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Trump's tariffs upending global trade?

United States President Donald Trump has imposed tariffs on goods from Canada, Mexico and China as well as tariffs on imports of steel and aluminium from all countries, potentially igniting a costly global trade war. Together with his proposed reciprocal tariff plan, these moves risk destabilizing the multilateral trading system, in particular, its "custodian", the World Trade Organization.

.... ALSO IN THIS ISSUE ....

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131 Jalan Macalister
10400 Penang, Malaysia
Tel: (60-4) 2266728/2266159
Email: twn@twnetwork.org
Website: https://twn.my

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Founding Editors:
Chakravarthi Raghavan (1925-2021)
Martin Khor (1951-2020)

Editor: Kanaga Raja

Typesetter: Linda Ooi

Global trade war imminent against Trump's unilateral tariffs?

United States President Donald Trump's move to impose a 25% tariff on all goods from Canada and Mexico, as well as an additional tariff of 10% over and above the 10% tariff already imposed on all goods from China has sparked growing fears of a global trade war.

by D. Ravi Kanth

GENEVA: A global trade war appears to be almost at the proverbial doorstep of several leading capitals, after United States President Donald Trump announced that his proposed unilateral tariff of 25% on all goods from Canada and Mexico shall go into effect on 4 March over their alleged failure to curb drug smuggling, according to a post on his social media website on 27 February.

President Trump announced that China shall be subjected to an additional tariff of 10% over and above the 10% tariff on all Chinese goods that had already come into effect on 4 February.

Writing in his social media website Truth Social on 27 February, Trump reiterated that "the proposed TARIFFS scheduled to go into effect on MARCH FOURTH will, indeed, go into effect, as scheduled."

"China will likewise be charged an additional 10% Tariff on that date," President Trump said, in what appears to be a response to China's retaliatory move to impose tariffs on American goods worth around $14 billion, said people familiar with the development.

President Trump on 26 February appeared to create some confusion when he said that the tariffs on all goods from Canada and Mexico will be delayed till 2 April, which he later rectified.

In addition to Canada, Mexico, and China, President Trump appears to have also taken the European Union to the brink of a trade war by announcing that he plans to impose a tariff of 25% on imports of auto and other products from the EU member countries.

During his first cabinet meeting on 26 February, he told reporters that "we have made a decision. We'll be announcing it very soon, and it'll be 25% generally speaking, and that will be on cars and all of the things."

President Trump seemingly accused Brussels, arguing that the "European Union was formed in order to screw the United States. That's the purpose of it, and they have done a good job of it. But now I'm President."

President Trump's commerce secretary Howard Lutnick went on to say with respect to Canada and Mexico that "the fentanyl-related things, if they're working hard on the border, at the end of that 30 days, they have to prove to the president that they've satisfied him to that regard."

In response, President Trump said that it was "going to be hard to satisfy."

It remains to be seen whether China will retaliate against President Trump's latest decision on tariffs or will settle for negotiating an initial deal.

The latest announced duties have raised the average duty rate on Chinese imports to 24.5% from about 14.5% as of 2023, according to Gavekal Dragonomics, an economics consulting firm, as reported in the Wall Street Journal.

Reciprocal tariff plan

Meanwhile, the proposed unilateral reciprocal tariff plan to be announced by President Trump on 2 April could turn the "custodian" of the multilateral trading system i.e., the World Trade Organization on its head for years to come, said people familiar with the development.

Such a plan to be announced by President Trump seems like a direct challenge to the 166 WTO members as to whether they can stand up to the unprecedented "bullying" and "naked capture" of critical raw materials in order to accomplish the goals set out in his "America First Trade Policy", said people familiar with the development.

The reciprocal tariff plan appears to be an assault on the rules governing global trade that were framed in successive rounds of trade negotiations at the WTO in which the US was a principal participant, said people familiar with the development.

So far, the response from the WTO's Director-General, Ms Ngozi Okonjo-Iweala, to President Trump's proposed actions, was seemingly couched in "a barrage of inanities", said people familiar with the development.

In her statement (Job/GC/420) at the WTO's General Council (GC) meeting on 18-19 February, the DG said that the "key message I have shared is that amid the current uncertainties, we must maintain cool heads and remain open to dialogue."

Acknowledging the concerns expressed by several members about the recent developments, she said: "The changes we are witnessing are significant, and they reinforce the importance of this institution as a forum for dialogue and cooperation."

It is somewhat intriguing how the DG can ask members to stay calm and enter into a dialogue when a proverbial hammer is being used by the world's largest economy to unilaterally impose tariffs in alleged utter disregard for the WTO rules, said people familiar with the development.

In her statement, the DG said that her "message remains the same and remains clear: in times of uncertainty, it is essential to remain calm, engage constructively, and avoid steps that could lead to an escalating cycle of trade restrictions."

According to Ms Okonjo-Iweala, "open and transparent dialogue is the best way to navigate challenges and prevent tensions from deepening."

But when there is little or no room for "open and transparent dialogue" as demonstrated by President Trump, is it wise to expect that a dialogue can take place, said people familiar with the development.

In response to queries from members about "reciprocal tariffs", Ms Okonjo-Iweala said: "As you know, this is a Member-driven organization and Members will have exchanges with each other."

With respect to the reciprocal tariffs, she merely said: "We have been, at the Secretariat, upgrading the database which we call the Tariff Analysis Online Database. Based on your feedback, the new database will be renamed "WTO Tariff and Trade Data" and will be launched in the Committee on Market Access on 4 March."

The DG said, "as we move forward, it is imperative that we continue to strengthen the multilateral trading system, ensuring that it remains a source of stability and opportunity for all Members," a response that seems somewhat irrelevant in light of the unilateral actions being proposed by President Trump, said people familiar with the development.

Aside from China, which issued a strong statement against the threat posed by the US to the multilateral trading system, it is not clear what other members said at the GC meeting, said people familiar with the development.

Meanwhile, amidst the US threat of unilateral tariffs against countries that are considering alternative payment systems to the global US dollar-payment system, the Brazilian President Luiz Inacio Lula da Silva has responded forcefully, suggesting that the BRICS (Brazil, Russia, India, China, and South Africa) remains committed to ending US dollar dominance in trade "no matter what", according to a report in Live Mint on 27 February.

President Lula is understood to have said that "US President Donald Trump's threats to [impose] tariffs won't stop the group's determination to seek alternative platforms for payments between member countries," according to the report in Live Mint. *(SUNS 10173)*

Trump insists reciprocal tariff plan will bring industries back to US

United States President Donald Trump's announcement on 13 February of his "Fair and Reciprocal Plan" on trade targeting countries that currently enjoy a trade surplus with the US could mark a new phase in a global trade war that harks back to the "beggar-thy-neighbour" policies of the early 20th century.

by D. Ravi Kanth

GENEVA: US President Donald Trump on 13 February said his "Fair and Reciprocal Plan" on trade will target countries that currently enjoy a trade surplus with the US while imposing a range of other restrictions on American goods and services, a move that seeks to change the terms of trade in favour of the US.

President Trump's announcement from the Oval Office late evening on 13 February signals what could be a new phase in a trade war that harks back to the "beggar-thy-neighbour" policies of the early 20th century, analysts said.

After signing an Executive Order on reciprocal tariffs, President Trump said the new policy would bring several industries back to the US, particularly in sectors such as pharmaceuticals, chip-manufacturing and even in the steel sector.

"The jobs will go up tremendously, we're going to have great jobs, jobs for everybody," he claimed, adding that it "should have been done many years ago."

"China did it at a level that probably nobody has ever seen before," President Trump maintained, alleging that if an American car is sent to China, it will be charged a high tariff.

He said that prices could go up somewhat in the short-term, but "prices will also go down."

"And I think the farmers are going to be helped by this very much because product(s) are being dumped into our country and our farmers are getting hurt very badly by the [policies of the] last administration."

Earlier, President Trump admitted that his tariff plan will entail "short-term disturbance, but (in the) long-term, it's going to make our country a fortune."

However, during his replies to questions, he denied having made that comment.

When asked about the earliest date for the tariffs to be implemented, his commerce secretary nominee Howard Lutnick said that "we will hand the President the opportunity to start it on

April 2, if he wants."

The reciprocal tariff plan intends to attack even the domestic VAT (value-added tax) and currency manipulation, President Trump said, pointing out that "the European Union has been very tough on our companies".

He complained that the EU sued Apple, Google, and Facebook, with heavy penalties running into tens of billions of dollars. "They haven't treated us good," he repeatedly said.

"The European Union has been absolutely brutal on trade," he said, adding that "Canada has been very bad to us on trade, but now Canada is going to start paying up."

He said, "I spoke to Governor Trudeau on numerous occasions, and we will see what happens, but it just sets up so good for them."

Asked how soon he expects countries to respond to his proposed plan, President Trump said "the EU has been very nasty."

He said there will be no exemptions or waivers, emphasizing that "this is a simple system, and there won't be any exemptions."

Reciprocal tariff plan

Prior to President Trump's press meeting with reporters, a senior White House official said that tariffs would be imposed on a "country-by-country" framework after a thorough study of the countries that currently have a high trade surplus in their exports to the US.

India is the highest tariff country among the list of countries, said President Trump. "India is very, very high" in the list, he said, insisting that "they charge tremendous tariffs".

He gave the example of Harley-Davidson motorbikes manufactured by a US company, saying that the company "could not sell their motorbikes in India because of high tariffs imposed by India."

President Trump also insisted that Taiwan exports most of its chips to the US, adversely affecting American companies.

As previously reported in the SUNS, the tariffs are likely to be imposed through Section 301 of the US Trade Act of 1974, as well as the US International Emergency Economic Powers Act (IEEPA).

The new tariffs are not expected to be directly applied immediately, with President Trump suggesting that his team will make a detailed plan for the reciprocal tariffs.

Significantly, the plan does not suggest a universal tariff rate as echoed by senior US officials last week. Instead, it is going to focus on what tariffs countries have applied to imports from America.

The United States Census Bureau's latest data until 2024 suggest that countries that currently enjoy a trade surplus with the US include: (1) China (trade surplus of $270.4 billion until November 2024); (2) Mexico ($157.2 billion); (3) Vietnam ($113.1 billion); (4) Ireland ($80.5 billion); (5) Germany ($76.4 billion); (6) Taiwan ($67.4 billion); (7) Japan ($62.6 billion); (8) South Korea ($60.2 billion); (9) Canada ($54.8 billion); (10) Thailand ($41.5 billion); and (11) India (approximately over $30 billion).

A day before announcing the reciprocal tariff plan on 13 February, President Trump told reporters that "whatever they charge, we charge", implying that Washington will match the tariff rate product-by-product of every country.

He said, "Countries, both friend and foe, are taking advantage" of the US, adding that there would not be any exemptions.

Some countries such as India are likely to reduce tariffs on several products and provide more market access for American agricultural products in an attempt to minimize the effect of the US reciprocal tariff plan, according to media reports.

The countries with a massive trade surplus with the US like China and the European Union are likely to retaliate against President Trump's plan as and when it comes into effect.

Meanwhile, in his remarks on some other issues, President Trump threatened members of the BRICS (Brazil, Russia, India, China, and South Africa) that they could face severe consequences should they go ahead with trading arrangements in their respective currencies to avoid US dollar payments.

He said that the US will stop trading with them if they move away from US dollar payments.

In an interview with CNN, President Trump's former United States Trade Representative, Ambassador Robert Lighthizer, said he thinks "certain tariffs are to change the economic relationship between the United States and our trading parties/partners, so as to help our working people and to help the United States".

"So that's one group of tariffs," he added.

"The other group of tariffs", said Ambassador Lighthizer, "are ones that [we] are doing for national security reasons", namely relating to fentanyl and illegal immigrants.

For national security reasons, "he's (President Trump) going to use every tool he can, including economic tools and including tariffs."

Last week, President Trump imposed a 25% tariff on all goods from Canada and Mexico, which was later paused for one month, and a 10% tariff on goods from China that came into effect on 4 February.

China immediately retaliated against the tariff imposed by Washington with tariffs on American goods worth $10 billion.

Subsequently, President Trump announced a 25% tariff on imports of steel and aluminum from all countries. The European Union has decided to retaliate against the US tariff.

Ambassador Lighthizer justified the reciprocal tariff plan to address the US trade deficit, saying that "this is a step in that direction."

As regards the tariff hikes causing inflation in the US, Ambassador Lighthizer conceded that "there's gonna be a downstream effect. But I think what you're ultimately gonna see is more US production, better prices, and more downstream products."

"Free trade hasn't failed because it doesn't work," said Ambassador Lighthizer, adding that, "It's failed because it doesn't exist."

Further, "what we really have is a number of countries that have very aggressive industrial policies, and those are not just tariffs," Ambassador Lighthizer said.

