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Trade policy uncertainty reshaping global markets

Global trade is increasingly shaped by policy unpredictability, with sudden shifts in tariffs, subsidies, and restrictions fueling market volatility. This climate of uncertainty is driving up costs, rattling markets and hitting developing economies hardest, UN Trade and Development (UNCTAD) has warned.

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Trade policy uncertainty reshaping global trade landscape

While global trade has always faced shocks – from tariffs to geopolitical tensions – what is different now is that trade policy uncertainty itself has become systemic, according to UN Trade and Development (UNCTAD).

by Kanaga Raja

PENANG: Global trade is being reshaped not just by tariffs or geopolitical tensions but also by policy unpredictability, and the resulting climate of uncertainty is driving up costs, rattling markets and hitting developing economies hardest, according to UN Trade and Development (UNCTAD).

In the latest issue of its Global Trade Update (GTU), UNCTAD said global trade has always faced shocks, from tariffs to pandemics to geopolitical rifts.

It said that what is different now is that uncertainty itself has become systemic, and is often more disruptive than tariffs, as firms can adapt to rising costs but struggle to plan around unpredictable policy shifts.

Small firms and poor countries are especially vulnerable, as they lack the capacity to respond to unpredictable trade environments, it added.

According to the GTU, policy uncertainty is rarely accidental; it is often a deliberate or inevitable outcome of governance in a complex world.

It said as governments respond to shifting domestic priorities and mounting global pressures, they are frequently compelled to re-calibrate their policies.

"These policy adjustments, while necessary, often create uncertainty – both about the scale of the changes and the timing of their implementation."

According to the GTU, on the international arena, such uncertainty is often amplified by the ripple effects of follow-up measures, creating a feedback loop that clouds global predictability.

"Moreover, policy uncertainty is not always a by-product of indecision; it can be a strategic tool. Governments may employ ambiguity to test reactions or gain leverage in negotiations."

While this tactic may serve their negotiating interests, it comes at a cost: it heightens risk for firms and investors and undermines the reliability of mechanisms for international coordination, said UNCTAD.

It noted that historically, trade policy uncertainty has been relatively contained.

For decades, multilateral and regional agreements acted as stabilizers, discouraging abrupt shifts and providing predictability to global markets.

Surges in uncertainty were typically episodic, linked to specific events such as regional conflicts, the disruptions caused by COVID-19, regional fragmentation like Brexit or the US-China trade tensions, said the GTU.

However, it said that as of 2025, trade policy uncertainty has escalated to unprecedented levels.

"The surge reflects a mix of economic and non-economic factors: industrial policy and competition for critical raw materials are driving rounds of supportive trade measures, while persistent concerns over trade imbalances are increasing calls for corrective trade measures."

Trade policy is also increasingly used to pursue domestic political, security, and environmental goals unilaterally, thus prompting responses from trading partners, said the GTU, pointing out that with rule-based trading systems weakened, there is little to constrain these shifts.

More importantly, it said as countries face the need to update trade rules, strategic ambiguity may become a more widespread feature of the trade policymaking process, further heightening trade policy uncertainty.

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"Trade policy uncertainty is emerging as a major drag on the global economy, with repercussions that ripple far beyond tariffs and border controls."

According to the GTU, its impact is most visible in three areas:

1. Higher costs, slower growth, distorted competition: Unpredictable trade policies significantly increase the cost and complexity of cross-border commerce.

Companies are forced to carry excess inventory, hedge against losses, and constantly re-configure their supply chains – all of which reduce efficiency and raise operational costs.

The knock-on effect is weaker for long-term investments in critical areas such as factories, technology, and work-force development. The impact is especially severe for small firms and vulnerable economies.

When access to major markets becomes uncertain due to shifting policies, these actors struggle to attract capital, sustain export strategies, and build the productive capacity needed for growth.

2. Risks to financial and macro stability: Uncertainty does not stop at trade flows – it spills into financial markets.

Sudden policy shifts can jolt exchange rates, unsettle capital flows, and tighten credit conditions, said UNCTAD.

"Investor confidence suffers, and access to trade finance narrows, particularly in developing economies. Over time, this can feed inflationary pressures, keeping interest rates elevated."

For many countries, the combination of higher borrowing costs and weaker investment deepens fiscal fragility, which can squeeze the space for growth and development policies.

3. Erosion of trust – and a cycle of unpredictability: Perhaps most damaging is the erosion of trust between trading partners.

Weak or selectively enforced rules fuel uncertainty and encourage ad hoc measures, eroding faith in fair, non-discriminatory trade practices.

As credibility in the existing agreements fades, governments turn more readily to unilateral action, said the GTU.

"That, in turn, can fuel retaliation, spill over through value chains, and harden the cycle of uncertainty – making global cooperation on broader socioeconomic challenges even harder to achieve."

Policy shifts

The United States' recent policy shift offers a clear example of how rising trade policy uncertainty reverberates through global commerce, said the GTU.

As the world's largest economy and the leading importer of goods, even modest United States policy changes can reshape supply chains and alter trade flows worldwide, it pointed out.

"Recent announcements of the United States trade measures have already produced short-term disruptions, with the impact visible in data on trade volatility and firms' adaptive responses." When uncertainty looms, companies often scramble to adjust by pausing shipments, renegotiating contracts, or rushing deliveries ahead of potential tariff hikes, said UNCTAD.

It said the result is more erratic trade patterns, which was evident in early 2025, when the variance in shipments entering the United States spiked sharply.

One insight from these trade dynamics is that uncertainty itself can be more destabilizing than tariffs, the GTU suggested.

"Import volatility peaked before new tariffs officially took effect in April 2025. Once implemented, volatility subsided, suggesting that firms – while facing higher costs – had begun adapting to the new policy environment."

However, UNCTAD noted that the burden of trade policy uncertainty is not felt equally.

Import data from the United States in the first half of 2025 shows that volatility has been far more pronounced for imports originating from developing and least developed countries (LDCs) than for advanced economies, it pointed out.

While imports from developed countries show little variance – extending the relatively low volatility seen in 2024 – shipments from developing nations swung more sharply, it said.

The pattern is even starker for LDCs. Unlike other economies, their import volatility spiked later, only becoming evident in the second quarter of 2025.

The GTU said this lag suggests that the effects of United States policy shifts filter through unevenly, potentially exposing more vulnerable economies to delayed, yet potentially sharper disruptions – a dynamic that warrants deeper, targeted analysis.

Moreover, it said uncertainty over the extensions of trade preference programs, the specifics of transshipment conditions and rules-of-origin frameworks further compounds this vulnerability.

"These uncertainties leave many exporters in low-income countries unsure of future market access conditions, undermining their ability to plan export strategies, attract investment and participate effectively in international trade and global supply chains."

The GTU also said policy shifts in one country can send shockwaves both upstream and downstream, disrupting suppliers, manufacturers, and end markets alike.

It said while global value chains may have become more resilient in the wake of the pandemic and geopolitical tensions, trade policy uncertainty remains a destabilizing force.

"These disruptions are often intensified by retaliatory measures, which amplify the ripple effects, and compound the risks for businesses and economies worldwide."

According to the GTU, the full impact of recent United States trade policy shifts on global value chains is still unfolding, yet the vulnerabilities are clear, and economies more tightly woven into United States value chains face the greatest exposure.

For them, sudden shifts in United States trade policy can reverberate across upstream suppliers and downstream industries, it said.

One of the most destabilizing aspects of trade policy uncertainty is its timing. While the general direction of a policy change – whether more liberal or more restrictive – can often be anticipated, the magnitude, scope, and especially the timing of new measures are far less predictable, it added.

This unpredictability has become a defining feature of recent United States tariff decisions, making it difficult for businesses and trading partners to plan and adapt effectively, UNCTAD emphasized.

It said that when tariffs are expected to rise but their implementation date remains unclear, importers often react preemptively.

Many accelerate shipments, "front-loading" goods to stockpile inventory before higher tariffs take effect. Others shift from slower and cheaper sea freight to faster, though more expensive, air cargo – an option most feasible for high-value, low-volume products.

While these adjustments can buy time, they also introduce new costs and distortions into global trade flows, said the GTU.

"Small firms, particularly those in developing and least developed countries, face greater challenges in adapting."

Their exports often consist of bulky, low-value products, and they typically operate with limited working capital, restricted access to credit, lack of spare production capacity, and less efficient shipping infrastructure.

The GTU said these constraints make it harder for them to respond swiftly, deepening their vulnerability in an already uncertain trade environment.

Front-loading patterns in United States imports were clearly visible in the first half of 2025. Imports surged in the first quarter, only to drop sharply in the second quarter, it noted.

"The effect was most pronounced for developed countries, suggesting that importers there were better able to anticipate and act ahead of tariff deadlines."

In contrast, developing countries showed a more muted front-loading response, while least developed countries (LDCs) exhibited little to no such pattern, said the GTU.

This may reflect constraints such as shorter-term contracts or limited productive capacity, which prevented them from ramping up exports in advance, it suggested.

It noted that LDC exports did rise in Q2 2025, but by then, many tariffs had already taken effect.

According to the GTU, transport modes tell a similar story.

Air shipments into the United States jumped nearly 10 per cent year-on-year in Q1 2025, with developed-country exporters driving most of the increase – up roughly 18 per cent.

It said developing countries also shifted toward air freight, though to a far smaller degree, while LDCs showed no significant change.

"The patterns suggest that the ability to front-load and switch transport modes is closely linked to the resources and flexibility available to firms."

Building resilience

Not all economies are equally exposed to trade policy uncertainty, UNCTAD said, adding that two factors can significantly reduce vulnerabilities: diversified export markets and participation in trade agreements.

Firms with access to multiple markets are in a better position to reallocate shipments when policy shifts restrict trade in a particular country, cushioning revenue losses and production disruptions, it said.

"During recent tariff escalations, companies with established regional networks were able to redirect goods to unaffected markets, mitigating their impact on sales."

At the macroeconomic level, countries with broader export bases – meaning they sell to multiple trading partners – tend to weather periods of heightened uncertainty more effectively.

Losses in one region can often be offset by gains elsewhere, resulting in smaller trade contractions and reduced volatility, said the GTU.

In this regard, it highlighted China's recent trade patterns to illustrate the value of multiple market opportunities.

In the second quarter of 2025, Chinese exports to the world rose sharply compared with the first quarter, even as shipments to the United States declined, it said.

"By maintaining alternative markets and established trading relationships, many Chinese firms have been able to cushion the impact of unpredictable United States trade policies, stabilize export flows, and limit adverse effects on the country's overall economy."

UNCTAD said that participation in trade agreements can help shield economies from trade policy uncertainty.

By providing established rules and dispute settlement mechanisms, agreements reduce the risk of sudden policy shifts both at home and abroad, it noted.

"Companies operating under regional or bilateral frameworks tend to face fewer disruptions and enjoy greater confidence to make long-term investments, even amid global policy volatility."

Predictability is essential for international trade. Uncertainty over market access conditions can disrupt supply chains, deter investment, and disproportionately affect low-income economies and small firms the hardest, said the GTU.

It said that historically, transparency, rules, and dispute-resolution mechanisms have helped contain these risks.

Today, however, unilateral measures with far-reaching cross-border effects are increasingly deployed, often with little regard for spillovers, it stressed.

