by 137% between 2015 and 2023, to reach 10.2 million cases, it further said.

"Between 2021 and 2023, there was an increase of 62%; this was mainly due to a large increase of 3.7 million malaria cases in Pakistan from a malaria outbreak caused by catastrophic flooding, which initially affected more than 30 million people."

Other countries experienced significant increases, with the number of estimated cases in Afghanistan rising from 288,000 in 2022 to 424,000 in 2023.

In 2023, 35.2% of the cases in this region were due to P. vivax, mainly in Afghanistan and Pakistan, said WHO.

Estimated malaria deaths reduced by about 39% between 2000 and 2015, from 13,500 to 8,200, then increased to reach 18,300 deaths in 2023, it added.

There were increases in estimated deaths in Afghanistan, Djibouti, Pakistan, Somalia, the Sudan and Yemen.

About half of the estimated deaths were in the Sudan, where 87% of cases are due to P. falciparum, which is responsible for almost all malaria-related fatalities and has a higher case fatality rate than P. vivax.

In Pakistan, the largest increase in deaths was between 2021 and 2023, when deaths increased by 10 times from 460 to 4,956.

The report said that since 2015, the

WHO European Region has been free of malaria. The last country to report an indigenous malaria case was Tajikistan in 2014.

Throughout the period 2000-2023, no malaria deaths were reported in the WHO European Region.

The WHO South-East Asia Region had eight malaria endemic countries in 2023, accounting for 4 million cases and contributing 1.5% of the burden of malaria cases globally, it added.

"In 2023, India accounted for half of all estimated malaria cases in the region, followed by Indonesia, which accounted for just under one third. Just over 48% of all estimated cases in the region were due to P. vivax."

From 2000 to 2023, malaria cases reduced by 82.4%, from 22.8 million in 2000, and incidence reduced by 87.0%, from 17.7 to 2.3 per 1,000 population at risk.

The decrease can mainly be accounted for by a decrease in India of 17.7 million estimated cases and a decrease in incidence by 93%, from 20 to 1.5 per 1,000 population at risk, said the report.

It said Sri Lanka was certified malaria-free in 2016. Timor-Leste reported zero indigenous cases for the third consecutive year in 2023.

Bhutan reported zero indigenous cases for the second consecutive year, and Nepal reported only 15 indigenous cases.

Between 2022 and 2023, decreases in estimated cases were seen in Bangladesh (9.2%), India (9.6%), Indonesia (5.7%) and Nepal (58.3%), whereas the Democratic People's Republic of Korea (47.9%), Myanmar (45.1 %) and Thailand (46.4%) all had an increase.

Since 2019, in Myanmar, estimated cases have increased by more than 10 times, from 78,000 to 847,000.

This increase is thought to be due to the current political and social instability that has weakened the country's focus on malaria prevention and control, said the report.

In Thailand, bordering Myanmar, the number of reported indigenous cases has more than tripled between 2021 (2,426 cases) and 2023 (9,169 cases), and reported imported cases to Thailand also significantly increased over the same period (2021-2023), from 800 to 7,276 cases.

WHO said that most of the imported cases are diagnosed and treated at the Thai border with Myanmar, where displaced populations from Myanmar can more easily access health care services.

"This situation has led to an increase in required commodities and resources for malaria diagnosis and treatment in Thailand."

It said estimated malaria deaths reduced by 82.9%, from about 35,000 in 2000 to 6,000 in 2023.

Between 2000 and 2023, the malaria mortality rate reduced by 88.8%, from 2.7 to 0.3 per 100,000 population at risk.

India and Indonesia accounted for about 88% of all estimated malaria deaths in this region in 2023.

The report said that from 2022 to 2023, all countries in this region in which malaria deaths occurred reported a decrease in the malaria mortality rate, except for Myanmar and Thailand. Bhutan and Timor-Leste have reported zero malaria deaths since 2013 and 2015, respectively.

Estimated malaria cases decreased by 48.1% between 2000 and 2021 in the WHO Western Pacific Region, from 2.7 million to 1.4 million, it further said.

An increase of 36% was observed between 2021 and 2022, to 1.9 million cases. Malaria cases decreased slightly in 2023 to 1.7 million.

Malaria deaths decreased significantly between 2000 and 2021, by 57%, from about 6,300 to 2,700.

Between 2021 and 2022, there was a 33% increase in deaths, to 3,600. Deaths decreased again in 2023, to 3,400.

In the period 2000-2023, malaria case incidence reduced from 4.1 to 2.3 cases per 1,000 population at risk, and the malaria mortality rate reduced from 1.0 to 0.4 deaths per 100,000 population at risk.

Papua New Guinea accounted for 87.5% of all cases in this region in 2023, followed by Solomon Islands, the Philippines and Cambodia, said the report.

The analysis showed that 2.2 billion malaria cases and 12.7 million malaria deaths were averted globally in the period 2000-2023, it further said.

It said most of the cases (79.7%) and deaths (94.2%) averted were in the WHO African Region, followed by the South-East Asia Region (12.7% of cases and 3.3% of deaths averted).

In addition to malaria interventions, cases and deaths could also have been averted by other factors that modify malaria transmission or disease, such as changes in population age structure or improvements in socioeconomic status, malnutrition, infrastructure, housing and urbanization, the report observed. *(SUNS 10139)*