Accusing countries with large trade surpluses with the US, Ambassador Lighthizer pointed out that "there are banking systems, labour laws, environmental laws, taxation, currency manipulation."

"And as a result of those policies, they're taking advantage of the US market, hurting our economy and hurting our workers," the former USTR said, insisting that "I think that the notion of free trade might be nice in a test tube, [but] it has not worked in real life."

According to Ambassador Lighthizer, China, Germany and a number of other countries "have policies that in the 19th century would have been called beggar-thy-neighbour policies."

He said such policies are "designed really to increase exports, to decrease imports, and to shift really resources within their own community away from consumers and towards producers" so as to "accumulate wealth that way at the expense of other countries and other workers."

"Economic Nationalism"

Several developing countries have likened President Trump's unilateral tariffs and his proposed reciprocal tariff plan to a naked form of economic nationalism, "transforming tariffs into instruments of political and economic coercion."

"His administration's four-phase strategy – setting policy objectives, conducting strategic reviews, imposing pre- emptive tariffs, and unpredictable brinkmanship - signals a shift towards unilateralism that bypasses traditional legal frameworks and undermines multilateral trade governance," said Ms Vahini Naidu, a former South African trade official, now with the Geneva-based South Centre.

"The recent tariffs on Mexico, Canada, and China, imposed under the International Emergency Economic Powers Act (IEEPA) on security grounds, represent an unprecedented expansion of executive power in trade policy," she said.

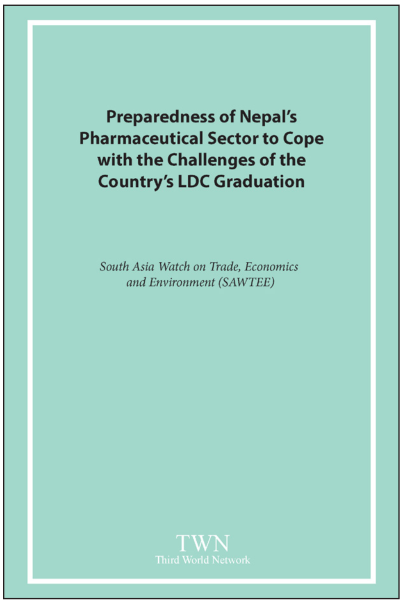
"As the US weakens the WTO and prioritises economic nationalism, the Global South faces a decisive moment," Ms Naidu said, adding that the "increasing use of trade measures for geopolitical leverage threatens to further marginalise developing countries."

The former South African trade official said that, "In response, the Global South must take a proactive role in shaping the global trade landscape – deepening South-South cooperation, enhancing regional trade frameworks, and advancing structural reforms to promote resilience and economic sovereignty in an era of growing trade uncertainty."

In conclusion, unless countries join ranks to oppose this forced change by the US in the global terms of trade, there could be more chaos and turmoil, with the developing countries, particularly the most vulnerable among them, being hit the hardest, analysts said. *(SUNS 10163)*

Preparedness of Nepal's Pharmaceutical Sector to Cope with the Challenges of the Country's LDC Graduation

South Asia Watch on Trade, Economics and Environment (SAWTEE)



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As a least-developed-country (LDC) member of the World Trade Organization, Nepal is not required, under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), to provide patent protection for pharmaceutical products. With no patent restrictions in force, Nepal's domestic pharmaceutical industry has expanded over the years to meet an increasing share of the country's medicine needs. This growth is now under threat, however, as Nepal is set to lose its LDC status – and, with it, the TRIPS exemption – in 2026.

This paper assesses how the Nepali pharmaceutical sector can face the challenges posed by implementation of the WTO intellectual property rules after the country's graduation from the LDC category. It calls for full utilization of policy flexibilities allowed by the TRIPS Agreement and strengthened government support to boost the local pharmaceutical industry and enhance access to affordable medicines.

https://twn.my/title2/books/Preparedness%20of%20Nepals%20Pharmaceutical%20Sector.htm

Trump escalates trade war with 25% tariffs on steel and aluminium

United States President Donald Trump on 10 February announced another round of tariff hikes of 25% on imports of steel and aluminum from all countries "without exceptions or exemptions", a move that risks sparking further turmoil in the international trading system.

by D. Ravi Kanth

GENEVA: United States President Donald Trump on 10 February announced another round of unilateral tariff hikes to the tune of 25% on steel and aluminum imports from all countries "without exceptions or exemptions", in an apparent attempt to dismantle the existing regime of binding tariffs that countries had committed to at the end of the Uruguay Round of trade negotiations.

Announcing the new round of unilateral tariffs at the White House, President Trump told reporters, "Today, I'm simplifying our tariffs on steel and aluminum. It's 25% without exceptions or exemptions."

The latest move seems to signal that the Trump administration is ready to set aside the current multilateral trade commitments to achieve the goals set out in his "America First Trade Policy", which was first announced on 20 January.

During his first term in office in 2018, President Trump imposed tariffs of 25% on steel and 10% on aluminum on all countries under Section 232 of the Trade Expansion Act of 1962 concerning national security, which were found to be WTO-illegal in December 2022.

Subsequently, the US appealed the panel ruling before the WTO's dysfunctional Appellate Body, arguing that they are not safeguard measures under Article XIX of the GATT 1994 but security measures under Article XXI.

With the US having paralyzed the Appellate Body in December 2019, Washington has now found a convenient option to challenge panel rulings, knowing full well that they will not see the light of day, said analysts.

Nevertheless, the Biden administration continued with the steel and aluminum tariffs in 2021 while settling for fresh agreements with the European Union, the United Kingdom, Japan, and several other countries by allowing them to export a certain quantity (export quotas) of their steel and aluminum to the US without duties.

President Trump's latest executive order of a 25% hike in tariffs on all steel and aluminum imports appears to send a chilling message that the Trump administration is willing to wreck all the past multilateral trade agreements to satisfy its domestic constituents, somewhat akin to what it recently did in withdrawing from the Paris Agreement on climate change and the World Health Organization.

The new tariffs on steel and aluminum imports are slated to come into effect on 4 March and it remains to be seen whether countries will seek a reprieve from the Trump administration.

The US officials justified the tariffs on grounds that they were a response to "surging imports" from foreign exporters, which are "undermining US producers of steel and aluminum," according to a report in the Financial Times (FT) on 11 February.

"This is a big deal ... making America rich again," said Trump as he signed off on the tariff order on 10 February.

"The steel and aluminium tariffs 2.0 will put an end to foreign dumping, boost domestic production, and secure our steel and aluminium industries as the backbone and pillar industries of America's economic and national security," Peter Navarro, Trump's top trade advisor, told reporters.

The US officials said that the exemptions granted by the previous Biden administration will be nullified, and President Trump would eliminate the loophole concerning the product exclusion process, according to the FT report.

"We had a product exclusion process that got completely out of control in the Biden years and there have been literally hundreds of thousands of exclusions approved, and millions of metric tons of steel and aluminium as a result have not been properly tariffed," said a White House official, according to the FT report.

Significantly, US steel trade unions have welcomed the new executive order on steel and aluminum, arguing that the "steel industry in America faces serious threats from foreign actors that seek to destroy domestic production."

Last week, President Trump claimed somewhat unabashedly that the additional tariffs could raise "trillions" of dollars for the US economy, saying that "tariffs are very powerful, both economically and in getting everything else you want."

It appears that the EU is likely to retaliate against the Trump administration's new executive order, while an official of Canada's Chamber of Commerce said that the latest order suggests that "perpetual uncertainty is here to stay."

Coming close on the heels of a 10% tariff hike on all goods from China and a proposed move to impose a 25% tariff on goods from Canada and Mexico, the latest executive order by President Trump signals a ratcheting up of pressure on countries either to enter into negotiations or face more tariffs in the coming days, said analysts.

It is well known that Canada, Brazil, and Mexico are the top exporters of steel products. Therefore, it is likely a test for these countries as to whether they will retaliate or settle for negotiations.

With President Luiz Inacio Lula da Silva in power in Brazil, it remains to be seen how he would respond to these latest tariff hikes by the US, unlike the previous right-wing administration of President Jair Bolsonaro, which removed several alleged trade barriers on American goods.

Back in 2019, Australia, South Korea, Japan, Canada, and Brazil had removed trade restrictions on several American exports.

However, the latest tariff hike may have only a minimal effect on steel and aluminium exports from China, as these are already blocked by a spate of anti-dumping and countervailing duties.

President Trump also reiterated on 10 February that he would go ahead to institute "reciprocal tariffs" under which the US will likely force countries to bring down their tariffs to the current US tariff level of a little over 3%.

In short, President Trump appears to be setting the ground for turmoil in the international trading system, forcing countries to either retaliate or bear the pain of increased tariffs with little opposition, said analysts. *(SUNS 10161)*

China retaliates against Trump's tariffs, targets US tech-companies

In response to the unilateral tariffs imposed by the Trump administration, China on 4 February imposed tariffs on $14 billion worth of American goods as well as other measures against select US companies.

by D. Ravi Kanth

BANGALORE: China has hit back against the unilateral tariffs imposed by the Trump administration by imposing tariffs on $14 billion worth of American goods as well as other measures against select US companies on 4 February, in a seemingly strategic response by Beijing against Washington's allegedly illegal trade measures.

Through its latest action against American goods and companies, Beijing appears to have delivered a powerful message to the Trump administration that it will not sit idly by if Washington chooses to impose its allegedly illegal and unjustified measures.

In addition to the tariffs and antitrust investigations into Google, Nvidia and Intel, China has also chosen to initiate dispute settlement proceedings at the World Trade Organization against the 10% additional tariffs on all Chinese goods announced by the Trump administration on 1 February.

Although a formal complaint by China has yet to be posted on the WTO's website, the Chinese commerce ministry has confirmed that it has initiated a trade dispute against the US at the WTO, according to media reports.

By choosing to take what it considers to be appropriate actions against the Trump administration, China has apparently secured some leverage ahead of talks between US President Donald Trump and Chinese President Xi Jinping sometime this week.

Unlike Washington, which has chosen to impose a 10% tariff on all Chinese goods that came into effect on 4 February, China said that its additional tariffs covering several strategically-chosen American goods, will come into effect on 10 February, according to statements made by the Chinese finance ministry and the ministry of commerce.

China has indicated that it would impose a 15% tariff on imported coal and liquefied natural gas originating from the US.

Beijing also stated that it would impose 10% additional tariffs on crude oil, agricultural machinery, automobiles with large displacement, and pickup trucks, according to China's Customs Tariff Commission.

Antitrust actions

Furthermore, China has revived antitrust investigations into Google and Nvidia, as well as a new investigation into Intel, according to China's State Administration for Market Regulation.

A news report in the Financial Times on 5 February quoted Chinese academic Liu Xu of Tsinghua University as saying that the investigations into tech-companies "may be part of the retaliatory measures".

The unilateral imposition of tariffs by the US seriously violates the WTO rules, and not only fails to address its own problems but also undermines normal economic and trade cooperation between China and the US, according to China's Customs Tariff Commission of the State Council.

Beijing has launched several trade disputes against the US at the WTO in the recent past.

For example, during the Biden administration, China had initiated disputes against the US over certain tax credits under the US Inflation Reduction Act, and US measures on certain semiconductor and other products, as well as three separate disputes over US tariff measures on certain goods from China.

China's Ministry of Commerce (MOFCOM) on 4 February stated that it has filed a case with the WTO dispute settlement mechanism to defend its legitimate rights and interests after the US announced that it will impose 10% additional tariffs on Chinese goods.

"A ministry spokesperson said the US tariff hikes on Chinese exports seriously violate WTO rules, are malicious in nature, and a typical example of unilateralism and trade protectionism," according to a news report in the *Global Times*, a Chinese newspaper, on 4 February.

However, there is unlikely to be any resolution of the recent Chinese disputes initiated against US tariffs and other measures because of a dysfunctional Appellate Body since December 2019.

Consequently, the latest dispute raised by China against the Trump administration's 10% tariff hike on Chinese goods may not result in any remedial relief, and may only remain as a symbolic move, said people familiar with the dispute.

The Trump administration is seeking to impose a "global supplemental tariff", as stated in its "America First Trade Policy" that was issued on 20 January.

De minimis provision

Besides the 10% tariffs imposed on Chinese goods, the US on 4 February suspended shipments from China that take advantage of the de minimis provision, which allows packages valued at $800 or less to enter the US duty-free.

Several Chinese e-commerce companies like Shein and Temu use the de minimis provision to sell their Chinese-manufactured products in the US market.

House Ways and Means Committee Chairman Jason Smith of the Republican Party said this means that China can no longer avoid paying tariffs by shipping packages with relatively low values.

