

# Mid-year WTO GC meet fails to agree on key issues

A mid-year meeting of the World Trade Organization's General Council (GC) before the summer break in Europe failed to agree on any of the targeted deliverables, including on fisheries subsidies contributing to overcapacity and overfishing, agriculture and the proposed integration of the controversial Investment Facilitation for Development Agreement into Annex 4 of the WTO Agreement.

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# WTO members fail to reach consensus on targeted deliverables

A mid-year meeting of the World Trade Organization's General Council ended on a rather sombre note on 23 July, after having failed to agree on any of the targeted issues, including on disciplines on fisheries subsidies contributing to overcapacity and overfishing, and a proposal by Brazil on moving the agriculture negotiations forward.

by *D. Ravi Kanth*

GENEVA: Amidst an alleged demonstration of "irrational exuberance" and attempts at steamrolling decisions, members of the World Trade Organization on 23 July ended the first half of this year on a rather sombre note of failure, with little or no consensus on any of the targeted issues, including on disciplines on fisheries subsidies contributing to overcapacity and overfishing (OCOF) that is mainly responsible for the global depletion of fish stocks, said people familiar with the discussions.

On the first day of the WTO's General Council (GC) meeting on 22 July before the summer break commences, members failed to reach consensus on Brazil's proposal on moving the agriculture negotiations forward (WT/GC/W/939/Rev.2), under the overall direction and guidance of the GC with an altered mandate that sought "to change the goalposts", said several participants who asked not to be quoted.

On another controversial issue concerning the proposed integration of the Investment Facilitation for Development Agreement (IFDA) into Annex 4 of the WTO Agreement (WT/GC/W/927/Rev.1), the opponents stuck to their earlier reiterations that the IFDA cannot be brought into the WTO both on procedural and systemic grounds, said people familiar with the development.

As reported in SUNS #10052 dated 24 July 2024, the rather puzzling political spectacle witnessed concerning a request by the African Group on the appointment of the WTO Director-General (WT/GC/W/948) that allegedly sought to circumvent the WTO rules to advance the selection process of the incumbent WTO Director-General, Ms Ngozi Okonjo-Iweala, for a second term, seems to have set a new trend in the GC

meetings, said several people familiar with the development.

Significantly, in varying levels of emphasis and echoing some "constructive ambiguities", the DG seems to have adopted an "activist" role in influencing the controversial proposals like Brazil's on agriculture, the 126-member initiative on investment facilitation for development, which was primarily a Chinese initiative since 2016, and on fisheries subsidies, said several trade envoys who asked not to be quoted.

Aside from the DG's allegedly active promotion of these three issues, the GC chair, Ambassador Petter Olberg of Norway, also seemingly showed his hand and allegedly broke "the dignity of the chair he occupied", namely, one that required him to be completely impartial and neutral on issues where there are sharp divisions, said trade envoys who asked not to be quoted.

To recall, the high standards set by the previous Norwegian GC chair, Ambassador Kare Bryn, almost 24 years ago, ensured that the rules were strictly adhered to under any circumstances, said several former trade envoys, who asked not to be quoted.

During the discussion on disciplines on fisheries subsidies contributing to OCOF on 23 July, the GC chair apparently gave the floor first to Iceland that called for a decision on the controversial draft additional provisions on fisheries subsidies proposed by the Icelandic chair of the Doha fisheries subsidies negotiations, Ambassador Einar Gunnarsson, said people familiar with the discussions.

Iceland seemingly made a strong case at the meeting for adopting a decision on the draft text (TN/RL/W/279) containing "additional provisions on

fisheries subsidies”, particularly dealing with fisheries subsidies contributing to overcapacity and overfishing, said people familiar with the discussions.

A trade official from Iceland apparently argued that the draft additional provisions on fisheries subsidies addresses all the concerns raised by members, said people familiar with the discussions.

### India’s three proposals

After Iceland, the GC chair gave the floor to India to present its views on its three proposals which not only severely criticized the chair’s draft additional provisions but also exposed the alleged asymmetries in the draft text, including the apparent “free pass” given to the big subsidizers to continue with their billions of dollars in OCOF subsidies under seemingly weak and circumventable notification requirements based on a two-tier sustainability criteria, said people familiar with the discussions.

