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Developing countries oppose Doha Round “recalibration”

Attempts to “recalibrate” the agenda of the Doha Round trade talks have met with resistance from developing countries at the WTO. Such moves have sparked concern that the existing mandates for the Round – and the priority attached to cutting developed-country subsidies that distort agricultural trade – would be sidelined.

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Dumping the sequencing or agri-reform process in the Doha Round?

Is the WTO Director-General seeking to shift the focus of the Doha Round talks away from agriculture, specifically the trade-distorting farm subsidies doled out by the US?

by Chakravarthi Raghavan

GENEVA: WTO Director-General Roberto Azevedo appears to have attempted on 5 May to tweak the Doha Round trade talks by dumping the "sequencing" framework, thus enabling the US to avoid answering tough questions on domestic support in agriculture for concluding the negotiations and ensuring a successful WTO Ministerial Conference in Nairobi this December.

Since the launch of the Uruguay Round negotiations in 1986 in Punta del Este, and their conclusion in 1994 in Marrakesh – which entailed, among others, placing the agriculture sector and trade in agricultural products within the ambit of the multilateral trading system and its disciplines – reducing agricultural trade barriers at the border and cutting domestic support in agriculture have been seen as two sides of the same coin, as with GATT disciplines in the industrial sector.

At Marrakesh, in return for this commitment to undertake reforms in agricultural trade, albeit over a longer time frame, developing countries agreed to more obligations and commitments in the areas of trade in industrial goods, services and global protection for intellectual property.

It was in pursuance of the Marrakesh commitments to continue with the reform process in agriculture after the initial set of reforms and disciplines (covering reduction of domestic support, increasing market access by cutting tariffs, and gradual elimination of export subsidies) that the Doha Round was launched with agriculture as the major focus, but also adding non-agricultural market access (NAMA) and further services liberalization.

These last two areas were included so as to provide the major developed countries, in particular the US, the EU and Japan, with domestic political cover: in return for undertaking further

reforms in cutting agricultural domestic support and border tariffs, they could point to trade-offs in the form of gains in trade in NAMA and services.

Hence from the beginning, agriculture was seen as the yardstick for any concessions by developing countries in NAMA or services, with the entire exercise carried out as a single undertaking.

As a corollary, since the launch of the Doha Round in 2001, in so far as the agriculture sector is concerned, reduction of protection on the three pillars of domestic support, market access and export subsidies was viewed as one, rather than (as has happened now) maintaining or increasing protection and domestic support by developed countries through box-shifting.

These two main elements lie behind the "sequencing" followed since 2001 in the talks.

Reversal of course

At Doha the US was fully behind further reforms in agricultural trade, in particular reducing barriers to trade in Europe and Japan, by aiming at both border controls and domestic support. However, it began reversing course soon after, now reaching a stage where it is no longer willing to reduce its own domestic support or even talk about it, given the nature of its farm law and the power of its farm lobby.

The suggestion of Director-General Azevedo at the WTO General Council on 5 May for moving away from the sequencing framework and focusing on market access issues in agriculture, NAMA and services, thus dumping any talk of cutting domestic support in agriculture, has raised doubts whether all this is not a manoeuvre to enable the US to avoid answering tough questions on this, several trade envoys told the *South-North Development Monitor*

(SUNS) after the General Council meeting.

Hitherto, in the “sequencing”-based negotiations, agriculture issues, especially issues of trade-distorting domestic support, got primacy over other areas of the Doha Round talks in drawing up a post-Bali work programme.

At the General Council meeting, Azevedo said [in his capacity as Chair of the Trade Negotiations Committee (TNC)] “we have to be aware of the damaging consequences that any kind of de facto sequencing may have”. He acknowledged that “there are ‘gateway’ issues that we need to tackle very quickly.”

Earlier, at the formal TNC meeting on 27 April, while he had promoted a “recalibration” strategy for the post-Bali work programme, the large majority of developing countries negated such an approach. They insisted that agriculture is the locomotive of the Doha Round and that the revised modalities texts evolved over years of patient talks should provide the basis for further progress. (See the following article for a report on the 27 April TNC meeting.)

In his remarks at the General Council on 5 May, without suggesting what new approach would replace the sequencing strategy, the Director-General said the work programme must fulfil three criteria.

First, “it must be substantive and meaningful,” implying that it ought to cover all areas in a balanced manner. Second, “it must provide clear guidance on how to conclude the [Doha Round] negotiations”. Third, “it must be a springboard to a successful [Ministerial Conference in Nairobi],” he maintained.

To pave the way for accomplishing “an overall balance” in the “substantive” work programme, Azevedo is to begin a discussion “on the horizontal trade-offs, including the wider Room W consultations [where all members can take part in the proceedings].”

“And the importance of this horizontal process underlines how vital it is that we make substantive movement in all areas to facilitate these trade-offs,” Azevedo emphasized.

As part of the trade-offs, market access in agriculture, industrial goods (i.e., NAMA), services and rules will be explored ahead of domestic support. Since there is no clarity yet on what a major industrialized country (the US) is ready to do at this juncture in the domestic

support pillar of agriculture, only market access and rules will be taken up, said a trade envoy who took part in the General Council meeting.

Azevedo said “development and LDC [least developed country] issues must continue to remain central to our work”, while emphasizing the operationalization of the LDC services waiver in which some 25 members had indicated the preferential treatment they will provide for LDC services sectors and modes of supply. So far, only one member has followed through and submitted a notification, the Director-General added.

But on other LDC issues such as duty-free and quota-free market access, simplification of preferential rules of origin, and cotton, there is still no clarity as to whether they will be fully addressed in the work programme, said a trade envoy from an African LDC.

Agriculture agenda

Until now, a large number of developing countries, particularly Brazil on behalf of the G20 developing-country farm coalition, have consistently maintained that agriculture is the engine of the Doha Round negotiations.

Consequently, the developing countries and LDCs, particularly the Cotton-4 countries in West Africa (Benin, Burkina Faso, Mali and Chad), have demanded that trade-distorting domestic support and export subsidies and export credits need to be negotiated along with other issues in the Doha agriculture package as part of the sequencing strategy.

As part of this strategy, members would approach market access for industrial goods, services, rules, environmental goods and developmental issues concerning special and differential treatment after the difficult issues in the agriculture package, especially the growing trade-distorting domestic subsidies for rich farmers in industrialized countries, are sufficiently addressed.

Although the sequencing framework was not stated in the mandate, it was generally accepted as the framework to conclude the Doha Round negotiations.

Azevedo, when he was Brazil’s trade envoy, had aggressively promoted the sequencing strategy, saying that agriculture is the locomotive for the Doha Round negotiations, noted a South

American trade envoy familiar with the negotiations.

But, in his current role as the Chair of the TNC, Azevedo informed members at the 5 May General Council meeting that “many delegations noted that we have to be aware of the damaging consequences that any kind of de facto sequencing may have.”

He said “the key potential trade-offs between the different areas are not clearly on the table as yet.” “This is why I announced at the TNC that I would increasingly look at ways to facilitate a discussion on the horizontal trade-offs, including though the wider Room W process.”

The Director-General, however, did not explain what the “damaging consequences” are, which member or members have called for abandoning the sequencing framework, and why those damaging consequences were not noticed when the Trade Facilitation Agreement was negotiated in 2013.

“For all we know, when he was making a pitch for the Trade Facilitation Agreement in 2013 and knowing fully well that it is a market access agreement, he did not get into any discussion on horizontal trade-offs,” said another envoy.

During the Trade Facilitation Agreement negotiations in 2013, the Director-General held meetings only on the trade facilitation issue without linking it to other issues in the Bali package such as agriculture, public stockholding programmes for food security and developmental demands, particularly those raised by the LDCs.

“Effectively, he held separate meetings on these issues without bringing any horizontal trade-offs,” the envoy said.

Domestic support difficulties

Over the last two months, the Director-General has held consultations with a former US chief agriculture negotiator, Joseph Glauber, to figure out what Washington can offer in the face of the US farm bill adopted last year.

It was found that because of the new farm bill, which would be in place for the next five years, the US will exceed the cap of \$14.5 billion as negotiated at the time of the 2008 revised draft agriculture modalities.

Azevedo held a meeting with trade envoys from six countries – the US, the European Union, China, India, Brazil

and Australia – at the Australian mission in April to discuss the difficult issues in domestic support.

During the discussion, there were reportedly sharp exchanges on the *de minimis* provision for China, and Article 6.2 of the WTO's Agreement on Agriculture.

The US maintained that it would take a commensurate commitment in domestic support only after China agrees to reduce its *de minimis* and further tightening of Article 6.2 – a stand that is not consistent with the previous Doha Round mandates such as the Doha Ministerial Declaration of 2001, the July 2004 framework agreement, the 2005 Hong Kong Ministerial Declaration and the 2008 revised draft modalities, said sources in trade missions familiar with the meeting.

One trade envoy said that the Director-General has seen the writing on

the wall that he cannot address the difficult issues in domestic support at this juncture.

According to a developing-country negotiator, the US wants the Director-General to remain silent on the issue of domestic support commitments until the Trade Promotion Authority bill is passed in the US Congress. The negotiator said any discussion on domestic support reduction commitments at this stage could vitiate the climate in Washington where the administration is facing hurdles in getting support from its Democratic party members in Congress for passing the TPA bill.

"Hence the change for moving away from the sequencing strategy based on agriculture first and the rest of the Doha agenda later," the negotiator said. (SUNS8017) □

This article was written with inputs from D. Ravi Kanth.

South against Doha Round "recalibration", jettisoning "development"

Developing countries have come out against developed-country-led moves to "recalibrate" the level of ambition in the Doha Round negotiations at the WTO, stressing the need for the talks to stay in line with existing mandates.

by Kanaga Raja

GENEVA: A large majority of developing countries appear to have disapproved of the "recalibration" strategy in the Doha Development Agenda (DDA) negotiations, which is being promoted by the WTO head Roberto Azevedo and the industrialized countries and which will shift the existing goalposts of the talks to the detriment of their "development goals".

This came out at a formal meeting of the WTO's Trade Negotiations Committee (TNC) on 27 April, in the speeches and statements of developing countries and their groupings, following status reports by Director-General (DG) Azevedo and the chairpersons of the various negotiating bodies under the TNC.

The upbeat assessment of the DG on the state of play in the Doha Round talks – his call to members "to focus on the doable" and to "leave their comfort zones ... and contribute" – seemed to

echo the stands of the United States and Europe for "recalibration" of the DDA to conclude the Round by the time of the WTO's 10th Ministerial Conference to be held in Nairobi this December.

The DG's assessment was also in sharp contrast to the rather sombre view of no progress in the agriculture talks that was given to the TNC by the chair of the agriculture negotiations, Ambassador John Adank of New Zealand.

The DG and the chairs of the various negotiating groups are continuing their consultations on the task of defining a post-Bali work programme on the remaining DDA issues, working to an end-July deadline set by the WTO General Council in November 2014 for agreeing on the work programme.

The developing countries – both the various coordinators of developing-country groupings as well as key individual countries – which spoke at the TNC insisted on the Doha Round talks

continuing to adhere to the existing texts and mandates, and that agriculture and the development dimension must remain at the heart of the negotiations.

The developing countries insisted on the post-Bali work programme being firmly anchored in the previously agreed mandates such as the 2001 Doha Ministerial Declaration and Work Programme, the 2004 July Framework agreement at the General Council, the 2005 Hong Kong Ministerial Declaration and the 2008 draft revised modalities texts. Trying different approaches could not mean changing mandates, they asserted.

China, India, Indonesia, Turkey, Venezuela and Brazil, as well as the coordinators of the African, Caribbean and Pacific (ACP) Group, the African Group, the G33 developing-country grouping (of which Indonesia is the coordinator), the G20 developing-country agriculture group and the least developed countries (LDCs), insisted that the 2008 revised draft agriculture modalities text (Rev. 4 text) and the 2008 Rev. 3 draft revised modalities in non-agricultural market access (NAMA) must remain the basis for drawing up the post-Bali work programme.

On their part, the various developed countries, the United States and the European Union in particular, issued a common message on the need to "recalibrate" the level of ambition for accomplishing doable and realistic results by the end of this year. These countries significantly made no mention of the previous Doha ministerial mandates as well as the Rev. 4 text on agriculture and Rev. 3 text on NAMA. A few, such as the EU, suggested new approaches without elaborating on the underlying framework.

In its comments at the TNC, China issued the strongest message pointing to attempts to mislead members by raising the bogey of "recalibration" while undermining the previous Doha mandates. India said that attempts to impose "differentiation" to seek higher commitments from some developing countries in an attempt to make progress in the negotiations were not "acceptable."

In their interventions at the TNC, the developing countries underscored that the Rev. 4 draft agriculture text remains the basis for the negotiations and that agriculture holds the key that will enable members to make progress

in the other areas.

The G33, for example, wants the hard-won gains from the Rev. 4 text, especially Special Products (SP) and the Special Safeguard Mechanism (SSM), to be preserved. It also stressed on the importance of public stockholding for food security purposes.

[During his "confessional" meetings, the Director-General had asked the coordinator of the G33 (Indonesia) why the group was demanding SP and the SSM when the level of ambition was sought to be lowered substantially by adopting a simple average and minimum cut tariff formula, according to a South American member of the G33.

[While a simple average and minimum cut tariff formula have been proposed in informal meetings recently by Argentina, Paraguay and Norway, these in fact have not been accepted by most of the developing countries. – *SUNS*]

Referring to the calls made by some major developed countries for a "recalibration" of the level of ambition, a number of developing countries at the TNC said the negotiations must continue to adhere to the texts and the mandates emerging from Doha and right up to Bali.

The African Group, for example, said that any novel idea must be tested against those mandates, and the flexibilities for African countries must be preserved. The group underscored that the current consultations on the work programme are not a renegotiation of existing and agreed mandates.

The ACP Group underlined that recalibration must not entail undermining the development dimension of the Doha Round and the special and differential treatment (S&D) and flexibilities of ACP member states.

China said that recalibration of the Rev. 4 and Rev. 3 texts must take into account the mandates coming from Doha, as well as those of 2004 (the July Framework), Hong Kong and Bali. While it can look at alternatives, these mandates need to be respected, China stressed.

India said that progress can be made only if members seeking "recalibration" spell it out in clear terms. This has not been done thus far, it added. Exploring different approaches is surely not tantamount to inverting the ministerial mandates and the principles that guide the negotiating process, India further said (see below).

Essential conclusions

Director-General Azevedo, speaking in his capacity as Chair of the TNC, drew three essential conclusions from the reports of the chairs of the various negotiating bodies that had been made earlier on in the meeting, and from his own consultations.

First, he said that a lot of good work had been done, particularly in the three core areas of agriculture, NAMA and services, and that it was clear that achieving outcomes in these areas would be essential to the success of the negotiations.

His second conclusion was that it remained very clear that development and LDC issues remained central, and that members must continue working to move these issues forward.

His third conclusion was that while it was clear that "we still have a long way to go, and that some areas are proving very problematic," there was no doubt in his mind that "we are making progress."

In this context, he referred to the great amount of engagement on the core DDA issues, and the high level of participation with ambassadors getting involved.

As had been heard from the chairs, members were still at odds on some major issues and some big gaps remained. Some were still repeating their old positions or taking more time to move to a solution-finding approach, he said, urging members not to be discouraged by it.

Referring to the horizontal discussion to identify inter-sectoral trade-offs, Azevedo underscored the need to put more focus on identifying the trade-offs within pillars and between them. These trade-offs were clearly not on the table yet, he said.

Noting that members were working to conclude a "clearly defined" work programme on the remaining DDA issues by July, the DG said: "We are getting close to July now. And therefore we have to be realistic about just how specific and modalities-like it can be. That is a question which only you can answer."

Whatever the nature of the work programme members get by July, clearly it would have to fulfil certain criteria: first, it would have to be substantive and meaningful; second, it must give guidance on how to conclude the negotiations; and third, it must be a spring-

board towards a successful 10th Ministerial Conference in Nairobi in December.

"We have to maintain our focus on what is doable. We have to be prepared to leave our comfort zones. And we will all have to contribute," said the DG.

Progress reports

The DG's statement had been preceded by progress reports from the chairs of the various negotiating bodies under the TNC, including on agriculture, NAMA, services, trade and development, TRIPS, Rules Group, trade and environment, and the Special Session of the Dispute Settlement Body.

The Chair of the Special Session of the Committee on Agriculture, Ambassador John Adank of New Zealand, said that members were a long way from where they should be, given the July deadline (for agreeing on the post-Bali work programme). Members were far from convergence on some threshold issues in key areas, and this was inhibiting progress in other areas, he added. (See "Members still far from convergence on key agri issues, says chair" in this issue for the full report by the chair at an informal meeting of the Committee on 24 April and reactions from members.)

The Chair of the NAMA negotiating group, Ambassador Remigi Winzap of Switzerland, said there had been constructive engagement by members, but it was difficult to move – as many members had said – without visible progress in agriculture. He also reported that there had not been much progress on non-tariff barriers.

The chair encouraged members to accelerate the exploratory phase to evaluate possible options, saying that this would enable members to move on NAMA. But what was clear was that this could happen only after members start to see some progress in agriculture, he said.

The Chair of the Special Session of the Council for Trade in Services, Ambassador Gabriel Duque of Colombia, said that there had been an open discussion on aspirations of members, i.e., what exactly they would like to see from the services negotiations. Referring to a services meeting held the previous week, he said that members recognized the need for reality and doability. They understood that any outcome here would be calibrated based on what

happens in agriculture and NAMA. Many delegates said that it was important to reduce "water" in commitments and that this should be a priority. Delegates highlighted the modes of supply that were important to them, with a number of countries reiterating the importance of Mode 4 (movement of natural persons).