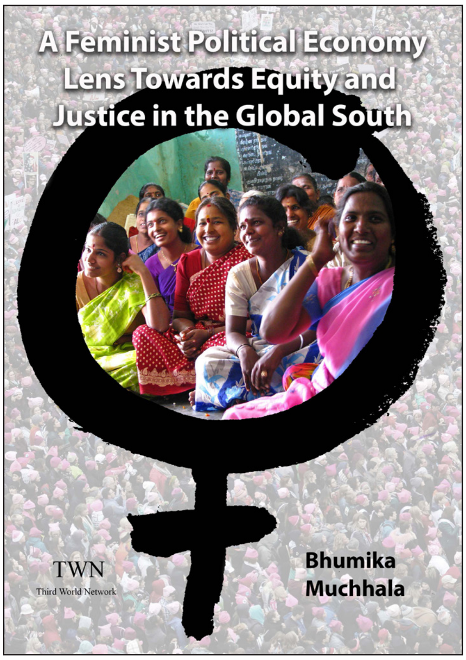
"The effect of increased abuse of the de minimis privilege has been to deny the US government collection of billions of dollars in additional revenues while unfairly disadvantaging American manufacturers," Smith said, according to media reports.

Aside from imposing allegedly unilateral tariffs on goods from other countries, the US has also used Section 301 of the Trade Act of 1974 to impose tariffs to allegedly address foreign trade barriers.

Significantly, the enforcement mechanism of the US-China "Phase One" agreement struck by the Trump administration with China during its first term in office included a provision which states that "the Appeal and information and matters related to it are confidential and shall not be shared beyond the bilateral evaluation and Dispute Resolution Office." *(SUNS 10157)*

A Feminist Political Economy Lens Towards Equity and Justice in the Global South

By *Bhumika Muchhala*



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THE global political dynamics of financialisation, sovereign debt distress and fiscal austerity generate structural inequalities within and between nations. A feminist political economy lens centres the social provisioning approach, where economic activity encompasses unpaid and paid work, human well-being is the yardstick of economic success, and power inequities, agency and economic outcomes are shaped by gender and intersectional inequalities. Transforming macro-policy norms and frameworks towards gender and intersectional equity involves reorienting fiscal policy from expenditure reductions to sustained, long-term and gender-responsive investment in public sectors and services to support gender equality and protect women's economic and social rights.

In this insightful collection of papers and articles, scholar-activist Bhumika Muchhala examines how financial subordination generates conditions of gendered austerity through channels such as social reproduction and unpaid care work, reduced access to quality public services, and regressive taxation. This analysis involves a perceptual shift from viewing women as mere individuals to gender as a system that structures power relations within economy and society. Writing from a critical political economy and South-centric perspective, she also maps out possible pathways – ranging from fiscal policy reformulation and sovereign debt workouts to social dialogue and movement building – towards a decolonial transformation for gender and economic equity.

Available at: https://twn.my/title2/books/pdf/A Feminist Political Economy Lens Towards Equity and Justice in the Global South.pdf

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Trump pauses trade war against Canada and Mexico, for now

United States President Donald Trump on 3 February announced that he is temporarily pausing the imposition of a 25% tariff on all goods from Canada and Mexico while continuing with the imposition of a 10% tariff on all Chinese goods.

by D. Ravi Kanth

BANGALORE: United States President Donald Trump appears to have pulled back from the brink of a trade war that he launched against Canada and Mexico, after announcing on 3 February that he is temporarily pausing the imposition of a 25% tariff on all goods from his two North American neighbours while continuing with the imposition of a 10% tariff on all Chinese goods.

In executive orders issued on 3 February, the White House said President Trump has delayed the imposition of tariffs on both Canada and Mexico due to assurances from Ottawa and Mexico City that they would beef up their efforts to keep the contraband drug fentanyl from entering the US market.

The tariffs on Canada and Mexico, which would have come into effect on 3 February, are being paused for one month.

President Trump said the pause of 30 days in the imposition of tariffs would give time "to assess whether these steps [taken by Canada and Mexico] constitute sufficient action to alleviate the crisis and resolve the unusual and extraordinary threat" beyond the US' northern and southern borders.

He said that the 10% across-the-board tariffs on China for its alleged failure to curb the flow of fentanyl will go forward on 4 February.

He informed reporters that he expects to speak to Chinese officials, in all probability with the Chinese President Xi Jinping, in the coming day or two.

President Trump justified his action against China as "just an opening salvo," indicating that the tariffs could go much higher if China does not crack down on its allegedly illegal supplies of fentanyl.

The White House also said that if the illegal migration and illicit drugs crises worsen, and if the governments of Canada and Mexico fail "to take sufficient steps to alleviate these crises, the President shall take necessary steps to address the situation."

Subsequently, President Trump wrote on his social media website Truth Social: "As President, it is my responsibility to ensure the safety of ALL Americans, and I am just doing that. I am very pleased with this initial outcome, and the Tariffs announced on Saturday will be paused for a 30 day period to see whether or not a final Economic deal with Canada can be structured. FAIRNESS FOR ALL.!"

In separate statements, both Canada and Mexico have announced the strengthening of their borders as well as measures to clamp down on the alleged illicit supplies of fentanyl from their territories entering the US market.

The Mexican President, Ms Claudia Sheinbaum, is understood to have discussed several issues with President Trump in a 45-minute telephone call, explaining the specific problems and difficulties faced by Mexico as well as concerns over the smuggling of sophisticated weapons from the US into Mexico.

The Mexican President is understood to have told President Trump that "in reality it wasn't a (trade) deficit, that we had a trade deal, that we were trade partners and that this was the result of being trade partners; and that either way it was the best way to keep competing against China and other regions in the world."

Canada said that it is "implementing our $1.3 billion border plan - reinforcing the border with new choppers, technology, and personnel, enhanced coordination with our American partners, and increased resources to stop the flow of fentanyl."

Who blinked first?

Although it is difficult to say who blinked first and who initiated the telephone calls after the threats made by President Trump, the US may have decided to stop its damaging actions due to the repercussions that the tariffs would likely have on prices and inflation within the US market, according to media reports.

On 2 February, President Trump had acknowledged that the 25% tariffs on Canada and Mexico could cause pain to American consumers, while mildly urging them to bear the pain.

The developments following the proposed tariff hikes, which seem to be replete with adverse consequences for American consumers, may have resulted in President Trump settling for a dialogue with the Mexican President Sheinbaum and Canadian Prime Minister Justin Trudeau, according to news reports.

As reported in SUNS #10155 dated 4 February 2025, Prime Minister Trudeau on 1 February had hit back against President Trump's unilateral action, announcing a calibrated imposition of tariffs on American goods.

He said Canada will impose 25% tariffs on approximately $20 billion worth of American goods beginning from 3 February, with another $85 billion to follow within three weeks.

Justifying the action as a reluctant response while delivering a televised address, Prime Minister Trudeau said, "We don't want to be here."

"We didn't ask for this," he continued.

Canada's retaliatory action of a 25% additional import duty on American goods could harm products such as Florida orange juice, Tennessee whisky, and Kentucky butter.

Mr Trudeau had said that Canada's tariff list would include products like beer, wine, vegetables, perfume, clothing, shoes, household appliances, furniture, sports equipment, and materials like lumber and plastics.

"This is a choice that, yes, will harm Canadians, but beyond that, it will have real consequences for you, the American people," the Canadian Prime Minister informed the American audience.

As reported in the SUNS of 4 February, the repeated threats of imposing high tariffs are an attempt to force countries to enter into negotiations.

But if countries stand up to the threats and are not bullied easily, the chances of reversing them appear to be high *(SUNS 10156)*

Trump unleashes global trade war by imposing unilateral tariffs

United States President Donald Trump on 1 February unilaterally imposed a 25% tariff on imports from Canada and Mexico, as well as a 10% additional tariff on goods from China, a move that elicited a "tit-for-tat" response from both Canada and Mexico.

by D. Ravi Kanth

BANGALORE: United States President Donald Trump on 1 February unilaterally imposed a 25% tariff on imports from Canada and Mexico, and a 10% tariff on goods from China, a move that led to a "tit- for-tat" trade war with its two North American trade partners who decided to retaliate in an even measure, media reports have suggested.

The first salvo launched by President Trump in kicking off the trade war came through three executive orders and it risks destabilizing the global trading system, as more countries including the European Union, are being threatened with punitive tariffs.

Instead of addressing the continued US trade deficit, which President Trump repeatedly claimed as the prime goal in imposing tariffs, the spate of actions announced on 1 February could have a cascading effect on countries in adjusting to a seemingly new "trade pandemic", said people familiar with the development.

Though such tariffs led to negotiations in the past, issues surrounding President Trump's latest actions could inflict irreversible damage to the global rule of law architecture for years to come, said people familiar with the development.

On 2 February, President Trump admitted that the tariffs imposed on Canada and Mexico would cause pain to consumers.

However, he insisted that the pain is worth taking to address the twin threats of illegal aliens and the increased illegal sales of fentanyl.

Writing in his social media website, Truth Social, President Trump asked somewhat rhetorically: "Will there be some pain? Yes, maybe (and maybe not!)"

He said: "Make America Great Again, and it will all be worth the price that must be paid."

Trump's announcement

Posting on his social media website Truth Social on 1 February, President Trump declared: "Today, I have implemented a 25% Tariff on Imports from Mexico and Canada (10% on Canadian Energy), and a 10% additional Tariff on China."

Resorting to an extreme form of trade aggression through the seemingly unused provisions in the International Emergency Economic Powers Act (IEEPA), President Trump justified his action on grounds of "the major threat of illegal aliens and deadly drugs killing our Citizens, including fentanyl."

He said that the action is aimed at protecting "Americans, and it is my duty as President to ensure the safety of all."

The IEEPA also contains a draconian provision on ratcheting up action against countries if they respond to the US duties.

Enacted in 1977 by the late President Jimmy Carter, it seeks to authorize the president to declare the existence of an "unusual and extraordinary threat... to the national security, foreign policy, or economy of the United States" that originates "in whole or substantial part outside the United States."

In effect, President Trump has turned an electoral promise into a likely global trade war that could harm all countries while also turning the multilateral trading system on its head based on the notion of "might is right", said people familiar with the development.

Also, Trump's unleashing of a trade war will adversely affect the developing and least-developed countries most in contrast to the developed countries, as well as China, said people familiar with the development.

Retaliatory actions

While Canada and Mexico have chosen to hit back with retaliatory tariffs, China opted for a somewhat softer response by announcing that it would challenge the US action at the World Trade Organization where the issue could likely remain frozen without resolution, said people familiar with the development.

President Trump's tariff decisions are being likened to a new "trade pandemic" along the lines of the COVID-19 pandemic, according to a Canadian academic who spoke to the Financial Times on 1 February.

The response from Canada and Mexico to the new "trade pandemic" was swift and in an equal measure.

Canada's outgoing Prime Minister Justin Trudeau on 1 February hit back against President Trump's unilateral action, announcing a calibrated imposition of tariffs on American goods.

He said Canada will impose 25% tariffs on approximately $20 billion worth of American goods beginning from 3 February, with another $85 billion to follow within three weeks.

Justifying the action as a reluctant response while delivering a televised address, Prime Minister Trudeau said, "We don't want to be here."

"We didn't ask for this," he continued.

Canada's retaliatory action of a 25% additional import duty on American goods could harm products such as Florida orange juice, Tennessee whisky, and Kentucky butter.

Mr Trudeau said that Canada's tariff list would include products like beer, wine, vegetables, perfume, clothing, shoes, household appliances, furniture and sports equipment, and materials like lumber and plastics.

"This is a choice that, yes, will harm Canadians, but beyond that, it will have real consequences for you, the American people," the Canadian Prime Minister informed the American audience.

While Mr Trudeau recalled how his country fought jointly with the US in all major wars over the last century, he said that the latest US tariff action is unjustifiable on any ground.

The Canadian Prime Minister said that he is going to talk to the Mexican President, Ms Claudia Sheinbaum, for finalizing common positions, according to a news report in *The New York Times*.

The Mexican President said emphatically that Mexico is finalizing its retaliatory response, suggesting that she had ordered her economy minister to implement tariffs and non-tariff measures to defend her country's interests.

Posting her remarks in Spanish on the social media platform X, Ms Sheinbaum said, "When we are negotiating with other nations, when we talk with other nations, we always do so with our heads held high, never with our heads down."

She rejected the unilateral tariffs imposed by the US President, insisting that Mexico "categorically rejects the White House's slander of the government of Mexico having alliance with criminal organizations."

In response to President Trump's claims of a national emergency, including a public health crisis due to the flow into the US of contraband drugs like fentanyl, allegedly made with Chinese ingredients, China also hit back by saying that it is an American problem.