India’s first proposal (WT/GC/W/945) on “Analyzing the Impact of the Chair’s Proposed OCOF Disciplines under the Additional Provisions on Fisheries Subsidies on the Sustainability of Global Marine Stocks” highlighted the alleged serious deficiencies/flaws in the text on grounds that it goes against the mandate set out in United Nations Sustainable Development Goal 14.6.

The United Nations Sustainable Development Goal 14.6 has stated, “by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to IUU [illegal, unreported and unregulated] fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation.”

India’s proposal states: “As mandated by Sustainable Development Goal 14.6, negotiations on the overcapacity and overfishing (OCOF) pillar are guided by the objective of conserving global marine resources by prohibiting certain forms of fisheries subsidies that contribute to OCOF. Ensuring the sustainability of the global marine ecosystem has, therefore, been the primary driver of the OCOF subsidy negotiations.”

India argued that “in order to

accomplish its sustainability objective, the OCOF subsidy disciplines must rein in the activities of large-scale industrial fishing fleets involved in deep-sea and distant-water fishing (DWF)”, which “historically exploited and depleted the fisheries resources and benefited from substantial government support and subsidies for their extensive operations.”

Further, it said “the OCOF disciplines should not curtail the aspirations of smaller players looking to expand their fishing capabilities and develop their fisheries sector.”

It noted that the chair’s draft text (TN/RL/W/279), “is largely based on a hastily concluded compromise during the closing stages of the 13th Ministerial Conference (MC-13).”

The three proposals tabled by India on 11 July highlighted the alleged deficiencies in the chair’s draft additional provisions, which seemingly remain inconsistent with UN SDG 14.6, said people familiar with the development.

After Iceland and India, the GC chair apparently gave the floor to Ambassador Einar Gunnarsson of Iceland, the chair of the Doha Negotiating Group on Rules (NGR), which oversees the fisheries subsidies negotiations, to provide his assessment, said people familiar with the discussions.

Although the full statement of the NGR chair has so far not been circulated, it is clear that the report he provided following the small-group meetings on 18 July revealed the irreconcilable differences, including his attempts to address some of the concerns raised by members.

After the presentations, the GC chair then opened the floor for members to express their views.

The big subsidizers like China, the European Union, the United States, and other members not only praised the draft additional provisions on fisheries subsidies, they also signaled their willingness to join the consensus on the draft additional provisions, said people familiar with the discussions.

The US appears to have said that it is ready to join the consensus even though it is not comfortable with several aspects of the draft additional provisions, said people familiar with the discussions.

The US apparently criticized India, suggesting that it was provided with several opportunities during the past two years but New Delhi’s ideas/proposals

seemingly failed to gather traction, a stand that was also echoed by another major distant-water fishing nation, the European Union, said people familiar with the discussions.

The US stand seemingly exposed its “hypocritical double standards” on the proposed disciplines on OCOF subsidies, said a former trade envoy, who asked not to be quoted.

“The US held the entire WTO hostage by paralysing the Appellate Body since December 2019 and by rejecting any number of improvements proposed by the former GC chair and facilitator, Ambassador David Walker of New Zealand,” the envoy said.

China, which is seen as one of the biggest beneficiaries of the chair’s draft additional provisions, said that it is “deeply disappointed” that the item proposed by Iceland has been moved from the category of “For Action/ Decision” to the “For Discussion” section.

China’s trade envoy, Ambassador Li Chenggang, said that “we come to this meeting bearing high hope and firm determination to deliver this long-awaited outcome, not only because the latest Chair’s text, in the views of the vast majority of members, strikes a delicate balance and serves as a solid basis for conclusion, but also because the fish and this planet cannot wait any longer.”

“However, the opportunity has not even been given to members to make a final attempt in this meeting to deliver something for the common good,” the Chinese envoy said.

China praised the NGR chair for his “hard work” and “the Secretariat team,” adding that “the current text is not perfect, and I also believe there will be no such text that could satisfy every member.”

“Nevertheless, if this set of already-good disciplines could be adopted and implemented, it can certainly bring real changes to the rationale and behaviour of members when they subsidize their fishing industries,” China said.

China expressed confidence that the draft text addresses “the sustainability goal of SDG 14.6,” arguing that “against this backdrop, the failure to deliver today is even more frustrating.”