"Strategic ambiguity – where governments deliberately keep future actions or rules unclear – in trade policy adds an additional layer of uncertainty, making it harder for firms to invest and for governments to coordinate."

Low-income countries are particularly vulnerable, lacking the leverage to shape, absorb or effectively respond to sudden policy shifts, said UNCTAD.

It said small firms often face additional constraints – limited working capital, weaker integration into global trade networks, and minimal capacity to adapt to volatility.

The GTU said while concerns over limited "policy space" have long existed, its indiscriminate use – often in a beggar-thy-neighbour style – can threaten to destabilize markets, slow economic growth, and undermine trade commitments that are critical for supporting socioeconomic development, especially in countries striving to integrate more fully into the global economy.

However, it said that practical steps can help restore stability in global trade and mitigate the effects of strategic ambiguity.

These steps include providing advance notice of policy changes; basing policies on clear, data-driven reasoning; promoting international coordination; strengthening trade agreement commitments; diversifying export markets. *(SUNS #10284)*

Partial "Fish 1" enters into force amid uncertainty over "Fish 2"

While the entry into force of the Agreement on Fisheries Subsidies – or "Fish 1" – was celebrated by the World Trade Organization's Director-General and a number of members, the future of the second phase of the agreement – or "Fish 2" – remains mired in uncertainty.

by D. Ravi Kanth

GENEVA: The World Trade Organization Director-General and several members on 15 September celebrated the entry into force of the partial Agreement on Fisheries Subsidies, known informally as "Fish 1", which establishes disciplines on subsidies contributing to illegal, unreported, and unregulated (IUU) fishing and subsidies regarding overfished stocks.

However, the future of the second phase of the agreement, or "Fish 2", which targets subsidies contributing to overcapacity and overfishing (OC&OF), remains deeply uncertain, according to sources familiar with the development.

Without "Fish 2", which addresses the core drivers of global fish stock depletion, "Fish 1" lacks sufficient enforcement power, said a trade envoy speaking on a background basis.

At a specially convened General Council meeting on 15 September, WTO Director-General Ms. Ngozi Okonjo-Iweala announced that Brazil, Kenya, Viet Nam, and Tonga had submitted their instruments of acceptance of "Fish 1".

Two additional countries also announced at the meeting that they would deposit their instruments of acceptance "rapidly".

The DG informed members that she is working toward achieving full ratification of "Fish 1" by the time of the WTO's 14th Ministerial Conference (MC14) – scheduled to be held in Yaounde, Cameroon in March 2026 – while simultaneously advancing broader institutional reforms at the same meeting, according to attendees.

She later stated: "At a time when the international trading system faces profound challenges, the Agreement on Fisheries Subsidies sends a powerful signal that WTO members can work together in a spirit of cooperation and shared responsibility to deliver solutions to global challenges."

However, it is unclear why the DG – and the official WTO press release – consistently referred to the agreement simply as the "Fish Agreement", which some diplomats consider misleading, given the existence of the pending "Fish 2" component, said one trade envoy speaking anonymously.

"The entry into force of this Agreement stands as a reminder that many of the biggest challenges we face are more effectively addressed at the multilateral level. People and nations need a multilateralism that delivers – which is why today is so reassuring," the DG said.

At the meeting, Ms. Okonjo-Iweala signed the official depositary notification of the Agreement's entry into force and handed it to General Council Chair Ambassador Saqer Abdullah Almoqbel of Saudi Arabia, formally integrating the Agreement into the WTO legal framework.

Ambassador Almoqbel remarked: "This Agreement is a testament to our shared vision for sustainable global fisheries. Acceptance of the Protocol has demanded not just the engagement of our Ambassadors and delegates here in Geneva. It has also involved genuine political will and careful coordination in capitals. It is thanks to our collective resolve and commitment that we witness its entry into force today."

The GC chair also announced that Mali and Oman have ratified the Agreement and will deposit their instruments of acceptance "in the very near future."

Meanwhile, the DG is scheduled to travel to New York next week to attend a United Nations High-Level Meeting where she is expected to promote the Agreement, according to informed sources.

As previously reported in the SUNS, legal experts and trade diplomats have warned that "Fish 1" is likely to have minimal binding effect unless "Fish 2" is swiftly concluded.

"Fish 2", which aims to establish disciplines on subsidies contributing to overcapacity and overfishing, has so far failed to secure consensus due to sharp disagreements over what some members describe as "asymmetrical" disciplines proposed in the draft text, according to sources.

"Fish 1" remains legally binding until a "comprehensive" agreement – encompassing both "Fish 1" and "Fish 2" – is adopted within four years of the entry into force of "Fish 1".

If "Fish 2" is not concluded by that deadline, "Fish 1" will be automatically terminated, according to a legal analyst from a member country speaking on a background basis.

The automatic termination provision is explicitly stated in Article 12 of the Agreement on Fisheries Subsidies, adopted on 17 June 2022, under the sub-heading "Termination of Agreement if Comprehensive Disciplines Are Not Adopted".

Article 12 states: "If comprehensive disciplines are not adopted within four years of the entry into force of this Agreement, and unless otherwise decided by the General Council, this Agreement shall stand immediately terminated."

"Fish 1" remains legally binding as a partial outcome only until the four-year deadline expires, said another trade envoy, who requested anonymity.

"After that point, Article 12 triggers automatic termination – unless Members reach consensus through the General Council to extend or amend the mandate."

Efforts are reportedly underway – potentially this month or early next month – to convene a special General Council meeting to either extend or amend the current mandate, the envoy added.

"Crucially," the envoy clarified, "the mere expiry of the 'Fish 2' negotiation deadline does not immediately terminate 'Fish 1'. Termination occurs only – Members adopt further disciplines or explicitly agree to preserve or revise "Fish 1".'

"In short," the envoy concluded,

"inaction leads to 'Fish 1' lapsing – not an extension by default."

There are also significant doubts as to whether "Fish 1" comprehensively addresses the root causes of IUU fishing and stock depletion.

According to a former African trade official, "Fish 1" covers only the most urgent cases: subsidies contributing to IUU fishing; fishing of overfished stocks without rebuilding measures; and unregulated high-seas fishing.

"Importantly," the official noted, "Fish 1 does not comprehensively cover the broader range of capacity-enhancing – construction, or operating losses – which are the primary drivers of overcapacity and stock depletion. These were intended to be addressed under Fish 2 and remain entirely unregulated unless new disciplines are agreed upon."

Collapse of "Fish 2" talks

Negotiations for "Fish 2" – aimed at establishing disciplines on subsidies contributing to overcapacity and overfishing (OC&OF) – effectively collapsed earlier this year.

On 14 July 2025, India and the United States, among several other members, opposed the chair's draft text during informal sessions, preventing consensus ahead of MC14.

Faced with irreconcilable differences, the chair of the "Fish 2" negotiations, Ambassador Einar Gunnarsson of Iceland, announced that he would step down before the summer break (in August) – a move that deepened concerns over the prospects of concluding "Fish 2" by MC14. *(SUNS #10292)*

Partial "Fish 1" enters into force, but future hinges on "Fish 2" deal

The World Trade Organization (WTO) on 9 September announced that the Agreement on Fisheries Subsidies – or "Fish 1" – has entered into force.

by D. Ravi Kanth

GENEVA: The World Trade Organization (WTO) on 9 September informed that the partial Fisheries Subsidies Agreement – commonly referred to as "Fish 1" – has entered into force.

The agreement aims to curb subsidies contributing to illegal, unreported, and unregulated (IUU) fishing and subsidies regarding overfished stocks.

However, "Fish 1" is likely to have little or no binding effect unless the second phase of the agreement – or "Fish 2" – is swiftly concluded, said legal experts and trade diplomats on a background basis.

"Fish 2", which deals with disciplines on subsidies contributing to overcapacity and overfishing, has so far failed to secure consensus due to sharp differences over the alleged "asymmetrical" disciplines proposed in the draft fisheries subsidies text, said people familiar with the development.

The WTO plans to formally celebrate the entry into force of "Fish 1" at a specially convened General Council meeting on 15 September.

"Fish 1" will remain legally binding until a "comprehensive" agreement – comprising both "Fish 1" and "Fish 2" is adopted within four years of the entry into force of "Fish 1".

If "Fish 2" is not concluded by the stipulated deadline, then "Fish 1" will be automatically terminated, according to a legal analyst from a member country speaking on a background basis.

The automatic termination provision is explicitly stipulated in Article 12 of the Agreement on Fisheries Subsidies, adopted on 17 June 2022.

Under the sub-heading "Termination of Agreement if Comprehensive Disciplines Are Not Adopted," Article 12 states: "If comprehensive disciplines are not adopted within four years of the entry into force of this Agreement, and unless otherwise decided by the General Council, this Agreement shall stand immediately terminated."

"'Fish 1' remains legally binding as a partial outcome only until the four-year deadline expires," said another trade envoy, who requested anonymity.

"After that point, Article 12 triggers automatic termination – unless Members reach consensus through the General Council to extend or amend the mandate."

Efforts are underway – potentially this month or early next month – to convene a special General Council meeting to either extend or amend the current mandate, the trade envoy added.

"Crucially," the trade envoy clarified, "the mere expiry of the 'Fish 2' negotiation deadline does not immediately terminate 'Fish 1'. Termination occurs only after the full four-year period – unless Members adopt further disciplines or explicitly agree to preserve or revise 'Fish 1'."

"In short," the trade envoy concluded, "inaction leads to 'Fish 1' lapsing – not an extension by default."

There are also significant doubts whether "Fish 1" comprehensively addresses the root causes of IUU fishing and stock depletion.

According to a former African trade official, "Fish 1" covers only the most urgent cases: subsidies contributing to IUU fishing; fishing of overfished stocks without rebuilding measures; and unregulated high-seas fishing.

"Importantly," the official noted, "Fish 1 does not comprehensively cover the broader range of capacity-enhancing subsidies – such as those for fuel, vessel construction, or operating losses – which are the primary drivers of overcapacity and stock depletion. These were intended to be addressed under Fish 2 and remain entirely unregulated unless new disciplines are agreed upon."

The "Fish 2" negotiations – aimed at establishing disciplines on subsidies contributing to overcapacity and overfishing (OC&OF) – effectively collapsed earlier this year.

On 14 July, India and the United States, among several other members, opposed the chair's draft text during the informal sessions, preventing consensus ahead of the upcoming WTO's 14th Ministerial Conference (MC14).

Faced with the irreconcilable differences, the chair of the "Fish 2" negotiations, Ambassador Einar Gunnarsson of Iceland, announced that he would step down before the summer break (in August) – a move that deepened

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concerns over progress on "Fish 2" toward MC14.

Ambassador Gunnarsson later revealed in a briefing note issued on 14 July that two countries – though unnamed – had contributed significantly to the deadlock.

Participants present at the meeting confirmed that India and the US, despite having differing positions, both voiced strong objections to the draft text (TN/RL/W/285) on additional provisions on fisheries subsidies.

The WTO's official briefing note recorded Ambassador Gunnarsson's four key observations:

1. "For most Members, document TN/RL/W/285 continues to be the basis upon which they believe the negotiations on Additional Provisions could be concluded."

2. "However, the position of the Member [India] that presented its papers during the small group meetings remains unchanged."

3. "In addition, another Member [the US] announced that its position with respect to document TN/RL/W/285 had evolved, noting that it would need to see significant revisions to that text to find it acceptable."