The Chinese commerce ministry severely criticized the US decision to impose a 10% tariff on Chinese goods.

While Trump made a campaign promise to impose 60% tariffs on Chinese goods, to be further increased to 100%, Washington now appears to have backed out.

In a statement issued by a spokesperson for the Chinese commerce ministry on 2 February, China said that it "will take corresponding countermeasures to firmly safeguard its rights and interests."

China's statement suggests a softer course of action, as Beijing is fully aware that the enforcement function of the WTO has remained dysfunctional since December 2019.

Taking trade disputes to the WTO would effectively imply leaving them in a deep freeze, said an analyst who asked not to be quoted.

During President Trump's first term between 2016 and 2020, China took "tit-for-tat" trade actions against the US' unilateral trade measures, while simultaneously launching trade disputes at the WTO.

Perhaps, Beijing appears to be in a mood to settle the issues with Washington through dialogue and back-channel negotiations, as Trump's major advisor Elon Musk appears to be favourably disposed towards China, the analyst said, preferring not to be quoted.

The Chinese commerce ministry's statement made it clear that China wants to "engage in a frank dialogue" with Washington so as to "strengthen cooperation and manage differences on the basis of equality, mutual benefit and mutual respect."

Trump's BRICS war

Aside from the tariff measures against Canada, Mexico, and China ostensibly to address the problem of "illegal aliens" and "fentanyl", President Trump also appears to be preparing the ground to wage war against the BRICS – Brazil, Russia, India, China, and South Africa as well as several other countries – who had floated a proposal to consider settling their trade in their local currencies.

Given the difficulties faced with US dollar-based global trade, the BRICS nations, in their last meeting in Russia in 2024, began considering a proposal on how to settle their trade in their respective currencies.

Though the BRICS' move to consider non-US dollar-based payments is in its incipient stage, President Trump is already threatening serious consequences for countries if they attempt to replace the US dollar in trade.

On 30 November 2024, weeks after winning the US presidential elections, President Trump declared on his social media website Truth Social: "We are going to require a commitment from these seemingly hostile countries that they will neither create a new BRICS currency to replace the mighty US dollar or they will face 100% tariffs."

Subsequently, in response to the US President's statement, Russia said that any US attempt to compel countries to use the US dollar would backfire.

The US President repeated his threat on 30 January.

Although there has been no formal response to President Trump's threat against the BRICS from its leaders, recently India said that it will not move away from US dollar-based global trade.

In conclusion, it appears somewhat clear that the new "trade pandemic" launched by the US may not be averted unless major developing countries, particularly the BRICS nations, join hands to rebuff the US actions. *(SUNS 10155)*

Trump's trade war against Colombia averted, more such wars to come?

A seemingly new form of unilateral trade war against Colombia was averted after United States President Donald Trump's proposed tariff of 25% on all Colombian goods was put on hold after the two sides reached a compromise over US military aircraft returning deportees to Colombia.

by D. Ravi Kanth

COCHIN: A seemingly new form of unilateral trade war launched by United States President Donald Trump in proposing punitive tariffs against Colombia on 26 January has been temporarily averted on account of a compromise reached between the two sides, according to the statements issued by the White House.

On 27 January, the Trump administration signaled that it is keeping the proposed punitive tariffs of 25% on all Colombian goods on hold, after the Colombian President Gustavo Petro agreed to allow US military aircraft carrying Colombian deportees to land in Bogota.

Although the two sides have avoided an escalation of a trade war, the Trump administration's move to threaten a trade war against other countries appears somewhat akin to the "cowboy" land grab/annexation of Mexican territories during the 19th century.

The prospects of more such actions are unlikely to diminish in the coming days, said several analysts.

"It's important for Petro and a lot of Latin American leaders to show resistance to the policy on [forced] migration," said Sergio Guzman, Director of Colombia Risk Analysis, a Bogota-based consultancy, according to a report in the Financial Times on 27 January.

The "cowboy" trade war launched by the US seems to pose a grave challenge to the international trading system as it seeks to dismantle all the existing institutions while resorting to the worst form of trade wars to pursue its unilateral goals, said people, expressing serious concern over the development.

It is a major challenge for countries of both the North and South, which would require a concerted effort. Otherwise, a predatory form of trade could be legitimized in the coming days, months, or years, they added.

US-Colombia frictions

After two US military aircraft carrying allegedly illegal migrants from Colombia sought to land in Bogota on 26 January, the Colombian President flatly refused to allow them to land due to the allegedly degrading treatment meted out to the Colombian deportees, according to media reports.

The US President immediately threatened that the US would impose 25% tariffs on all imports from Colombia.

In response, the Colombian President announced that he would also impose reciprocal tariffs on US goods.

In an apparent war of words, the US President went on to threaten Colombia that the US would raise the punitive tariffs to 50%, according to a post by Trump on his Truth Social media site on 26 January.

"Petro's [the Colombian President] denial of these flights has jeopardized the National Security and Public Safety of the United States, so I have directed my Administration to immediately take the following urgent and decisive retaliatory measures."

President Trump's dictates posted on his social media site include: (1) "Emergency 25% tariffs on all goods coming into the United States. In one week, the 25% tariffs will be raised to 50%"; (2) "A Travel Ban and immediate Visa Revocations on the Colombian Government Officials, and all Allies and Supporters"; (3) "Visa Sanctions on all Party Members, Family Members, and Supporters of the Colombian Government"; (4) "Enhanced Customs and Border Protection Inspections of all Colombian Nationals and Cargo on national security grounds"; and (5) "IEEPA Treasury, Banking and Financial Sanctions to be fully imposed."

President Trump went on to issue more threats in his social media post: "These measures are just the beginning. We will not allow the Colombian Government to violate its legal obligations with regard to the acceptance and return of the Criminals they forced into the United States!"

After putting on hold the proposed tariffs due to a compromise reached with the Colombian government, given its huge dependence on US aid and exports to the American market, the White House said: "Today's events make clear to the world that America is respected again."

Of course, such "respect", stemming from threats on the trade front and other economic sanctions from the "global hegemon", may not augur well for the conduct of orderly global trade relations, said analysts.

The statement issued by the White House claimed: "President Trump will continue to fiercely protect our nation's sovereignty, and he expects all other nations of the world to fully cooperate in accepting deportation of their citizens illegally present in the United States."

India is estimated to have around 700,000 of its citizens working illegally in the US, and it appears that the government is already negotiating with the Trump administration to bring them home, according to media reports.

The face-off between the US and Colombia came into the open when the Colombian President demanded in a post on the social media platform X that illegal migrants be treated fairly and humanely.

Meanwhile, the Brazilian government has denounced the actions taken by the US against allegedly illegal migrants from Brazil, saying that it is "degrading" to send them back to Brazil in handcuffs.

"Flagrant disrespect for the fundamental rights of Brazilian citizens," Brazil's justice minister said, after 88 of its citizens were sent back from the US in handcuffs.

On 26 January, Brazil's foreign ministry said that it would seek a clarification from the US government over the degrading treatment meted out to the deportees. *(SUNS 10153)*

Is "development package" for MC14 development-oriented?

Attempts appear to be underway to put together a "development package" for the World Trade Organization's upcoming 14th ministerial conference (MC14) in Cameroon next year.

by D. Ravi Kanth

GENEVA: Attempts to put together a "development package" for the World Trade Organization's 14th ministerial conference (MC14) in Cameroon next year could give a short shrift to the real longstanding developmental issues that remain unaddressed since 2001, said people familiar with the development.

The idea of a "development package" appears to have been discussed with the WTO's Director-General, Ms Ngozi Okonjo-Iweala, in small group meetings outside the ambit of the WTO's General Council, said a person, who asked not to be quoted.

At the General Council (GC) meeting on 18-19 February, China's trade envoy, Ambassador Li Chenggang, urged his counterparts to work on "broader development issues such as Fish II [the second phase of the Fisheries Subsidies Agreement], agriculture and food security, and the Investment Facilitation for Development Agreement (IFDA)" for MC14.

The DG's remarks at the GC meeting, as contained in a restricted document (Job/GC/429) and seen by the SUNS, against the backdrop of the unilateral tariffs as well as the reciprocal tariff plan proposed by the United States President Donald Trump, suggest that "the stability of the system depends on the collective actions of many, not just a few."

The DG said that "simulations conducted by WTO economists underscore three key points:

a. First, a complete breakdown of trade policy cooperation would have severe economic consequences, with potential double-digit losses in real GDP. This is a scenario that none of us can afford.

b. Second, trade policy uncertainty itself has significant effects. It is not just the policies that matter, but also their predictability. Ensuring that the multilateral trading system remains a credible and reliable foundation for global commerce is in everyone's interest.

c. Third, the WTO's value extends well beyond tariffs and the GATT. Our agreements on services (GATS) and intellectual property (TRIPS), among others, provide substantial benefits to all Members. When assessing trade relations, it is therefore important to look beyond goods and consider the broader picture. For instance, companies worldwide generate significant revenues from services exports, as well as intellectual property royalties and licensing fees."

The DG called on members to return to the negotiating table after finalizing the chairs of the WTO negotiating bodies.

Citing the comments made by the former chair of the Doha agriculture negotiating body, she underscored a pragmatic approach towards a positive outcome at MC14.

Ms Okonjo-Iweala mentioned the upcoming retreat on "Sustainable Agriculture" being held under the General Council's auspices.

"I view these retreats as opportunities for reflection and generation of concrete ideas that can better address the needs of our citizens," she said, even though serious questions are being raised about the way these retreats are being structured with questions that are not part of the mandate.

For example, the former GC chair, Ambassador Petter Olberg of Norway, sought to focus on differentiation among developing countries for availing of special and differential treatment (S&DT), an issue that was pushed by the US and later supported by the developed countries.

IFDA

The DG's emphasis on the controversial Investment Facilitation for Development Agreement (IFDA) and the Agreement on Electronic Commerce, which have no formal mandates since the WTO's 11th ministerial conference (MC11), seem somewhat troubling, said several people who asked not to be quoted.

In her remarks on IFDA, as outlined in paragraph 9 of the restricted document, the DG said: "We likewise need to reach a mutually agreeable solution regarding the incorporation of the Investment Facilitation for Development Agreement (IFDA) and the Agreement on Electronic Commerce - both of which were presented today [at the GC meeting on 18 February].

I've noted your comments on the issue of the incorporation of the IFDA. Proponents must continue to work hard to reach out to the three Members [India, South Africa, and Turkiye] who have reservations and I urge all of them to work together in good faith to move forward.

The landscape we are seeing in the world today means that one can place only very limited comfort in any aid for developing countries. What does this mean? If you are a small or medium-sized developing country, you have to fight hard to get investment into your countries.

It is easier for larger ones because they got what it takes but the smaller ones do not have anything - they need instruments. In this regard, the bigger WTO Members must think about this and how they can support this - that we should not deprive Members in that situation of an instrument that would help them attract investment at this critical time.

We must also think carefully about how we approach our multilateral and plurilateral agreements. Ambassador James Baxter of Australia mentioned it today. When I look at the regional and bilateral agreements - and I see that what some Members [probably in reference to India] are blocking at the WTO, they have already signed on to elsewhere - and even more advanced. So, it remains an eternal puzzle to me on how one could sign up to something in a regional or bilateral agreement and then, at the WTO, one would not agree with it. I hope we can be fair. If we find all roads blocked to get an agreement, if we cannot conclude multilateral and plurilateral agreements then what can we conclude?

We need to think carefully. The

world has changed. We cannot come here to continue doing the same things we have been. We either have to unblock one set of instruments or the other. We cannot block both and then say we are here doing our job. As Chair of the TNC, I am putting this before the Membership that we have to think carefully about this matter."

Though only three members - India, South Africa, and Turkiye - spoke against the IFDA, a senior official of Namibia, who preferred not to be identified, said that "it would not block the IFDA, but we have no intention to join the Agreement".

Instead of following the rules as set out in the Marrakesh Agreement that established the WTO in 1995, the DG's statements on IFDA are allegedly flouting the rules, said people familiar with the development.

One of the three members opposing the IFDA apparently said at the GC meeting that the IFDA should not be brought to the GC again after it has been consistently blocked, said people familiar with the development.

"Development Package"

It appears that the original list encompassing the "development package" suggested for MC14 centred on "Fish II", attempts to incorporate the Agreement on Electronic Commerce and IFDA into Annex 4 of the WTO Agreement, WTO accessions, and the issue of sustainable agriculture.

However, agriculture, which was conceived as the engine for the Doha trade negotiations at the time of the launch of the Doha Round in December 2001 and later witnessed substantial progress despite hurdles in all three pillars of domestic support, market access, and export competition until the WTO's tenth ministerial conference (MC10) in Nairobi, Kenya, looks to be almost abandoned without resolving the mandated issues, said people familiar with the negotiations.