It called for change, emphasizing, “No reform, no success.”

Indonesia’s trade envoy, Ambassador Dandy Iswara, said, “while we are focusing on the environment as one

of the sustainability pillars, through SDG 14.6, we should not forget about other sustainability pillars - namely, the economic and social pillars that are also of relevance to this important issue."

Indonesia said that it will defend "the interest of our 2 million small-scale and artisanal fishermen whose livelihood and employment depend on our sea."

More importantly, the Indonesian trade envoy said the agreement should enable especially "developing members and LDCs to provide support that could accelerate the growth of their small-scale and artisanal fishing without excessive parameters and caveat(s)."

Indonesia said that the agreement should ensure that "the flexibilities to Large Fishing Vessels and distant-water fishing is not overly excessive, particularly when historically, both have been heavily subsidized and contributed most to overcapacity and overfishing."

"Going forward, we believe that to create convergence toward the text, it is imperative for us to consider all three sustainability pillars - economic, environment and social - as they need to be implemented in a holistic and balanced manner," Indonesia said.

Indonesia said, "it is important that the provisions in the final text must address subsidies and practices that caused the problem in the first place, instead of punishing small-scale and artisanal fishers, whose impacts in terms of overcapacity and overfishing that endanger fish stock sustainability, is almost negligible."

Indonesia said that it "looks forward to further constructive discussions where we can bridge the remaining gaps and conclude an agreement that is fair, equitable, and promotes the long-term sustainability of global fisheries."

Many developing countries, while supporting some of the additional provisions, sought improvements in the draft text.

While it is apparent that India's challenges to the draft text were singled out by some members, the problems mentioned by other developing countries and LDCs are as important as arriving at a balanced agreement, said people familiar with the discussions.

The Russian Federation is understood to have said that changes in the current draft text are highly substantial as compared to the version

presented at MC13.

Russia is understood to have said that "whenever a package is proposed for a decision, at least one-month notice should be provided."

In her intervention, the WTO DG said that the proposed Fish-2 agreement addressed the concerns on a balanced footing, adding that some members still have concerns that need to be addressed, said people familiar with the discussions.

Even though there was no consensus

on the draft additional provisions on fisheries subsidies at the meeting, the GC chair appears to have said, as he did on the issue of the DG selection process, that we shouldn't wait until MC14 and that he will be happy to convene a special GC meeting to conclude the deal, said people familiar with the discussions.

"The GC chair acted like the biggest cheerleader of the DG," said a trade envoy, who asked not to be quoted. (SUNS 10053)

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## Brazil fails to secure a pathway for its agriculture proposal

Brazil appeared to suffer a major setback at a meeting of the World Trade Organization's General Council on 22 July, after failing to secure passage of its controversial proposal on "Moving Agriculture Negotiations Forward".

by D. Ravi Kanth

GENEVA: Brazil has seemingly suffered a serious setback at the World Trade Organization on its much-publicized proposal on "Moving Agriculture Negotiations Forward", said people familiar with the development.

It appears to have pulled out all the stops to secure support from such diverse countries as the United States, the European Union, China, and the farm-offensive as well as farm-defensive countries, to ensure the passage of its controversial proposal (WT/GC/W/939/Rev.2) at the WTO's General Council (GC) meeting on 22 July.

Even the WTO's Director-General, Ms Ngozi Okonjo-Iweala, seemingly "crossed all the lines", in alleged violation of paragraph 4 of Article VI of the Marrakesh Agreement, to campaign for Brazil's proposal, sometimes overtly and at other times behind the scenes, said several trade envoys, who asked not to be quoted.

Brazil had formed the G20 group of developing countries along with India, China, South Africa, and several other countries in Geneva in August 2003, days before the WTO's fifth ministerial conference in Cancun, Mexico, in September 2003, in opposition to a joint

agreement reached between the US and the EU that attempted to reconcile the positions of the two trans-Atlantic powers on the issue of agriculture.

In contrast, after two decades, Brazil has seemingly cobbled together a new alliance with farm-offensive and farm-defensive countries against its erstwhile partners in the Doha agriculture negotiations, said people familiar with the development.

### GC meeting

At the GC meeting on 22 July, the DG appears to have made a long statement for almost ten minutes on the Brazilian proposal and how it intends to take the farm trade negotiations forward, said people familiar with the discussions.