On rules under the services pillar, the chair reported that there were differing assessments made between domestic regulation and the General Agreement on Trade in Services (GATS). A number of delegations said that domestic regulation would form an important part of the outcome of the post-Bali work programme.

Members' views

A number of delegations spoke following the DG's report, outlining key issues of priority to them.

Lesotho, speaking on behalf of the African Group, underscored two points. Firstly, substantial differences primarily among members with the greatest share of international trade remain, and this is certainly not a surprise in light of previous experiences.

Secondly, novel ideas on how to move the agenda forward have not been in short supply. Request-offer, offer-request, average cuts, simplified approach, mixture of request-offer and average cuts, cutting the water, new approaches to disciplining domestic support under agriculture, recalibration of the level of ambition, matching of contributions, and such like concepts have emerged since members embarked on a process to develop the work programme as per the Bali outcome.

"Nonetheless, in figuring out solutions to move our consultations forward, it is worth recalling the message that the Group has consistently conveyed to Members. On this occasion, allow me to once again underline that all the novel ideas on how to move the agenda forward, proposed negotiating approaches, the nature of the work programme and the content therein and such like efforts to make a breakthrough, must all conform to the golden standards set by the Doha Ministerial Declaration and attendant mandates. The DDA negotiations must pass the litmus test prescribed in these mandates," said Ambassador Nkopane Monyane of Lesotho.

According to the African Group,

agriculture is an important pillar of the negotiations for African countries and an outcome in this area is of critical importance. In this context, it is hard to foresee the African Group supporting any approach that falls short of leveling the playing field and eliminating and/or significantly reducing trade-distorting subsidies. African countries' investments in agriculture have been sinking in a huge black hole, simply because these legitimate investments cannot compete with distorting subsidies derived from the current Agreement on Agriculture regime.

"From the perspective of the African Group, Members can no longer afford the luxury of turning a blind eye to the fact that the current architecture of the Agreement on Agriculture cannot be sustainable in the 21st century."

Referring to the task of developing a well-defined work programme, the African Group was of the strong view that:

- The work programme should be comprehensive and cover all remaining DDA issues as per the Bali ministerial mandate. It must also respect the existing mandates for the negotiations including negotiation principles enshrined therein. Drawing from the Group's previous intervention, it is worth underscoring that the current consultations on the work programme are not a renegotiation of existing and agreed mandates.

- The development dimension must cut across every subject matter under negotiation in a way that proves economically meaningful.

- Every novel idea must be tested against the existing mandates and no effort should be spared in ensuring that the process, approaches, the substance and principles of negotiations are adhered to, to the fullest extent.

- Lastly, the flexibilities of the African countries, in all their categories, must be fully preserved. This is a golden standard against which every new idea should be assessed.

Comprehensive work programme

Speaking on behalf of the ACP Group, Barbados referred to the Group's elements paper of March 2015 as a contribution to stimulate thinking on a modalities-type work programme from its perspective. The paper addresses the areas of importance to the Group in concluding the DDA, recognizing that

the work programme must be comprehensive and include all remaining DDA areas, it said.

With only three months left to complete the mandated clearly defined work programme, it is imperative that members begin to clearly detail not only the contours but the specifics of the work programme, said Barbados.

According to the ACP Group, its member states will also seek to do their part, bearing in mind that:

- Development must remain at the centre of discussions. In this regard, special and differential treatment must be an integral part of the various pillars. These are integral elements, not negotiating points to be traded and measured against the overall balance.

- Recalibration must not entail undermining the development dimension of the Round and the special and differential treatment and flexibilities of ACP member states. As such, recalibration must not be synonymous with requesting greater contributions or more market access from ACP states.

- The mandate requires a clearly defined work programme on all the remaining DDA elements. As such, efforts must be intensified in all the areas, not only the three main elements of agriculture, NAMA and services, but development, LDC issues and the other areas as well.

- The WTO membership must deliver a clearly defined work programme by 31 July 2015 as they have been mandated to, and have concrete, tangible deliverables ahead of the 10th Ministerial Conference in Nairobi as they seek not only the development of the work programme but the conclusion of the Doha Development Round.

Saudi Arabia, speaking on behalf of the Arab Group, stressed the importance of moving to a solution-based approach as quickly as possible.

On behalf of the recently acceded members (RAMs), Saudi Arabia said that there is a need to focus on what is doable. In calibrating any of these negotiations, it needs to be appreciated that the RAMs have already made extensive commitments. There is no "water" left in their schedules.

Indonesia, on behalf of the G33, stressed the importance of food security, livelihood security and rural development. There is a need to address the inequities of the outcome of the Uruguay Round. Some members have been questioning the mandate and legiti-

macy of the G33 proposals which would cover hundreds of millions of small farmers.

The G33 wants to preserve the hard-won gains from the Rev. 4 draft agriculture modalities text, and this means, for example, SP and the SSM. It also stressed the importance of public stockholding for food security purposes.

Brazil, speaking on behalf of the G20, said that agriculture has lagged behind for many years. It is high time these imbalances are corrected. Agriculture will set the level of ambition. There must be balance across the three pillars of the agriculture negotiations – market access, domestic support and export competition – and progress must be made in all areas, it said.

According to the G20, the Rev. 4 text remains the basis for the agriculture talks. Agriculture holds the key that will enable members to make progress elsewhere. The G20 also stressed on S&D as being key. There is a need to move into a more solution-oriented approach. There is a floor of ambition beyond which the point of this exercise stops making sense, it said.

Switzerland, speaking on behalf of the G10, said that the group attaches the highest importance to the multilateral trading system and is strongly committed to completing the DDA negotiations. At the moment, it seems clear that the disagreement over domestic support in agriculture is holding back progress in other areas.

With respect to agricultural market access, the G10 has defensive interests and this is where the G10 countries are most exposed. But they are prepared to engage in different tariff-cutting approaches if their sensitivities are respected. They remain strongly opposed to tariff capping, and they would like to see the issue of export restrictions being taken up.

On behalf of itself, Switzerland said that the situation with respect to moving on the three pillars of agriculture is being affected by the fact that there is very little movement on NAMA and services. Across the board, it seems that members are having more defensive than offensive interests. This makes negotiating very difficult. Any solution must respect S&D.

It also said that a non-outcome at the Nairobi Ministerial Conference will most probably kill the Round. The post-Bali work programme is not an objec-

tive in itself but a step to concluding the DDA. The DDA must be comprehensive but also doable. The post-Bali work programme needs to respect the sensitivities of all members but must also be a springboard for Nairobi and the eventual conclusion of the Round.

Mali, on behalf of the Cotton-4 countries, said that the group does not envisage concluding any agreement that does not involve cotton.

Nepal said that the Nairobi conference and the fate of the DDA are contingent on a successful outcome for the post-Bali work programme. The LDCs want an outcome that can address their interests, specifically putting the development dimension and S&D at the heart of the negotiations.

Development at the heart

Venezuela said that the development dimension should be at the heart of the negotiations, with agriculture at the centre. There is a need to deliver on agriculture, cotton, S&D and “less than full reciprocity” in the tariff-cutting negotiations. Unfortunately, it said, market access is becoming the key issue in these negotiations and this only benefits certain members.

Some industrial countries are trying to alter S&D to suit their interests, it said, adding that these principles instead need to cater to the legitimate interests of the developing countries.

Turkey said that it would like to see a doable outcome for the post-Bali work programme. The imbalances from the Uruguay Round need to be addressed. Recalibrating would not mean revisiting the mandate of the DDA. Things cannot be started from scratch, while balance is needed across the pillars. SP and SSM should be at the heart of any outcome. The developing countries that do not have AMS commitments should be exempt from any cuts in their *de minimis* or OTDS reductions.

The European Union said that members talked about the need for parallelism, simplification and doability early on in the work programme process, and “we had what seemed to be a common understanding that those Members making far-reaching requests on sensitive issues need to put forward commensurate concessions of their own. While we are seeing ambitious requests being made, the ensuing readiness to contribute with commensurate concessions still seems to be missing.”

In the same vein, it has been clear for a long time that similar and calibrated levels of ambition need to be pursued in the individual pillars of negotiations. In this regard, the question of balance must continue to be at the centre of attention. Attempting to put together a deal in which high ambition is pursued in certain areas in order to compensate for the fact that nothing or very little is done in others is not a recipe for success; quite the contrary.

“Similarly, trying to put certain areas before others and promoting sequencing ideas will not help us succeed. While it is clear that agriculture is on everyone’s mind and without it there can be no deal, it is equally true that no deal will be possible without the other areas.”

The EU further said: “As difficult as it is, we need to engage on all issues and allow them to advance technically while keeping at the back of our minds that ambition will have to be adjusted and calibrated across all pillars in order to arrive at a final acceptable balance. There should be no misunderstanding on this point: all issues, core and non-core, need to form part of the work programme and part of the final deal. Anything less will simply not work.”

While the EU is firmly opposed to any notion of sequencing in the limited time before members, it fully understands that many members want to advance on agriculture. In this context, it welcomed, for example, the degree of convergence that is appearing on export competition and the need for a balanced outcome across the entire pillar.

“The discussion so far has however rightly focused on domestic support, where we have also been clear about our interest and readiness to have an ambitious outcome. This cannot mean however that while some Members would dramatically cut their trade-distorting domestic support, others would be allowed to increase their spending to levels never before seen. Trade-distorting domestic support is a common concern and everyone needs to contribute to addressing it.”

It noted that creative ideas have been put on the table which merit further exploration and eventually more will be needed. “Nevertheless, the debates of recent weeks have clearly shown that the best we could collectively hope for in this round would be an outcome which respects current poli-

cies, whilst seeking to limit excessive increases in the use of trade-distorting measures. This, together with further flexibilities that will be needed in order to address the public stockholding issue, will have an impact on all other areas of negotiations."

According to the EU, the approach on agricultural market access will have to mirror the overall direction that is being taken on domestic support. Progress in this area will only be possible on the basis of a simplified approach, which, while setting a clear benchmark in terms of tariff reductions, will give members the necessary flexibility in deciding which tariff lines to cut. Such an approach would ensure an appropriate level of ambition without however necessitating the introduction of complicating factors, which would be disproportionate to the overall approach being taken, it said.

The approach on agricultural market access will of course have a knock-on effect on NAMA, where averaging would again seem the most promising way of proceeding. It would give a meaningful result while providing members with flexibility in terms of implementation.

It is the EU's firm belief that, now more than ever, "we all need to focus on the realistic and the doable. We need to be clear in our minds whether we would prefer to get in the near future a deal and to close the DDA with the doable and meaningful results which are within our reach or hold out for something bigger which may however never materialize."

According to trade officials, Uruguay reiterated that it cannot accept a zero outcome in agriculture.

Japan said that on the positive side, it welcomes the increased number of ideas and proposals being put forward that are based upon necessary recalibration. On the worrisome side, there remain differences between major members who are sticking to concepts that would not move forward.

The United States said that the effort for recalibration that reality dictates, and which most members acknowledge as necessary, is proving every bit as challenging as other modes and mechanisms members have tried in the past.

"Nonetheless, recalibration has been happening. Like others, the United States is deeply disappointed that its

original aspirations for the Round have not been realized. We have consistently believed that we had a real opportunity, from 2001 forward, to bring about significant, new liberalization that would advance the economic development prospects of all Members, particularly developing Members. That opportunity, if not completely evaporated, has certainly been extensively eroded."

"We know that our insistence that all major agricultural subsidizers participate in taking on new disciplines for trade-distorting support is difficult for certain other Members. We know, as well, that some other Members do not want to hear that it cannot be acceptable for only some Members to contribute cuts in applied tariffs while others contribute only policy space. We know that many Members are deeply attached to the texts known as Rev. 3 and Rev. 4. We find this misguided, since those texts never found consensus. And indeed, the very reasons that prevented consensus in 2008 have grown more profound in the seven years since, namely the changed role of emerging economies."

Referring to the frequent references to the mandate that it has heard, the US said that if finding a solution were as simple as adhering to the mandate, "we would have done so a decade ago. The truth is that the mandate is ambiguous, and we have never agreed on what it means. We certainly have not agreed how to operationalize the mandate as an actual trade agreement."

It added that some of those who cite the mandate most seem always to skip over the parts they don't like, including the guidance from the 2011 Ministerial Conference, when all ministers called for "explor[ing] different negotiating approaches."

"So, we are all finding that recalibration may not be as easy as we would have liked, in that it doesn't do away with a constellation of conflicting political and policy difficulties that are simply extremely hard to reconcile ... We cannot bury our head in the sand and wish reality away, and in April 2015, our choice is clear: either we adapt our collective expectations significantly and quickly, or the WTO must begin to confront the prospect of a definitive failure," said the US.

Argentina endorsed the G20 statement. It said that it is not prepared to discuss export restrictions, particularly

when there are so many other distortions in agriculture.

Uganda endorsed the G33, ACP Group and African Group statements. While it is true that the Rev. 4 and Rev. 3 texts have not been agreed, the new ideas put forward have not been agreed either. There is a mandate that has been set, based on agreement by ministers in Doha, as well as in 2004 (July Framework), in Hong Kong (in 2005) and in Bali (in 2013). There is a need for balance across agriculture, NAMA and services, with the single undertaking and the development dimension being preserved, it said.

Korea said that it is discouraged by the speed and quality of progress made so far. It does not know what the post-Bali work programme is going to look like, let alone what the substance will be. The deadlock on domestic support is hampering progress in other issues in agriculture as well as in NAMA and services. The 31 July deadline (for agreeing on the post-Bali work programme) is crucially important. Those who call for recalibration or simplification need to put forward proposals that are more specific so that there can be engagement on these questions, it said.

Recalibration rethink

China said that recalibration of the Rev. 4 and Rev. 3 texts must take into account the mandates coming from Doha, as well as those of 2004 (July Framework), Hong Kong and Bali. It can look at alternatives but these mandates need to be respected. It cannot see how success can arise when some members are seeking more flexibilities and requiring less flexibility of others, or even greater commitments from others.

On the question of domestic support, for example, China asked whether the talk is about a collective or selective recalibration. If it is a selective approach, this will not lead to consensus. When talking about recalibration, there is a need to talk about how much, where this would take place and for whom.

On the question of RAMs, it said that there is no more "water" to be given. The RAMs have already made their contribution to the outcome of the DDA, by virtue of the commitments made on their accession.

China further said that it will be very hard to have a successful outcome

without services and rules in a final package. The Doha Round is a very complex negotiation, more complex than any other round, and so it bears keeping in mind the difficulties that many members have had, and that it would not be realistic to expect one, two, three or four members to make contributions to save the round while the others do nothing.

Paraguay raised the need to address OTDS, and the Amber Box as well as *de minimis* support will need to be looked at as well. On the SSM, it said that this is something that should only be used selectively and there should be a sunset clause. On public stockholding for food security purposes, it said that the Bali decision must be respected in its entirety, and adequate transparency and safeguards must be ensured.

Norway said there is a need to keep the development dimension at the centre, and that agriculture will determine the level of ambition. It is increasingly concerned about progress in other areas apart from agriculture. While it is defensive on agriculture, it is engaging in the negotiations. All members will have to revise their positions and adjust them to take into account the current realities, it said.

Colombia underlined the need to study alternatives and to see more new proposals. The post-Bali work programme is not the end of the line but is just something that would help get to the conclusion of the DDA. Colombia stressed the importance of balance across the three pillars in agriculture.

Pakistan said that there needs to be balance across the three pillars. There is a need to look at public stockholding for food security purposes and the unintended consequences of these programmes. In NAMA, not only tariffs but non-tariff barriers must also be addressed. This is crucially important for developing countries as non-tariff barriers are increasingly being used as barriers to market access.

Strategic fog

India (represented by Ambassador Anjali Prasad) associated itself with the statements made by Brazil on behalf of the G20 and Indonesia on behalf of the G33. It said it is evident that this renewed phase of engagement has not yielded concrete progress, and the con-

tours of the post-Bali work programme still remain elusive.

First and foremost, India said, there is a need to clear the strategic fog over the so-called "recalibration" in the ambition levels. In its view, progress can be made only if members seeking recalibration could spell it out in clear terms. This has not been done thus far. Further, recalibration has to be vis-à-vis something. What is that benchmark? Is there a common understanding in this regard?

"Another related question is whether we can ignore the work that has already been undertaken by members collectively since the Round was launched," India asked, referring to the ministerial mandates and the 2008 texts. "The existing texts have a sort of inherent balance and connectivity of issues. If that is disturbed in the name of 'recalibration', do we start with a clean slate? If not, how will the elements of a package be identified without the possibility of cherry picking?"

India believed that the 2008 texts should be the basis for future work along with the Hong Kong Ministerial Decisions. Exploring different approaches (a reference to the US remarks about the 2011 Ministerial Conference) is surely not tantamount to inverting the ministerial mandates and the principles that guide the negotiating process in the WTO.

Recalling that the Doha Round is a "development round", India said it is therefore crucial that in the search for the right level of ambition in agriculture and other areas under negotiation, "we do not lose sight of the centrality of rebalancing inequities" and of the principle of special and differential treatment for developing countries. Any discussion on "doability", "recalibration" or "simplification" should not result in the dilution of the "development quotient" of this Round, as enshrined in the ministerial decisions since the Doha Declaration.