Several core issues such as the permanent solution for public stockholding (PSH) programs for food security and the special safeguard mechanism (SSM) for developing countries among others are practically deferred from one ministerial to another, said people who asked not to be quoted.

Attempts are allegedly now underway to replace the issue of sustainable agriculture, which was tabled by Brazil in order to address the protectionist measures imposed by the EU, said people familiar with the development.

At the GC meeting last week, China said that "while we don't share all those views and suggestions of Brazil, we see [that] sustainable agriculture is a valuable area that WTO has its role to play. So we support [launching] the discussions on this, starting from a retreat."

It went on to suggest three points.

First, said China, it understands that "there is no universally-accepted concept of sustainable agriculture, however, in certain areas WTO can and should have a role to play."

China suggested "having an information session before the retreat", saying that "we could invite relevant international organizations to share their understandings and work in this regard."

It pointed out that "we do have committees like Trade Facilitation, SPS and TBT in the WTO, whose work is very relevant to sustainable agriculture, and we could also invite them to the information session to introduce what they have done."

Secondly, China said that "for the purpose of efficient discussion and achieving the objective of reaching a common understanding on the possible future work of the WTO in the proposed retreat, the guiding questions should be carefully designed and avoid touching on too many details, which members could have very different views and that would not help us reach the expected outcomes."

Thirdly, China said, "we believe with good discussions on sustainable agriculture, it will help us better understand the realities of contemporary agricultural development, and change the mindset of agricultural negotiations instead of repeating the positions formed in another age."

In short, under pressure to change the status quo at the WTO as proposed by the US and allegedly endorsed by the DG at the GC meeting, it is imperative to ensure that the guardrails of the WTO, as enshrined in the Marrakesh Agreement, are safeguarded at any cost, said people familiar with the development. *(SUNS 10169)*

US-India bilateral free trade agreement on an unequal framework?

The United States and India on 13 February signed an agreement in Washington DC on negotiating a bilateral free trade agreement by October this year while targeting $500 billion in two-way trade by 2030, with the US seemingly well-positioned to profit immensely from such a deal.

by D. Ravi Kanth

GENEVA: The United States and India on 13 February signed an agreement in Washington DC for negotiating a bilateral free trade agreement by October this year while targeting $500 billion in two-way trade by 2030, in an apparent ambitious move based on an allegedly unequal framework, said people familiar with the development.

Given the huge disparities between the two countries in terms of the number of people dependent on agriculture, in per capita income, and in the share of global trade, it appears rather obvious that the US is well positioned to secure maximum benefits from such a deal, said people familiar with the development

US President Donald Trump last week made no bones about what he wants to harvest from the bilateral free trade agreement with India.

For example, on the day that he announced his reciprocal tariff plan on 13 February, he said, "India's tariffs are very, very high ... they charge tremendous tariffs."

He added, "I remember when Harley-Davidson couldn't sell their motorbikes [in] India because of the fact that (in) India, the tax was so high, the tariff was so high."

"They can build a factory here, a plant or whatever it may be here and that includes the medical, that includes cars, that includes chips and semiconductors," he suggested.

Trade and investment

The 33-paragraph United States-India Joint Leaders' Statement issued on 13 February at the Oval Office contains four paragraphs (7-10) dealing with trade and investment.

In paragraph 7, the two countries said they "resolved to expand trade and investment to make their citizens more prosperous, nations stronger, economies more innovative and supply chains more resilient."

The leaders resolved to deepen "the US-India trade relationship to promote growth that ensures fairness, national security and job creation."

To this end, the joint statement said that "the leaders set a bold new goal for bilateral trade - "Mission 500" - aiming to more than double total bilateral trade to $500 billion by 2030."

It remains to be seen how this ambitious target would be accomplished without causing turmoil in the Indian market, said a person, who asked not to be quoted.

In paragraph 8 of the joint statement, recognizing that this level of ambition would require new, fair-trade terms, the leaders announced plans to negotiate the first tranche of a mutually beneficial, multi-sector Bilateral Trade Agreement (BTA) by fall [by October] of 2025."

The joint statement further said that the "leaders committed to designate senior representatives to advance these negotiations and to ensure that the trade relationship fully reflects the aspirations of the COMPACT [Catalyzing Opportunities for Military Partnership, Accelerated Commerce & Technology] ."

The joint statement underscored that "to advance this innovative, wide-ranging BTA, the US and India will take an integrated approach to strengthen and deepen bilateral trade across the goods and services sector, and will work towards increasing market access, reducing tariff and non-tariff barriers, and deepening supply chain integration."

In paragraph 9 of the joint statement, "the leaders welcomed early steps to demonstrate mutual commitment to address bilateral trade barriers."

More importantly, it stated that "the United States welcomed India's recent measures to lower tariffs on US products of interest in the areas of bourbon (spirits), motorcycles, ICT products and metals, as well as measures to enhance market access for US agricultural products, like alfalfa hay and duck meat and medical devices."

Further, it said that "India also expressed appreciation for US measures taken to enhance exports of Indian mangoes and pomegranates to the United States."

"Both sides also pledged to collaborate to enhance bilateral trade by increasing US exports of industrial goods to India and Indian exports of labor-intensive manufactured products [perhaps textile products] to the United States," according to the joint statement.

As regards agriculture, which currently provides full employment for more than 800 million people in India as compared to some 25,000 highly subsidized US farmers, the joint statement said that "the two sides will also work together to increase trade in agricultural goods."

In paragraph 10 of the joint statement relating to investment, it is stated that "the leaders committed to drive opportunities for US and Indian companies to make greenfield investments in high-value industries in each other's countries."

In this regard, according to the joint statement, "the leaders welcomed ongoing investments by Indian companies worth approximately $7.35 billion, such as those by Hindalco's Novelis in finished aluminum goods at their state-of-the-art facilities in Alabama and Kentucky; JSW [Jindal Steel Works] in steel manufacturing operations at Texas and Ohio; Epsilon Advanced Materials in the manufacture of critical battery materials in North Carolina; and Jubilant Pharma in the manufacture of injectables in Washington. These investments support over 3,000 high-quality jobs for local families."

However, the joint statement did not mention US investments in India, nor the employment that the American companies had created there.

Trump's remarks

However, what appears to be rather disconcerting is President Trump's relentlessly aggressive criticisms against India and its trade policy prior to issuing the joint statement.

On 13 February, when he was standing with India's Prime Minister Narendra Modi on the podium in the Oval Office, President Trump went on making a barrage of statements about India's trading system and its high tariffs.

President Trump said, "as we deepen our defense partnership, we'll also strengthen our economic ties and bring greater fairness and reciprocity to our trading relationship."

"As a signal of good faith," the US President said, "Prime Minister Modi recently announced the reductions to India's unfair, very strong tariffs that limit US access into the Indian market very strongly."

"And really, it's a big problem, I must say," President Trump continued, pointing out that "India imposes a 30 to 40 to 60 and even 70 percent tariff on so many of the goods, and in some cases, far more than that."

He went on to cite some examples that are allegedly inaccurate if one delves into the Indian import duty schedule.

President Trump cited as an example, a 70 percent tariff on US motor vehicles going into India, "which makes it pretty much impossible to sell those cars."

"Today, the US trade deficit with India is almost $100 billion," he said, though the actual trade surplus that India enjoys with the US is just over $40 billion in 2024.

President Trump said that he and Prime Minister Modi "have agreed that we'll begin negotiations to address the long-running disparities that should have been taken care of over the last four years - but they didn't do that - in the US-India trading relationship, with the goal of signing an agreement."

"And we want - really, we want a certain level playing field, which we really think we're entitled to," President Trump said.

President Trump claimed that the Indian Prime Minister also wants a certain level playing field "in fairness ... So we're going to work on that very hard."

In an apparent move to sell US oil

and gas, as well as LNG (liquified natural gas), President Trump emphasized that "we can make up the difference very easily with the deficit, with the sale of oil and gas, and LNG, of which we have more than anybody in the world."

"The Prime Minister and I also reached an important agreement on energy that will restore the United States as a leading supplier of oil and gas to India," President Trump said.

More worryingly, President Trump appears not to be concerned about the deadly impact of fossil fuels on climate change, in which countries, according to several recent estimates by various international bodies, appear to have crossed the tipping point of 1.5 degrees C by failing to reduce their carbon emissions.

Prime Minister Modi remarked that he is seemingly determined to double the bilateral trade to $500 billion by 2030 and "concluding very soon a mutually beneficial trade agreement" with the US.

The tariffs of a developing country as compared to a developed country were negotiated in eight rounds of trade negotiations under the aegis of the GATT (General Agreement on Tariffs and Trade, established in 1948) and its successor, the World Trade Organization, which was established in 1995.

In all the eight rounds of GATT and WTO trade negotiations, successive US administrations, of both Republican and Democratic parties, led the trade negotiations.

They had agreed to reduce tariffs while bringing in the controversial TRIPS Agreement, the tariffication of agricultural products, and a binding dispute settlement mechanism.

However, it is increasingly becoming a sordid affair when President Trump accuses developing countries, including India, as being "the culprits" in managing to build up trade surpluses, said people familiar with the development.

President Trump's recent unilateral decision to impose a 25% tariff on goods from Canada and Mexico, a 10% tariff on Chinese goods, and later a 25% tariff on steel and aluminium, in utter disregard of the WTO's multilateral trade rules, appears to signal a rapid dismantling of the rules-based global trading system, said people familiar with the development.

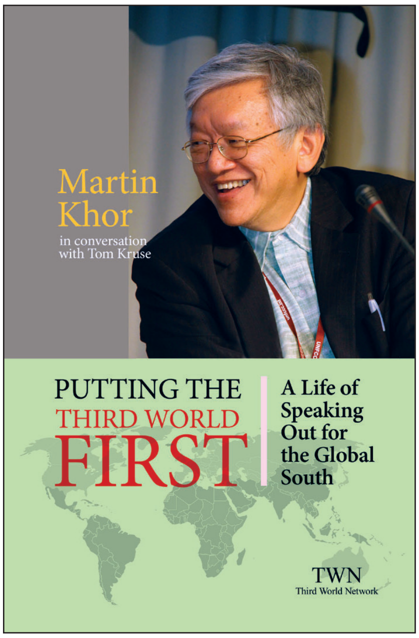
In short, it remains to be seen how the Indian negotiators will accommodate the US interests in the coming days and months in concluding a bilateral free trade agreement.

Even before the negotiations begin next month, India could face a big blow when President Trump initiates his reciprocal tariff plan on 2 April when the tariffs to be imposed on India will be made public. *(SUNS 10164)*

Putting the Third World First

A Life of Speaking Out for the Global South

Martin Khor in conversation with Tom Kruse



Martin Khor was one of the foremost advocates of a more equitable international order, ardently championing the cause of the developing world through activism and analysis. In this expansive, wide-ranging conversation with Tom Kruse – his final interview before his passing in 2020 – he looks back on a lifetime of commitment to advancing the interests of the world's poorer nations and peoples.

Khor recalls his early days working with the Consumers Association of Penang – a consumer rights organization with a difference – and reflects on how he then helped build up the Third World Network to become a leading international NGO and voice of the Global South. Along the way, he shares his thoughts on a gamut of subjects from colonialism to the world trade system, and recounts his involvement in some of the major international civil society campaigns over the years.

From fighting industrial pollution in a remote Malaysian fishing village to addressing government leaders at United Nations conferences, this is Khor's account – told in his inimitably witty and down-to-earth style – of a life well lived.

Martin Khor (1951-2020) was the Chairman (2019-20) and Director (1990-2009) of the Third World Network.

Third World ECONOMICS No. 812-813, 1-28 February 2025

Global services trade hits a new high in Q3 2024, says WTO

The World Trade Organization (WTO) on 3 February reported that growth in global services trade posted a strong 10 per cent year-on-year increase in the third quarter of 2024, marking a bright spot in overall trade.

by Kanaga Raja

PENANG: Growth in global services trade reaches a new high, posting a strong 10 per cent year-on-year increase in the third quarter of 2024, according to the World Trade Organization (WTO).

In its latest international trade statistics posted on its website on 3 February, the WTO said the third quarter of 2024 saw services exports rise by 16 per cent in Asia, followed by 8 per cent in Europe, while North America, South and Central America and the Caribbean expanded by 7 per cent.

Marked growth was also recorded on imports across regions, reflecting high demand for diverse services, it said.

According to the WTO, services are the bright spot of trade, with growth of 9 per cent year-on-year in the first three quarters of 2024.

This is in sharp contrast with goods trade, which was up by only 2 per cent over the same period, the WTO said.