Before the meeting, she apparently tried to broker a compromise between Brazil and the African Group members in "green room" meetings, several trade envoys told the SUNS on the condition of anonymity.

Before the GC meeting, the DG thanked members for finding a way through, "including the Brazil-led process, the African Group contribution, Brazil's discussions with the African

Group, the technical work that the Cairns Group and African Group are undertaking.”

“I consider these as contributions towards making a breakthrough,” she said, according to the restricted document Job/TNC/123.

Following the rather positive statement made by the DG in favour of the Brazilian proposal at the GC meeting, several countries intervened to extend support to the proposal.

### Support for proposal

The countries that seem to have openly supported the Brazilian proposal at the GC meeting included Ukraine, Guyana, Peru, Trinidad & Tobago, El Salvador, the United Kingdom, the United States, Guatemala, Switzerland, Japan, Ecuador, Paraguay, Argentina, China, Uruguay, Chile, the European Union, Israel, Cameroon, Thailand, Australia, New Zealand, Vietnam and Korea, among others, said people who asked not to be identified.

For the first time, it looked as if Brazil had built a new alliance of countries that comprised the farm-defensive countries like Switzerland and Japan on the one side, and farm-offensive countries like Paraguay and Australia, on the other, said people familiar with the discussions.

Incidentally, China, which was a founding member of the G20 coalition of developing countries as well as a current member of the G33 coalition of developing countries, vigorously supported the Brazilian proposal at the GC meeting.

According to the statement made by the Chinese trade envoy, Ambassador Li Chenggang, at the GC meeting, Beijing said that it “appreciates the tremendous efforts Brazil has made in the past 2 months, trying to facilitate a common guideline for the agricultural negotiations.”

The Chinese trade envoy said that “it is not an easy task,” adding that “the efforts by Brazil, and the kind of responsibility and leadership it has demonstrated, are to be applauded.”

China said that it “is ready to join the consensus.”

“However, I have to say, what we have undergone together during the past 6 months, unfortunately, reflects that members lack trust in the agricultural

negotiations,” the Chinese trade envoy said.

“So, all of us should seriously think about how we should go forward on this important issue,” he added.

### Opposition

In varying levels of emphasis, several developing countries, as well as the Russian Federation, said “No” to the Brazilian proposal, said people familiar with the discussions.

The countries that rejected the Brazilian proposal included: Russia, India, Indonesia, Djibouti, Samoa, Nigeria, Chad (the African Group coordinator), South Africa, Mauritius, Mozambique, Malaysia, Cambodia, Pakistan, the Philippines, Kenya, and Namibia among others.

Indonesia’s trade envoy, Ambassador Dandy Iswara, issued a strong statement at the meeting, saying that while Indonesia “respects Brazil’s right to convene informal consultations to deliberate on its proposal, the discussion should eventually be brought to the CoASS (Committee on Agriculture in Special Session) where members have more equal standing in the negotiations.”

Ambassador Iswara said, “unfortunately, our concern has been dismissed as irrelevant or even mischaracterised as an excuse to prevent the negotiations from advancing.”

The outgoing Indonesian trade envoy reminded Brazil of the importance of keeping “our demand(s) reasonable.”

### Key demands

He outlined the following demands for advancing the farm trade negotiations:

1. Developing countries must be provided with policy space to meet their food security objectives and support their low-income and resource-poor farmers;

2. Special and differential treatment must be preserved, as an integral part of the negotiations;

3. Longstanding ministerial mandates must be respected, including the urgent need to comply with an agreement on the permanent solution for public stockholding (PSH) programs for food security;

4. The Brazilian proposal does not ask for the same levels of concessions from members and does not have a

concrete deliverable on PSH and SSM (special safeguard mechanism for developing countries).

Indonesia also objected to the “restructuring of negotiating mandates at the expense of longstanding Ministerial mandates that would deepen the trust-deficit among members”.

Ambassador Iswara said rather forcefully that Indonesia will not join the consensus on the Brazilian proposal.

India said it opposes the Brazilian proposal both on procedural and substantive as well as systemic grounds, said people familiar with the Indian statement.