Linked to this is the issue of higher contributions by some developing countries. The attempt appears to be to make progress in the Round conditional upon the contributions by these members, which are still developing countries and grappling with the challenges of large-scale poverty, underdevelopment and inadequate access to the basic necessities of life.

"Differentiation among developing

countries in this manner is unacceptable," India said, adding that such arguments and conditionalities undermine the very basis of the negotiating function of the WTO which is premised on certain accepted principles, which do not allow for such differentiation.

"Any such attempt therefore is bound to delay our movement towards a work programme and eventually the conclusion of the Round. Contributions have to be benchmarked to levels of development rather than some vague sense of the world having changed."

India said it would like an early conclusion of the Round but not at any cost and in any manner whatsoever. The conclusion must deliver a meaningful development outcome. It appeared to India that an atmosphere is sought to be created where if most of what the "recalibrators" want is not agreed to, the Round would be dead. December 2015 is being talked about as a *de facto* deadline. "We believe that this is a hasty characterization by those who are perhaps uncomfortable with the development dimension involving correction of the inequities in the international trading system, of which they are currently the beneficiaries," it said, pointing out that there is still time till the Nairobi Ministerial Conference.

"Rather than delving in doomsday scenarios, it would be helpful if we could engage constructively and positively in addressing the issues most crucial to a successful conclusion of the Round."

According to India, agriculture remains central to any outcome in this Round. "It has been our consistent position along with several other developing members that the level of ambition in this Round would be determined by agriculture. While we remain engaged and are willing to redouble our efforts to discuss all areas in an exploratory and 'without prejudice' basis, meaningful engagement in other areas would have to await clarity on possible outcomes in agriculture."

India believes that the Rev. 4 text provides a good basis for the work in agriculture, and that SP, SSM and a permanent solution on public stockholding for food security purposes must be part of an outcome in Nairobi. India also has a deep interest in NAMA and services but active engagement in these areas would depend on the meaning of recalibration and how it would

impact the core pillar of agriculture.

India believes that members have a unique opportunity and indeed an obligation to level the playing field in this Round so that trade does in fact deliver on development and poverty alleviation. "We need to strive for balanced

outcomes keeping in mind the existing mandate and progress already achieved in the negotiations so far," it said. (SUNS8013) □

This article was written with inputs from D. Ravi Kanth.

DG must come clean on previous mandates on Doha Round

Writing prior to the 27 April TNC meeting, *Chakravarthi Raghavan* had highlighted developing-country concerns that the earlier agreed mandates on the Doha Round would be discarded in favour of an agenda which caters primarily to the developed countries' interests.

GENEVA: When WTO Director-General (DG) Roberto Azevedo speaks at the informal meeting of the Trade Negotiations Committee convened for 27 April, the large majority of developing countries hope he will come clean on what he intends to do with the previous mandates on the Doha Round talks, and whether in fact he intends to dump them as the US wants and drastically change the special and differential treatment provisions in agriculture for developing countries in order to open their markets to heavily subsidized US agri-exports.

Azevedo, since February of this year (after the meetings of some ministers at Davos), has been holding consultations, in particular with the US, the EU and some other nations, purportedly to find a way forward to draw up by end July a post-Bali work programme on the Doha Development Agenda (DDA), as decided by the WTO General Council in November 2014.

While he has been holding meetings with groups of countries, a large number of developing countries have come away from such meetings with the feeling that it was mere pro forma and that they are being kept out of the loop while he has been seeking the views of the US, the EU and a select few developing countries on "recalibrating" the DDA.

In these efforts, Azevedo has been consulting with the former US agriculture negotiator Joseph Glauber on the kind of "recalibrated" agricultural agenda on the domestic support and export competition pillars which the US can live with and accept under the current US farm legislation (and which would thus not require any modification of current US support/subsidy policies).

In their various remarks and statements at the WTO, at formal meetings and small informal consultations, the US and the EU have not only been attempting to resile from their legal commitments to further reforms and an end to their subsidization of domestic agriculture. They have also been seeking to get key developing countries to give up their existing rights under the WTO Agreement on Agriculture (AoA) and open up their markets to subsidized exports from the US and the EU at the cost of poor and marginal farmers in these developing countries.

Rev. 4 text

The DG's consultations with a small number of countries and the two subsidizing "elephants" in the agricultural sector (the US and the EU) have been running in parallel to the consultations being held by the chair of the agriculture negotiations, Ambassador John Adank of New Zealand, where members have repeatedly made clear the need to base further talks on the Rev. 4 agri-modalities text.

This text, evolved after several years of negotiations under the Doha Round, cannot be jettisoned merely because it does not suit the interests of one country (the US), developing-country members have been insisting.

According to various media reports, the DG, in his consultations, is proceeding on the basis of major modifications to the Rev. 4 text, which he has said, in various pronouncements last year outside the WTO, is no longer feasible.

At the 27 April meeting, the DG has to come clean on what he intends to do with the previous mandates on the DDA

negotiations, including the 2008 revised draft modalities, as there are growing attempts to undermine the special and differential treatment provisions of the AoA, according to developing-country trade envoys.

In a move to satisfy a "trans-Atlantic trade elephant" that wants commitments from developing countries in the domestic support pillar regardless of the special and differential treatment provisions in the AoA that exempt certain subsidy programmes of developing countries from any reduction commitments, the 2008 revised draft modalities could be torpedoed so as to ensure a brand-new post-Bali work programme, developing countries fear.

If a post-Bali work programme is cobbled together in the next three months, then it would become the basis for concluding the DDA negotiations at the 10th Ministerial Conference of the WTO in Nairobi, Kenya, in December.

Azevedo is due at the 27 April TNC meeting to report about his assessment of the state of play in the negotiations and his consultations, particularly in agriculture.

The developing and least developed countries want to know what the DG has been and is discussing and pursuing behind the scenes on the issue of subsidies in the domestic support pillar, a South American trade envoy told the *South-North Development Monitor* (SUNS).

"We are not invited to the closed-door negotiations but we are hearing reports that various special and differential treatment flexibilities are going to be curtailed in the post-Bali work programme," the envoy said.

D. Ravi Kanth adds from Geneva:

On 22 April the DG held consultations with the so-called G6 countries – the US, the EU, China, India, Brazil and Australia – to discuss the critical issues in the domestic support pillar, where one major developed country is unwilling to undertake commitments commensurate with its current levels of trade-distorting subsidy programmes. At the same time, that country wants developing countries such as China and India to undertake reduction commitments in their subsidy programmes aimed at benefiting their poor and marginal rural farmers.

Prior to the meeting with the six countries, the DG also held two rounds of consultations with former chief US agriculture trade negotiator Joseph

Glauber to map out commitments the US can accept in accordance with its latest farm bill, which was passed last year.

For many countries, said another trade envoy, it is not clear what has transpired in the meetings that the DG has held so far, and whether they are a preparation to carve out commitments on who should do what regardless of the previous mandates.

Besides these two reported developments, the DG also held consultations with various other members during which he would have tested different ideas.

Therefore, he must clarify once and for all whether the previous mandates – the 2001 Doha Ministerial Declaration, the July 2004 framework agreement, the 2005 Hong Kong Ministerial Declaration and the 2008 revised draft modalities – are all being “recalibrated”, a euphemism for undermining the previous mandates to suit the interests of one or two major developed countries.

[Since the 2013 Bali Ministerial Conference, Azevedo has been voicing outside the WTO the view that the 2008 modalities are no longer doable, and that special treatment to developing countries and least developed countries is only their wish and not a right. See articles titled “Multilateralism or global corporatism?” by Chakravarthi Raghavan in *TWE* No. 571, and “Azevedo renews his pitch for completion of TF Agreement” by Chakravarthi Raghavan in *SUNS* No. 7833 (30 June 2014). – *SUNS*]

When Azevedo was the trade envoy of Brazil in 2011, he co-wrote in an article: “The December 2008 draft modalities are the basis for negotiation and represent the end-game in terms of landing zones ambition. Any marginal adjustments in the level of ambition of those texts may be assessed only in the context of overall balance of trade-offs, bearing in mind that agriculture is the engine of the Round ...

“The draft modalities embody a delicate balance achieved after 10 years of negotiations. This equilibrium cannot be ignored or upset, or we will need readjustments of the entire package with horizontal repercussions. Such adjustments cannot entail additional unilateral concessions from developing countries.”

Four years after making such a profound statement, Azevedo, in his new avatar of DG, has now left no stone

unturned in giving conflicting signals on what is being attempted in agriculture because at the WTO he continues to remain conspicuously silent on the relevance of the Rev. 4 text for the formulation of the post-Bali work programme.

Special and differential treatment

Several developing countries want to know whether the special and differential treatment provisions in the AoA would remain sacrosanct or are being changed as the US wants when it says “big subsidizers” must place their programmes on the table for undertaking reduction commitments.

The US is particularly targeting input subsidies and market price support (MPS) programmes of developing countries for procuring food grains for public distribution programmes.

The developing countries, for example, are currently exempted from reduction commitments on agricultural input subsidies under Article 6.2 of the AoA, which says: “In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country Members to encourage diversification from growing illicit narcotic crops.”

Therefore, when the US says input subsidies and MPS are more trade-distorting than area payments and partially decoupled support, clearly it is aimed at undermining Article 6.2.

Against this backdrop, the developing countries want to know from the DG what is going to be the status of Article 6.2, whether it would be truncated to remove the benefits for some developing countries or whether it would be further watered down.

Also, the US wants China’s *de minimis* support to be disciplined despite the Rev. 4 text having accorded an exemption to all the recently acceded members (RAMs) from reduction com-

mitments.

Chair’s consultations

Further, there are concerns as to whether the DG’s meetings with the G6 will prevail over the consultations held by the chair of the agriculture negotiations Adank, where a majority of developing countries and LDCs are still maintaining their position that the Rev. 4 text should be the basis for formulating the post-Bali work programme.

A large majority of developing countries, for example, called for retaining the Special Safeguard Mechanism (SSM) provision in the Rev. 4 text, perhaps with some minor changes. They also suggested specific changes in the Green Box and AMS to construct the permanent solution for public stockholding programmes for food security.

During the chair’s consultations on export competition on 22 April, many members demanded that the Rev. 4 disciplines on export subsidies, export credits, food aid and state trading enterprises must form part of the post-Bali work programme, according to trade envoys who took part in the meeting.

The US, however, maintained that the issues in the export competition pillar are complicated.

The disciplines on export credits in the Rev. 4 text could pose problems to the US, said a negotiator familiar with the agriculture consultations.

Japan demanded that export restrictions must be included in the work programme, while Switzerland demanded the inclusion of geographical indications.

When it comes to cotton, which was discussed on 23 April by Adank, the US continued to insist that China and India must reduce their support for cotton programmes.

In a sharp response to the US demand, China said its per capita cotton subsidies are estimated to be around \$20 while the US’ per capita cotton subsidies are around \$35,000.

India charged the US with continuing to provide trade-distorting subsidies that are contributing to 80% of the American cotton exports.

Besides, the US now provides a new crop insurance policy for its cotton producers called the stacked income protection plan (STAX) which could further harm the interests of the four major cotton-exporting West African countries Benin, Burkina Faso, Mali and

Chad.

Against this backdrop, developing countries say, the DG must set the record straight on the previous mandates and whether he would allow the negotiations to be turned upside down just to suit the interests of one or two major "trans-Atlantic trade elephants."

Between the two trans-Atlantic members, one wants minimal or zero

commitments in the domestic support pillar while the other wants a simplified-average and minimum-cut reduction commitments in market access.

Azevedo's continued silence on these two issues only reinforces the fears that developing and poorest countries continue to harbour at this juncture about the emerging post-Bali work programme. (SUNS8010) □

Members still far from convergence on key agri issues, says chair

Progress in the agriculture negotiations under the Doha Round has been hamstrung by deep-seated differences over certain key areas, according to a "sombre" report provided by the chair of the talks.

by Kanaga Raja

GENEVA: The Doha Round trade talks and efforts to reach an accord on a post-Bali work programme are stuck on agriculture issues of domestic support and market access, with members standing firm on their positions, the chair of the agriculture negotiations said on 24 April.

In his report at an informal meeting of the Special Session of the WTO Agriculture Committee, chairperson Ambassador John Adank of New Zealand gave a rather sombre assessment of his latest round of consultations, saying that in key areas "we are, as of yet, far from convergence on certain threshold issues."

According to trade officials, the chair's consultations had focused on key issues under the domestic support, market access and export competition pillars, including on the Special Safeguard Mechanism, *de minimis* and Blue Box support, public stockholding for food security purposes, and cotton.

The WTO Director-General has been pushing for a roadmap for the post-Bali work programme by the end of July and for completion of the Doha Round by the end of 2015 in time for the Nairobi Ministerial Conference.

Adank told the 24 April informal agriculture meeting that the lack of convergence on certain threshold issues in key areas of agriculture was "inhibiting progress on other issues".

"The intensive process in which we have been engaged has still not seen delegations move from entrenched positions or find acceptable ways around them. Doing so is the urgent challenge that is still ahead of us."

According to trade officials, among the threshold issues cited by Adank were possible spending caps on overall trade-distorting domestic support (OTDS) and the coverage and extent of any reductions in existing limits on *de minimis* support, under the domestic support pillar; the overall approach to be taken on tariff reductions, under the market access pillar; the export competition pillar; and public stockholding programmes for food security.

Participants in these talks said that the US, the EU and other developed countries want, with heavily subsidized agriculture (though disguised in various ways), a "calibration" in the market access pillar and to resile from the 2008 Rev. 4 revised draft modalities document.

Many developing countries, the very large majority of the WTO membership, have on the other hand demanded a balanced outcome based on the Rev. 4 text.

At the 24 April meeting, differences among members came into sharp focus when the US reiterated its demand that all members (meaning mainly China, India and other large developing countries) make contributions (thus opening their markets to the heavily subsidized exports of US and European agribusiness corporations).

Several other developed countries spoke about the need for recalibration in the market access pillar, with a more simplified approach to reduction of tariffs.

[Such an approach has been put forward by Argentina and Paraguay. Norway reportedly has presented an

informal paper identical to the Paraguay one, according to some participants. Research done at the South Centre has brought out that when all elements are taken into account, the Paraguayan proposal (as the Norwegian one) will imply that on average developing countries will cut tariffs more than the developed – a form of reverse special and differential treatment, so to say. – SUNS]

According to trade officials, Brazil (for the G20), Indonesia (for the G33), India, South Africa, the Philippines, Kenya, Lesotho (for the African Group), Barbados [for the African, Caribbean and Pacific (ACP) Group] and the Dominican Republic (for the small and vulnerable economies group) underlined the importance of maintaining the 2008 Rev. 4 text as the basis for concluding the agriculture negotiations.

Far from convergence

In his statement at the informal meeting, the chair said that since the previous informal meeting on 20 March, he had intensified his consultations on key aspects of the negotiations.

Adank said, "I have to be frank with you: my assessment today is a sombre one. We are a long way from where we should be given the July deadline. In key areas we are, as of yet, far from convergence on certain threshold issues. This in turn inhibits progress on other issues. The intensive process in which we have been engaged has still not seen delegations move from entrenched positions or find acceptable ways around them. Doing so is the urgent challenge that is still ahead of us."

Reporting on his consultations in each of the key areas, the chair said in domestic support it has become clear in the consultations that the nature and extent of disciplines on OTDS is likely to be a key determinant of the possible outcomes across this pillar as a whole.

This has in fact become one of the threshold issues, he said, adding that the core of the issue is whether numerical OTDS limits should apply to all members, with appropriate special and differential treatment, or whether, as in Rev. 4, there should be an exemption for recently acceded members (RAMs).

"This question arouses strongly divergent views. Efforts have been made to try to find a way to reconcile the opposing positions, for example, by encouraging parties to look for, or offer up, compensatory adjustments else-

where, but so far no convergence is in sight. There is a strong view on the part of a large number of delegations that efforts to resolve these issues must continue given the consequences if that proves impossible."

Another key issue is the treatment of *de minimis* support, where the question is over the coverage and extent of any reductions in existing limits. This is seen as a critical issue by many, considering increasing current, as well as potential, use of *de minimis* support, said the chair.

Adank said the point was also made, though, that *de minimis* subsidies in developing countries serve a different purpose from those used by developed countries. Developing members without Aggregate Measurement of Support (AMS) or with relatively low AMS consider *de minimis* an essential tool for them in the absence of other possibilities, while others, mostly exporters, would like to see the *de minimis* entitlements reduced and capped by the OTDS, especially as they grow with the value of production.

(Both the issues of RAMs' contributions and *de minimis* support are being pushed by the US, with an eye to hitting China and India among others, so as to secure markets for US agri-exports in these large markets. – SUNS)

Other participants have stated that it would be hard to envisage reducing their *de minimis* in the absence of progress elsewhere in agriculture and in NAMA. While here again there have been efforts to find ways forward, such as a suggestion to focus on non-product-specific *de minimis*, there is no convergence on the basic question.

Given these unresolved issues, discussions on other areas have not yet gone as deep as they need to go, said Adank, who noted that the issue of product-specific limits is one such case. These limits were seen as important by many, for some more important than the AMS, but there is little clarity so far on what limits could be agreed and how they would be applied.

The same is true of the AMS, which was also considered important by many. Some felt it should still be the main focus of reduction, while others saw it as relatively less important than the OTDS or product-specific limits. Several members stressed the importance of a tiered formula for AMS cuts. Some others indicated the possibility of accepting this but not with the level of cuts envisaged in Rev. 4.