In the third quarter of 2024, transport saw a 14 per cent rise as shipping rates climbed amid persistent disruptions on major trade routes, it added.

Global freight prices were nearly four times higher than in Q3 2023, at about US$4,500, according to data from Freightos, the digital freight booking platform.

Asia's transport services exports increased by 32 per cent, with peaks of 47 per cent in China and 40 per cent in Singapore, said the WTO.

Available monthly statistics of leading Asian transport traders point to sustained growth through the end of the year, it suggested. For example, it said that in the last quarter of 2024, China's transport exports soared by 50 per cent, reflecting a surge in shipments.

Meanwhile, the WTO said international travellers' expenditure in foreign economies increased by 10 per cent in Q3 2024.

In the first three quarters of 2024, global travel receipts were 15 per cent higher than pre-pandemic levels, it said.

"Growth is stabilizing after the post-pandemic surge, and visa-free schemes adopted throughout 2024 by many economies have benefited international tourism worldwide."

The WTO said by the end of 2024, international tourist arrivals had almost reached their 2019 levels, suggesting complete recovery for the sector, according to UN Tourism, a UN specialized agency.

Travel in 2024 was also boosted by the UEFA European Football Championship in Germany and the Olympics in France, and Europe's travel exports grew by 7 per cent from an already high base in 2023, it added.

Many African economies recorded double-digit growth, including Namibia (+32 per cent), Morocco (+19 per cent) and Tanzania (+18 per cent), said the WTO.

Other commercial services, a heterogeneous group of services accounting for some 60 per cent of total services trade, expanded on average by 8 per cent in Q3 2024.

The WTO said in the European Union and the United Kingdom, exports in this category increased by 9 per cent, and in the United States by 7 per cent.

Double-digit growth was widespread in many economies in different regions, it pointed out. For example, it said that South and Central America and the Caribbean economies saw very high growth rates, including Chile (+32 per cent), Argentina (+26 per cent) and Peru (+17 per cent).

Digitally deliverable services such as computer, financial, business and insurance services were the main drivers of growth, said the WTO.

"Computer services continued their impressive rise in January-September 2024, with cumulative exports surging globally by 13 per cent."

Rapid growth in computer services exports was recorded both in developed and developing economies, including a sharp increase of 77 per cent in Indonesia and a strong growth of 37 per cent in Mauritius and 18 per cent in the United States, said the WTO.

According to WTO estimates, the European Union's exports of computer services grew by 15 per cent year-on-year in the first nine months of 2024, or by 10 per cent, if excluding the largest EU exporter, Ireland.

Companies are increasingly outsourcing information technology (IT) services and software development, the WTO noted.

The rapid expansion of e-commerce and digital platforms, including in developing economies, has accelerated this process, it said.

The WTO said that the growing adoption of AI (artificial intelligence), such as to develop chatbots, machine learning and predictive analytics, as well as for cybersecurity needs, has further accelerated the global demand for computer services.

This trend is expected to persist as businesses adapt to new technologies and consumer preferences for digital solutions, it added. *(SUNS 10156)*

Global merchandise exports fell by 4.3% to $23.8 trillion in 2023

Merchandise exports fell sharply, while trade in services surged in 2023, driven by a rebound in travel and growth in digitally deliverable services, according to UN Trade and Development (UNCTAD).

by Kanaga Raja

PENANG: Global trade showed contrasting trends in 2023, with merchandise exports falling sharply, while trade in services surged, led by a rebound in travel and growth in digitally deliverable services, according to UN Trade and Development (UNCTAD).

In its Handbook of Statistics 2024, released on 23 January, UNCTAD said global merchandise exports fell 4.3% to $23.8 trillion, with a sharper decline in developing economies (-6.2%) than developed ones (-2.8%).

Africa saw the steepest drop (-9.8%), importing nearly three times more manufactured goods than it exported, it said.

South-South trade in goods contracted by 7% to $5.7 trillion. Trade between developing countries was 24% of the global total, up from 15% in 2005.

Global services exports rose 8.3% to $7.9 trillion, driven by growth in travel (34%) and services that can be delivered digitally (over 8%), such as financial and business services, said the report.

The United States remained the top services exporter, capturing 13% of the global market, it added.

Asian economies exported 56% of the Global South's services, with China leading with $381 billion in exports.

According to the report, exports decreased across the globe in 2023, more so in developing economies.

In 2023, developed economies registered decreasing exports of 2.8 per cent, with considerable decline in Saint Pierre and Miquelon (-76.9 per cent), Andorra (-34.6 per cent), Norway (-30.5 per cent) and Russian Federation (-28.4 per cent).

The overall decrease was starker in developing economies by 6.2 per cent, led by Yemen (-63.7 per cent), Guam (-57.7 per cent) and Comoros (-42.5 per cent), as well as in several other small island developing States.

The North exported more merchandise than the South in 2023: developed economies contributed $13.3 trillion and developing economies $10.5 trillion to the value of world total exports, said the report.

UNCTAD said that in 2023, African developing economies experienced the largest decline in exports (-9.8 per cent) followed by developing economies in Asia and Oceania (-6.7 per cent), while the Americas' developing economies' exports declined less (-1.2 per cent).

In terms of imports, developing economies in the Americas saw a decrease of 6.1 per cent, with Africa dropping 5.6 per cent, followed by Asia and Oceania (-4.8 per cent).

Developing economies registered a significant decrease in their trade surplus in 2023 compared to the previous year. Their trade balance stood at $824 billion in 2022 and dropped to $654 billion in 2023, said the report.

At the same time, developed economies saw a decreased merchandise trade deficit in 2023 of $1.1 trillion. The developed world's imports decreased more than their exports, it added.

The world's largest bilateral flows of merchandise trade run between China and the United States of America, and between their respective neighbouring economies, the report noted.

In 2023, goods worth $448 billion were imported by the United States from China, more than 20 per cent less than in 2022, and $165 billion by China from the United States (almost 10 per cent less than in 2022).

It said that China's trade – exports and imports – with Hong Kong (China), Japan, Taiwan Province of China, and the Republic of Korea totalled $1.29 trillion, while the United States' trade with Mexico and Canada was worth $1.59 trillion.

Intra-regional trade was most pronounced in Europe and Asia. In 2023, 68 per cent of all European exports were to trading partners on the same continent, while in Asia, this rate was 58 per cent.

On the other hand, the report said in Oceania, Latin America and the Caribbean, Africa and Northern America, the main trade partners were extra-regional.

In 2023, goods worth $9.3 trillion were exchanged between developed economies (North-North trade), whereas merchandise trade among developing economies (South-South trade) amounted to $5.7 trillion.

The report said exports from developed to developing economies and vice-versa (North-South, and South-North trade) totalled $8.4 trillion and thus, for developed economies, trade with developing economies was slightly less important than trade within their own group.

Over time, South-South trade has increased its share of total merchandise trade from 15 per cent in 2005 to reach 24 per cent in 2023, it added.

It said that in 2023, developing economies shipped most of their exports to the United States of America ($1.7 trillion), followed by China ($1.3 trillion).

In terms of imports, China ranked number one ($1.7 trillion) and was followed by the United States of America ($1.0 trillion) and Japan ($0.5 trillion).

Exports from developing economies in the Americas were mainly oriented towards the United States of America ($604 billion), while China came second ($194 billion) at some distance.

The report said that for African developing economies, the main export market was China ($71 billion) with Italy ($38 billion), United Arab Emirates ($36 billion) and France ($35 billion) being the other main destinations.

It said that the supply of goods to the world market has a regional pattern. In 2023, economies in Northern and Central America, Europe, and Southern, Eastern and South-eastern Asia exported mainly manufactured goods.

Economies primarily exporting fuels were located along the northern coast of South America, in Middle and Northern Africa, and Western and Central Asia.

The report said in Africa, primary goods (defined as everything except manufactured products) accounted for 76 per cent of merchandise exports in 2023, with fuels making up 37 per cent of this.

"Developing Asia and Oceania relied much less on primary goods exports (26 per cent) while for developing Americas it was just over half."

It said among the three developing regions, developing Asia and Oceania recorded the lowest proportion of food exports (5 per cent), far behind developing Americas (25 per cent) and developing Africa (14 per cent).

The report also said in 2023, the general downturn in the value of world merchandise exports was strongly driven by fuel price decreases.

Fuel exports plunged by more than 23 per cent, with a 12 per cent decrease in agricultural raw materials.

Ores, metals, precious stones and non-monetary gold dropped by 3.1 per cent and manufactured goods by 1.2 per cent.

According to UNCTAD, only the category grouping of all food items registered a modest increase of 1.2 per cent.

In 2023, developing economies in Asia and Oceania recorded a merchandise trade surplus of 13 per cent of the value of exports, driven by high exports of manufactured goods.

The report said that for the group of developing economies of the Americas, positive trade balances in food, agricultural raw materials, and ores, metals, precious stones and non-monetary gold largely offset the negative trade balance in manufacturing, leading to a trade deficit of 0.4 per cent.

However, in Africa, high imports of manufactured products and a negative balance in food and agricultural raw materials could not be offset by trade surpluses in fuels and in ores, metals, precious stones and non-monetary gold, resulting in a negative 14 per cent trade balance, it added.

The report said that world merchandise export volumes, as measured in seasonally adjusted terms, stagnated throughout 2023.

The trend reversed in the first quarter of 2024, driven by the strong quarter-on-quarter export performance of developing economies.

"In the second quarter of 2024, export volumes fell for developed economies (0.9 per cent), while developing economies recorded an increase of 0.7 per cent."

As for total trade in services, UNCTAD said that in 2023, the highest proportions of services exports in gross domestic product (GDP) were observed in Luxembourg, Macao (China), and Malta (173, 127 and 119 per cent, respectively).

In another 13 economies – all except Ireland being members of the Small Island Developing States (SIDS) group – the rate exceeded 50 per cent.

Many European developed economies recorded services exports surpassing 10 per cent of their GDP.

In South-eastern Europe, tourism plays a prominent role in services exports, said the report.

"In Western and Northern Europe, services exports are dominated by financial, business, telecommunication, computer, and intellectual-property-related services."

It said that world services exports reached $7.9 trillion in 2023 and grew by 8.3 per cent annually. International travel receipts increased by 34 per cent, reaching over $1.5 trillion.

Transport exports suffered an 11 per cent decline in 2023. Other services – most of which can be traded digitally – recorded a strong annual growth of over 8 per cent, it added.

The report said that after the COVID-19 pandemic plunge in 2020, the years 2021 and 2022 witnessed a strong recovery in the international trade of, firstly, transport services, and then travel.

In 2023, services exports represented 26 per cent of global exports of both goods and services, it pointed out.

Looking at the trends by development status and region, the report said services exports marked a solid growth in all groups of economies in 2023 (between 6.7 and 12.2 per cent annual rise).

It said the growth of services imports varied more, from a modest 0.8 per cent in Africa to a strong 11 per cent in developing Asia and Oceania.

"While in most areas, imports increased more than exports, the latter grew significantly faster than imports in Africa and in Latin America and the Caribbean (developing Americas)."

The report said with over $1 trillion worth of services sold internationally in 2023, the United States remained the world's leading exporter, capturing a 13 per cent share of the global market.

It was followed, at some distance, by the United Kingdom ($584 billion) and Germany ($439 billion).

China, the leading exporter among developing economies, ranked fifth ($381 billion).

The top five services exporters from the developing world were all Asian. In 2023, they captured 17 per cent of the global market and accounted for 56 per cent of developing economies' total services exports, said the report.

While travel and transport were severely hit during the COVID-19 pandemic, exports of telecommunications and computer services surged everywhere in 2018-2023, recording the highest average annual growth in Asia (14 per cent), it added.

Exports of digitally tradable services – such as insurance, financial and other business services, and intellectual property charges – also witnessed a solid five-year increase.

"Their highest upswing was reported by Asian economies, which also registered the highest average growth in exports of transport services over the period."

Travel was severely restricted during the pandemic and the regions losing largest relative shares of international tourism revenues were Asia and Oceania, said the report.

A negative five-year average growth rate in travel exports was also recorded by Northern America.

From 2018 to the end of 2023, international travel receipts of Africa, Europe, and Latin America and the Caribbean maintained an overall rising trend, it added.

Despite the 2020 and 2021 drops, these three regions saw a faster recovery of international tourism and related travel receipts in 2022 and 2023.

Among the main service categories, travel exports recorded the highest growth in 2023 (34 per cent), surpassing levels recorded in 2019 before the pandemic, said UNCTAD.

"World transport exports declined by 11 per cent in 2023, reflecting decreasing international merchandise trade."

Most other main services exports increased by up to 10 per cent, with 11 per cent growth in telecommunications and computer services.