4. "Several other Members expressed varying degrees of support for one or more elements of the positions advanced by these two Members. There is, however, no uniformity amongst these other Members on what would be most important for them, and many of them continue to indicate that document 285 still offers the most viable path towards a successful conclusion."

India has consistently opposed "Fish 2" since the WTO's 13th Ministerial Conference (MC13) in Abu Dhabi in March 2024.

New Delhi stated that it could not join the consensus on the text, arguing that the text heavily favours the major subsidizers while imposing onerous commitments on developing countries – nations that were not primarily responsible for global overcapacity and overfishing, according to officials familiar with the matter.

Last year, India submitted three detailed papers challenging the chair's draft text, highlighting what it viewed as gross asymmetries and carve-outs being granted to the large subsidizing nations, including the European Union, China, Japan, South Korea, Chinese Taipei, and the United States.

Interestingly, under the previous Biden administration, the US had signaled its readiness to endorse "Fish 2" at MC13.

However, the current Trump administration reportedly views the proposed OC&OF disciplines as being "of low ambition" and insists on substantial revisions to the draft text, according to sources familiar with the internal discussions.

Briefing Note

In his 14 July briefing note, Ambassador Gunnarsson reflected on the trajectory of the negotiations:

"In my consultations, I noted that in 2024, I had reasons to believe Members were in striking distance of concluding the negotiations on Additional Provisions on Fisheries Subsidies on three separate occasions: at MC13 in Abu Dhabi; and at the July and December General Council meetings. However, since then, I have not seen any indication or picked up any signals of a possible pathway that could lead the Negotiating Group on Rules (NGR) towards that objective."

He added: "The open and insightful engagements in the small group meetings in May revealed that the gaps that had prevented Members from concluding in 2024 remain – and, in some respects, have possibly widened."

"So, in summary," he concluded, "while the possibility of concluding our negotiations based on document 285, with limited adjustments, continues to enjoy broad support across the Membership, the call for wide-ranging substantive changes to that document – not necessarily all in the same direction – continues to exist and appears to have even strengthened."

"In the light of these developments, I do not detect any grounds to conclude our work on the Additional Provisions by the July General Council."

Ambassador Gunnarsson outlined two potential paths forward:

A. "Members may decide to do nothing for now, focusing instead on the entry into force and effective implementation of the Agreement on Fisheries Subsidies (AFS) – which addresses IUU fishing and overfished stocks. Some Members believe that successful implementation of AFS could build trust and confidence, potentially serving as a catalyst for resuming Fish 2 negotiations in the future.

B. The only other realistic alternative, from my perspective, is to continue negotiating on the basis of the hybrid approach outlined in documents W5 and W20, consistent with the NGR's existing mandate established at MC12. This would require Members to appoint a new NGR Chair as soon as possible and provide that individual with full institutional support."

However, the chair cautioned: "It may not be a realistic goal for a new NGR Chair to further develop the negotiations in time for a conclusion at MC14."

"Therefore, I urge Members to focus instead on the imminent entry into force and successful implementation of the Agreement on Fisheries Subsidies, along with the operationalization of the WTO Fish Fund. Such action would perhaps build confidence and generate data that could help in the negotiation of the additional provisions."

Though originally expected to serve until the end of December, Ambassador Gunnarsson's abrupt decision to depart before the summer break has intensified pessimism surrounding preparations for MC14, scheduled to be held in Yaounde, Cameroon on 26-29 March 2026.

In closing, the chair said: "I am deeply grateful to all Members for entrusting me with this role and for allowing me to lead this Group since 2023. These have been among the most rewarding two and a half years of my career. I remain Chair until this summer."

It is widely understood within diplomatic circles that the draft text (TN/RL/W/285) was allegedly structured to accommodate the interests of the major subsidizing nations, incorporating specific carve-outs and lenient notification requirements that critics argue effectively shield the billions of dollars in subsidies to distant-water fishing – contrary to the core mandate of prohibiting subsidies that contribute to overcapacity and overfishing.

"One can hardly miss the asymmetry," said a trade envoy speaking anonymously.

"The chair's draft appears designed not to eliminate harmful subsidies, but to manage their visibility – granting de facto exemptions to the largest beneficiaries while asking developing countries to make deeper concessions."

Another member, also speaking off the record, added: "The chair ought to have mustered the courage to fully explain his allegedly asymmetrical treatment – offering generous carve-outs and relaxed reporting obligations to big subsidizers, while proposing only modest improvements in Special and Differential Treatment (S&DT) provisions for developing nations." *(SUNS #10291)*

EC President calls for new coalition with CPTPP, bypassing WTO

European Commission (EC) President, Ms. Ursula von der Leyen, on 10 September announced that Brussels will build a coalition akin to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to reform the global trading system.

by D. Ravi Kanth

GENEVA: In her "2025 State of the Union Address" on 10 September, the European Commission President, Ms. Ursula von der Leyen, announced that Brussels will build "a coalition of like-minded countries to reform the global trading system – like the CPTPP [Comprehensive and Progressive Agreement for Trans-Pacific Partnership]", but not the World Trade Organization.

The CPTPP, which was formed after the first Trump administration withdrew from the Trans-Pacific Partnership (TPP) in 2017, includes Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

Surprisingly, Ms. Von de Leyen did not mention the need for reforming the WTO in her rather lengthy address, despite WTO Director-General Ms. Ngozi Okonjo-Iweala insisting that reform of the multilateral trade body is urgent, in a signed article in the *Financial Times* on 3 September.

Ms. Von der Leyen, who defended the recent European Union agreement with the United States amid growing internal criticism from EU member countries, said that she does not believe in tariffs, adding that "tariffs are taxes".

She also cautioned that a "full-fledged trade war with the US" is replete with serious "repercussions".

She said the likely "chaos" in the absence of an agreement with the US, and the growing partnership among China, Russia, and North Korea, have created "two imperatives for Europe's independence push and its place in the world."

Against this backdrop, Ms. Von de Leyen said that the EU's first priority is the "need to double down on diversification and partnerships."

She argued that "80% of our trade is with countries other than the US," insisting that the EU must "capitalise on new opportunities."

"At a time when the global trading system is crumbling, we are securing the global rules through bilateral agreements," she said.

In addition to agreements with Mexico or Mercosur (Southern Common Market), Ms. Von de Leyen suggested "finalising negotiations on a historic deal with India by the end of this year."

She continued: "We will also build a coalition of like-minded countries to reform the global trading system – like the CPTPP."

The EU's move to build a coalition with the CPTPP is primarily aimed at excluding China while keeping the door open for the US, whenever it decides to join the bloc, said an analyst who asked not to be identified.

The EC President reposed faith in trade on grounds that it "allows us to strengthen our supply chains"; "open up markets"; and "reduce dependencies".

"Ultimately, this is about enhancing our economic security," she said.

Ms. Von de Leyen remained rather upbeat in suggesting that "the world wants to Choose Europe" while the EU needs "to do business with the world."

However, the seemingly grand pronouncements by the EC President on "doing business with the world" appeared somewhat incongruent with her statements on how the EU must only use farm products produced by its member states and how the doors must be closed to Chinese electric vehicles.

While all major European car manufacturers have a foothold in China, Ms. Von de Leyen said the car industry must be protected because "it is a pillar of our economy and industry."

Unveiling a new "Small Affordable Cars" initiative, the EC President said she believes that "Europe should have its own E-car," because "we cannot let China and others conquer this market."

Therefore, "the future of cars – and the cars of the future – must be made in Europe," she emphasized.

Another example that Ms. Von de Leyen highlighted in her State of the Union Address is "linked to food," suggesting that in Europe, "we have access to high-quality food that our outstanding farmers and fishers produce at affordable prices."

"They are also the custodians of our lands and oceans, our biodiversity. The key to our food security," she said.

However, Ms. Von der Leyen said that "they are facing headwinds – from high input costs to red tape or unfair competition."

"But our farmers need fair competition and a level playing field," she added.

Therefore, that is why the EU's trade deal with Mercosur contains "robust safeguards", which are also "backed up by funding if compensation is needed."

The EU is the largest subsidizer under the trade-distorting "Amber Box" providing more than 70 billion euros in subsidies annually, in addition to the billions of euros in "Blue Box" support measures.

"We also need to strengthen the position of farmers in the food chain," she argued, suggesting that "for too long their hard work has not paid off as it should."

The EC President insisted that EU "farmers have a right to a fair price for their food – and a fair profit for their families," arguing that the European Commission "will review the implementation of our unfair trading practices legislation."

Further, she said: "I can also announce today that we will boost our promotion budget to launch a new 'Buy European food' campaign because we can proudly say that our European food is the best in the world." *(SUNS #10290)*

WTO DG critiques Trump tariffs as “unilateral”, acknowledges US criticisms

In a recent op-ed in the *Financial Times*, the World Trade Organization Director-General, while disagreeing with the “unilateral actions” of the United States, also acknowledged that some criticisms leveled by the US against the WTO are “valid.”

by D. Ravi Kanth

GENEVA: The World Trade Organization Director-General, Ms. Ngozi Okonjo-Iweala, has described the Trump administration’s imposition of reciprocal tariffs as “unilateral”, while simultaneously conceding that “several of the criticisms” leveled by Washington over the WTO’s failure to deliver outcomes sought by the US “are valid”.

In an op-ed published in the *Financial Times* on 4 September, Ms. Okonjo-Iweala argued that “successive US administrations have made reasonable criticisms about the WTO's rulebook.”

She added: “While one may not agree with today’s unilateral approach [deployed by the Trump administration], it is clear that several of these criticisms are valid.”

She specifically cited US and other industrialized countries’ complaints regarding “lack of transparency from members, level playing field issues, unfair trading practices, and potential overreach of the Appellate Body” – remarks widely interpreted as indirectly referencing Washington’s repeated criticisms of China’s allegedly opaque trade practices, according to people familiar with the development.

Notably, while the DG observed that “in the past six months, the global trading system has been jolted by the US's unilateral actions,” she did not elaborate on why these actions are deemed “unilateral” within a rules-based trading system, nor did she address how Washington’s policies have arguably dismantled the very multilateral framework that has underpinned global trade since the establishment of the GATT in 1948 and the WTO in 1995.

“The revisionist narrative of American victimisation obscures this record, distorts the historical basis of the system, and undermines confidence in its legitimacy,” said a former South African trade diplomat, who preferred not to be quoted.

“The US has been both the architect and a principal beneficiary of the multilateral trading system... Far from being disadvantaged, the US shaped the multilateral rules in ways that delivered enduring structural gains across its most competitive sectors,” the diplomat wrote in a paper published by the Geneva-based South Centre.

The DG’s apparent silence on the erosion of the two foundational pillars of the global trade order – Most-Favored-Nation (MFN) treatment under Article I and the binding sanctity of scheduled tariff commitments under Article II of the GATT – has been interpreted by some as a tacit cover-up of US actions.

“It’s a conspicuous omission,” said a trade envoy, speaking on a background basis.

While noting that “obituaries of the multilateral trading system have appeared since at least the 1980s,” Ms. Okonjo-Iweala acknowledged that “the ongoing disruptions – caused by one member, namely, the Trump administration – are unprecedented in speed and scope, and have undeniably shaken confidence in open and predictable trade.”