In the run-up to the GC meeting, the Brazilian proposal reportedly faced opposition during the informal discussions when several countries like India, Indonesia on behalf of the G33, and many African countries, including South Africa, among others criticized the Brazilian proposal, including for embarking on informal negotiations outside the established Doha agriculture negotiating body, said people familiar with the discussions.

The Brazilian proposal sought substantial changes in the draft ministerial text on agriculture, which provided a hierarchy of options in which a decision on the permanent solution on PSH was supposed to be concluded at the WTO’s 13th ministerial conference (MC13) in Abu Dhabi.

MC13, however, failed to deliver on agriculture due to disagreement on the much-delayed permanent solution on PSH since the WTO’s 10th ministerial conference (MC10) in Nairobi, Kenya, in December 2015.

While the Brazilian proposal said that “members instruct the CoA SS Chairperson to conduct negotiations on PSH, SSM and cotton in line with the mandates of the Nairobi Ministerial Decision and in dedicated sessions of the CoA SS,” it proposed that “the General Council and the TNC [Trade Negotiations Committee] shall regularly review progress in the negotiation.”

In the end, Brazil’s policy of switching/making alliances during the Doha agriculture negotiations may make it difficult for Brasilia to be considered as a leader among developing countries in the farm trade negotiations at the WTO, said a trade envoy, who asked not to be quoted. (*SUNS 10054*)

# WTO's GC chair shows his hand in DG selection process

The chair of the World Trade Organization's General Council (GC) has seemingly taken the unprecedented step of starting discussions on advancing the selection process aimed at securing a second term for the incumbent Director-General, Ms Ngozi Okonjo-Iweala, despite the lack of a formal decision on the matter.

by D. Ravi Kanth

GENEVA: Without a formal decision at the World Trade Organization's General Council (GC) over advancing the selection process to ensure a second term for the incumbent Director-General, the GC chair appears to have made an unusual announcement on 22 July that he would start discussions with members based on the "sentiments" they expressed at the meeting, said people familiar with the development.

On a day when the proposed July package of issues failed to garner consensus at the GC meeting that began on 22 July, the chair, Ambassador Petter Olberg of Norway, seemingly took the unprecedented step to start discussions on the controversial selection process for the DG for a second term, said people present at the meeting.

At the GC meeting, Ambassador Olberg informed members that he was moving the fourth item on the agenda on the "Appointment of the WTO Director-General - Request from the African Group (WT/GC/W/948)", which was slated "for action/decision", to the "for discussion" section further down the agenda, after he was requested by Chad, the coordinator of the African Group, that it would like to have only a discussion on this item at this stage, said people present at the meeting.

However, no opportunity was given to Chad to explain why it sought to move its request from the "for action/decision" to the "for discussion" section of the agenda, as it was not the normal convention, said several members who asked not to be quoted.

Privately, several trade envoys said the real reason could be a "No" from the United States to join the consensus on the African Group proposal, a stand that

would have stopped any move to advance the DG selection process at this juncture.

In a rules-based organization, the most influential member may have read the intention of the African Group and its backers - namely, to allegedly circumvent the established rules of the WTO, so as to prevent a possible veto of the current DG by Donald Trump, should he win the US presidential elections this November.

It is rather obvious that the US could not countenance any attempt to compromise its political process.

According to the Procedures for the Appointment of Directors-General (WT/L/509) adopted by the General Council in December 2002, the selection process for the DG ought to begin nine months before the term of the incumbent DG ends (at end-August 2025), said a legal expert who asked not to be quoted.

After the item on the appointment of the DG was moved to the "for discussion" section of the GC agenda, which explicitly meant that there will be no decision taken on this controversial item, something rather unusual happened at the GC meeting on 22 July during the discussion stage, said people familiar with the discussions.

Apparently, 58 members, beginning with Chad, South Africa, Nigeria, Egypt and several other countries from the African, Caribbean and Pacific (ACP) group (some of the mentioned countries actually opposed the proposal within the African Group consultations) made a case for starting the DG selection process without delay, given the contributions that the incumbent DG has made, said people familiar with the discussions.

The European Union, China, and

the "Friends of the System" group led by Singapore, including Australia, Canada, Switzerland, Norway, and several other members, seemingly spoke in support of the African Group's request, said people familiar with the discussions.

Singapore apparently suggested that the WTO would become "rudderless" if Ms Ngozi Okonjo-Iweala is not selected on a priority basis, said a person who asked not to be quoted.