Various business and intellectual property services went up some 8 per cent, as a group. Among those, insurance and pension services surged by 18 per cent in 2023, the report added.

Transport and travel remain the

most exported services from developing economies of Africa and the Americas at over 62 and 57 per cent of all services sold abroad, respectively.

It said developing economies in Asia capture increased shares of international services and are diversifying their services trade into knowledge-intensive services, accounting for almost half of their services exports in 2023.

"Knowledge-intensive services cover insurance, financial, telecommunication, computer, information, and other business services, as well as intellectual property charges.

These products – mostly digitally tradable – represent almost two thirds of services exported from developed economies."

In 2021, amid the COVID-19 lockdown that disrupted many traditional trade flows, world digitally deliverable services exports increased by a remarkable 18 per cent, said the report.

The expansion continued in 2022 and 2023, with upswings of 5 and 9 per cent, respectively.

Three quarters of the exports, worth some $3,372 billion, originated from developed economies, leaving developing world exports at an estimated $1,090 billion for 2023.

In 2023, exports of digitally deliverable services from developing economies grew by 9 per cent.

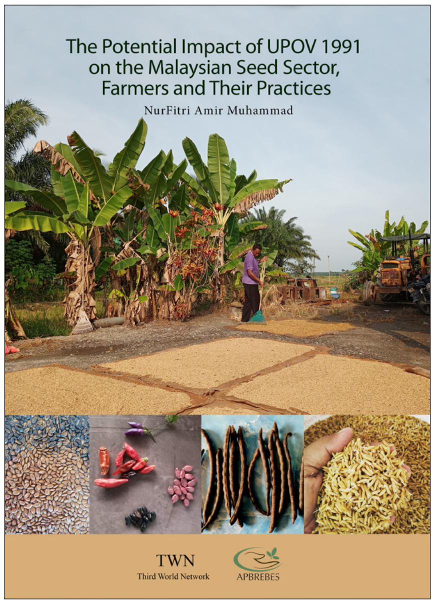
The growth was prominent across all developing regions: Africa, Americas, Asia and Oceania, the report said.

"Their share in total services exports was 46 per cent, while for the developed world it stood at 61 per cent."

It is estimated that about 95 per cent of digitally deliverable services have actually been digitally delivered since 2021.

Before the COVID-19 pandemic, the share hovered around 87 per cent, the report concluded. *(SUNS 10151)*

The Potential Impact of UPOV 1991 on the Malaysian Seed Sector, Farmers and Their Practices



NurFitri Amir Muhammad

Malaysia has a unique and functional system in place for protecting intellectual property on plant varieties. Its Protection of New Plant Varieties Act 2004 provides for the granting of rights to plant breeders while also recognizing farmers' innovations and safeguarding exceptions for their rights to save, use, exchange and sell seeds.

This delicate balance could however be upended if Malaysia signs on to the 1991 Act of the International Convention for the Protection of New Varieties of Plants (UPOV 1991). Designed to further the interests of commercial breeders in developed countries, the UPOV 1991 regime will severely restrict the age-old farming practice of seed saving and promote corporate seed monopolies in its stead, thereby undermining farming livelihoods, food security and agricultural biodiversity.

Drawing on rigorous research and interactions on the ground with domestic food farmers, this report sounds a clarion call to resist pressures for Malaysia to join UPOV 1991, and makes the case for a plant variety protection framework that is more attuned to the needs of the country's agricultural system.

Available at https://twn.my/title2/books/pdf/Potential%20Impact%20UPOV%20Malaysia.pdf

In major win, a key HIV drug arrives in Colombia under a CL

Marking a significant milestone for the Colombian government, a key antiretroviral drug used in the treatment of HIV has arrived in Colombia under a compulsory license (CL) issued by the country.

by Kanaga Raja

PENANG: The first batch of a generic version of dolutegravir (DTG), a key antiretroviral drug used in the treatment of HIV, has arrived in Colombia under a compulsory license (CL) issued by the country, the Make Medicines Affordable (MMA) campaign reported on 19 February.

In a post on its website, the MMA campaign, which is led by the International Treatment Preparedness Coalition (ITPC) and partners, said that this marks a significant milestone for the Colombian government in prioritizing patients over the profits of pharmaceutical companies.

Through the CL, the price of DTG was reduced from almost US$100 to US$3 for 30 tablets, the equivalent of a monthly course of HIV treatment, which should be taken by a person living with HIV during their whole life, it said.

In what was widely viewed as a "landmark move", the government of Colombia on 24 April 2024 issued its first- ever CL aimed at enabling access to less-expensive generic versions of the key HIV drug DTG, which now has the potential to treat 28 people for the price of treating just one. (See SUNS #9997 dated 2 May 2024).

The World Health Organization (WHO) recommends dolutegravir as the first- and second-line treatment for all population groups.

MMA said that in Colombia, access to this medication was delayed or limited due to the patent holder, namely British pharmaceutical company ViiV Healthcare, imposing extremely high prices that left the drug out of the reach of patients in Colombia.

(The company was created as a joint venture by GSK and Pfizer in November 2009, joined by Shionogi in 2012. As of December 2023, 76.5% of the company is owned by GSK, 13.5% by Pfizer and 10% by Shionogi.)

According to MMA, the Latin American Network for Access to Medicines (RedLAM) reports that a comparative price study revealed very high costs of dolutegravir in Colombia due to a patent-created monopoly. To counteract this, the government of Colombia issued a CL in April 2024, MMA reported.

Incidentally, also in April 2024, Colombia had tabled a proposal (IP/C/W/712) at the World Trade Organization on the review of the implementation of the TRIPS Agreement, as mandated by its Article 71.

In its proposal, Colombia said that a comprehensive review of the implementation of the Agreement on Trade- Related Aspects of Intellectual Property Rights (TRIPS) is both "an unfulfilled commitment and a necessity."

Colombia said carrying out the review mandated in Article 71, along with the 30th anniversary of the TRIPS Agreement, will provide an opportunity to: (i) increase dialogue and transparency on the impact of international rules on Intellectual Property (IP) issues; (ii) start overcoming the existing impasse of the TRIPS discussions and negotiations at the TRIPS Council; (iii) support political and technical discussions that are taking place in other forums and settings; and (iv) identify/produce relevant metrics to inform better implementation in the future.

Colombia said that it aims to engage in collaborative discussions at the WTO to identify (or produce) relevant analytical metrics and data, "which are currently non-existent, incomplete, or not appropriately used, to better assess the implementation of the TRIPS Agreement over the years, and better guide the discussions and domestic policymaking process of Members."

These new metrics could become part of a permanent source of information at the TRIPS Council, at Trade Policy Reviews of individual Members, or at the Trade Monitoring exercise by the Secretariat, among others, it added.

To attain these objectives, Colombia proposed to address discussions on the following implementation aspects:

a. To analyse both domestic and international concentration of production in knowledge-intensive sectors over the years, based on relevant metrics.
b. A global stocktake on royalties paid in and out by country for the use of Intellectual Property Rights, as expressed in the Balance of Payments of countries.
c. A global stocktake on the use of Compulsory Licences since 1996, with a focus on the problem of export limitations faced by "sandwich" countries (not too small, not too large).
d. A global stocktake on the residency/nationality of innovators across Members, coupled with an examination of Patenting activity by Office of Subsequent Filing - OSF - (to better understand who is patenting internationally and domestically, and the incentive mechanisms that exist for innovators to go abroad).
e. A related discussion on the exploitation of "disclosures" after IPRs (intellectual property rights) finish their terms of protection. As an implementation matter, are these innovations/creations publicly available? Are they used by Members (especially developing ones)? Are they available for training of artificial intelligence models? (optional trigger questions).
f. The utilization of Article 44(2) of TRIPS by WTO Members.

At a WTO TRIPS Council meeting on 26 April 2024, the Colombian proposal, which was supported by many developing countries, was resisted by the pharmaceutical-producing nations such as Switzerland (see SUNS #9997 dated 2 May 2024).

The review of the implementation of the TRIPS Agreement is expected to take place in the TRIPS Council sometime this year.

Reporting on the arrival of the first batch of the HIV drug DTG in Colombia, MMA said Colombian President Gustavo Petro announced the shipment on the

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social media site X, with a photo of the first shipment, containing 300,000 doses of DTG.

MMA quoted President Petro as saying: "It [dolutegravir] was very expensive in the market... The EPS [public health insurance system] did not prescribe it due to its price, and many people died of AIDS, which was avoidable."

"Now, thanks to the progressive Ministry of Health, it comes at such a low price that we are ready to reduce the disease as much as possible," said President Petro.

As reported by MMA, granting compulsory licensing to this and other medications is an important step towards reducing prices and making treatment more accessible. It will also increase the number of people who can access DTG.

MMA quoted Juliana Lopez from iFarma in Colombia as saying: "We appreciate the efforts of the national government, as well as of so many people and organizations in Colombia, the region, and the world, who have worked tirelessly to make the use of public health safeguard contemplated in international intellectual property regulations a reality."

"This progress allows Colombia to optimize the use of public resources in health and respond more effectively to the prevalence and incidence of HIV," Lopez added.

Advocacy in Brazil

Last year, the MMA campaign had reported that the Brazilian Interdisciplinary AIDS Association (ABIA), an advocacy group in Rio de Janeiro and a partner of the MMA campaign, had called on the Ministry of Health to issue a CL for DTG.

MMA had quoted Susana van der Ploeg, the coordinator of the Working Group on Intellectual Property, and project assistant at ABIA as saying: "What we are seeing here in Brazil is an abuse of the patent system and a high price for DTG."

"We believe that to combat the abusive pricing, the Ministry of Health should issue a compulsory license for DTG," she added.

According to the MMA campaign, affordable antiretrovirals are essential for Brazil, which has the highest HIV prevalence in Latin America – nearly a million people are living with HIV - and a steadily rising rate of new HIV infections, which reached 51,000 in 2022.

It said currently, Brazil spends nearly two-thirds of its HIV budget on treatment, leaving prevention and testing programs underfunded.

MMA said today, a single tablet in Brazil costs R$4.40 (about US$0.80), when it could be 0.70 cents. In 2023, the government purchased 180 million units of DTG at a price of R$4.40.

DTG was patented by ViiV Healthcare, which initially priced the drug at US$3,606 per person, per year in Brazil.

MMA said as a result of ABIA's efforts, the government changed its treatment guidelines to include DTG as part of first-line treatment, thus increasing demand for the drug.

The government also negotiated a 75% price reduction with ViiV Healthcare (from US$3,606 to US$558 per person, per year), said MMA. *(SUNS 10167)*

Cross-border bank credit expands in Q3 2024, says BIS

Cross-border bank claims expanded by $629 billion during the third quarter of 2024, driven by cross-border bank credit to non-bank financial institutions in advanced economies, according to the Bank for International Settlements (BIS).

by Kanaga Raja

PENANG: Cross-border bank claims expanded by $629 billion during the third quarter of 2024, a rise of 3.4% year-on-year, according to the Bank for International Settlements (BIS).

In its latest statistics on international banking activity at end-September 2024, the Basel-based central bank for the world's central banks said that the expansion in claims was primarily driven by cross-border bank credit (i.e. loans and holdings of debt securities) to non-bank financial institutions (NBFIs) in advanced economies.

Cross-border bank credit to emerging market and developing economies (EMDEs) expanded, notwithstanding a contraction vis-a-vis China, it added.

According to BIS, its locational banking statistics (LBS) reveal that banks' global cross-border claims rose by $629 billion on an exchange rate- and break-adjusted basis in Q3 2024.

This pushed the outstanding stock to $41 trillion, up 3.4% from a year earlier, it said.

It said the expansion in claims during Q3 2024 was exclusively driven by cross-border bank credit (i.e. loans and holdings of debt securities but excluding derivatives and other claims).

Most of the expansion ($613 billion) went to borrowers in advanced economies (AEs), driving the annual growth rate to 7.1%, the highest since Q1 2020, said BIS.

Concurrently, cross-border credit to emerging market and developing economy (EMDE) borrowers rose by $35 billion (+3.8% year-on-year (yoy)).

The expansion in cross-border credit during Q3 2024 was driven by a $704 billion rise in lending to the non-bank sector, said BIS.

This extended a trend that originated at the beginning of 2023 and pushed the annual growth of the series to 12%, it noted.

Cross-border credit to non-bank financial institutions (NBFIs) surged by $495 billion, reaching an annual growth rate of 14%, the highest since Q3 2019, BIS further said.

"Cross-border credit to the non-financial sector (NFS) also grew strongly, expanding by $209 billion during the quarter (+11% yoy)."

The growth in cross-border credit to NBFIs was quite broad-based across borrowing countries and denomination currencies, said BIS.