Her attempt to draw parallels between the Smoot-Hawley tariff moment of 1930 – when the US greatly increased import duties on a large number of goods, aimed at protecting US farmers and industries during the early Great Depression – and today's damage to the Multilateral Trading System (MTS) and the WTO has been criticized as being misplaced.

“The comparison feels forced and historically incongruent,” said people familiar with her op-ed.

Normal trade continues?

In her op-ed, the DG cited recent WTO trade projections: “Global goods trade volumes are expected to grow by 0.9% this year – well below the 2.7% projected before the new US tariffs, but an improvement from the 0.2% contraction predicted in April.”

She noted that following recent agreements, “US trade-weighted average tariffs have jumped from 2.4% at the beginning of the year to 18.4%.”

Despite this turbulence, she claimed, “the rest of the world has mostly continued to trade on normal terms, as businesses scramble to re-calibrate.”

She pointed out that according to WTO analysis, “roughly 72% of global goods trade is still operating on basic ‘Most-Favored-Nation’ (MFN) tariff terms.”

However, critics question the relevance of this statistic if the world's largest trading nation is actively undermining the MFN principle.

“If the anchor of the system is removed, what does ‘normal’ even mean?” asked sources who requested anonymity.

The South Centre’s analysis warned, “Historically, smaller and poorer economies have gained more from a rules-based multilateral system than from bilateral bargaining... The erosion of that baseline protection leaves many without meaningful market access.”

The DG maintained that “WTO members have, at least thus far, avoided what could have been a bruising retaliatory trade war with the US ... And they have generally refrained from escalating restrictions on each other's goods and services, as happened in the 1930s.”

Analysts, however, find the historical comparison to be unhelpful.

“Invoking the 1930s amid today’s multi-pronged, existential poly-crises is neither here nor there,” said one analyst, speaking off the record.

Though she avoided explicitly naming the phenomenon, Ms. Okonjo-Iweala acknowledged signs of trade divergence.

“Even as we begin to see Chinese trade shifting to other markets as trade with the US contracts, most WTO members have responded with instruments inspired by the existing rulebook,” she said.

Yet, she added cautiously: "Whether this continues or not remains to be seen."

Her characterization of the fallout – reducing large-scale job losses in export sectors (including in India, where the Trump administration imposed a 50% tariff) – as indicative of "a global trading system marked by a stable core within an unstable equilibrium" struck some as being dangerously complacent.

"That's not a prognosis – it's a normalization of collapse," said the analyst.

At a time when globalization is being widely blamed for exacerbating disparities and unemployment – including in her native Nigeria – the DG appeared to shift the blame.

"Much of what is blamed on trade these days has more to do with technological changes, inadequate social policies, and macroeconomic imbalances in big nations such as China and the US."

Need for reform

Given the MTS's apparent "comatose" state, Ms. Okonjo-Iweala strikingly argued: "Built for interdependence, not over-dependence, too many members today are over-dependent on the US for market demand and on China for critical supplies. This is not a recipe for global resilience."

She called for reform – but without specifying whose responsibilities or failures necessitate it.

Citing WTO data on farm subsidies, she noted: "Several feel the WTO system does not deliver sufficient benefits for the most vulnerable, and allows too many farm subsidy-related market distortions."

Yet, while acknowledging that members – particularly developing countries – have long-standing problems with the system, her proposed "solutions" bear little connection to those grievances.

This disconnect is symptomatic of what one trade policy commentator has described as the WTO's "pervasive black hole of doing nothing": an institution that absorbs criticism without delivering structural change.

As custodian of the WTO, critics ask of the DG: Why not name the culprits?

"Doesn't she know the true scale of trade-distorting farm subsidies offered by the US, the EU, and other industrialized nations – subsidies that devastate smallholder farmers across Africa?" asked a former African trade envoy and ex-chair of the WTO's General Council, speaking on a background basis.

While the US aggressively pursues what critics call a "coercive" industrial policy, the DG has remained silent, instead observing that: "Many emerging market economies say they need more space to industrialize – and some advanced economies now do too."

Ms. Okonjo-Iweala urged WTO members to "use the present crisis to tackle the problems they feel bedevil the system." Yet, the "present crisis" was precipitated by one member – the US – while her call for "modernizing the rulebook, which mostly dates back to the early 1990s," implicitly asks all members to pay a collective price for the US unilateral actions.

One of her most contentious proposals concerns the WTO's principle of consensus-based decision-making.

"The treasured consensus decision-making system must not become a recipe for paralysis," she wrote in her op-ed.

Critics see this as aligning with long-standing efforts by the US and other industrialized countries to replace consensus-based decision-making with mechanisms like "responsible consensus" or "flexible consensus" – practices many consider to be legally dubious under current WTO rules.

"If the US's actions are unilateral and inconsistent with the rules, the DG's statement on consensus is equally inconsistent – and arguably illegal," said the former African trade envoy.

From consensus-based decision-making, the DG pivoted to advocating "plurilateral" agreements.

"They already allow coalitions to negotiate in areas of importance to them, such as digital trade or investment facilitation," she noted.

But plurilaterals must also follow established WTO procedures, including obtaining prior consensus at ministerial conferences.

"These are being pursued without such agreement. The DG's endorsement appears to sanction systemic rule-breaking," said another trade envoy, speaking anonymously.

The WTO's binding two-stage dispute settlement system has been functionally broken since December 2019, due to repeated US blockage of Appellate Body appointments.

Recently, the US Trade Representative, Ambassador Jamieson Greer, reportedly declared that "sovereignty will prevail over multilateral rules."

Yet, the DG merely offered this comment: "Another area where members need more creativity is the WTO's dispute settlement system."

What form this "creativity" might take – and how it could restore a binding, enforceable dispute settlement system - remains unexplained.

"Without enforcement, the WTO is a paper tiger," said multiple sources.

The DG noted that several WTO agreements "on health and safety standards, information technology, customs valuation, and intellectual property" continue to "provide predictability".

But without a functioning dispute settlement mechanism, critics argue, these agreements are unenforceable.

"Predictability without enforcement is an illusion," said people familiar with her argument.

Ms. Okonjo-Iweala also lent support to the informal "Friends of the System" coalition – which she referred to as "middle powers", including Singapore, Switzerland, Uruguay, Australia, the United Arab Emirates, New Zealand and the United Kingdom – noting that they "see the global trading system as central to their prosperity, and are trying to deliver the necessary modernization." *(SUNS #10288)*

Third World ECONOMICS No. 825-826, 16 August -15 September 2025

Trump's tariffs on India and the battle for trade sovereignty

Following the United States' unilateral imposition of a 50% tariff on Indian goods, US President Donald Trump on 1 September dismissed India's offer to eliminate its tariffs as "too late," signaling a hardening stance by Washington.

by D. Ravi Kanth

GENEVA: United States President Donald Trump on 1 September appeared to have upped the ante on India, saying that New Delhi's offer "to cut their tariffs to nothing" has come too late.

His remark came in response to the allegedly illegal unilateral 50% tariff imposed by the US on Indian goods since 27 August, according to people familiar with the development.

Despite a US federal appeals court having struck down the reciprocal tariff regime under the International Emergency Economic Powers Act (IEEPA) of 1977, President Trump appears to be in no mood to abandon his seemingly coercive tactics toward countries that voice their dissent in various ways, said sources familiar with the matter.

In a rather significant development, following the two-day summit of the leaders of the Shanghai Cooperation Organization (SCO) on 1 September, where they issued a strong declaration calling for the strengthening of the multilateral trading system, particularly the World Trade Organization (WTO), the White House appears to have removed the WTO from the list of international organizations that were slated to have their funding rescinded, said people familiar with the development.

Earlier, the US had discontinued trade talks with India following the imposition of a 50% tariff on all Indian goods entering the American market.

The 50% tariff comprises a 25% tariff imposed since 1 August under President Trump's so-called "fair and reciprocal plan" and another 25% tariff linked to India's purchases of oil from Russia, seen as supporting Moscow's war against Ukraine.

The combined US measures have dealt a major blow to Indian exporters.

In a post on his Truth Social media website on 1 September, President Trump claimed: "What few people understand is that we do very little business with India, but they do a tremendous amount of business with us."

"In other words," he continued, "they sell us massive amounts of goods, making us their biggest "client", but we sell them very little - a totally one-sided relationship, and it has been for many decades."

He appeared to ignore the fact that American corporations, including pharmaceutical and services companies, make substantial annual profits in the Indian market, noted an analyst, who requested anonymity.

In his continuing criticism of India, President Trump asserted: "The reason is that India has charged us, until now, such high tariffs – the highest of any country – that our businesses are unable to sell into India."

"It has been a totally one-sided disaster!" he added, emphasizing that "India also buys most of its oil and military products from Russia, and very little from the US."

Finally, President Trump claimed: "They [India] have now offered to cut their tariffs to nothing, but it's getting late. They should have done so years ago. Just some simple facts for people to ponder!!!"

At the time of writing, New Delhi has not yet commented on President Trump's post on Truth Social.

However, Indian Commerce Minister Piyush Goyal, speaking at an event hosted by the Confederation of Indian Industry on 2 August, said New Delhi is "in dialogue with the US".

His statement has raised questions about what New Delhi hopes to achieve through such dialogue at this juncture, according to people familiar with the situation.

The US has imposed a 50% tariff on both India and Brazil.

Brazil has responded aggressively, filing a trade dispute against the US at the WTO, while strategically reserving its right to impose retaliatory measures on American products.

"The US is trying to impose on Brazil a solution that is constitutionally impossible," said Brazil's Finance Minister Fernando Haddad in an interview at an FT Live – Times Brasil/ CNBC conference in Sao Paulo.

"An impasse has been reached; it's a request that cannot be fulfilled," he added.

In stark contrast, Prime Minister Narendra Modi's government has seemingly remained silent, refraining from challenging Washington's unilateral and allegedly illegal tariffs at the WTO or launching a formal trade dispute.

New Delhi has shown no inclination toward imposing retaliatory measures against American products – even as it deepens strategic ties with Russia and seeks a diplomatic thaw with China.

Open letter

It is against this backdrop that an "Open Letter" issued on 30 August by a broad coalition of civil society groups and eminent persons assumes significance, said analysts.

The letter is being spearheaded by the Forum for Trade Justice, a network of organizations working on global trade issues, including farmers' associations, trade unions, traders' groups, health and environmental advocacy organizations, and activists across various domains.

The letter, titled "Why India must not give in to US tariff blackmail," states: "The Trump administration has currently slapped a 50% tariff on Indian exports to the US on both economic and political grounds, and has apparently demanded duty-free access to Indian markets in return for reducing these illegal tariffs."

According to the civil society groups and eminent persons, "the Indian government has stated that negotiations with the United States are stalled over issues related to agriculture and dairy, including genetically modified (GM) food, and that India will not concede on these matters."

While congratulating "the Indian government on this firm stand," the letter cautions that "what may be flying under the radar are numerous systemic legal and policy issues of immense long-term importance to India's economic interests and strategic autonomy."

These include intellectual property (IP) policies, digital-sector regulations, industrial policy, investment priorities, financial stability, and energy independence.

The signatories expressed concern that "these could be compromised, even as the Indian government declares "victory" in not having relented on agriculture and dairy issues."

The Indian government reportedly extended a proverbial olive branch to the Trump administration by reducing the import duty on heavily subsidized US cotton from 11% to zero percent, said a former Indian diplomat who requested anonymity.