Brazil apparently went a step further by declaring that it would have joined the consensus if the African Group's proposal was put up for a decision, regardless of the alleged circumvention of the WTO rules, said people familiar with the discussions.

During the discussion on this controversial item, several major members such as the US, India, Korea, Indonesia, Pakistan, Saudi Arabia, and the United Arab Emirates among others apparently remained silent and did not take the floor, said people familiar with the development.

To recall, Korea had put up a candidate the last time against Ms Okonjo-Iweala, strongly supported by the former US Trade Representative (USTR) Ambassador Robert Lighthizer.

The USTR had blocked Ms Okonjo-Iweala's candidature till the change of administration in Washington.

It was the Democratic administration led by President Joe Biden that approved Ms Okonjo-Iweala's candidature.

Following the statements by members at the GC meeting, the GC chair appears to have requested the DG to say a word or two, said people familiar with the discussions.

Ms Okonjo-Iweala appears to have expressed her gratitude to the 58 countries that spoke, saying that she is humbled and emotional about the confidence they placed in her, said people familiar with the discussions.

She went on to say that she would consult with her family, particularly her husband, adding that she has not made any decision at this juncture, said people familiar with the discussions.

It was rather curious to see that in her first intervention, she forgot to thank the African Group and took the floor a second time to thank them, saying that she is "proud to be African".

In a rather unusual scene, rarely witnessed at the GC meetings known for

maintaining certain formalities, some delegates started clapping their hands, said people familiar with the discussions.

### GC chair's statement

After the applause by members at the meeting, the GC chair said that based on the overwhelming "sentiments" expressed by the members, he would start consultations in the coming days and weeks, said people who asked not to be quoted.

The GC chair acknowledged that there is a procedural issue at stake which would only allow him to move if there is

"consensus".

The GC chair is well aware of the concerns of some members regarding the alleged circumvention and violation of the rules governing the DG selection process, which have apparently been expressed informally and behind closed doors, said several trade envoys who asked not to be quoted.

Those members including some who supported the African Group proposal in the GC on the basis of "political optics" also have concerns with changing the rules simply for political expediency.

The GC chair is yet to respond to the question posed by the SUNS on

"how can he start consultations without a formal decision, and if that were to be so, why did he remove the item from the 'for action/decision' [and] to the 'for discussion' stage?"

This is the first time that a GC chair appears to be blatantly circumventing the rules to start a process that has no legal sanctity, said a legal expert who asked not to be quoted.

It remains to be seen if the US would be steadfast in its opposition to the alleged circumvention of the long-established WTO rules, apparently aimed at compromising the American political process. (*SUNS 10052*)

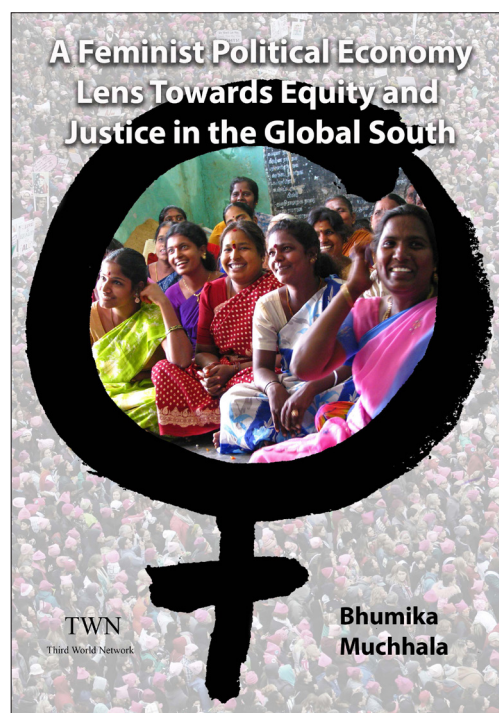
## A Feminist Political Economy Lens Towards Equity and Justice in the Global South

By *Bhumika Muchhala*

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

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

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



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# Battle at WTO over restoration of a binding Appellate Body

As members of the World Trade Organization go on recess during the summer break in Europe on 1 August, uncertainty persists as to whether an agreement can be reached on a binding appeal/review mechanism by the end of this year.

by *D. Ravi Kanth*

GENEVA: As members of the World Trade Organization (WTO) go on recess during the traditional summer break in Europe on 1 August, they remain rather uncertain as to whether they can reach an agreement on a binding appeal/review mechanism by the end of this year, said people familiar with the development.