The expansions in cross-border credit to NBFIs in the United States ($199 billion) and Japan ($56 billion) were primarily driven by credit denominated in the respective borrowers' domestic currencies, it added.

"Dollar credit to NBFIs in the United States grew by $140 billion, while yen credit to the same sector in Japan went up by $55 billion."

The $87 billion expansion vis-a-vis NBFIs in the Cayman Islands was driven by increases in euro (+$35 billion), sterling (+$19 billion), US dollar (+$11 billion) and yen (+$6 billion) credit.

On the other hand, BIS said that cross-border interbank lending remained sluggish, expanding at a modest annual pace of 1.8%.

Credit to unrelated banks increased by $61 billion (+2.4% yoy). Meanwhile, inter-office credit contracted by $99 billion, which brought down its annual growth rate to 1.4%.

Cross-border credit to EMDEs rose for the fourth consecutive quarter in Q3 2024, said BIS, adding that the $35 billion expansion in Q3 2024 brought the annual growth rate of the series up to 3.8%.

However, BIS said in contrast to the overall expansion, cross-border lending to China contracted by $55 billion.

Credit to the rest of the emerging Asia-Pacific region grew by $54 billion, which brought its annual growth rate back into positive territory for the first time since Q3 2022, it pointed out.

BIS said cross-border lending to all other EMDE regions also expanded. Credit to Africa and the Middle East and Latin America and the Caribbean rose by $20 billion and $13 billion, respectively, while that to emerging Europe inched up by $3 billion. *(SUNS 10154)*

Foreign currency credit sees modest rise in Q3 2024, says BIS

Global foreign currency credit denominated in US dollars, euros and Japanese yen saw modest increases in the third quarter of 2024, according to the Bank for International Settlements (BIS).

by Kanaga Raja

PENANG: Global foreign currency credit denominated in all three major currencies – US dollars, euros and Japanese yen – saw modest increases in Q3 2024, the Bank for International Settlements (BIS) has said.

Reporting on its global liquidity indicators as at end-September 2024, BIS said that dollar-denominated foreign currency credit to non-banks in emerging market and developing economies (EMDEs) rose modestly.

It said that the ongoing weakness in dollar and euro credit to emerging Asia dates back to the respective starting points of the post-Covid Federal Reserve and European Central Bank (ECB) tightening cycles.

[According to BIS, its global liquidity indicators (GLIs) track credit to non-bank borrowers, covering both loans extended by banks and funding from global bond markets, the latter being captured through net issuance (gross issuance less redemptions) of international debt securities (IDS).

[BIS said the main focus is on foreign currency credit denominated in three major reserve currencies (US dollars, euros and Japanese yen) to non-residents, namely, borrowers outside the respective currency areas.]

According to BIS, the $89 billion rise in dollar credit to non-banks outside the United States took its outstanding stock to $13.2 trillion and its annual growth rate to 2.7%.

Euro credit to non-banks outside the euro area expanded by EUR 157 billion (8.1% yoy) and reached EUR 4.4 trillion ($4.9 trillion).

Yen credit to non-banks outside Japan rose by 263 billion yen in Q3 2024, bringing its outstanding stock to 64.7 trillion yen ($453 billion) and its annual growth rate to 19%.

Foreign currency credit to EMDEs also saw modest increases for the three major currencies in Q3 2024, it added.

BIS said that dollar credit to EMDEs rose by $5 billion (0.6% yoy), notwithstanding a contraction of $28 billion vis-a-vis China.

Euro credit to EMDEs also increased slightly (EUR 12 billion), primarily driven by Africa and the Middle East and emerging Europe.

Meanwhile, BIS said that yen credit rose by 415 billion yen ($3 billion), driven by emerging Asia-Pacific and Latin America and the Caribbean.

Taking a longer perspective, it said the ongoing trends in foreign currency credit to emerging Asia-Pacific date back to the starting points of the post-Covid Fed and ECB tightening cycles.

Dollar credit to the region peaked in Q1 2022, when the Fed embarked on its latest tightening cycle. Since then, it has declined by almost $400 billion, or 15%, BIS noted.

It said that roughly half of this contraction was driven by dollar credit to China.

Similarly, euro credit to emerging Asia-Pacific peaked in Q3 2022, when the ECB started raising its policy rate, and has contracted by EUR 35 billion (or 13%) since then.

On the other hand, BIS said that yen credit to the region expanded by 3.2 trillion yen (or 36%) since Q1 2022.

In contrast to emerging Asia, the current trends in foreign currency credit to the other EMDE regions started long before the Covid-19 pandemic, it noted.

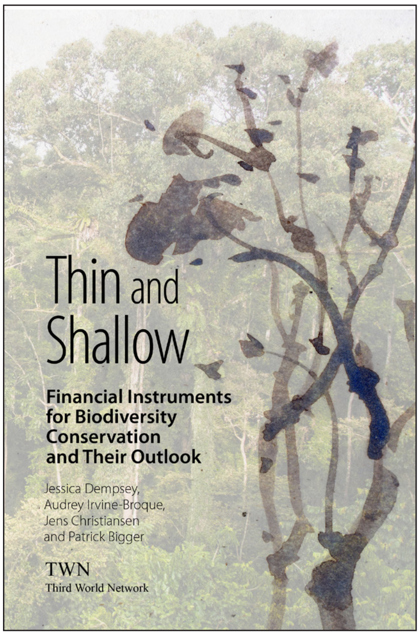
Dollar and euro credit to Africa and the Middle East have been rising steadily for almost a decade, said BIS.

"The notable divergence between (rising) euro and (falling) dollar credit to emerging Europe started in 2016."

In the meantime, euro credit to Latin America has remained relatively flat, while dollar credit to the region has been on a modest, but steady rising path, said BIS. *(SUNS 10154)*

Thin and Shallow: Financial Instruments for Biodiversity Conservation and Their Outlook

Jessica Dempsey
Audrey Irvine-Broque
Jens Christiansen
Patrick Bigger



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This paper examines the track record of private financial mechanisms aimed at funding conservation of biological diversity. It finds that, due to lack of rigorous and consistent benchmarks and monitoring, these investments may not necessarily safeguard biodiversity and could even, in some cases, have adverse impacts. Further, despite decades of attempts to draw private capital to biodiversity protection, the quantum of finance remains limited, especially in the highly biodiverse countries of the Global South where it is most needed.

Written for a research project established by a group of central banks and financial supervisors, this paper cautions these authorities from deploying resources towards promoting such biodiversity-focused private financial instruments. Instead, the supervisory bodies are urged to step up policy coordination to address drivers of biodiversity loss in the financial system.

Available at: https://www.twn.my/title2/books/pdf/Thin%20and%20shallow.pdf

America First deepens world stagnation

*Jomo Kwame Sundaram** has argued that the new geopolitics characterised by more economic stagnation, geopolitical strategic considerations and "weaponisation" of economic policies among others, has jeopardised prospects for sustainable development.

KUALA LUMPUR: Donald Trump's Make America Great Again (MAGA) appeal captured US mass discontent against globalisation.

In recent decades, variations of America First have reflected growing ethno-nationalism in the world's presumptive hegemon.

Trade liberalisation probably peaked at the end of the 20th century with the creation of the multilateral World Trade Organization (WTO), which the West kept outside the UN system.

With de-industrialisation in the North blamed on globalisation, their governments gradually abandoned trade liberalisation, especially after the 2008 global financial crisis.

Free trade mahaguru Jagdish Bhagwati has long complained of the weak commitment to multilateral trade liberalisation.

Most recent supposed free trade agreements (FTAs) have been plurilateral or bilateral, undermining multilateralism while promoting non-trade measures.

The new geoeconomics and geopolitics have undermined the rules and norms supporting multilateralism.

This has undermined confidence in the rules of the game, encouraging individualistic opportunism and subverting collective action.

Policymaking has become more problematic as it can no longer count on agreed-shared rules and norms, undermining sustained international cooperation.

Biased and often inappropriate economic policies and institutions have only made things worse.

Successive Washington administrations' unilateral changes in policies, rules and conventions have also undermined confidence in US-dominated international economic arrangements, including the Bretton Woods institutions.

Deliberate contraction

Although recent inflation has been mainly due to supply-side disruptions, Western central banks have imposed contractionary demand-side macroeconomic policies by raising interest rates and pursuing fiscal austerity.

US Federal Reserve interest rate hikes from early 2022 have been unnecessary and inappropriate.

Squeezing consumption and investment demand with higher interest rates cannot and does not address supply-side disruptions and contractions.

After earlier "quantitative easing" encouraged much more commercial borrowing, higher Western central bank interest rates were contractionary and regressive.

Hence, much of world economic stagnation now is due to Western policies.

Developing countries have long known that international economic institutions and arrangements are biased against them.

Believing they have no opportunity for wide-ranging reform, most authorities are resigned to only using available macroeconomic policy space.

Nevertheless, national authorities have become more willing to undertake previously unacceptable measures.

For example, several conservative central banks deployed "monetary financing" of government spending to cope with the pandemic, lending directly to government treasuries without market intermediation.

More recently, central banks in Japan, China, and some Southeast Asian countries refused to raise interest rates in concert with the West.

Instead, they sought and found new policy space, helping to mitigate contractionary international economic pressures.

Nonetheless, many economists piously urged central banks worldwide to raise interest rates until mid-2024.

Meanwhile, policy pressures for fiscal austerity continue, worsening conditions for billions.

Neoliberal?

To secure support for neoliberal reforms from the late 20th century, the Global North promised developing countries greater market access and export opportunities.

However, trade liberalisation has slowly reversed since the World Trade Organization (WTO) creation in 1995.

Policy reversals have become more blatant since the 2008 global financial crisis with geopolitically-driven sanctions and weaponisation of trade.

But "neoliberal" globalisation was a misnomer, as there was little liberal about it beyond selective trade liberalisation.

Instead, FTAs have mainly strengthened and extended property and contract rights, i.e., selectively interpreting and enforcing international law.

Trade liberalisation undermined earlier selective protectionism, which promoted food security and industrialisation in developing countries.

Tariffs have also been crucial revenue sources, especially for the poorest countries.

Strengthening the rule of law has rarely fostered liberal markets. Even 19th-century economic liberals recognise the inevitable wealth concentration due to selective and partial neoliberalism.

Property rights invariably strengthen monopoly privileges under various pretexts. Global North governments now believe control of technology is key to world dominance.

The WTO's [agreement on] trade-related [aspects of] intellectual property rights (TRIPS) [has] greatly strengthened IP enforcement.

With IP more lucrative, corporations have less incentive to share or transfer technology.

With TRIPS enforced from 1995, technology transfer to developing countries has declined, further undermining development prospects.

The 2001 public health exception to TRIPS could not overcome IP obstacles to ensure affordable COVID-19

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tests, protective equipment, vaccines and therapies during the COVID-19 pandemic, even triggering criticisms of "vaccine apartheid".

Weaponising economics

The West has increasingly deployed economic sanctions, which are illegal without UN Security Council mandates.

Meanwhile, access to trade, investment, finance and technology has become increasingly weaponised. Foreign direct investment was supposed to sustain growth in developing countries.

Intensifying Obama-initiated efforts to undermine China, then-President Trump and Japanese Prime Minister Shinzo Abe urged "re-shoring", i.e., investing in investors' own countries instead.

Initial attempts to invest in their own economies instead of China largely failed.

However, later efforts to undermine China have been more successful, notably "friend-shoring", which urges companies to invest in politically allied or friendly countries instead.

With more economic stagnation, geopolitical strategic considerations and weaponisation of economic policies, cooperation and institutions, fewer resources are available for growth, equity and sustainability. Thus, the new geopolitics has jeopardised prospects for sustainable development. *(IPS)*

[* **Jomo Kwame Sundaram**, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.]

Gendered Austerity in the COVID-19 Era: A Survey of Fiscal Consolidation in Ecuador and Pakistan

by Bhumika Muchhala, Vanessa Daza Castillo and Andrea Guillem


Gendered Austerity in the COVID-19 Era: A Survey of Fiscal Consolidation in Ecuador and Pakistan

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TWN
Third World Network

Austerity is gendered in that the power relations that shape the distribution of resources and wealth as well as the labour of care and reproduction turn women and girls into involuntary "shock absorbers" of fiscal consolidation measures. The effects of austerity measures, such as public expenditure contraction, regressive taxation, labour flexibilization and privatization, on women's human rights, poverty and inequality occur through multiple channels. These include diminished access to essential services, loss of livelihoods, and increased unpaid work and time poverty. This report examines the dynamics and implications of gendered austerity in Ecuador and Pakistan in the context of the fiscal consolidation framework recommended by International Monetary Fund (IMF) loan programmes.

Available at: https://twn.my/title2/books/pdf/GenderedAusterity.pdf