The civil society groups and eminent persons interpret this as a climb-down in India's position on agricultural products.

They warn that even in agriculture, India may still open its markets to imports of apples, wheat, maize, soybeans, as well as dairy and poultry products from the US.

The letter suggests that there could also be US demands to alter India's Minimum Support Price (MSP) scheme, particularly for rice and wheat.

"Further," the letter states, "India may be required to grant access to GM food and animal feed from the US. Such concessions would have large-scale and long-term disruptive impacts on India's agro-biodiversity."

While "tariffs are the most visible part of trade deals," the letter emphasizes that "there are other, equally – if not more – important issues at stake: India's sovereign right to make its own laws, regulations, and policies."

"It is here that deep compromises are likely to occur – compromises that could be largely permanent."

The letter also highlights the commercial deals being pushed onto India, noting that "huge commercial agreements, or abstention from deals with other countries, may be forced upon India."

The letter cautions that these commercial arrangements "should remain business-to-business or government-to-business matters, and India cannot be coerced into them."

The US imposed a 25% tariff on Indian goods effective 1 August 2025, with an additional 25% tariff taking effect on 27 August.

The letter notes: "As things stand, despite our best efforts and concessions, the final tariff is unlikely to fall below 20%, or at most 15% – the rates granted to the US's closest allies like the EU and Japan."

According to the letter, "there is no doubt that even small shifts in tariffs matter greatly to Indian exports, given that the United States is India's largest export market. But these relatively minor adjustments cannot come at the cost of surrendering policy autonomy in critical areas."

The letter points out that "on intellectual property (IP), India may be compelled to amend its domestic patent laws to facilitate the 'evergreening' of pharmaceutical patents."

"This would undermine India's generic medicine industry, leading to a sharp rise in healthcare costs for the sick and poor," the letter warns.

More significantly, the letter appears to expose some inconsistencies in India's claims regarding the India-UK Free Trade Agreement (FTA), which was hailed by the Indian commerce minister as a "gold standard" for future FTAs.

However, under the India-UK FTA, the Indian government reportedly accepted "voluntary licensing" as the "preferred" mechanism – a move that could effectively undermine the use of "compulsory licensing" for life-saving medicines urgently needed during public health emergencies.

The letter also raises concerns that "India's efforts to leverage foreign technologies for clean energy and other sectors may be compromised through such 'voluntary licensing' language."

"In the digital arena," according to the Forum for Trade Justice, "India may be required to commit not to impose taxes on exports of US digital products. Additionally, it may have to allow unrestricted cross-border data flows and enable the sharing of government public data with US entities."

"These commitments," the letter warns, "would eliminate the possibility of generating revenue from one of the most dynamic economic sectors and weaken India's ability to nurture domestic digital champions, especially in artificial intelligence."

It is widely known, the letter notes, that India has already agreed in the India-UK FTA "to commit that source code disclosure cannot be mandated," thereby weakening its regulatory authority in the evolving digital space, including artificial intelligence (AI).

Even worse, "as in the UK FTA, India is likely to give up its right to enforce specific authentication standards – even in sensitive areas such as notary certification for certain documents."

"All of these measures carry serious national security implications. Such concessions would severely undermine India's digital sovereignty – a core component of overall sovereignty – by limiting its ability to shape laws and policies in one of the most critical emerging domains," the letter emphasized.

Little wonder, then, that "in matters relating to IP and the digital arena, if India makes these compromises – as we fear it might – this would contradict India's long-standing positions at both global and national levels," the Forum for Trade Justice observed.

India has consistently opposed the plurilateral Agreement on Government Procurement, although it has participated as an observer in the WTO's Committee on Government Procurement for several years.

The US has long been a key proponent of opening India's government procurement market, according to sources familiar with the US demands.

Against this backdrop, the letter notes that "India may be required to open its government procurement market to US suppliers on terms even more favorable than those agreed upon with the UK under the recently concluded FTA."

Moreover, "this directly contradicts the Prime Minister's Atmanirbhar Bharat Abhiyan – an initiative aimed at making the nation and its citizens self-reliant."

The letter expresses concern that "the US is likely to demand firm commitments from India to purchase defense equipment, aircraft, and energy products from American companies."

It further states that "the US also wants India to stop buying oil from Russia, Iran, and Venezuela; exit or weaken BRICS; and abandon efforts to trade in local currencies that bypass the

US dollar."

In sum, the civil society groups and eminent persons argued: "Any proposed India-US bilateral deal is less about 'fair trade' and more about reshaping India's foreign and domestic policies to align with Washington's economic and geopolitical interests."

"It does not remotely resemble a trade agreement between two equal sovereign nations," the letter stressed.

"In its haste to meet deadlines set by the Trump administration and maintain a hardened stance," the letter warns, "New Delhi may undermine its sovereignty – defined as the capacity to make independent policy decisions in the best interests of its own citizens."

The letter advises the Indian government to "strengthen its bilateral trade and economic relations with the US in a cooperative, trusting, and mutually beneficial environment – without ceding sovereignty."

It suggests that "in response to the 'America First' trade policy, financial sanctions, and the coercive weaponization of international trade, some nations are already exploring ways to collectively preserve their economic sovereignty and transition toward a multipolar system."

Noting that "India has been convening the Voice of the Global South Summits since 2023," the letter urges New Delhi "to proactively support such initiatives within BRICS+ and other multilateral forums."

Furthermore, the Indian government must "immediately engage with parliamentary committees, state governments, regulatory bodies, farmers' unions, civil society groups, and other stakeholders to seek their inputs and suggestions on ongoing FTA negotiations."

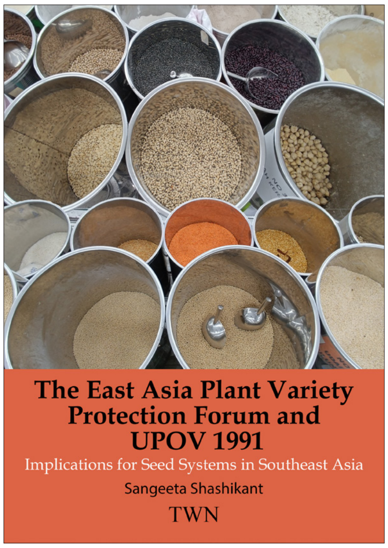
In the current negotiations, the letter warns, "India's interests will not be safeguarded by subservience. Instead, they will be served by resoluteness, firmness, and a clear focus on long-term economic prospects, developmental goals, and ecological security."

"Our negotiators must thoroughly brief Prime Minister Modi on the key issues. This will help ensure that President Trump does not further skew any final agreement – already negotiated at the official and ministerial levels – against India's national interest." *(SUNS #10285)*

The East Asia Plant Variety Protection Forum and UPOV 1991

Implications for Seed Systems in Southeast Asia

Sangeeta Shashikant



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THIS paper critically examines the growing pressure on Southeast Asian (SEA) countries to adopt the rigid 1991 Convention of the International Union for the Protection of New Varieties of Plants (UPOV 1991) designed for the commercialized farming structures of industrialized nations.

It reveals how the East Asia Plant Variety Protection Forum, initiated by Japan under the guise of cooperation, has evolved into a key platform for aggressively promoting UPOV 1991 standards, sidelining national agricultural priorities and farmers' rights. Through detailed analysis, the paper exposes the commercial motivations driving this agenda and the pivotal role of developed countries and their allied entities, who stand as the primary beneficiaries of the UPOV system and regional harmonization based on it. It highlights how the Forum's pro-UPOV activities threaten to erode national sovereignty, undermine food security, and entrench a rigid, inappropriate plant variety protection (PVP) system across the region – one designed to serve the commercial interests of Japan and other developed nations, particularly the Netherlands, Germany, France and the United States.

It calls on SEA countries to critically reassess their participation in the Forum, advocate for meaningful reforms to safeguard their policy space, and, if necessary, withdraw to protect their national interests and ensure implementation of a PVP system that is aligned with domestic agricultural needs and that safeguards the interests of farmers and food sovereignty.

Available at: https://twn.my/title2/books/EAPVP_Forum_and_UPOV_1991.htm

Third World ECONOMICS No. 825-826, 16 August -15 September 2025

SCO nations rally behind multilateral trading system amid US retreat

At the close of its two-day summit in Tianjin, China on 1 September, the Shanghai Cooperation Organization (SCO) reaffirmed its commitment to a rules-based multilateral trading system, emphasizing support for the World Trade Organization.

by D. Ravi Kanth

GENEVA: At the conclusion of a two-day summit in Tianjin, China, on 1 September, the leaders of the Shanghai Cooperation Organization (SCO) pledged to strengthen the multilateral trading system, particularly the World Trade Organization (WTO), amid "current world economic uncertainty and the spread of restrictive trade measures."

In what appears to be a pointed rebuke of the Trump administration's unilateral actions against the global trade order over the past five months, the Tianjin Declaration signalled that the SCO alliance has reached a defining moment in countering what insiders described as continued "bullying practices".

At the end of their two-day summit in Tianjin, the ten SCO member countries – China, the Russian Federation, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India, Pakistan, Iran, and Belarus – adopted a strong narrative on strengthening the beleaguered United Nations and the so-called "toothless" WTO.

On 29 August, the United States rescinded its annual payment of $29 million to the WTO, citing concerns that the organization has "aided and abetted global trade cheating by the Chinese Communist Party".

However, officials familiar with the rescission order noted that the US Congress could potentially revoke the presidential directive under the US Impoundment Control Act within 45 days.

Against this backdrop, Chinese President Xi Jinping appeared to give new momentum to building a powerful regional coalition, citing an ancient Chinese philosopher's saying: "Uphold the Great Principle, and the world will follow."

The SCO summit was also attended by leaders or representatives from Malaysia, Turkiye, Armenia, Azerbaijan, Cambodia, Nepal, Egypt, Qatar, Saudi Arabia, Kuwait, Maldives, Myanmar, the United Arab Emirates, and Bahrain.

The emergence of this new alliance, representing more than 40% of global trade and around three billion people, appears to signal that the Eurasian nations are ready to stand in contrast to the transatlantic alliance of the United States and the European Union, said a trade envoy who requested anonymity.

President Xi stated unequivocally that SCO leaders "should safeguard the UN-centred international system and support the multilateral trading system with the WTO at its core".

Support for MTS

In a strong statement supporting the multilateral trading system (MTS), the SCO leaders emphasized that it "should play an important role in promoting inclusive economic growth and sustainable development, and in addressing global challenges amid current world economic uncertainty and the spread of restrictive trade measures".

The reference to "restrictive trade measures" appears to be aimed at the "reciprocal" tariffs imposed by the Trump administration since 7 August, according to a trade envoy who spoke on condition of anonymity.

Delivering a clear message in favour of a rules-based multilateral trading system anchored in WTO principles, the SCO leaders affirmed that the WTO must adhere to decision-making based on consensus, openness, transparency, fairness, inclusiveness, equality, and non-discrimination.

They also reaffirmed that provisions on special and differential treatment (S&DT) for developing countries, including the least developed countries (LDCs), are an integral part of the WTO and its agreements.

In another implicit warning to the US, the SCO leaders declared: "We oppose trade measures that violate WTO rules and principles and emphasize the need for constructive cooperation among SCO member states within the framework of the WTO Ministerial Conference."

Expressing deep concern over "growing tensions in international economic relations, which seriously jeopardize the world economy," the SCO leaders called for advancing international trade and achieving the Sustainable Development Goals (SDGs).