There appeared to be a widely shared readiness to discuss what was doable in this connection and possibly to recalibrate as necessary, although here again this issue appears bound up with some of the broader threshold issues – another reason why seeking progress on those issues is so crucial.

According to the chair, the discussion on the Blue Box was also rather limited, though there was a clear divergence between those delegations who saw it as useful for the reform process to maintain it and those who argued for eliminating it, leaving the AMS as the sole future base for what otherwise would have been Blue Box payments.

Impasse in market access

The situation in market access is quite similar to domestic support, where there is at least one major threshold issue that remains unresolved and that is impeding progress in other areas, said the chair.

Broadly speaking, there are two main positions: those delegations who prefer a tiered formula approach as in Rev. 4 and those who reject this approach, of whom many favour an alternative based on average cuts. Some who do not favour Rev. 4 have yet to be very clear about their preferred approach and this clarification is urgently needed.

The inputs from Paraguay and Argentina in particular address the question of the overall modalities for tariff reduction. The Paraguay non-paper describes a hybrid approach for agriculture market access, combining average cuts and additional elements, including a request-offer stage.

Eight additional elements are seen as needing to be addressed in order to deliver a meaningful outcome: average tariff reductions, minimum tariff reductions by line, tariff peaks, tariff rate quotas, escalation, tariff simplification, tropical products and implementation periods. The contribution from Argentina focuses on a request-offer process as the main tariff reduction modality.

The chair reported that reactions to these inputs have been mixed. Some members considered that an average cut approach could be interesting, each expressing specific preferences on what additional elements would be needed for a balanced outcome. However, a range of concerns was also registered, including safeguards, the treatment of S&D and RAMs, and consistency with

the 2004 framework and the Hong Kong Ministerial Declaration.

Few saw a standalone request-offer process as realistic. However, many were supportive of the idea of request-offer as a supplement to other tariff reduction modalities. Some had lingering doubts about its complexity, the time it would consume and whether it would disadvantage smaller economies.

The question of safeguards continues to be a difficult one, Adank said, noting that the G33 has made two submissions concerning the proposed Special Safeguard Mechanism (SSM), and that in his consultations they reiterated the importance they attach to it.

"The discussion was handicapped by differing views on whether any outcome on safeguards would need to be calibrated against the level of ambition in the market access pillar, or whether it should be approached as a standalone issue. There nonetheless were some indications of willingness to seek compromise."

A few members suggested that existing safeguard provisions in the Agreement on Agriculture could be a good basis for discussions on an SSM. Others underlined the importance of eliminating the SSG (special safeguard) for developed countries, as envisaged in Rev. 4.

"Again there is a clear need for members on all sides to think about what is realistic in this area in current circumstances," said Adank.

On export competition, the chair reported a general consensus that this pillar remains a key priority of the negotiations, as reflected in the Bali Ministerial Declaration, and that an outcome on this pillar should be envisaged in parallel with the other areas in the negotiations.

However, if many members support an immediate commitment within the July work programme to deliver on this pillar by the 10th Ministerial Conference as a first building block in constructing a post-Bali work programme, some other members flagged their opposition to an early harvest on export competition only.

On substance, the chair said, members agree on the level of ambition to be reached in the final outcome, i.e., the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect, which has been regularly reaffirmed during the last 10 years.

Many members consider that the

Rev. 4 draft modalities effectively constitute an appropriate outcome in this regard but some have expressed an interest in adjusting some sections of this text – but it remains unclear in a number of cases exactly what would be suggested here.

Several participants insisted on the importance of preserving the special and differential treatment provisions, in particular for LDCs and net food-importing developing countries (NFIDCs), and Cuba has also reintroduced its proposal from 2010 in relation to export credits.

As regards the timetable for phasing out all forms of export subsidies, the chair reported that most members favour a quick, if not immediate, implementation but a couple of participants asked for some time to adapt domestically. Different views were also expressed as regards the phasing-out timetable for export subsidies granted by developing countries under Article 9.4 of the Agreement on Agriculture.

Adank also noted that two specific themes were raised under “other issues”: export restrictions and prohibitions, and geographical indications.

On export restrictions, he said, importing members and some others linked the issue to food security objectives and argued in favour of additional disciplines. Others argued that the “import” side of agricultural trade was still subject to heavy distortions and an outcome was required on such issues prior to taking up the “export” side and that in any case the issue was already under consideration in the regular Agriculture Committee.

A couple of members saw a link between the negotiations on agriculture and the issue of geographical indications. This view was strongly opposed by others. There appeared to be agreement that, in any event, the appropriate forum to discuss geographical indications was in the TRIPS context.

On his consultations on the issue of cotton, the chair underlined that cotton is an important cross-cutting issue which ministers have regularly committed to addressing ambitiously, expeditiously and specifically.

The meeting saw some useful exchanges and discussions, including on data. One member noted that the situation has dramatically changed in the world cotton market and insisted on the need to adopt a new approach in the negotiations to ensure that all members, both developed and developing, effectively contribute to the final outcome.

Some other members noted their

support for the Rev. 4 draft modalities as reflected in the Bali Cotton Decision and reiterated the need to clearly differentiate between developed and developing members.

Following a suggestion by the Cotton-4 countries which was widely supported, the chair said that he intends to actively pursue the discussions on cotton in the coming months, in particular at a technical level, with a view to considering possible ways forward in a focused manner.

On the issue of public stockholding for food security purposes, which is under a separate, dedicated track, the chair reported that despite more active engagement among delegations, “we have yet to move into focused work on solutions.”

The proponents have primarily referred to their original proposal of November 2012 and clarified that they were seeking policy space through amended rules, although the chair said he saw some opening from them to refer to other potential ideas that they circulated prior to Bali.

The non-proponents have identified two broad concerns relating respectively to the architecture of the Agreement on Agriculture through any potential transfer of market price support to the Green Box, and unintended market consequences of such public stockholding programmes for other members.

“I also saw some hints in the discussions that the current interim solution adopted at Bali may also assist the search of a permanent solution, especially by offering guidance on the issue of safeguards.”

Adank told delegations: “I repeat my advice firstly to keep in mind the collective mandate, that is to find a permanent solution, and secondly to move beyond the assertion of well-stated positions. It’s high time that negotiating energies are aimed at identifying concrete ideas and solutions so as to meet the timing that we all set for ourselves to find a permanent solution. I will of course pursue these consultations and convene another Dedicated Session at an appropriate time.”

In concluding his report, the chair said that there is an urgent need to move from repeating positions to working for solutions.

“There have been signs that a number of delegations are trying to do this, and I encourage them – and everyone else – to continue. However there is no escaping the fact that any possible progress towards convergence is being

seriously impeded by the standoff among some major players over the threshold issues I have mentioned.”

They need to find ways to bridge the gaps between them and everyone needs to help as much as they can to enable this, he added.

Views of members

According to trade officials, Australia (speaking for the Cairns Group) said that despite efforts to engage, there was “little or no progress made in any areas”, while Chinese Taipei said time was “definitely not on our side.”

Canada shared the serious concerns expressed by the chair, especially on the issue of domestic support. It said that the centrality of the issue of domestic support cannot be overestimated. Consultations have not moved members closer to an outcome, it said, adding that in fact, it is difficult to see a clear path forward.

According to trade officials, Canada said it was difficult for others to find negotiating space for a deal as long as the two largest trading members – the United States and China – were unable to find a “zone” for agreement on some of the threshold issues, notably domestic support. The point is not to lay blame but to make an honest assessment, it added.

Brazil (on behalf of the G20) said that agriculture is the centrepiece for a Doha Round outcome, and that the Rev. 4 text remains the basis of the negotiations.

On behalf of itself, Brazil said that domestic support has a strong distortive effect on trade in agricultural products which is practically indistinguishable from export subsidies.

Indonesia (on behalf of the G33) reiterated the importance of its proposals on Special Products (SP), SSM and on food security, saying that these are critical outcomes for the negotiations.

According to Indonesia, the group’s proposal on public stockholding for food security purposes is a legitimate basis for discussions on a permanent solution. It expressed regret that during the consultations, some members still questioned the mandate for these negotiations.

It is important to preserve the hard-won gains under the Rev. 4 text, Indonesia added.

Recalibrating expectations

According to trade officials, the US said that it agreed with the chair’s som-

bre assessment. The US is ready to contribute to an outcome but it is not realistic to ask it and a few select members to make real contributions and carry the load of the Round alone.

According to the US, real outcomes are needed on market access in exchange for cuts in domestic support, and emerging markets have to carry their weight in the negotiations commensurate with their bigger role in the world economy.

According to trade officials, the US said that in order to find a way forward, solutions must be simple and fair. It will also require a recalibration of expectations.

The US said it was "deeply disappointed" that its original aspirations for the Doha Round have not been realized but that this "can't be wished away" and that there was a need to adapt collective expectations or face the failure of Doha.

On the other hand, Brazil said there was a limit to this adjusting of ambitions and that the whole exercise "ceases to make sense" below this limit, while Argentina said it was concerned that the adjustment process downward on market access "seems to be leading us to a zero result or cosmetic improvements" rather than reducing barriers to farm trade.

According to trade officials, India underlined that the alternative proposals tabled by some members have not received much support. It had rejected these proposals as the basis for future negotiations.

Since time is short, the best way forward for a modalities-like work programme is to concentrate on the Rev. 4 text as the basis, said India.

Referring to talk about recalibration (of ambition), India said that the recalibration of one member appears to be raising the ambitions of others. It warned against any attempts to dilute the special and differential treatment principles which are central to any outcome.

India said it supports the idea of an early harvest on LDC issues and cotton. The SSM proposal is critical to rebalancing elements of existing inequalities. Hence, it sees the SSM and SP proposals as critical outcomes for the Nairobi Ministerial Conference.

On public stockholding for food security purposes, India said that the G33 proposal is the only credible proposal on the table so far. An outcome on this is critical for the Nairobi conference.

The EU said that it was "clear the discussions haven't moved so far" on domestic support, adding that some developed-country members had "no appetite for an ambitious outcome" in this area. The best members can hope for is a round that respects current policies, provides adequate policy space and seeks to avoid excessive increases in support.

According to the EU, the approach on market access must mirror the direction on domestic support. There should be a much simpler approach. Most promising is the average tariff cut approach, and the Paraguay paper provides a useful start.

On export competition, the EU said that the work done so far provides a good basis.

On public stockholding for food security purposes, it said that a solution that pushes these programmes into the Green Box will not fly with many members including the EU. Looking at the text that members already have, the EU said that the interim peace clause agreed to at Bali could be used as a basis, with some improvements being made to make it more user-friendly and avoid spillover effects.

According to trade officials, China said that it still firmly believes that the Rev. 4 text is the only reasonable and

practical basis for pushing forward the negotiations towards a successful conclusion.

Referring to suggestions by some on lowering the ambition of the negotiations, China believed that there should be a proportionate and parallel adjustment if that is the case. It rejected any recalibration that gives more to members in areas which it believes are undoable for others.

Any requirement that China do more beyond what is in the Rev.4 text is unacceptable. It is also not in line with the mandate agreed to for these negotiations for China to accept a cap on OTDS. No government would make any such decision on capping without knowing what its future needs are, it added.

According to trade officials, Lesotho (on behalf of the African Group) said it continues to recognize Rev.4 as the basis for the negotiations. Food security is a critical issue for most African countries, it added.

Barbados (on behalf of the ACP Group) underscored the importance of Rev. 4 as the basis for concluding the agriculture negotiations. The group is not convinced that the alternatives (that have been proposed) are superior and address the concerns of all members. (SUNS8011) □

Developed nations stonewall on food security

Entrenched developed-country positions are stymieing efforts at the WTO to enable developing countries to maintain public stockholding schemes geared towards attaining food security.

by D. Ravi Kanth

GENEVA: Major developed countries on 17 April gave short shrift to a proposal from the G33 developing-country coalition that offered credible options for creating "policy space" in the proposed permanent solution for public stockholding programmes for food security purposes in the developing countries, several trade envoys said.

The United States, the European Union, Canada, Australia and Norway along with Pakistan, Paraguay, Thailand and Colombia adopted stonewalling tactics by avoiding addressing the elements proposed by the G33 in its proposal.

The chair of the Doha Round agriculture negotiations, Ambassador John Adank of New Zealand, had convened

a meeting of select trade envoys on 17 April to discuss various issues concerning the disciplines to be included in the mandated permanent solution for public stockholding programmes for food security by the end of this year.

Members who were present at the meeting included the US, the EU, Canada, Australia, Norway, New Zealand, China, India, Indonesia, Brazil, the Philippines, Barbados (representing the African, Caribbean and Pacific coalition), Lesotho (on behalf of African countries), Pakistan, Paraguay, Thailand and Colombia.

Ahead of the meeting, the chair had posed several questions to the participants. These include "what forms can members envisage for a permanent so-

lution" in terms of new rules that would increase "policy space" to a defined degree subject to various conditions.

Adank sought to know "whether the permanent solution [should] be more like a permanent mechanism that would respond to a particular situation that might emerge in an individual developing country".

The chair also asked how to address the "unintended consequences" that would arise from the G33 proposal which was submitted last year. Adank wanted to know "what kind of alternative approaches to treatment within the Green Box could be considered".

Lastly, the chair asked "what are the kinds of safeguards that members would see as important for any permanent solution" and "whether the safeguards in the interim solution/peace clause assist in this regard and if so, how might they be utilized for the permanent solution."

Policy space needed

In response to the chair's questions, Indonesia, which coordinates the G33 coalition which counts India, China, the Philippines, Kenya, Zimbabwe, Venezuela, Bolivia and Cuba among its members, made a detailed statement.

Indonesian Ambassador Iman Pambagyo rejected the US' proposal "on the proposed Elements for Discussion on Public Stockholding for Food Security", pointing out that the proposal goes beyond finding a permanent solution on public stockholding for food security purposes as mandated by trade ministers at the WTO's 9th Ministerial Conference in Bali, Indonesia, in December 2013.

The Bali mandate, which was further modified last year after India and the US had reached an understanding, calls on WTO members to negotiate "a permanent solution on the issues of public stockholding for food security purposes" by 31 December 2015.

The US proposal now calls for a review of "the efficacy and trade effects of the existing public stockholding programmes for food security policies." The US wants "to review the existing WTO rules and policies adopted by Members and how these policies are constrained by those rules," and finally "to establish best practices for capacity building to implement the agreed best

practices."

Indonesia said the G33 "would like to make it clear that we tabled the proposal not because we have limited capacities to adopt best practices in this area but, rather, because we need some policy space to effectively support low-income or resource-poor farmers, to fight hunger and rural poverty."

"What we are seeking are specific inputs or suggestions on how the Group [G33] could help [in] addressing some concerns and objections by some Members to the Group's proposal," but not extraneous comments, the Indonesian ambassador said.

The G33 proposal offered three alternatives for constructing the permanent solution. First, adding a new paragraph to the government services programmes in the Green Box disciplines of the WTO's Agreement on Agriculture on public stockholding programmes for food security.

Second, the G33 suggested modifying the existing rules to ensure that the acquisition of food stocks by developing countries to support low-income, resource-poor producers is not required to be calculated under the Aggregate Measurement of Support (AMS) in the Amber Box measures.

And third, it called for modifying and amending the rules to calculate subsidies based on the so-called external reference period 1986-88.

"General comments or utter rejections certainly will not help us to arrive at a permanent solution as mandated by our Ministers," Indonesia told its counterparts from the developed world.

The G33, said Indonesia, wants "amended rules which will allow us some policy space to acquire stocks from low-income or resource-poor producers, and to fight hunger and rural poverty."

"We are not talking about a permanent mechanism to respond to a particular situation that might emerge in a developing country," Indonesia told the chair, while dismissing the criticism from Canada that public stockholding programmes for food security will lead to import substitution.

"Any agriculture policy which is aimed at increasing efficiency in domestic production, even if they are undertaken within the minimally trade-distorting scheme, will always create import substitution effects," Indonesia said, according to participants familiar with the discussion.

As regards the repeated criticism from the EU and other developed countries that market price support cannot be transferred to the Green Box, Indonesia reminded them that the elements proposed in the G33 proposal "are already contained in Annex 2 [of the Agreement on Agriculture] that concerns The Basis for Exemption from The Reduction Commitments (the Green Box)."

Indonesia said the G33 wants the discussions on finding a permanent solution to be undertaken independently of discussions on the domestic support pillar of the Agreement on Agriculture.

Open markets

After the detailed statement from Indonesia, the US maintained that the task before members is to open markets and ensure food security for all, said a participant familiar with the meeting.

Despite two-and-a-half years of intense negotiations on the need for a permanent solution for public stockholding programmes for food security, the US claimed that it is lacking an understanding of the nature of the problem.

The US said it wants to know how the current Agreement on Agriculture does not provide policy space.

(The Doha Round was launched primarily to address the anomalies in the Agreement on Agriculture, which was based on the specific understandings between the US and the EU in the Blair House Agreement of November 1992.)

Pakistan, which has vociferously supported the US in the discussion on public stockholding programmes during the last two-and-a-half years, said members must not promote stockholding programmes as such schemes would distort trade. Any further policy space as demanded by the G33 will reduce "policy space of WTO," it argued. The US proposal is a good starting point, Pakistan emphasized.

The EU said the US proposal to study public stockholding programmes ensures the profound need to understand the issue.

The EU is a major user of the Green Box and Blue Box measures that are found to be trade-distorting.