After the United States made the Appellate Body dysfunctional in December 2019 and continues to raise its concerns over the demands made by many members on restoring the highest adjudicating body in the two-tier dispute settlement system, doubts continue to persist if the US would agree to a robust appeal/review mechanism that would undergird the enforcement function of the WTO, said people familiar with the discussions.

The US has already drawn its markers in its statement issued at the first Heads of Delegation (HoD) meeting on 30 May, as captured in document WT/GC/DSR/M/1.

The US said that it has “an interest in a dispute settlement system that supports parties in the resolution of their disputes and that has legitimacy, not just here but also at home.”

“In that context,” the US maintained, “we would like to explore further with delegations whether appeal/review is a necessary feature of a system that supports parties in resolving their disputes.”

It added that it heard “points made about the need for consistency and the ability to correct legal errors.”

However, “we do not view a standing Appellate Body as the only way of achieving those objectives,” the US said, adding that “consistency, if wrong, does not serve anyone’s interests.”

“In addition, you can have a binding system without having a second tier - and by “binding”, we mean finality in the dispute,” the US argued.

“We have seen how an appeal/review mechanism – and by extension the dispute settlement system – can stray from this foundational purpose,” the US said, citing a report that the USTR published on the Appellate Body in 2020 that identified several US concerns with that appeal mechanism.

Interestingly, the US did not speak at the last HoD meeting held on 18 July.

Given the rather ambiguous mandate provided by trade ministers at the WTO’s 13th ministerial conference (MC13) that concluded in Abu Dhabi on 2 March, who merely instructed their “officials to accelerate discussions in an inclusive and transparent manner, build on the progress already made, and work on unresolved issues, including issues regarding appeal/review and accessibility to achieve the objective by 2024 as we set forth at MC12”, it appears that everything in the ongoing discussions is “up for a toss”, said people familiar with the discussions.

So far, progress on the appeal/review mechanism has been somewhat halting, with little or no clarity on what is going to be the shape of such a mechanism, as is evident from a restricted report issued on 24 July by the facilitator overseeing the ongoing dispute settlement reform discussions.

The restricted report (WT/GC/DSR/M/3), seen by the SUNS, was issued following the last virtual HoD meeting on 18 July.

According to the document, Brazil said, “It is worrisome that discussions so far have not resulted in concrete solutions.”

It expects that “discussions will resume [at] a steadier pace after the summer break so [that] we can deliver the DS [dispute settlement] Reform by 2024.”

According to Brasilia, “the appeal/review mechanism is the core issue of our

reform discussions.”

“In the last technical meeting on appeal/review on 15 July, the Co-Convenors mentioned they will provide a document summarizing the main proposals discussed so far,” Brazil said.

Prior to the issuing of the report on 24 July, the facilitator, Ambassador Usha Dwarka-Canabady of Mauritius, informed members at a WTO General Council meeting that she has decided to cancel a HoD meeting that was scheduled to be held on 19 September.

The facilitator told members that “it might be best to leave the experts to do some more substantive work so that when we meet during the HoDs in October, it would have been six months down the line, and we might have a clearer idea of where we are going and, in particular, what issues are moving towards maturity.”

The facilitator said: “We can then move forward to start defining the contours of what an accessibility outcome would look like.”

While some ideas are being floated by countries such as Panama for an early harvest on the issues concerning “accessibility”, several other members opposed such moves, insisting that there has to be a clear picture on what is going to be the appeal/review mechanism.

In her report, the facilitator acknowledged that “we have seen a number of elements of convergence on accessibility, but it seems to me that we can only bake a cake when all ingredients are on the table.”

“So, at some point, we need to make sure that we have all the proposals on the table,” she added.

The facilitator welcomed “any great new ideas,” suggesting that members need to “have a timeline whereby everything is on the table” so as to “start thinking of the contours of how accessibility can be sketched out.”

She emphasized the need for accelerating the work on the appeal/review mechanism.