The ten SCO leaders, along with observer participants, urged "all parties to engage in dialogue and cooperation, abide by international trade law – including WTO rules – and eliminate restrictions that violate WTO rules."

On the ongoing stalemate on WTO reform, the SCO leaders underscored "the importance of reforming the WTO while maintaining its fundamental principles, to enhance its effectiveness, improve global economic governance, and promote fair and inclusive economic growth."

In this regard, they reiterated "the need to restore a full, functioning, and two-tier WTO dispute settlement mechanism as soon as possible".

Development issues

The SCO leaders reaffirmed "the importance of development issues in the work of the WTO".

To date, development concerns have been sidelined in the ongoing WTO reform discussions, with efforts being made to "differentiate" among developing countries seeking special and differential treatment – contrary to the 1979 Enabling Clause, which calls for "differential and more favourable treatment, reciprocity, and fuller participation of developing countries".

Significantly, the SCO leaders broadened the scope of the development issues, stating that they must go beyond improving S&DT provisions to include promoting trade development, supporting industrialization in developing countries, and helping LDCs better integrate into the multilateral trading system.

On the issue of global food security, the SCO leaders acknowledged that "global food security faces increasing challenges, including restrictions that do not comply with WTO rules".

They stressed the need to "ensure global food security – especially the interests of developing and least developed countries – by expanding agricultural production, improving efficiency, and ensuring diversified and smooth food supply chains".

The SCO leaders also expressed support for accelerating the discussions on the WTO e-commerce work program, calling for acceptable resolutions at the 14th WTO Ministerial Conference.

These should address development-related issues, overcome digital inequality, promote digital connectivity, and boost consumer and business confidence in e-commerce – while respecting national laws and policy objectives, they said.

On trade in services, the SCO leaders called for continued work under the WTO framework, including the exchange of experiences and sharing of best practices.

Supply chains

The SCO leaders emphasized that "an open, inclusive, stable, resilient, and diverse supply chain is essential to achieving the Sustainable Development Goals".

With the US and the EU actively seeking to build alternative supply chains, the SCO leaders voiced concern over measures that could destabilize the global supply chain.

They referenced ongoing work by relevant WTO bodies on strengthening international cooperation in global supply chains and encouraged continued efforts to produce practical outcomes that enhance supply chain resilience.

The SCO leaders stressed "the importance of further increasing membership, enhancing geographical representation, expanding the inclusiveness of the multilateral trading system, and attracting more developing countries, including LDCs".

They expressed support for the swift accession of the Republic of Belarus, the Islamic Republic of Iran, and the Republic of Uzbekistan to the WTO in accordance with Article 12 of the Marrakesh Agreement Establishing the WTO.

While Uzbekistan's WTO accession bid is progressing rapidly, the long-delayed bids of Iran and Belarus are unlikely to succeed anytime soon due to continued opposition from certain Western powers, said officials familiar with the accession process.

Finally, the SCO leaders called for "practical outcomes" from the 14th WTO Ministerial Conference, scheduled to be held in Cameroon in 2026.

However, there appears to be some uncertainty about the convening of the conference, as sources indicated that the US Trade Representative (USTR), Ambassador Jamieson Greer, may not attend, according to people familiar with the development. *(SUNS #10284)*

Xi unveils vision for equitable global governance, rejects unilateralism

In a keynote address at the close of the SCO summit in Tianjin on 1 September, Chinese President Xi Jinping proposed a Global Governance Initiative (GGI), aimed at building "a more just and equitable global governance system."

by D. Ravi Kanth

GENEVA: At the conclusion of the Shanghai Cooperation Organization (SCO) summit in Tianjin, China, on 1 September, Chinese President Xi Jinping called for advocating "an equal and orderly multipolar world and a universally beneficial and inclusive economic globalization," and urged that the global governance system become "more just and equitable".

Delivering a keynote address at the end of the two-day summit, President Xi proposed a Global Governance Initiative (GGI), which was closely watched by international observers.

In a subtle critique of the Trump administration's apparent weakening of the multilateral institutions, President Xi remarked: "Eighty years ago, the international community learned profound lessons from the scourge of two world wars and founded the United Nations, thus writing a new chapter in global governance."

"Eighty years later, while the historical trends of peace, development, cooperation, and mutual benefit remain unchanged, the Cold War mentality, hegemonism, and protectionism continue to haunt the world," he lamented.

In what appears to be a direct reference to the recent unilateral US actions, he stated that: "New threats and challenges have only been increasing. The world has entered a new period of turbulence and transformation. Global governance has arrived at a new crossroads."

"To this end," President Xi said, "I wish to propose the Global Governance Initiative," adding that he looks forward to working with all nations "to build a more just and equitable global governance system and advance toward a community with a shared future for humanity."

Five principles

As part of the GGI, President Xi outlined five key principles.

First, he said that SCO members "should adhere to sovereign equality," emphasizing that "all countries, regardless of size, strength, or wealth, are equal participants, decision-makers, and beneficiaries in global governance."

He called for promoting "greater democracy in international relations" and increasing the representation and voice of developing countries.

Second, President Xi stressed that SCO members "should abide by international rule of law".

He urged full and comprehensive adherence to the purposes and principles of the UN Charter and other universally recognized norms of international relations.

He emphasized that international law must be applied equally and uniformly – "without double standards" – and warned that "the house rules of a few countries must not be imposed upon others".

Third, President Xi called for practising genuine multilateralism.

He said SCO members "should uphold the vision of global governance featuring extensive consultation, joint contribution, and shared benefits," strengthen solidarity and coordination, and oppose unilateralism.

He reiterated the need to "firmly safeguard the status and authority of the United Nations" and ensure its irreplaceable role in global governance.

Fourth, President Xi advocated a people-centred approach.

He urged SCO members to reform and improve the global governance system to ensure that "the people of every nation are the actors in and beneficiaries of global governance," enabling better responses to common challenges, narrowing the North-South gap, and safeguarding the common interests of all countries.

Fifth, President Xi said that the initiative should focus on taking real actions.

"We should adopt a systematic and holistic approach, coordinate global actions, fully mobilize various resources, and strive for more visible outcomes," he said.

He stressed the need to enhance practical cooperation to prevent the global governance system from falling behind or becoming fragmented. *(SUNS #10284)*

Third World ECONOMICS No. 825-826, 16 August -15 September 2025

Trump's "Pocket Rescission" a retreat from US global leadership?

On 29 August, United States President Donald Trump unveiled a "Historic Pocket Rescission Package" aimed at slashing $5 billion in foreign aid and funding for international organizations, with the United Nations and the World Trade Organization (WTO) singled out.

by D. Ravi Kanth

GENEVA: United States President Donald Trump on 29 August announced a "Historic Pocket Rescission Package" that seeks to cancel $5 billion in foreign aid and international organization funding, particularly for the United Nations, as well as $29 million to the "toothless" World Trade Organization (WTO).

For the past two years, the US has not paid its annual contribution to the WTO, which is based on its share of global trade.

However, it remains unclear whether the cancellation of $29 million to the WTO applies to the current or previous financial year, according to people familiar with the development.

Ironically, the Trump administration's rescission order has come amid allegations of a publicity stunt by WTO Director-General Ms Ngozi Okonjo-Iweala, who reportedly displayed at the entrance of the WTO headquarters a memento from a US Congressional Delegation on 6 August in recognition of the WTO Secretariat's services and contributions.

The move followed the appointment of a senior White House economic official, Ms. Jennifer DG Nordquist, as a WTO Deputy Director-General, a development noted by several sources familiar with the matter.

Ms Okonjo-Iweala commences her second term as DG on 1 September.

In a week marked by seemingly tumultuous developments, President Trump appeared to signal a potential shift toward gradually withdrawing from various multilateral bodies, including the United Nations, the International Labour Organization (ILO), several financing initiatives under the Paris Agreement on climate change, and the Paris-based Organization for Economic Cooperation and Development (OECD), among others.

Although the rescission order was issued under the Impoundment Control Act, the US Congress had not been informed prior to the announcement of the recession package, according to media reports.

On 29 August, the Wall Street Journal (WSJ) reported that President Trump sent a letter to the congressional leadership indicating his intent to cancel the funding of the activities of the State Department, international assistance programs, and the US Agency for International Development (USAID), invoking his authority under the Impoundment Control Act – a power typically limited to pausing spending under specific circumstances.

Under the Act, Congress must approve the rescission order within 45 days, or else it will lapse.

The WSJ suggested that without congressional approval, the proposed rescission package could fall flat.

Recession of funding

A close examination of the Trump administration's approach to rescind funding for international initiatives suggests an unprecedented rupture with Washington's long-standing role as a rule-setter in multilateral institutions that it helped establish after the Second World War nearly 80 years ago, said an analyst, who requested anonymity.

According to President Trump's proposed "pocket rescission", the US administration seeks to cancel:

- $3.2 billion in funding for USAID, an agency established to support poverty alleviation programs in developing countries.
- Approximately $400 million per year for global climate initiatives, including a partnership with the Green Climate Fund, for the Barbados Blue-Green Bank for climate change mitigation; $650,000 for micro-insurance for smallholder farmers and micro-businesses in Colombia for climate disaster response; $24.6 million to build climate resilience in Honduras; $38.6 million for biodiversity and low-emissions development in West Africa.

  Additionally, the Trump administration seeks to rescind $521 million in funding to international organizations that "do not support major US policies or priorities" or "have been operating contrary to American interests for many years."

These include:

- $45 million to the Pan American Health Organization (PAHO), the regional arm of the World Health Organization (WHO), due to "credible accusations of forced labor and human trafficking of Cuban doctors".
- $75 million per year to the United Nations Educational, Scientific and Cultural Organization (UNESCO), which the White House accused of working to "advance divisive social and cultural causes," promoting a "globalist ideological agenda" through the UN's Sustainable Development Goals, and fostering "antisemitism and anti-Israel sentiment".
- $29 million to the "toothless" World Trade Organization (WTO), which for decades has "aided and abetted global trade cheating by the Chinese Communist Party".
- $107 million to the International Labour Organization (ILO), which the administration described as an entity that "works to unionize foreign workers and punish US corporate interests abroad".
- An unspecified reduction in US contributions to the OECD, for facilitating "a harmful global tax deal" that allows other nations to dictate American tax policy.
- US budget support for numerous smaller organizations, including

the Colombo Plan Council for Technical Cooperation, the International Tropical Timber Organization, and the Pan American Institute on Geography and History.
- $2.3 million for desert locust risk reduction in the Central Region and Horn of Africa, with emphasis on "gender equality", "interculturality", and support for "indigenous peoples".

It is widely acknowledged that over the past three decades, the US has shaped the WTO rules to align with its domestic policies, including maintaining agricultural subsidies worth over $180 billion under the guise of "Green Box" exemptions; enforcing costly patents through the TRIPS Agreement; and promoting services liberalization under the GATS, which has significantly benefited US exporters.

Since the conclusion of the Uruguay Round of trade negotiations, developing countries have negotiated vigorously for special and differential treatment (S&DT) provisions.

While tangible gains have been limited, they have benefited from the predictability of the multilateral trading system under the WTO, according to officials familiar with the process.

Moreover, the collective bargaining power of developing countries has proven stronger than their individual voices – a contrast that is evident when comparing the provisions in their bilateral free trade agreements (FTAs) with advanced economies versus those enshrined in the WTO agreements.