However, it categorically ruled out that the permanent solution for public stockholding programmes "cannot be

found in the Green Box."

"We can talk of Green Box or the entire [Agreement on Agriculture] but this will not lead to a permanent solution," the EU warned.

Canada said the G33 proposal poses difficulties both "on the front and the back end" because on the front end it leads to increased purchases to satisfy the hunger of the producers while the distribution on the back end will lead to "export surges and import substitution."

Australia said it is concerned about "the integrity of Green Box and exports from public stocks". While claiming that it is committed to a permanent solution, Australia said the G33 proposal is seeking "more policy space for trade-distorting support." The distorting support should not undermine international markets, according to Australia.

Norway, while acknowledging the need for the permanent solution, maintained that the Green Box is difficult.

Thailand, Paraguay and Colombia pressed for strong safeguards and predictability because of unintended consequences.

In sharp response to concerted criticisms from major industrialized countries and their allies in the South, India maintained that small and resource-poor farmers are unable to play their role due to an imperfect market. Consequently, those farmers in the developing world need support from the front end. As regards the back end, India said the Public Distribution System is feeding 800 million people. Public stockholding and market price support are crucial for the continuation of agriculture on which resource-poor farmers depend for their survival, India said.

Brazil said it would support domestic policies for food security.

In a nutshell, the intransigent positions adopted by the developed countries are a clear signal that the G33 and its members can forget a permanent solution with credible disciplines by the end of this year.

"There is no way that the US will allow any change in the [Agreement on Agriculture], which helps Washington to continue with its trade-distorting farm support programmes," said a former trade envoy from an industrialized country. (SUNS8007) □

and with an overall guidance set in Art. XIX:2. Such a round was agreed upon and launched in 2000, but this was rolled into the Doha Round launched in November 2001. The 2005 Hong Kong Ministerial Declaration and mandate, in Annex C, set further parameters for voluntary services liberalization, but ensuring fidelity with the basic GATS architecture.

[During the preparatory process for the 1999 Seattle Ministerial Conference of the WTO and subsequently, and at the time of the launch of the Doha Round, the EU, the US and other developed countries said they had to undertake some painful cuts in their agricultural support programmes and needed some political cover to enable them to point to likely concessions they would get in services, and hence the earlier launched services negotiations should be rolled into the Doha Round talks. Believing in such promises, the developing countries agreed. However, the commitments on agriculture are not only sought to be resiled from through arguments about changes in trade, but the services liberalization is sought to be delinked to get more concessions from the developing world while jettisoning the Doha Round mandates. The current arguments in the services talks also appear to be attempts of the US and the EU to repudiate all this earlier history and narrative, while attempting a parallel exercise of an arguably illegal attempt to negotiate and insert into the WTO a conditional non-MFN plurilateral services accord, the so-called Trade in Services Agreement (TiSA). – SUNS]

According to the chair, given the growing share and importance of services in global trade, one country maintained that services are the "engine" of economic growth while another member spoke of the critical importance of services to its economy.

Most members pressed for a "realistic, doable, and balanced" outcome in the services negotiations, while some countries called for an "ambitious" outcome. A few others wanted "good, credible, and meaningful results" in the services negotiations, according to the chair.

As regards the way forward for the services negotiations in the post-Bali work programme, most members called for "calibrated" movement with those in agriculture and market access for industrial goods (NAMA), while farm-

North-South divide in services talks

Differences of view among the membership are also a feature of the WTO services negotiations, with developed and developing countries staking out varying positions.

by D. Ravi Kanth

GENEVA: A large majority of developing and least-developed countries at the World Trade Organization (WTO) have demanded that Annex C of the Hong Kong Ministerial Declaration must remain the basis for drawing up the post-Bali work programme on services, according to trade envoys familiar with the non-attributable summary issued by the chair of the Doha Round services negotiations on 27 April.

The chair, Ambassador Gabriel Duque of Colombia, issued a five-page restricted non-attributable summary setting out the positions held by members in which the views of the developing countries differ from those held by the developed countries, said an African trade envoy who preferred not to be identified.

The chair's summary will come up for discussion on 5 May at an informal

open-ended meeting.

Essential negotiations

In his summary issued to members on 27 April, Duque said most members acknowledged that the services negotiations formed an "essential" part of the Doha Development Agenda (DDA) negotiations.

[The architecture of the WTO's General Agreement on Trade in Services (GATS) envisages, in terms of its Article XIX, the "progressive liberalization" of the services trade, with members engaging in a round of services negotiations every five years (Art. XIX:1) starting from the date of the WTO's entry into force, with guidelines to be established by the WTO Council for Trade in Services for each round of negotiations both overall and sectorally (Art. XIX:3),

producing countries of South America insisted that the level of ambition in agriculture must decide the outcome in services.

The chair said "one delegation took the view that the services negotiations were a complementary pillar of the DDA" while some other members suggested that services should not be "delinked from other pillars and therefore, should not lag behind."

A few delegations, according to the chair, "cautioned that the negotiations on services could not await the outcome of post-Bali work in agriculture and NAMA, since services negotiations were particularly lengthy and needed an early start."

Many members, especially the developing countries, demanded that Annex C of the Hong Kong Ministerial Declaration should guide the objectives of the post-Bali work programme, while one delegation said the Hong Kong Ministerial Declaration provided "for bilateral and plurilateral market access negotiations, text-based negotiations on domestic regulation, focused discussion on the GATS rules."

Some members, the chair said, pressed for "other milestones in the [services] negotiations" such as the existing initial offers and revised offers, the plurilateral requests, and the 2008 signalling conference to guide the objectives of the work programme.

However, the US and Australia did not want the previous milestones to be the starting point for setting the ambition in the work programme as "those milestones did not reflect subsequent changes in the patterns of trade and further autonomous liberalization," said a trade envoy from Asia.

India and countries of the African, Caribbean and Pacific (ACP) Group said that "it was important that the work programme fully express the development dimension of the negotiation."

Both India and ACP members emphasized the "importance of flexibilities granted to developing country members in the GATS itself, such as in Article XIX:2 as well as in the existing negotiating mandates such as Annex C."

Many industrialized countries acknowledged the importance of market access in any services outcome while Japan stated unambiguously that market access was central to the services outcome, "given the very low or symbolic level of commitments that had

been agreed in the Uruguay Round."

But one member said that it is not going to make any further movements to its DDA offer, according to the chair's summary.

Norway proposed a minimum binding of sectors in existing GATS commitments at the level applied domestically or in the regional trade agreements (RTAs), followed by a request-offer process for sectors currently outside the schedule with a view to achieving the binding at the applied level, said a developing-country trade envoy.

Important guide

For many members, said Duque, Annex C in the Hong Kong Ministerial Declaration was an important guide for determining the market access contents of the post-Bali work programme while some members spoke of the previous milestones such as revised offers, plurilateral requests, and indications from the signalling conference.

However, some developed countries said that "binding of a significant portion of 'water' in the GATS commitments was a realistic and doable outcome." Singapore and Australia underscored the need to take into account "RTAs and autonomous liberalization to assess how much 'water' could be bound," implying the removal of the gap between current bound and autonomous commitments, according to negotiators familiar with the informal open-ended meetings.

India, Barbados on behalf of small and vulnerable economies (SVEs) and ACP countries, and Malaysia among others said "with respect to developing countries, the market access part of the work programme needed to fully express the development dimension of the negotiations."

For SVE and ACP members, said Barbados, "flexibilities granted to developing countries members in GATS Articles IV and XIX:2, Annex C of the Hong Kong Ministerial Declaration, and the negotiating guidelines" must be preserved intact.

The recently acceded members (RAMs), led by Chinese Taipei, said they had undertaken GATS commitments that in many cases were similar or greater than those of developed-country members. Therefore, other countries should also make commitments at similar levels, the RAMs argued.

The LDCs demanded that the Bali

ministerial declaration on services – which includes a waiver, granting of preferences, full and effective implementation of LDC modalities and Annex C of the Hong Kong Ministerial Declaration – must be fully implemented.

Mexico suggested the submission of revised offers by the end of September, after members undertake intensive negotiations in order to submit final offers by December 2015.

The following countries demanded specific market access in specified sectors, according to several negotiators familiar with the services negotiations:

- Australia: Financial, IT (telecom, computer and related), professional, construction and related engineering, freight, transport and logistics, environment, private education, mining and energy-related services; in all these reducing restrictions on cross-border supply, foreign equity caps, use of business names, joint venture requirements;
- Canada: Environmental services;
- Hong Kong-China: New and improved commitments in the following indispensable sectors: maritime, logistics and related, telecom, financial, computer and related services, as well as work on non-sectoral, cross-cutting issues such as the elimination or substantial reduction (or at least clarification of scope) of MFN exemptions; full market access and national treatment in cross-border supply, especially professional services, research and development and distribution services as set out in the plurilateral request on cross-border supply; removal of horizontal limitations in Mode 3, especially foreign equity limitations; improvement of offers in above areas as outlined in collective requests;
- Japan: Computer and related, telecom, distribution, financial, maritime and other services;
- India: Liberalization of Mode 4, sectors of export interest to developing countries, binding of market access and national treatment in all modes of supply in favour of developing countries;
- New Zealand: Considerable importance of Mode 1, need to update schedules for services now technically feasible, particular interest in Mode 3, private education, environmental, air services, maritime, logistics, computer and related services, postal and courier, retail trade and distribution, business and professional services;

- Norway: Locking in of market access and national treatment in telecom, maritime and energy services, insurance, maritime transport services and energy-related services, and reintegrating the maritime sector through the application of MFN;

- Chinese Taipei: Computer, maritime, logistics, telecom, construction, engineering, audiovisual, environment, distribution and tourism;

- Switzerland: Improved market access and national treatment commitments in areas covered by the plurilateral requests, with the highest priority in computer and related services, telecom, distribution, construction, and energy services.

Many industrialized-country members also called for ambitious results in domestic regulation and said it should be part of the services element of a post-Bali work programme. A majority of delegations expressed an interest in domestic regulation disciplines that ensured that negotiated market access outcomes are not undermined, the chair maintained.

The US, Canada and Brazil warned that "deep horizontally applicable disciplines, including on a necessity test, would not be feasible in the context of a

post-Bali work programme with overall reduced ambition," said a services negotiator who took part in the chair's informal meetings.

Turkey said a successful conclusion of the domestic regulation element of the post-Bali work programme should encourage members to develop disciplines on administrative measures regarding visas and temporary work permits that heavily impede in particular developing-country service suppliers' ability to provide services.

India, members of the ACP Group and Uganda underscored the need for "special and differential treatment provisions that linked the obligation to implement regulatory disciplines to the acquisition of capacity through the provision of adequate assistance and support for capacity building, as well as self-selection of transition periods."

Except for Singapore, all other members of the Association of South East Asian Nations (ASEAN) called for the inclusion of emergency safeguards in the post-Bali work programme.

"One delegation noted that an outcome on emergency safeguards could provide a balancing element in the services negotiations," according to the summary. (SUNS8014) □

have the right and the opportunity to take part in the conduct of public affairs," he said.

The expert underlined that there is a general lack of awareness concerning the adverse effects that existing bilateral and multilateral free trade and investment agreements already have on the enjoyment of human rights, including the right to health, the right to education and the right to live in a safe, clean, healthy and sustainable environment.

Investor-state arbitrations

The UN expert called for human rights impact assessments to be urgently undertaken, given the numerous treaties currently under consideration and the potential risk they represent for the enjoyment of human rights.

"I am especially worried about the impact that investor-state arbitrations [also known as investor-state dispute settlement – ISDS] have already had and foreseeably will have on human rights, in particular the provision which allows investors to challenge domestic legislation and administrative decisions if these can potentially reduce their profits," he said.

The rights expert pointed out that such investor-state tribunals are made up of arbitrators, mostly corporate lawyers, whose independence has been put into question on grounds of conflict of interest, and whose decisions are not subject to appeal or to other forms of accountability.

De Zayas also pointed out that the apparent lack of independence, transparency and accountability of ISDS tribunals entails a violation (prima facie) of the fundamental principle of legality laid down in international human rights law, including Article 14 of the International Covenant on Civil and Political Rights (ICCPR), which requires that suits at law be adjudicated by independent tribunals.

It has been argued that ISDS tilts the playing field away from democratic accountability, favouring "big business" over the rights and interests of labourers and consumers, he said.

The rights expert further underlined that the establishment of parallel systems of dispute settlement and their exemption from scrutiny and appeal are incompatible with the principles of constitutionality and the rule of law, and as such are harmful to the moral

UN rights expert denounces secret talks on trade treaties

A UN rights expert has decried the lack of transparency surrounding negotiations on free trade agreements and the negative impacts such treaties may have on the realization of human rights.

by Kanaga Raja

GENEVA: A United Nations rights expert has expressed deep concern over the general lack of awareness of the adverse effects that existing bilateral and multilateral free trade and investment agreements, or those under negotiation, have on the enjoyment of human rights, particularly in the developing countries.

The UN Independent Expert on the promotion of a democratic and equitable international order, Alfred de Zayas, who is from the United States, said that he is concerned about "the secrecy surrounding negotiations for trade treaties, which have excluded key stakeholder groups from the process, including labour unions, environmen-

tal protection groups, food-safety movements and health professionals."

In a press release issued on 23 April, the rights expert emphasized that proactive disclosure by governments, genuine consultation and public participation in decision-making are indispensable to make these agreements democratically legitimate.

De Zayas warned that "fast-tracking" adoption of such treaties has a detrimental impact on the promotion of a democratic and equitable world order.

"It is tantamount to disenfranchising the public and constitutes a violation to accepted human rights law, which stipulates that every citizen shall

welfare of society ("contra bonos mores").

"Because all States are bound by the United Nations Charter, all bilateral and international treaties must conform with the Charter and its principles of equal rights and self-determination of peoples, respect for human rights and fundamental freedoms, sovereign equality of States, the prohibition of the threat of and the use of force and of intervention in matters which are essentially within the domestic jurisdiction of States."

According to the rights expert, Article 103 of the UN Charter clearly stipulates that provisions of free trade and investment agreements as well as decisions of ISDS arbitrators must conform with the Charter and must not lead to a violation, erosion of or retrogression in human rights protection or compromise state sovereignty and the state's fundamental obligation to ensure the human rights and well-being of all persons living under its jurisdiction.

(Article 103 states that "in the event of conflict between the obligations of the Members of the United Nations under the present Charter and their obligations under any other international agreement, their obligations under the present Charter shall prevail.")

"Agreements or arbitral decisions that violate international human rights law are null and void as incompatible with Article 103 of the UN Charter and contrary to international ordre public," de Zayas said. (SUNS8010) □

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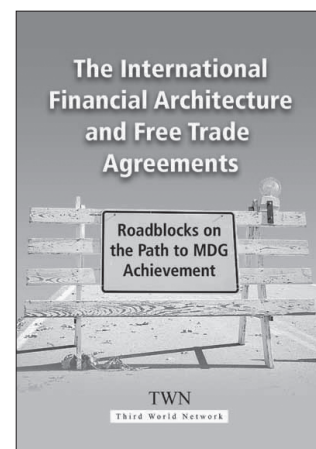
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FfD and post-2015 development agenda are distinct and complementary, says South

The exact nature of the linkage between the respective outcomes of the financing for development (FfD) and post-2015 development agenda negotiations in the UN has been a major subject of contention between developed and developing countries.

by *Ranja Sengupta*

NEW YORK: In a joint meeting of the intergovernmental negotiations on the preparatory processes of the third International Conference on Financing for Development (FfD) and the post-2015 development agenda, member states were particularly divided over how to deal with the outcomes from the two processes.

The meeting took place on 21-24 April at the UN headquarters in New York.

The developing countries, led by the Group of 77 and China, stressed the need for the outcome of the FfD conference – to be held in July in Addis Ababa – to be linked to, but as complementary to and independent of, the goal and targets on means of implementation (MOI) in the post-2015 development agenda. [The 17 Sustainable Development Goals (SDGs) meant to be incorporated into the post-2015 agenda include the standalone Goal 17 on MOI.] This was further supported by several groupings such as the least developed countries (LDCs), the Alliance of Small Island States (AOSIS), the Caribbean Community (CARICOM), the African Group and the Pacific Small Island Developing States (PSIDS).

On their part, the general view of developed countries was to import the FfD outcome document in toto into the post-2015 agenda as the goal on MOI.

The MOI discussions, especially in the context of the FfD process, have perhaps been one of the most contentious in the ongoing UN General Assembly talks on the post-2015 agenda, which is to be adopted at a UN summit this September.

The developing countries have also argued that the FfD document does not address non-financial MOI, which is critical for the post-2015 agenda. The discussion on technology is also weak in the FfD document, they stress. After repeated requests from developing

countries, the April MOI session included a one-day discussion on a technology facilitation mechanism (TFM), an issue that has seen bitter battles and deep divisions in the past (see following article). The monitoring and review mechanisms for these two processes, whether separate or joint, were also an area of contention.

In sum, the developing countries expressed concern that fully overlapping the two outcomes (FfD and MOI of the post-2015 agenda) as per the developed countries' recommendation will dilute the ambition level of the MOI of the post-2015 agenda. At the same time it will render the FfD process as nothing more than the 15-year framework of the post-2015 agenda when in fact the process has not only a longer but also a different, though overlapping, mandate.

Ambition and universality

The 21-24 April session was led by the co-facilitators, Ambassadors David Donoghue of Ireland and Macharia Kamau of Kenya, who were joined by the co-facilitators of the FfD process, Ambassadors George Talbot of Guyana and Geir Pedersen of Norway. The week's discussions had been preceded by the 13-17 April second drafting session in the run-up to the FfD conference.

At the beginning of the 21-24 April session, the four co-facilitators addressed the member states. Donoghue talked about the ambition of the post-2015 agenda and the notion of "universality with differentiation", given the different country contexts that underpin the post-2015 agenda. He also suggested that the Addis Ababa FfD conference should build on the ambition of the SDG targets and the post-2015 agenda. He highlighted the need for an enabling policy environment, new institutions, new commitments,

global partnerships as well as review and monitoring, which will all be needed to implement this new framework and to drive it forward.

Kamau highlighted how he felt ambition and universality represented itself in the world today. It is about ending poverty and inequality and promoting shared prosperity, he said. Drawing attention to the tragic deaths of 900 migrants while crossing the Mediterranean, as covered in that day's news, Kamau reminded everyone of the real issues that the UN membership is seeking to address: inequality and poverty, and terrorism. The task, he said, is putting together a post-2015 agenda that seeks to address these issues, and also finding the means of implementation for it. He recognized the FfD and MOI challenge that has to be overcome before September.

Kamau also stressed that the ambition in the SDGs actually surpasses the development financial flows today and achieving the SDGs will mean going from millions to billions in resource flows. This requires a financial framework working at both national and global levels. It is doable and requires political will and technical capacity.

Kamau hoped that "we never again have to hear about the number of goals and targets of the SDGs".

Talbot said the session offered the opportunity to step back and refocus. He suggested that the group was here for "you and your families." He said that if the agenda is seen in terms of people – "ourselves and those connected to us" – all will become champions and accept the mantle of responsibility to bring change.

While agreeing that this is a doable challenge and failure is not an option, Talbot also cautioned that the process will not be smooth and there will be issues to work out. He said members have to build mutual understanding and confidence and demonstrate to each other and to the world that they are committed to this transformative, ambitious, universal agenda. The FfD and post-2015 development agenda are very connected in that process of transformation, he said. The ambition level of the SDGs has to be matched on the financing track.

Talbot went on to say that the "zero draft" of the outcome document for the FfD conference seeks to provide a framework building on the outcomes of the 2012 Rio+20 sustainable development conference, but it also seeks to

build a platform for specific deliverables. The deliverables are: “what are the critical investments that must be made; what are the critical lead actions that we as a global community take and support; and how will we unfold the work on implementation”. The fourth dimension needed here is political will, he highlighted. Critical investments should be made in key sectors such as health, education and energy. He drew attention to technology as a key focus area and said that significant transitions in technology need to be made.

Pedersen stressed on the need for urgency as there was less time compared to the Monterrey Consensus (the outcome from the first FfD conference in 2002). This is an enormous task but it is doable and political will is needed in the FfD process. “In 12 weeks we need to find solutions like we have never done before,” he emphasized.

Linkages and synergies

In the first statement of the session, the Group of 77 and China, represented by South Africa, said that the joint meeting enabled the member states to look at possible linkages and synergies of the FfD process and that of the post-2015 development agenda. This was timely in the context of the recently held second drafting session of the FfD process the week before.

The Group reaffirmed the holistic scope of the Monterrey Consensus and the Doha Declaration on Financing for Development. (The second FfD conference, held in Doha in 2008, reviewed the implementation of the Monterrey Consensus.) “In this regard, the Group’s position is to maintain the balance of the 2002 Monterrey Consensus and the 2008 Doha Declaration as reflected in their structures and should be the basis for the development of the Addis Ababa Outcome Document,” it said.

The G77 and China reiterated the following key points based on their February 2015 position paper.

First, the UN member states have agreed that the report of the Open Working Group (OWG) on Sustainable Development Goals – which comprises the set of 17 SDGs agreed to by the OWG following negotiations in 2013-14 – would be the “main basis” of the post-2015 development agenda intergovernmental negotiations as it integrates the

MOI both as a standalone goal and also within other goals. In this regard, the G77 and China underlined the need for stronger synergies between the post-2015 development agenda and the FfD conference.

The Group also appreciated the scheduling of discussions on the technology facilitation mechanism and looked forward to a constructive deliberation on specific aspects related to the establishment of a TFM for the implementation of the SDGs.

Second, while the focus of the FfD conference should primarily be on its core mandate and scope, it should consider specific MOI for SDGs, taking into account and building on the MOI goal and targets in the OWG report and “without prejudging or precluding discussions on the MOI under the post-2015 development agenda track”.

Third, the Group highlighted the complementarity of, as opposed to exact overlap between, the MOI under the post-2015 agenda and the FfD process. “The FfD process should complement and support the elaboration of the post-2015 agenda. As such, it should provide a set of tools that will support the implementation of the post-2015 development agenda. However, FfD is a separate process and its scope goes beyond merely financing the SDGs. In a similar manner, the post-2015 development agenda will draw from the means of implementation contemplated in the FfD outcome in light of its adequacy and relevance towards the implementation of its goals and targets, but this will not exhaust its means of implementation, which go beyond those elaborated by the FfD outcome document.”

Fourth, the G77 and China also called upon developed countries “to agree and commit to a new phase of international cooperation through a strengthened and scaled-up global partnership for development, which should be the centrepiece and anchor for both completing the unfinished business of the MDGs [Millennium Development Goals] and implementing the post-2015 development agenda, taking into account the lessons learnt from the gaps in the implementation of MDG8 (on global partnership for development). The international community should provide enhanced and adequate means of implementation to developing countries, including through quantitative time-bound financing targets besides those established for ODA

[official development assistance], debt relief and debt restructuring, trade, technology transfer and greater participation of developing countries in global economic governance”.

Next, the Group acknowledged the discussion of financing for climate change in the FfD process but said “the FfD process must recognize UNFCCC [UN Framework Convention on Climate Change] as the main multilateral platform for discussions on climate finance. Climate finance must not be double-counted as ODA and therefore must be considered as separate from and additional to ODA.”

Finally, the Group pointed to the urgent need to achieve an appropriate balance in the FfD and post-2015 processes between the roles and the responsibilities of the public and private sectors. The Group expressed concern over efforts to skew the balance heavily in favour of the role of the private sector in supporting development, describing these as “unacceptable” as they effectively amount to trying to privatize delivery on the global development agenda. “In the context of a much-needed strengthened and scaled-up global partnership for development, the private sector has a complementary role to play in supporting the implementation of the development agenda.”

This has also been a consistent demand from civil society groups worldwide.

On follow-up and review, the G77 and China acknowledged the distinct nature of the two tracks and reiterated its firm view regarding the need for an intergovernmental follow-up for the FfD process under the auspices of the UN General Assembly. On the other hand, the Group recalled the central role of the High Level Political Forum (HLPF – the institutional follow-up of Rio+20 that replaced the UN Commission on Sustainable Development) in the follow-up and review of the post-2015 development agenda, including commitments emanating from the FfD conference as complementary means of implementation for the SDGs. The G77 and China expressed their firm support for a follow-up and review of the post-2015 development agenda “that encompass[es] all the 17 Sustainable Development Goals in a balanced and integrated manner, while giving priority for the implementation of Goal 17 and the MOI, specific targets under the other SDGs, as their cross-cutting nature is

critical to the implementation of the entire framework of goals”.

The G77 and China statement was later endorsed by, among others, the LDCs, CARICOM, AOSIS, as well as several individual member states, including Brazil, Nigeria, Costa Rica and Lebanon, who spoke on the first day of the session.

Resource mobilization

CARICOM, represented by Belize, said that the post-2015 agenda and FfD are distinct in themselves but should be understood together as sustainable development should be their purpose, with the common point being the MOI. The FfD process should ensure that it addresses the mobilization of resources across the three dimensions (i.e., economic, environmental and social) of sustainable development, keeping resource mobilization aligned to development objectives and integrating the principle of universality of the post-2015 agenda.

The FfD outcomes should address the vulnerabilities and challenges of small island developing states (SIDS) with special regard to resource mobilization, CARICOM said. Appropriate emphasis is needed on a global partnership, balanced with the need for domestic resource mobilization. Climate finance requires its own MOI, according to CARICOM, which emphasized the need for adequate financing to address climate change and climate-resilient development and the special needs of SIDS. CARICOM asked for distinct follow-up and review mechanisms for the two processes.

Ecuador, speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said the member states should commit to having sound policies on international tax cooperation, debt relief, capacity building and technology transfer. The MOI are a vital cross-cutting aspect of the post-2015 agenda requiring investment and coordinated efforts by member states. CELAC stressed the need for a responsible approach in terms of partnerships, particularly in participation by the private sector. There must be transparency, monitoring and accountability by all actors.

CELAC stressed that innovative financing for development is a complement to and not a substitute for financing for development. It believes in “in-

vestment in science and technology and in building capacity with women and men involved”. Underlining the importance of technology and infrastructure in sustainable development, CELAC said that technology transfer, knowledge building and capacity building are important. Middle-income countries, which continue to have high levels of poverty and persistent inequality, need economic opportunity, for which strategies must be developed within this framework.

The Maldives, speaking on behalf of AOSIS, said that special focus must be placed on the diversity and particular needs of SIDS in all processes. “We recognize that challenges require a global partnership for development, trade, technology transfer,” the group said. While acknowledging that finance from all sources is important, it underscored the critical importance of global international financing because the private sector, being underdeveloped in SIDS, is unable to provide adequate financing. Access to modern technology is also important so as to build knowledge capacity and increase the countries’ involvement in international trade. AOSIS also mentioned the particular challenge faced by SIDS in climate change and capabilities of data collection.

Benin, speaking on behalf of the LDCs, underlined the need to reach meaningful deliverables so as to achieve meaningful results, and so the means of implementation must work with the ambitions of the development agenda. The LDCs said states cannot go to Addis Ababa just to reconfirm commitments made years ago. In particular, the LDCs recommended: 0.25% of ODA for LDCs, reserving 50% of aid for trade for LDCs, a debt moratorium for LDCs, and allocation of 0.1% of ODA for the technology bank. In addition, they asked for specific strategies to build the capacity of LDCs such as investment in infrastructure, an international support centre for investment in LDCs, institution building and reform.

Tonga, speaking on behalf of the PSIDS, said that while the FfD and MOI tracks must be considered together, they are distinct. The FfD text should be explicit about what is being supported and, in particular, the MOI for the targets. The group asked for special considerations for SIDS and underscored the need for a global partnership.

Zambia, on behalf of the landlocked developing countries (LLDCs), said that the FfD process should not limit the post-2015 agenda but rather reinforce MOI in the latter. A complementarity between the two processes is critical to the attainment of targets of LLDC states.

The FfD process, as one of the many components, should feed into MOI and should reflect specific needs of LLDCs. The LLDCs need financial and technical assistance and technology facilitation in order, for example, to have secure transport infrastructure for reducing trade costs. The LLDCs also need to have diverse production and build resilience to climate change and other economic and social shocks. MOI should cater to the specific needs of LLDCs such as timely, predictable ODA, increased aid for trade and market access, increased foreign direct investment, increased technical assistance, innovative sources of funding and increased public-private partnerships.

Indivisible SDGs

Brazil stressed on the need to ensure adequate means to implement the SDGs, which are “balanced and indivisible”. It is important to note that Brazil, throughout the session and in presentations made at other parallel smaller meetings, has been highlighting the indivisibility of the SDGs and therefore the need to ensure that all goals and targets, including the MOI, are implemented and none left behind. Brazil emphasized that the standalone Goal 17 on MOI and MOI specific targets are part and parcel of the SDG framework and must not be left behind like Goal 8 of the MDGs.

Brazil also said that for an effective integration of FfD and the post-2015 agenda, two elements are needed, namely, a clear understanding of what MOI are needed for the new agenda; and concrete mechanisms and policies such MOI provide. The Addis Ababa conference is not just a pledging process and must try for indicative pledges.

Brazil also stressed that the FfD and post-2015 processes must complement but not compete with other pledges in other processes. So for example, the Green Climate Fund (GCF) under the UNFCCC has renewed the call for \$100 billion per year by 2020, but these pledges must not count as ODA.

Brazil highlighted as well the non-financial aspects of MOI, saying that MOI go beyond finance to cover technology development and dissemination. Brazil pointed to the need for review and monitoring of both the frameworks under the HLPF. The new agenda includes important new aspects of sustainable development, such as health and sustainable production and consumption, it said.

Complementarity

Nepal asked for a complementarity between the post-2015 and FfD processes. Increased resource requirements will also lead to increased taxes and increased cost of development, which needs to be balanced by ODA and trade, it said. Access to markets and capacity building for market linkages and value chains must be supported at all levels.

Nicaragua said that the FfD and post-2015 processes should be made complementary. It pointed out that national development strategies are crucial for developing countries as they need additional resources and an international environment favourable to development, and that ODA must be marked specifically for LDCs and SIDS. Implementing the Monterrey Consensus is essential. Real changes in the financial system, transfer of technology, capacity building and debt issues must be part of the post-2015 agenda. Developing countries need space to address social infrastructure. The new framework should be aligned to the needs of developing countries and look at resource mobilization and take account of shared responsibility.

The European Union pointed to the different views shared by several developed countries. The EU said the Addis work should be comprehensive and be able to address the full MOI for the SDGs and the post-2015 agenda. (This was in stark contrast to the position taken by the developing countries.)

The EU also agreed to the need to move from FfD to "financing for sustainable development" and said there is a need to clarify the relationship between Addis and the post-2015 development process, again saying that the Addis outcome should be framed as the comprehensive MOI for the SDGs. The EU also expressed its support for a single process for review and monitoring of the two frameworks.

According to the EU, the Addis outcome should include the FfD frame-

work covering all the goals and targets, including non-financial means. It recommended that the Addis outcome be drafted in a way in which it can easily fit and be included in the post-2015 agenda. Another option is to agree in Addis that a condensed version of the outcome document be included in the post-2015 package, the EU suggested.

The United States said the FfD process and the post-2015 agenda have the same purpose, which is to end poverty and promote sustainable development. It said that the previous week's discussion (the second FfD drafting session) had reaffirmed the Monterrey Consensus and the Doha Declaration, and also provided an agreement on domestic mobilization and combating illicit finance. The US argued that ODA must focus on those most in need and underscored the importance of capacity building, inclusion and gender equality. It acknowledged the widespread calls for science, technology and data as key

enablers for development to trigger the growth of knowledge-based economies, and also pointed out that there are areas that need improvement.

Australia said that the Addis outcome must build on the Monterrey framework in order to succeed and must have a defined outcome on how to attain financing goals. In order to achieve the SDG outcomes, the Addis outcome document must have the MOI, a simple monitoring and follow-up mechanism, and strengthened global partnership. Australia acknowledged that ODA has an important role to maximize impacts catalytically. A global partnership includes other actors, founded on mutual respect, trust and capitalizing on expertise. Strong coordination and sequencing between the post-2015 and FfD-Addis processes must form the MOI outcome, it said. □

This article was written with inputs from the Women's Major Group at the UN.

Discussion begins on technology facilitation mechanism in post-2015 agenda

A longstanding North-South divide over the question of channelling technology towards development needs was reflected in the April talks on means of implementation for the post-2015 development agenda.

by Ranja Sengupta

NEW YORK: There was cautious optimism for a UN-embedded technology facilitation mechanism (TFM) at discussions on means of implementation (MOI) and a global partnership for development during the fourth session of the negotiations on the post-2015 development agenda.

However, from the discussion held on 22 April, it is likely to be a long haul to the finish line, especially as the United States reiterated that there "remains no consensus among member states for a [technology] facilitation mechanism".

The 21-24 April meeting at the UN headquarters in New York was held as a joint session between the financing for development (FfD) and post-2015 processes.

Talks on a TFM are not new to the UN but the subject is intensely contentious and has seen deep North-South battle lines drawn in the past. Developing countries have reiterated their call for such a mechanism time and again, arguing that technology is key to meet-

ing development challenges in their countries. Given the acute barriers to access to technology in developing countries and the proliferation of it in the rich technologically advanced countries, the transfer of technology and, at the minimum, technology cooperation between these two poles were seen as a natural solution by the developing countries.

The outcome document of the Rio+20 sustainable development conference, adopted in 2012, also mandates the setting up of a TFM. As a result, several attempts were made to bring a TFM to life under the auspices of the UN, the last of which were the 2014 structured dialogues co-moderated by Brazil and Switzerland to promote the development, transfer and dissemination of clean and environmentally sound technologies.

However, deep suspicion in developed countries which fear they will be asked to "dilute" intellectual property rights (IPRs) standards has led to stiff resistance on this issue. The big private

sector, especially transnational corporations that own and control most of the world's technology, has also consistently opposed such a move. They are reaping rentier profits that stem from their current control of technology which creates monopoly profits.

This hard reality has forced the talks to be limited to "technology cooperation" instead of the more dynamic and useful concept of "technology transfer" that has been the core of multilateral commitment in this area for decades. Even then, talks have not made much headway. Many describe this stiff block on technology-related discussions as "the wall".

During the UN Open Working Group (OWG) discussions on Sustainable Development Goals (SDGs) in 2013-14, the issue of access to technology was strongly raised by developing countries. As a result, Goal 17 on MOI of the SDGs includes a section on technology with three targets, 17.6 to 17.8. In addition, some goal-specific targets also talk about technology and some respite from current IPR commitments made under international agreements such as the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Target 3.b, for example, offers a recommitment to allow the flexibilities that were granted by the TRIPS Agreement. That there was a necessity to reaffirm an already existing commitment is interesting but no surprise, given the regular attack by developed countries on the use of these flexibilities. Expectedly, any mention of IPRs was met with total resistance from the developed countries during the OWG discussions.