The potential withdrawal of the US from the WTO, following the cancellation of funding by the Trump administration and its characterization of the organization as "toothless", would likely harm the US more than the developing countries, said a former Indian trade envoy, speaking on condition of anonymity.

While developing nations may face higher tariffs – such as the 50% tariff previously imposed by the US on India and Brazil – this could ultimately serve as a blessing in disguise.

Market forces would encourage export diversification and reduce reliance on the US market, whose share of global imports has steadily declined to 16%.

Even if tariffs are lowered through bilateral negotiations, the lack of certainty about future tariff hikes would discourage long-term investment in export sectors targeting the US. Instead, investment would likely shift to new products and new markets, the trade envoy noted.

Therefore, the trade envoy said, "developing countries should encourage this trend by providing incentives to their exporters through targeted schemes and subsidies to find new markets and add value to their exportable products."

More importantly, the trade envoy said that developing-country governments "can turn these challenges into opportunities".

The BRICS coalition – originally comprising Brazil, Russia, India, China, and South Africa – and its six new members, including the United Arab Emirates, Indonesia, Egypt, Ethiopia, Iran, and Saudi Arabia, can serve as a growth pole for South-South trade and investment.

If the US were to withdraw from the WTO – a scenario deemed highly unlikely given its structural interests in global trade – Washington would not only suffer economic losses but also geopolitical and geoeconomic setbacks, weakening its position in the global order, said a trade analyst who requested anonymity.

"In the WTO, developing countries will emerge as a stronger force," the analyst added.

Meanwhile, the US withdrawal from international organizations could pave the way for a more meaningful global compact and a people-centric international order, said a former UN official, also speaking on condition of anonymity.

US appeals court

While the Trump administration has advanced its proposal to cut funding to international organizations, it suffered a significant legal setback on 29 August, when a US federal appeals court struck down the reciprocal tariffs imposed by President Trump under the International Emergency Economic Powers Act (IEEPA).

In a majority ruling, the court held that President Trump had overstepped his authority under the IEEPA – a law enacted in 1977 – by imposing reciprocal tariffs on nearly all US trading partners in April.

In page 34 of the ruling, the majority noted: "A variety of statutes use 'tarif' or 'duty' or the like when conveying presidential authority, whereas IEEPA does not," indicating that the IEEPA does not authorize tariff imposition.

The voided reciprocal tariffs accounted for about 70% of projected tariff revenue in 2026, according to estimates from the Tax Foundation, though the Trump administration plans to increase levies under other legal authorities unaffected by the ruling.

The invalidated measures included a baseline 10% tariff on imports from virtually all countries; higher tariffs on nations the administration labeled as "bad actors" on trade; and additional tariffs on Canada, China, and Mexico.

However, the ruling did not affect sector-specific tariffs, such as the 50% duties on steel, aluminum and copper.

In its unsigned opinion, the federal appeals court majority stated that while IEEPA grants the President "significant authority" during a declared national emergency, none of these powers explicitly include the ability to impose tariffs, duties, or taxes.

The court emphasized that the statute contains no mention of terms like "tariff", "tax", or "duty".

The court reiterated that "when Congress intends to delegate to the President the authority to impose tariffs, it does so explicitly," underscoring that the US Constitution vests the power to tax – and by extension, impose tariffs – exclusively to the legislative branch.

The decision invoked the "major questions doctrine" – a principle previously used by the US Supreme Court to strike down expansive executive actions, such as the Biden administration's student debt relief plan – on grounds that such transformative policies require clear Congressional authorization.

Notably, the ruling did not follow partisan lines – judges appointed by both Republican and Democratic presidents were divided in their opinions.

On 30 August, President Trump responded on his Truth Social media website, criticizing the federal appeals court ruling.

"The appellate court majority that ruled against most of the president's tariffs has it wrong," he said.

He argued: "Whether you like tariffs or not, the act at issue does, in fact, grant the president broad powers to declare an emergency."

He further claimed that: "Even more, the Constitution, under Article II, grants the president broad powers to make foreign policy. The president's lawyers are obviously aware of this, which is why the executive orders at issue rely, in part, on serious foreign policy considerations - including, as an example, Mexico, Canada, and China, which the president has determined are not doing enough to prevent the flow of deadly drugs into our country."

According to President Trump, "The combination of broad authority and Article II powers trumps the issues raised by the court's majority."

He added: "Moreover, judges should not be the final decision-makers about such matters, as they're exercising authority that was never delegated to them, and they should not substitute their own policy preferences for the president's."

He maintained that only Congress can address the issue, saying that: "Congress can amend the law or pass a new law curbing the president's power here."

Yet, President Trump cautioned: "Congress does not have boundless power, and it could run into separation of powers issues, given Article II and the president's foreign policy authority. The Supreme Court will, once again, rule on this."

He signaled confidence in a favourable outcome, stating that: "In the past, Justices Thomas, Gorsuch, and Kavanaugh have noted the broad authority of the president in circumstances similar to this. I expect Justice Alito would concur." *(SUNS #10283)*

Third World ECONOMICS No. 825-826, 16 August -15 September 2025

Global food prices remain largely unchanged in August, says FAO

World food commodity prices showed little overall change in August, with declines in cereal and dairy prices being balanced out by rising costs for meat, sugar, and vegetable oils.

by Kanaga Raja

PENANG: World food commodity prices remained virtually unchanged in August, as the fall in cereal and dairy prices were offset by increases in the prices of meat, sugar and vegetable oils, according to the UN Food and Agriculture Organization (FAO).

According to FAO, its Food Price Index (FFPI) averaged 130.1 points in August 2025, virtually unchanged from the revised July level of 130.0 points.

It said declines in the cereal and dairy price indices were offset by increases in the indices for meat, sugar and vegetable oils.

Overall, FAO said the FFPI was 8.4 points (6.9 percent) higher than in August 2024 but remained 30.1 points (18.8 percent) below its peak reached in March 2022.

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

According to FAO, its Cereal Price Index averaged 105.6 points in August, down 0.8 points (0.8 percent) from July and 4.5 points (4.1 percent) from August 2024.

It said international wheat prices declined month-on-month, reflecting ample global supplies and subdued import demand, especially from major buyers in Asia and North Africa. Larger harvests in the European Union and the Russian Federation further weighed on prices.

On the other hand, FAO said world maize prices rose for the third consecutive month, mostly underpinned by concerns over the impact of heatwaves on yields in the European Union and the increased demand for feed use and ethanol production, especially in the United States of America.

Among the other coarse grains, world prices of sorghum decreased while those of barley increased, it added.

Meanwhile, the FAO All Rice Price Index fell by 2.0 percent in August 2025, driven by lower Indica prices amid continued fierce competition among exporters.

According to FAO, its Vegetable Oil Price Index averaged 169.1 points in August, up 2.3 points (1.4 percent) month-on-month, reaching its highest level since July 2022.

The increase was driven by higher quotations for palm, sunflower and rapeseed oils, more than offsetting a slight decline in soy oil values, it said.

International palm oil prices rose for the third consecutive month in August, largely underpinned by robust global import demand and news of Indonesia's intention to further raise its biodiesel blending mandate in 2026, it said.

Global sunflower and rapeseed oil prices increased on tightening supplies in the Black Sea region and in Europe, respectively.

On the other hand, FAO said that world soy oil prices edged lower, mainly reflecting prospects of ample global soybean supplies in the 2025/26 season.

According to FAO, its Meat Price Index averaged 128.0 points in August, up 0.7 points (0.6 percent) from July and 5.9 points (4.9 percent) from a year ago, marking a new all-time high.

The rise was driven by continuing higher bovine and ovine (lamb and mutton) meat prices, which outweighed largely stable pig meat quotations and lower poultry meat prices, it said.

"International bovine meat prices reached a new record high, underpinned by strong demand from the United States of America, which boosted Australian quotations, and firm import demand from China, which kept Brazilian export prices firm despite reduced sales to the United States of America following the imposition of additional tariffs."

Ovine meat prices rose for the fifth consecutive month, reflecting tight export supplies in Oceania, with higher volumes directed to more lucrative markets, notably the United Kingdom of Great Britain and Northern Ireland and the United States of America, said FAO.

World pig meat prices remained broadly steady amid balanced global demand and supply conditions, it added.

On the other hand, FAO said poultry meat quotations declined, pressured by ample exportable supplies from Brazil.

"Although Brazil declared its commercial poultry farms free of high pathogenicity avian influenza in mid-June, import restrictions maintained by some major trading partners continued to affect demand."

According to the FAO, its Dairy Price Index averaged 152.6 points in August 2025, down 1.3 percent from July, marking the second consecutive monthly decline while remaining 16.2 percent above its level a year-earlier.

The decrease reflected lower international prices for butter, cheese, and whole milk powder (WMP), outweighing higher skim milk powder (SMP) quotations.

FAO said that butter prices declined by 2.5 percent in August, as robust production in New Zealand – despite the country's seasonal output lull – and steady supplies from the European Union boosted global availability, while import demand, especially from Asia, remained subdued.

FAO said cheese prices declined by 1.8 percent, reversing increases since April, with softer demand from key Asian markets and seasonally low export activity weighing on Oceania markets, while in the European Union, weaker domestic demand during the holiday period and increased export competition added pressure on cheese prices.

It said that WMP prices edged down by 0.3 percent, reflecting muted demand from key importing countries.

By contrast, SMP prices rose by 1.8 percent, driven by limited exportable surpluses in New Zealand and steady demand from Southeast Asia.

According to FAO, its Sugar Price Index averaged 103.6 points in August, up slightly by 0.3 points (0.2 percent) from July after five consecutive monthly declines, but still down 10.3 points (9.0 percent) from its level a year ago.

"The increase was mainly driven by concerns over Brazil's production outlook, amid reduced sugarcane yields and low sugar recovery rates in key southern growing regions."

Additionally, stronger global sugar import demand, particularly from China, exerted further upward pressure on prices, said the UN agency.

However, expectations of larger crops in India and Thailand, owing to favourable weather conditions, limited the overall price increase, it noted. *(SUNS #10287)*

Global cereal output forecast at all-time high in 2025, says FAO

The UN Food and Agriculture Organization has revised upwards its 2025 global cereal production forecast, citing stronger prospects for coarse grains. The new estimate of 2,961 million tonnes marks a projected record high - 3.5% above 2024 levels.

by Kanaga Raja

PENANG: The UN Food and Agriculture Organization's latest forecast for world cereal production in 2025 has been revised up by 35.6 million tonnes (1.2 percent) compared to the projection from July, driven by improved prospects for coarse grain crops.

In its latest Cereal Supply and Demand Brief, FAO said that this latest revision reinforces the expectation of a record-high global cereal output in 2025, which is now anticipated at 2,961 million tonnes, 3.5 percent above the previous year's level.

The FAO attributed the upward revisions to significant increases in the maize output forecasts for Brazil and the United States of America.

According to the FAO, the global production forecast for coarse grains in 2025 has been lifted to 1,601 million tonnes, a sharp increase of 36.1 million tonnes compared to July, and is now at 88.6 million tonnes (5.9 percent) above 2024's level.

It said that the marked upward revision is primarily due to a sizable increase in the maize output forecast in the United States of America, reflecting record-high yields and updated area estimates.