Target 17.6 of the SDGs reads, "enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation, and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, particularly at UN level, and through a global technology facilitation mechanism when agreed". This largely forms the basis for the relaunch or rather rethinking of a TFM that has been proposed by the developing countries as part of the more detailed talks on MOI under the post-2015 development agenda.

The current discussions on TFM are also informed by Target 17.7, which aims to "promote development, trans-

fer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed". Limiting this to environmentally sound technologies is not accidental. This is largely taken to be the Rio+20 mandate though it is actually never explicitly laid out in the document. Though the Rio process since 1992 is on sustainable development with its three pillars (economic, social and environmental), developed countries continue to limit the commitments to the environment pillar, and even then in a selective manner.

Discussions also spanned Target 17.8, which seeks to "fully operationalize the Technology Bank and STI (Science, Technology and Innovation) capacity building mechanism for LDCs [least developed countries] by 2017, and enhance the use of enabling technologies in particular ICT [information and communication technology]".

It is to be noted that the FfD process, which is running parallel and the outcome of which will be linked to the MOI provisions of the post-2015 agenda, focuses more on financial rather than non-financial MOI and does not, in particular, offer a TFM which is mandated by the Rio+20 document. So developing countries are seeking to address this in the post-2015 agenda, particularly since developed countries appear to be pressing for the post-2015 MOI to be narrowed down to the FfD outcome.

The day-long discussion on 22 April clearly established the critical role of technology in fulfilling the commitments made under the SDGs and the post-2015 agenda framework; at least this much was agreed by all. As co-facilitator Ambassador Macharia Kamau (Kenya) suggested, informal discussions could take place leading up to July on the TFM, an idea which was supported strongly by Brazil, India and Egypt at the end of the day. Kamau also suggested that while there is by now a clear idea of its functions, the form of the TFM will also need a lot of discussion.

The promise, though currently limited to just the willingness on the part of member states to discuss a TFM, is still a plus. However, it is clear that this is just the beginning of a long process spanning a set of complex issues and

that a lot of political will is needed to reach a consensus on not only the functions but also the form of such a TFM. It was clear that the critical issue of IPRs was most likely to be left out as most member states chose to steer clear of IPRs in the day's discussion.

The beginning of a dialogue

The technology discussion was kicked off by Ambassador Guilherme de Aguiar Patriota of Brazil and Ambassador Paul Seger of Switzerland, who presented the summary of the General Assembly structured dialogues, which they had co-moderated, on the possible arrangements for a TFM and the contours of a possible framework. The key recommendations were: to develop an online platform to undertake a thorough mapping of existing technology facilitation mechanisms, framework and processes; to improve coordination within the UN system; and to perform analysis of needs and gaps in addressing them.

In an important statement Patriota stressed that not only environmentally sound technologies but also those covering all three pillars of sustainable development, namely socially and economically useful technologies, must be covered by the mechanism.

The role of the private sector, which has been a large focus of technology facilitation discussions so far, on the assumption that they produce most of the technologies, was also questioned. Liberia asked how a country like itself which the private sector is averse to entering, considering it risky, will have access to technology and whether it could be funded by official development assistance (ODA). Guatemala asked: if technologies were protected by IPRs, could important beneficial technologies be identified as "public goods" and a new kind of IPRs worked out for these?

In response, Seger suggested different ways to incentivize the private sector, for example with monetary incentives for industrialization, philanthropic interests or providing government insurance for basic services and so on. His view was that "taking away their IPRs and expropriating them does not work".

Patriota reiterated that technology is a crucial issue for SDGs. That is why they suggested (based on the structured dialogues) the mapping and system-wide treatment. He went on to strongly

debunk the myth of the private sector creating all technology and bearing its cost. He said that some technology is driven by governments and often involves huge investments. It is not only the final technology that is important but the entire process and environment of its creation. States spend immense resources in producing the brains, capacity and technical skills that go into the production of technology, according to Patriota. At the end, this is appropriated by the private sector to make technology a commercial product.

On IPRs, Patriota said that the intellectual property regime is central, but he chose not to discuss it for it will go nowhere in view of the controversial debates, the strong opposition to discussing it here and its very technical nature. He suggested incremental steps and discussing monitoring and mapping. IPR discussions also tend to discourage the private sector as they will immediately refrain from becoming engaged but they have to be involved in this discussion, including transnational corporations that do philanthropy and work on technology.

Patriota also pointed out that some technologies are free from IPRs and are no longer proprietary, and there is a lot that can be done on those technologies in the public domain. He stressed that technologies need to be considered holistically and it will not be useful to distinguish simple technologies from sophisticated ones. The UN can pull all these elements together to find a pathway towards an outcome in September (when the post-2015 development agenda is due to be adopted at a UN summit), he concluded.

Ambassador George Talbot (Guyana), the co-facilitator for the FfD process, pointed to the need for a breakthrough. "We need a psychology of solutions instead of barriers," he said.

Iran stressed the need for simple technology and that countries could build a structure and facilitate the transfer of technology to developing countries. India pointed to technologies that are in the public domain but will not be developed by the big private sector as there is no profit, and said that this can be solved with cooperation. It asked how the "psychology of solutions" can be created if there is no debate on what can be done. Rwanda asked specifically about access to technology in rural areas.

Patriota said that technology is not just a North-South issue but a have-

have-not technology divide. He expressed doubts about making certain technologies global public goods but could think of technologies close to a global public good with different solutions that could be considered.

Seeger suggested doing away with the public-private divide and using globalization's positive impacts, for example, to produce vaccines as described by India. The UN should be creating awareness about the need for technology transfer.

Kamau, co-facilitator of the post-2015 agenda process, summed up the discussion. What was clear is that a solution needs to be found at the UN for mapping and systems-wide analysis and to provide a platform to exchange needs, solutions and views on how to move forward in practical ways. He also said that the public-private debate is tricky as it only sees the tail end and fails to appreciate how the capability to invent was developed. A lot of technology transfer is embedded in business and corporate relationships, which is problematic but also presents opportunities. He suggested tackling the IPR regime and finding technologies that are public goods, in order to create access. He discussed global partnership(s) compared to a single partnership between governments and suggested finding the global partnership(s) for technology and perhaps having bi-annual forums for discussing this issue.

Some responses from member states

The Group of 77 and China, represented by South Africa, reiterated that "the call to establish a technology facilitation mechanism is one of the most important decisions that emanated out of Rio+20". The Group said that the briefing from the co-moderators and the report of the structured dialogues clearly show that "we do not need another round of discussions on whether a technology facilitation mechanism is needed or not. What is urgently needed, as was mandated by Rio+20, is the bringing into reality of a global mechanism whose core function will be the development, transfer and dissemination of technologies for the implementation of the SDGs".

The Group asked for the TFM for the post-2015 agenda to be set up under the UN with agreement on the scope of its mandate, its functions and insti-

tutional arrangement. "We are not here to consider broader systemic or regulatory issues related to technology, science and innovation, which belongs to the preparatory process for the Third Conference for Financing for Development" but "encompasses the breadth and depth of the 17 sustainable development goals, as technologies are crucial for the implementation of each and every SDG".

The G77 and China was open to considering proposals aimed at enhancing the role of science and innovation in the context of a global facilitation mechanism. "The Group believes that a technology facilitation mechanism should provide an effective platform for concrete action by the member states and the UN system, with the engagement of other stakeholders, in contributing to the development, transfer and dissemination of technologies for the implementation of the SDGs".

The G77 and China supported the recommendations made by the co-moderators of the structured dialogues earlier as initial functions of the mechanism. The Group also praised the work of the Inter-agency Working Group for a Global Technology Facilitation Platform and said that it "should assist not only in supporting the initiative of the Secretary-General to establish an online global platform, but also to improve coordination within the UN system on technologies for the implementation of the SDGs".

Highlighting the essential and transformative role of technology in bringing about sustainable development, the Group requested "the co-facilitators to include provisions for the establishment of a technology facilitation mechanism in the zero draft for the post-2015 development agenda. Such provisions should include the mandate, core functions and the institutional arrangement for the establishment of such mechanism".

Liberia, on behalf of the African Group, said that achieving sustainable growth in Africa will require access to technology. The Group called for an innovation fund during the early stages of the technology mechanism with focus on capacity building in the areas of education, and science and technology. The Group also highlighted the importance of environmentally sound technologies and supported the idea of an online technology platform so as to support knowledge transfer and technical assistance. It further called for a tech-

nology bank to support LDCs by 2017 (as per Target 17.8). The Group encouraged North-South, South-South and triangular cooperation and knowledge sharing and recognized capacity building as a development need. It also underlined the critical need to reinforce national efforts in African countries in key areas.

The Maldives, speaking on behalf of the Alliance of Small Island States (AOSIS), said that the Rio+20 outcome document and the OWG report have already outlined the importance of technology for sustainable development. "The discussion, as called for by the Chair of the G77 and China, must move from a discussion of what to a discussion on how," the statement emphasized. AOSIS highlighted the key areas where modern clean technology investments and the necessary know-how would enable further development and progress for small island developing states (SIDS), for example, in increased use of ICT, affordable, reliable, sustainable and modern energy technology and ocean technology. The statement also stressed the importance of capacity and institution building.

Belize, representing the Caribbean Community (CARICOM), described how the Caribbean countries have invested in technology so as to support the implementation of the Millennium Development Goals and to overcome constraints of poverty and gender inequality. For highly indebted member countries of CARICOM, technological innovation is key but investment is difficult. CARICOM has engaged with the UN to address technology as important to climate-sensitive development, but the region is constrained by trade, intellectual property rights, and limited capacity locally to manage and use technology, unsuitability and non-adaptability of technology to local conditions, and failure to recognize cultural and national contexts. Technology must therefore be on better terms and must be relevant and in line with national development priorities, CARICOM stressed. A concerted global effort is needed to assist countries at the national level and an online global platform in its current form is inadequate in dealing with the needs of CARICOM. The platform must include UN and regional coordinating mechanisms.

Tonga, speaking on behalf of the Pacific Small Island Developing States (PSIDS), expressed openness to a TFM

"as it is a key means to a number of key goals and targets of the SDGs". The PSIDS support commitments to support the access of SIDS to environmentally sound technology, it said.

Benin, speaking on behalf of the LDCs, said that LDCs are most disadvantaged in terms of transfer and generation of technology. The rudimentary technology that is used in the LDCs cannot address the challenges of the LDCs nor meet the SDGs. The group asked for a dedicated mechanism to foster their access to modern technologies and stressed the role of South-South cooperation, as a complementary path to North-South cooperation, in helping to develop a science technology bank dedicated to LDCs. The LDCs have set a target of 0.1% of ODA for a technology bank, the statement added.

Ecuador, on behalf of the Community of Latin American and Caribbean States (CELAC), said that "the United Nations system should do more in the field of technology development, transfer and dissemination, as mandated by the Rio+20 outcome document". It reiterated that "the establishment of a technology facilitation mechanism is one of the unfulfilled mandates of Rio+20, and must be addressed without delay". Supporting the view expressed by Patriota, CELAC said "technology facilitation should support the implementation of all 17 sustainable development goals and targets, not only those related to the environmental dimension of sustainable development".

Recalling "that the Rio+20 conference and its follow-up processes have already identified the main functions for a technology facilitation mechanism, providing a concrete basis for our deliberation in the context of the post-2015 development agenda", CELAC suggested a move from "dogmatic debates toward more constructive and pragmatic consideration of proposals for a technology facilitation mechanism, building upon the recommendations contained in the report of the structured dialogues, taking into account the specific recommendations on technology of the Synthesis Report of the Secretary General as well as other relevant inputs".

India said that the TFM is not just a goal of developing countries. It stressed that there is no need to revisit mapping as several UN agencies were already pursuing this. India suggested the need to focus on what the TFM will do and

its core functions; the arrangements for oversight and administration; how work will be organized at national and international levels; and how to gather expertise including from the private sector. India also said that technology transfer should not be taboo because of IPR concerns and asked that more time be allocated for this issue.

Committed

While the developing countries' statements stressed the need for technology, the developed countries seemed keen to establish that they are committed to the issue of technology by dotting their statements with examples of how they have already worked to develop and disseminate technology to meet a host of the world's critical development needs. Some of them argued that several examples of TFM are already functioning under the UN system.

The European Union said it is convinced of the importance of the issues of science and technology and innovation to development and to the implementation of the SDGs (Goal 9) and that a broad approach is in line with the Rio+20 outcome. The EU emphasized the link between technology transfer and the role of the private sector. Collaborative platforms are also critical to the MOI framework, it said, adding that it is ready to engage with the three recommendations of the Secretary-General on the functions of a technology transfer mechanism: the mapping of existing frameworks through the online platform; improved UN cooperation on technology transfer; and the need to promote capacity building.

The United Kingdom cited examples of helping to develop technology for development needs such as anti-malarial drugs for young children, vaccines to prevent tuberculosis etc. The UK spends 3% of its development assistance budget on research and its centrally funded research is now open and free to access online, it said, adding that the UK is the largest donor to the \$5.5 billion multilateral Clean Technology Fund. It said that "the most valuable contribution from government is to provide a conducive environment for investment, innovation, technology development and technology sharing". It also argued that "developing and sharing technology is not just a North-South issue – increasingly, upper middle in-

come countries are major technology innovators". Therefore "all countries should be looking to increase their bilateral, regional and multilateral cooperation on science and technology to help implement the SDGs".

France attempted to provide a clear framework for the TFM, acknowledging the need to recognize the importance of the issue and to develop capacity and confidence on it. It suggested taking note of options on the table such as mapping and online platform; incentivization at local level; capacity building and bolstering IPR which creates a good climate for innovation, access to which is not an issue since many are already available as licences not submitted yet; and finally, how to ensure technology to LDCs as states are not the only actors. France advocated multi-stakeholder partnerships involving foundations, companies, universities, local groups and the state. Discussions should fit into a political framework and fit into budget, consistent with international mechanisms in the field. It reiterated that IPRs should not be called into question and that the scope for public-private partnerships can include innovations from local communities.

The United States said "last year we launched the US Global Development Lab specifically to scale up our efforts and investments in this area. Based on that experience, we see STI as deeply connected to other MOI, and prefer to have it addressed alongside them rather than separated out for special treatment. We thus do hope and expect that it will be addressed in a co-ordinated and cohesive manner within the FfD process".

While the US acknowledged that the workshops and dialogues reaffirmed the importance of technology to solutions for sustainable development and generated ideas about possible next steps, it went on to say "as the PGA [President of the General Assembly] report noted, there remains no consensus among member states for a facilitation mechanism, and indeed, the PGA report was not a consensus document".

The US added, "We still have work to do as we determine further options. We agree with many ... that there is great diversity among developing countries in terms of their interests, needs, capacity, and even basic legal structures. And to add to the complexity, just as the needs of developing countries are

not homogenous, neither is 'technology' ... We are committed to continuing to explore how to enhance those government-owned and managed programmes and support the goals we

are defining through the FfD and post-2015 processes, building on considerable experience and precedent from work of this kind undertaken previously". □

The struggle to shape the agenda

Barbara Adams and Gretchen Luchsinger examine the differing interests at play in the FfD and post-2015 agenda processes, and consider how their interactions might affect the transformative potential of the negotiated outcomes.

It is not surprising that the political battles have already become fierce in the concurrent negotiations for the third International Conference on Financing for Development (FfD3) and the post-2015 development agenda with its Sustainable Development Goals (SDGs). At stake is who will shape the agenda – and how much real impact it will have.

What is the direction of the "transformation" that is now so frequently discussed in both talks? Are we headed towards a world of multi-stakeholder partnerships and the increasing outsourcing of public functions to private control, where those in positions of privilege can maintain their entitlements, at least until we fully breach planetary boundaries?

Or towards a world where we make decisions based foremost on the welfare of the majority of people and the planet? Where we embrace the distinction between primary duty bearers (governments) and rights holders (all people without exception), and where we recognize that some actors have more capacities and therefore responsibilities than others? And where patterns of consumption and production are rebalanced so that development reaches everyone and respects planetary boundaries, now and over the longer term?

One interesting indication of the potential power of the post-2015 agenda is that actors like the multilateral development banks (MDBs) are fighting hard to position themselves at the centre. Is that about keeping on top of the trillions that they recently estimated would be required to achieve the agenda? Or, digging a little deeper, about fears of eventual irrelevance, since the agenda's sustainable development narrative – if taken seriously – diverges so thoroughly from the one pushed by the MDBs for many years? If sustainable, inclusive development is

what we mean when we talk about a transformative agenda, who should really be implementing it?

Who wants what?

The FfD3 preparatory session in mid-April talked about transformation, but that was not very apparent in early political moves. Rich countries regularly affirmed the importance of channelling more official development assistance (ODA) to the least developed countries (LDCs), despite a declining trend in some regions in recent years. Were they motivated by the principle of tackling exclusion, or by a hard political calculation that this would split off a major chunk of the G77 developing-country bloc? And who could really blame the LDCs for responding in kind with a steady stream of specific demands, since their challenges are so stark on so many fronts and their options so few?

Some of the BRICS (Brazil, Russia, India, China, South Africa) countries have systematically pushed a progressive take on both FfD3 and post-2015. But they have other fields of play like the G20. Less clear is what all of this might mean for the many smaller and mid-size middle-income developing countries, which regularly call attention to their set of issues but are looking at a future that will probably be squeezed by a falling ODA share on one hand and, on another, by limited traction on many issues, from trade to illicit financial flows to debt burdens, critical to continued development – much less a version that is sustainable and inclusive. One civil society advocate pointed out that unless you believe the "fairy tale" of the 0.7% ODA commitment – promised for so many years and never met – there is very little so far for developing countries in the FfD3 zero draft outcome document.

Meanwhile, behind the scenes, some rich countries were hard at work curbing challenges to political and economic configurations that mostly benefit them. Their activities are taking place partly through the FfD3 and post-2015 negotiations, but also through proxies such as the international financial institutions (IFIs). In some developing countries, finance ministries, having heard from IFI counterparts, are reportedly questioning foreign ministries on issues like whether or not the post-2015 agenda has too many goals, and why the whole enterprise can't be boiled down to a streamlined emphasis on poverty eradication and shared prosperity.

This may miss the point made by a civil society advocate at the FfD3 civil society hearings that unless development models change significantly to start with people and the planet instead of profits, prosperity will continue to drive poverty. At a joint session on FfD3 and post-2015, one of the post-2015 co-facilitators expressed astonishment that the G20 recently committed to 1,000 structural reform actions in two years. He suggested that in comparison, 17 goals and 169 targets (under the SDGs) over 15 years seemed quite doable, and if not, something is "clearly wrong." He hoped not to hear about the number of goals and targets again.

Who's in the agenda?

Following the April FfD3 talks, the zero draft of the outcome document is now under review. It is revealing to look at who features most prominently in it so far, and to wonder if this foretells what's ahead.

Who is singled out in its second section, on mobilizing the means to implement the post-2015 agenda? While governments are presumably there in the background as the architects of the agreement, and the "invited" for others to "join us," the first specifically mentioned actors are global funds, philanthropists, foundations and the private sector. These are followed by a reference to national and multilateral development banks. And then the business sector appears again as a critical driver of sustainable development. Governments (along with households and businesses, again) only appear in the second-to-last paragraph, in a reference to changing behaviours to achieve sustainable consumption and production patterns.

In the following section on domestic public finance, actors highlighted include the Extractive Industries Transparency Initiative (linking back to the World Bank), the Global Forum on Transparency and Exchange of Information for Tax Purposes (OECD), the OECD proper, the G20, the IMF, the World Bank, the Financial Stability Board (G20), and the Open Government Partnership (around 65 countries). Among references to the United Nations system, the most universal and democratic of all multilateral organizations, several are in conjunction with the World Bank and IMF.

The international public finance section features the Leading Group on Innovative Financing for Development (involving the OECD and MDBs, among others), multiple references to the MDBs and IFIs, and the World Bank's Multilateral Investment Guarantee Agency. It devotes several paragraphs to the so-called vertical or single-issue funds, several of which link back to the World Bank or to private philanthropies such as the Gates Foundation, as well as a few tied to the UN or regional bodies.

And who weighs in on systemic issues? The IMF, the World Bank, the Financial Stability Board and the Basel Committee on Banking Supervision, with a nod to the ILO conventions for migrant workers, and to "UN forums" for international sustainable development commitments.

MDB angling – for relevance?

The dominance of the multilateral development banks in the FfD3 zero draft is not surprising – at least from the perspective of the current power configuration, if not so much from the perspectives of global democracy and sustainable, inclusive development.

To position themselves in the FfD3 and post-2015 processes, the World Bank, all the big regional development banks and the IMF have come together on a joint statement on post-2015 financing for development. It sets forward the idea that financing the new agenda requires a shift from billions to trillions of dollars. The exercise suggests a couple of dimensions that may be a divergence from the past. Are the banks and their backers realizing that the bill has come due and needs to gradually be sold to electorates – as in, we really have come to a crisis point

that really is going to cost a lot to fix? And/or: are the IFIs circling the wagons, as it were, because they feel their dominant position is at risk?

In the past, for example, the World Bank viewed its regional counterparts as somewhat distant cousins, easily overlooked outside Washington. But now on the horizon are recent moves by China and other big developing countries – and some rich countries as well – to create new multilateral development banks. This follows ongoing discontent with the old banks' undemocratic governance structures, plus policy advice that in many cases would not be taken seriously without the money that comes with it. After years of advising market competition, are the traditional lenders finally worried about facing it themselves?

It seems the adjustment may take some time. The World Bank, at an April session with delegates to both the FfD3 and post-2015 processes, went on at length about how it is trying to be more responsive to country concerns, while also emphasizing that the MDBs have doubled investment to the private sector – which is not the primary concern in many countries. It also clearly outlined how the banks would be reporting on contributions to FfD3 and post-2015 through their individual governance structures, and not through any combined forum at the UN, even though those provide an equal voice for governments and offer a greater chance of ensuring all policies and resources are fully consistent with the SDGs.

Further, much of the IMF and World Bank emphasis is on the money side of financing. What about *how* the "trillions" will be spent? Priorities of the IFIs, outlined in a recent press release, include strengthening domestic financial markets and deepening financial inclusion – but with no reference to sustainability.

Vertigo from vertical

If governments endorsed the FfD3 zero draft tomorrow, proponents of the vertical funds would be pleased, given substantial space devoted to these on issues such as environment, health, education and food security. The funds were originally conceived as opportunities to fill funding gaps and devote focused attention to major issues. Yet they have led to a profusion of institu-

tions and funding streams. In some cases, they operate on top of existing bodies, as when UN development agencies are used essentially to execute projects – and that in itself is in addition to whatever may already exist in a given country. If sustainable development is about integrating all dimensions of development, recognizing how interdependent they are, single-issue funds go in the opposite direction.

There are questions about how accountable they are to countries, since many draw from private finance, do not operate under a multilateral governance framework and are not bound by international norms. There have been consistent country reports of misalignment with national priorities. Poor countries, in particular, feel pressured to take the funds, even for programmes that may not be most relevant to them.

Health has been an area where the single-issue funds have claimed many achievements. And yet a telling moment came at the FfD3 civil society hearings in mid-April when an advocate from West Africa described Ebola as a failure of the global economic system. His point was that poor West African countries cannot establish the comprehensive health systems they need because they do not have the capacities or opportunities to develop fully functioning economies that provide sufficient resources for healthcare. Delivering a lot of vaccines or building some hospitals or mobilizing people around a certain disease – as some vertical funds do – only fills some gaps for a while. It falls far short of upholding the right to health, which depends on access for everyone, at any given point in time, to all treatments, all medicines, all medical skills and facilities, and so on.

Calls in some quarters for assigning a vertical fund to each of the Sustainable Development Goals suggest an odd direction – universality via fragmentation?

Outsourcing to businesses

The private sector is so dominant in the FfD3 zero draft that some government representatives have referred to FfD3 being “outsourced” to businesses. What drives that emphasis? Is it about rich countries, in the wake of the global economic crisis, wanting to reduce expectations from their public purses? Is it about large businesses controlling governments, through electoral finance and lobbying, and hoping to tilt regulatory arrangements ever more in their favour? Is it the old assumption, unproven by consistent evidence, that compared to the public sector, business

is more effective, efficient, innovative, responsive (as long as there is money to be made), etc.?

The section on private business and finance “acknowledges the role of private business activity, investment and innovation as major drivers of increased productivity, job creation, and economic growth, which provide people with the opportunity to overcome poverty and inequality.” Today’s unprecedented levels of private business activity, however, have run parallel to widening inequality around the world and the destruction of environmental resources.

The current business model is not built on the principles of sustainability and inclusion. It mostly does not operate within a social contract grounded in human rights. The zero draft’s references to social and environmental responsibility principles and to businesses assuming costs for externalities such as pollution will only go so far – likely not as far as the SDGs. For many businesses, the rewards of ignoring principles outside those related to profit, even in the face of regulation, are still very great.

Large businesses in particular are quite skilful in presenting a public image of progress that often fails to translate very far into actual practice, as has been obvious from the UN’s Global Compact, “welcomed” by the zero draft. And then there is the draft’s reference to working with international accounting standard-setting bodies to devise sustainable development accounting principles. This almost certainly refers to the International Accounting Standards Board, which is based in the US state of Delaware, a well-known corporate “secrecy” jurisdiction. Among other measures geared heavily to business interests, the board has rejected country-by-country reporting by transnational corporations, despite the obvious contributions this would make to fighting corruption and tax evasion.

Every section of the zero draft has at least one mention (often many) to engagement with the private sector: from unlocking the transformative potential of business, to upping private investment in agriculture, to encouraging new platforms for private infrastructure investment, to catalyzing private investment with ODA, to increasing private climate finance, to involving businesses in FfD3 follow-up and monitoring.

This level of “partnership” verges in the direction of giving states and businesses some level of equivalency in the quest for sustainable, inclusive development. Yet states remain the pri-

mary duty bearers – they are responsible for the rights of their citizens, and they will be the ones signing off on both FfD3 and post-2015, not to mention the numerous intergovernmental agreements that have come before them. Instead of talking about the private sector as a partner at this stage, maybe the real issue is determining what specific steps are required to align every aspect of business and financial sector operations, from the choice to locate a manufacturing plant to a stock trade, with achieving the SDGs.

A few good ideas

Transformative, ambitious, universal – these notions, which began in post-2015, have started to filter into FfD3, setting a much higher bar than might otherwise be there. Now the challenge is to take them seriously enough to make them mean something.

Also raising the bar at the FfD3 April negotiations was a representative from the Office of the UN High Commissioner for Human Rights, who at session after session reminded delegates that the process must be grounded in universal principles that transcend narrow interests, national or otherwise. If we talk about an enabling environment for business, what about an enabling environment for states to uphold people rights? For people to claim those rights?

Another positive development was how delegates at the April joint session on FfD3 and post-2015 hung on to the idea of a technology facilitation mechanism by a thread, in the face of strong opposition by at least one powerful country. Interest in the mechanism came from all regions. After years of little progress in this area, it’s a baby step but still movement forward.

Finally, among the IFIs, IMF positions suggest a new level of rethinking and nuance. Given past history, it is almost astonishing to hear the IMF refer to post-2015 as a central institutional priority, as its representative did at the joint session. And then to discuss how financial markets are key to development, but so is regulation. Or that foreign capital is not a panacea and needs to be well used. Or that we should no longer take for granted that it is “natural” for markets to move up and down at will. Or that international tax cooperation is key so that developing countries get what they are entitled to. Now of course the issue is to act consistently in line with these ideas – to be a genuine partner committed foremost to sustainable, inclusive development that reaches the entire world.

What's *not* on the agenda?

Even before the political debate around FfD3 began gathering steam, the MDBs had come together around a common agenda that goes something like this: the needs for financing are huge (trillions), the public sector will never have enough to meet these needs, therefore, we have to tap all available resources (private). The mantra has become: public, private, domestic and international.

Yet the notion that the public sector simply doesn't have enough money may deserve more scrutiny. Is this about reality or anti-government rhetoric? First, it may apply mostly to those countries struggling with severe under-development or structural constraints. For other states, particularly the richer ones, the public sector could have a lot more funding through progressive taxation, tax cooperation and curbs on illicit financial flows – plus, for many developing countries, enhanced domestic capacities to manage economies in line with sustainable and inclusive development. Tax dodging costs the European Union alone around €1 trillion a year – a potentially big contribution to the IFI estimate for post-2015 costs. And then there is how existing funds are spent – in 2013, the defence budget of the 10 highest-ranked spenders globally reached \$1.1 trillion.

Second, the public sector in some countries already has a history of coming up with large sums when it has to. Within weeks of the 2008 financial crisis, the United States had committed \$700 billion to bail out troubled companies. China injected \$600 billion in fiscal stimulus and called on banks to boost their lending rates, to the point where by 2009 it faced pressures from inflation.

Globally, state-owned financial institutions account for 25% of total banking assets; they include development banks mandated to provide services otherwise not commercially available. Nearly 40% of these banks have been established in the last two decades – despite pervasive advocacy for neoliberalism – and as of the end of 2009, they had \$2 trillion in assets. The China Development Bank and Brazil Development Bank both have assets greater than the World Bank Group.

Asia and the Pacific as a region has over \$7 trillion in foreign exchange reserves, and around \$3 trillion in sovereign wealth funds, with some questions over why a greater portion of these have not been channelled more systematically towards development. One an-

swer: They serve as a buffer against the vicissitudes of an under-regulated, crisis-prone global economy.

Unpacking a word...

"Enabling environment" used to mean the international environment enabling poorer countries to develop their domestic economies through trade, debt relief and so on. That is how the phrase is first applied in the FfD3 zero draft. But then it moves on to new uses, most of which apply to the domestic realm. Such as an enabling environment for infrastructure investment. For private investment. For fiscal policy. For tax collection. Given the interconnectedness of the global economy, on highly unfair terms for many countries, how enabling can the domestic environment be without an

equally – or more than equally, through the lens of common but differentiated responsibility – enabling international environment?

What does it mean to have an enabling environment for fiscal policy if countries are weighed down by debts, forced to offer tax breaks to transnational corporations, and cornered into low-value commodity exports? Does private investment really need to be enabled? Unless that means enabled, by regulation, to contribute to sustainable, inclusive development...□

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Urban slums a death trap for poor children

For children living in cities, the difference between life and death reflects the divide between rich and poor, says an international child rights group.

by Valentina Ieri

NEW YORK: It's called the urban survival gap – fuelled by the growing inequality between rich and poor in both developing and developed countries – and it literally determines whether millions of infants will live or die before their fifth birthday.

Save the Children's annual report on the *State of the World's Mothers 2015* ranks 179 countries and concludes that "for babies born in the big city, it's the survival of the richest."

Speaking from the launch at UN headquarters, Carolyn Miles, president and CEO of Save the Children, said that for the first time in history, more families are moving into cities to give their children a better life. But this shift from a rural to an urban society has increased disparities within cities.

"Our report reveals a devastating child survival divide between the haves and have-nots, telling a tale of two cities among urban communities around the world, including the United States," Miles added.

The document estimates that 54% of the world's population live in urban areas, and by 2050 the concentration of people in cities will increase to 66%, especially in Asia and Africa.

The World Health Organization (WHO) says that nearly a billion people live in urban slums, shantytowns, on sidewalks, under bridges and along railroad tracks.

While women living in cities may have easier access to primary healthcare, including hospitals, many governments have been unable to keep up with this rapid urban growth.

One-third of all urban residents – over 860 million people – live in slums where they face lack of clean water and sanitation, alongside rampant malnutrition.

Miles said that despite the progress made on reducing urban under-five mortality around the world, the survival divide between rich and poor children in cities is growing even faster than that of poor children in rural areas.

In most of the developing nations surveyed, children living at the bottom 20% of the socioeconomic ladder are twice as likely to die as children in the richest 20%, and in some cities, the disparity is much higher.

Robert Clay, vice president of health and nutrition at Save the Children, explained that the urban poor are more transient, as they tend to have unsteady

jobs and living situations. In rural areas, many people at least have land and food, and a stronger support system within the community. "In urban areas this doesn't exist. Urban cities are overcrowded by many ethnic groups living side by side so it's a bit harder to bond, communicate and build trust. It's the hidden population that is more problematic to reach," Clay told Inter Press Service (IPS).

He said lack of data makes it harder for charities like Save the Children, or national and municipal governments, to access these marginalized communities.

The 10 developing countries with the largest child survival divide are Bangladesh, Cambodia, Ghana, Kenya, India, Madagascar, Nigeria, Peru, Rwanda and Vietnam.

Among the 10 worst wealthy capital cities for child survival, out of the 25 studied, Washington DC (US) was number one, followed by Vienna (Austria), Bern (Switzerland), Warsaw (Poland) and Athens (Greece).

By looking at the mother's index rankings of 2015, based on five criteria – maternal health, children's well-being,

educational status, economic status and women's political status – Save the Children says that conditions for mothers and their children in the 10 bottom-ranked countries – all but two of them in West and Central Africa – are dramatic, as nations struggle to provide the basic infrastructure for the health and wellness of their citizens.

"On average, in these countries one woman out of 30 dies from pregnancy-related causes, and one child out of eight dies before his or her fifth birthday," Miles said.

Globally, under-five mortality rates have declined, from 90 to 46 deaths per 1,000 live births. However, these numbers, says the organization, mask the fact that child survival is strictly linked to family wealth, and miss addressing the conditions of poverty and unhealthy life of slums.

Success stories

Positively, the report has also uncovered some successful solutions found by governments to reduce maternal and infant mortality, and close the inequality gap between rich and poor

children in their own countries.

The most successful countries are Ethiopia (Addis Ababa), Egypt (Cairo), Guatemala (Guatemala City), Uganda (Kampala), the Philippines (Manila) and Cambodia (Phnom Penh).

"Ethiopia, which recently had accelerated economic growth, managed to develop effective targeting policies, and provided accessible preventive and curative health care for poor mothers and children," Clay said.

"[Ethiopia] should be a blueprint for other countries, which should bring access to communities in slums so that local people are not left behind," he underlined, adding that hiring urban outreach workers who can go into the communities, speak the language of the people living there and understand their conditions and needs is vital.

Save the Children is calling on national governments worldwide to find new policies and plans to invest in universal maternal and infant healthcare, develop cross-sectoral urban plans, and reduce urban disadvantages, and to increase the focus on the Sustainable Development Goals in the post-2015 development agenda, concluded Miles. (IPS) □

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