"Positive revisions to maize production outlooks are also made for Brazil and Mexico, driven by, respectively, higher yields and larger planted area to the main crop."

In contrast, FAO said maize production forecasts have been trimmed in the European Union, as dry weather and higher-than-average temperatures are expected to reduce both harvested area and yields.

It said the forecast for global sorghum production is also revised higher this month, by 2.2 million tonnes, to 66.6 million tonnes, 5.6 percent above the previous year's level.

The revision largely stems from better yield prospects in Brazil, which put the 2025 sorghum outturn at a record level, it added.

FAO's forecast for the world wheat output stands at 804.9 million tonnes, marginally down from the previous projection in July, but 6.9 million tonnes higher year-on-year.

It said the downward revision is mostly due to lower yield prospects in China (mainland) on account of adverse weather conditions and a smaller-than-expected acreage in Argentina.

It said partly offsetting these declines, upward adjustments have been made to the wheat production forecast in the European Union, driven by weather-improved prospects for yields.

As for rice, FAO has downgraded its production forecast for Nepal, reflecting lower area and yield expectations owing to non-conducive rains over parts of the country.

Official forecasts have also been downscaled in the United States of America, where spring floods in southern producing areas compounded on prospects of reduced producer margins, it said.

However, these revisions are largely compensated by output upgrades for various other countries, most notably Indonesia, where favourable price prospects are now seen lifting plantings to seven-year highs.

As a result, world rice production remains forecast to expand by 1.0 percent in 2025/26 to a record high of 555.5 million tonnes (milled basis), said FAO.

"Production expansions in Bangladesh, Brazil, China, India, and Indonesia are anticipated to sustain the annual growth, more than compensating for contractions, namely in Madagascar, Nepal, the United States of America, and Thailand."

FAO has raised its forecast for world cereal utilization in 2025/26 by 21.7 million tonnes since July, reaching 2,922 million tonnes, up 44.6 million tonnes (1.6 percent) from the 2024/25 level.

Total utilization of coarse grains is forecast to rise by 1.7 percent to 1,568 million tonnes in the 2025/26 season due to increased use of maize and, to a lesser extent, sorghum, it said.

"Amid plentiful supplies, use of maize for animal feed is seen rising in major producers Brazil and the United States of America while falling in Argentina."

FAO has revised upward feed use of barley in Saudi Arabia, albeit to a level still below that of previous season.

Feed use of wheat is also revised upwards this month, specifically in the European Union and in Thailand, where demand is increasing from the aquaculture sector, it said.

FAO has forecast global wheat utilization in 2025/26 at a record level of 803.5 million tonnes, up 8.1 million tonnes from the 2024/25 level, with wheat expected to be increasingly incorporated into animal feed rations in China.

FAO said its forecast of world rice utilization has changed little, pointing to 550.6 million tonnes being used in 2025/26, up 1.9 percent year-on-year and a record high.

The forecast for world cereal stocks by the close of seasons in 2026 has been raised by 9.6 million tonnes since July, with global reserves now seen reaching 898.7 million tonnes, 3.7 percent above their opening levels and a record, it added.

This month's upward revision is

attributed to an upgrade to stocks of coarse grains, outweighing a downgrade to stocks of wheat, it said.

"Among coarse grains, the bumper output in the United States of America is expected to result in significantly larger reserves of maize than previously anticipated with stocks in that country at the end of the 2025/26 season foreseen to reach a record level of over 50.0 million tonnes."

Conversely, it said global wheat stocks are forecast lower than in July and are now expected to remain near to their opening levels after downward revisions to the Islamic Republic of Iran, where the production outlook is reduced and to the European Union, where a historical revision made to human consumption over the previous seasons results in a lowering of 2025/26 ending stocks by 1.8 million metric tonnes.

"The global cereal stocks-to-use ratio in 2025/26 is expected to reach 30.6 percent, an increase of almost one percent on the previous season, confirming the comfortable supply outlook."

World rice stocks at the close of 2025/26 marketing years remain forecast to expand by 2.0 percent to a record high of 214.5 million tonnes, sustained by build-ups, namely in Brazil, China, India, and Thailand, which could overshadow drawdowns, namely in Indonesia, Madagascar, and the United States of America, said FAO.

FAO said that its forecast for world trade in cereals in 2025/26 is pegged at 493.4 million tonnes, up 6.5 million tonnes from the July forecast and pointing to a 1.4 percent increase from the 2024/25 level.

This month's upward revision is due mainly to an increase in trade of coarse grains, predominantly maize, it said.

According to FAO, abundant exportable supplies of maize from bumper crops in Brazil and the United States of America are expected to attract importing countries and are behind a 5.1-million-tonne upward revision to maize trade, even though China is expected to continue its reduced purchases of maize in 2025/26.

The forecast for barley trade is raised only slightly since July, despite lower prices and stronger demand expected from livestock farmers in Saudi Arabia, it said.

It said trade in wheat in the new season is seen rising by 4.0 percent, or 7.8 million tonnes with continued strong demand from China, the Islamic Republic of Iran, Pakistan, Syrian Arab Republic and Turkiye.

Among exporting countries, the major players will continue to supply markets with the European Union expected to regain market share after a reduced harvest in 2024.

International trade in rice is anticipated to reach a fresh peak of 61.4 million tonnes in 2025 (January-December), up 2.9 percent year-on-year and 0.6 million tonnes more than previously reported, said FAO.

Bangladesh accounts for much of the import revision introduced this month, although imports were also raised, namely for Ghana and Guinea-Bissau, more than compensating for the downward corrections for various other countries, it added. *(SUNS #10287)*

Aid cuts threatening progress in refugee education, warns UNHCR

The UN Refugee Agency (UNHCR) has cautioned that reductions in humanitarian and development aid are jeopardizing recent progress in refugee education. Surging global refugee numbers are overwhelming education systems, leaving nearly half of refugee children out of school.

by Kanaga Raja

PENANG: Cuts to humanitarian and development aid are putting recent hard-won progress in refugee education at risk, UNHCR, the UN Refugee Agency, has warned.

According to the latest edition of its Refugee Education Report, UNHCR said even though more refugee children and youth than ever are getting an education, the continuing rise in the global refugee population is outstripping the capacity to educate them, meaning that nearly half remain out of school.

The current school-aged refugee population is estimated at 12.4 million and 46 per cent of them are estimated to be out of school, meaning that approximately 5.7 million refugee children are missing out on an education, the report said.

"There have been tremendous efforts to increase enrolment at all levels for refugees," said Filippo Grandi, the UN High Commissioner for Refugees, in the foreword to the report. "But there is still so much more to do," he added.

According to the annual report, at the end of 2024, the number of forcibly displaced people across the globe had exceeded 123 million, including 31 million refugees under UNHCR's mandate, representing an increase from the 120 million forcibly displaced persons reported in 2024.

According to UNHCR, covering the academic year 2024, more than 70 refugee-hosting countries were included in its analysis for the report.

However, it said that the data for 2024 presented in its report does not reflect the impact of the financial turmoil in the past months, as those impacts will likely be reflected in reporting in 2026.

Strikingly, the report highlighted a leap forward in tertiary enrolment to 9 per cent, up from 7 per cent last year and well on the way to meet the target of 15 per cent by 2030.

Data from the 70 refugee-hosting countries indicates that the average gross enrolment rates (GER) for refugees for 2024 stood at 42 per cent for pre-primary, 67 per cent for primary, 37 per cent for secondary and 9 per cent for tertiary, said the report.

Last year, UNHCR reported enrolment figures of 37, 65, 42, and 7 percent at the pre-primary to tertiary levels, indicating some progress at the pre-primary and primary levels, a notable improvement at the tertiary level, and a decrease at the secondary level.

In the Americas, primary and secondary gross enrollment for refugees has shown an increase when comparing data for 2019/20 and 2024, said the report.

For example, in Colombia, only 48% of Venezuelans displaced abroad were enrolled in school in UNHCR's first reporting in 2019/20, a number that has increased to 99% in 2024.

Likewise, the GER for secondary increased from 30% to 66% in Colombia in the same time period, it added.

In Ecuador, likewise, important strides have been made in increasing the primary gross enrollment rate, from 29% in 2019/20 to 78% in 2024, and at the secondary level, the country has more than doubled its GER, from 15% to 49% in the same period, it noted.

In other regions, such as East, Horn of Africa and the Great Lakes, there have only been increases in the primary gross enrolment rate in 3 out of 10 reporting countries.

In the rest of the countries, some visible decreases can be discerned, the report pointed out.

For instance, it said in Burundi, the GER has decreased from 90% to 67% at the primary level. Likewise, at the secondary level, the GER decreased from 83% to 55% in the period from 2019/20 to 2024.

In Sudan, the decrease in the primary GER has been very drastic – from 57% in 2019/20 to 24% in 2024, largely due to the eruption of the conflict in April 2023, which displaced more than 13 million people.

There has also been a decrease in the secondary enrollment in the same time period, from 6% to 4%, it said.

In the MENA region, most countries have had modest to high increases in the primary gross enrollment ratio when comparing both time periods.

In Turkiye, one of the top five refugee-hosting countries, the GER has increased from 86% to 96% from 2019-20 to 2024, while in Jordan, also a major hosting country, the increase has only been 1%, said UNHCR.

At the secondary level, increases have been modest, with the exception of Turkiye, where the GER has increased from a low of 27% to more than 70% in the period from 2019/20 to 2024.

Despite remaining disparities in the refugee Gender Parity Index, which measures gender equality in education, there have been modest increases in the primary enrollment rate for girls and progress towards gender parity at the secondary level, said the report.

Still, parity in overall access to school for refugee girls and boys remains elusive, although some countries are moving closer to it, it added.

According to UNHCR, the report identified several areas of concern, including the widening gap in access to education for refugees.

For example, it said a comparison of the enrolment rates among refugee children and children from low-income and fragile or conflict-affected populations in host countries shows that refugee children face greater barriers to access.

At the primary level, gross enrollment for refugees in hosting countries stands at 67%, significantly below both low-income countries (102%) and fragile or conflict-affected countries (94%), it added.

The secondary enrollment gap is similarly stark. Refugees in hosting countries report only 37% gross enrollment, compared to 40% for the population in low-income countries and 44% in fragile states.

At the tertiary level, 9% of refugees in hosting countries are enrolled, compared to 8% in low-income countries and 10% in fragile or conflict-affected contexts.

This reflects systemic hurdles for refugees such as legal status limitations, unfamiliar curriculums, language barriers, lack of recognition of prior learning, and financial constraints, said the UN agency.

Education underpins protection and is a cornerstone of sustainable responses, with improved access to quality education helping to ensure self-reliance for this generation and the next, it said.

Despite growing attention on the global learning crisis, data on the educational outcomes of forcibly displaced children remain very limited, it noted.

This persistent data gap hampers the design of effective, inclusive education responses, said UNHCR.

Globally, learning poverty is alarming: 70% of 10-year-olds in low- and middle-income countries could not read and understand a simple text, up from 57% before COVID-19. This learning deficit could result in $21 trillion in lost lifetime earnings, said the report.

To generate evidence on holistic learning outcomes among forcibly displaced children, UNHCR conducted two assessments in Mauritania and Mexico in 2024.

The UN agency said the findings from both underscore the urgent need to strengthen foundational learning and ensure age-appropriate and inclusive interventions. *(SUNS #10289)*