## “Confounding” the issues

On the appeal/review mechanism, the two co-convenors, Mr Joel Richards of Saint Vincent and the Grenadines and Ms Jessica Dickerson of Australia, informed members that experts have discussed the following items:

a. Reducing or changing incentives to appeal;

b. Clarifying Members' expectations of adjudicators;

c. Form of the mechanism; and

d. Access to the mechanism.

During the discussion on "reducing or changing incentives to appeal," the two co-convenors said that "many Members underscored their interest in preserving the right of appeal so as to correct legal errors."

"This notwithstanding," the co-convenors said, "several Members also emphasized the importance of establishing guardrails to reduce tactical or frivolous appeals."

According to the co-convenors, some Members noted that "there needed to be a degree of caution and some balance in not reducing legitimate incentives to appeal."

The report seems to somewhat confound the core issues, when the co-convenors maintained that "against this backdrop, there appeared to be some shared interest in exploring how Members could address incentives to appeal through:

a. making better use of interim review at the panel stage;

b. a political commitment to reduce appeals;

c. adjusting the reasonable period of time (RPT) for compliance; and

d. establishing parameters for the scope and standard of review."

It is not clear which countries are expressing "some shared interest", as it looks rather confusing, said a legal expert who asked not to be quoted.

Further, co-convenor Ms Dickerson of Australia said during the discussion "on the form of the (appeal/review) mechanism, Mr. Joel Richards and I encouraged Members to focus on interests and solutions, rather than on whether there should be a two-tier or single-tier dispute settlement system."

This observation by the co-convenors appears to raise questions as to whether they are echoing the concerns of the US, said the legal expert who asked not to be quoted.

Subsequently, the co-convenors observed: "Many Members underscored that a standing adjudicative body met their interests, which included correctness of decisions, legitimacy, efficiency, predictability, and consistency."

"However," the co-convenors said, "another perspective expressed was that a standing body did not guarantee correct decisions, and created a perception

that the body had greater authority and legitimacy than other adjudicators such as panellists."

"It was suggested that it could be fruitful to consider the different features of the institutional design of the appeal/review mechanism, with a view to identifying potential reforms" and "to give an example of one such feature, experts could consider the appointment process for appeal/review adjudicators," the co-convenors said.

### Access to mechanism

According to the co-convenors, on the issue of access to the mechanism, "many Members said that automatic, compulsory access was essential to meet their interests."

Several members noted that "such access protected them against power dynamics and was particularly important for developing Members."

The co-convenors said, "Some Members observed that compulsory jurisdiction was vital for the system's legitimacy and for Members' trust in the system."

Without naming the member, the co-convenors merely said, "an alternative view expressed was that automatic access to an appeal/review mechanism was not essential to have a system that supported parties to resolve their disputes. Under this view, the parties could decide the features of the system [that] would be useful to them, which would go towards addressing a concern about the perceived superiority of the second tier and the consequences flowing from that perception."

"In view of the difficulty of finding a

middle ground on this sub-topic," the co-convenors said, "it was suggested by some Members that it may be more beneficial to focus on other ideas, including those that would reduce incentives to appeal/review, and by establishing guardrails with respect to the scope and standard of review."

"In this connection, some Members also considered it important to assess the overall package of reforms and not view the issue of access to the mechanism in isolation," the co-convenors said.

According to the co-convenors, "experts have now had a first discussion on all of the six sub-topics in the existing Work Plan."

They said a draft on the appeal/review mechanism "will be shared with Members before discussions resume in September."

In conclusion, the co-convenors informed members that "as you know, if we are to restore a fully-functioning dispute settlement system that is accessible to all Members this year, we must find a solution to Appeal/Review that meets the interests and addresses the concerns of all Members to the greatest extent possible."

Surprisingly, at the HoD meeting on 18 July, the US, the European Union, Japan, and India among others did not make any statements.

In contrast, the countries that expressed their views included China, Indonesia, Bangladesh, Singapore, Samoa on behalf of the ACP (African, Caribbean, and Pacific) group of countries, Brazil, Pakistan, Panama, Uruguay, Cambodia, Chinese Taipei, Nigeria, South Africa, Switzerland, El Salvador, Argentina, Mexico, and Antigua and Barbuda, among others. (*SUNS 10058*)

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# JSI E-com co-convenors issue “stabilized” text, but no deal in sight

The co-convenors of the controversial Joint Statement Initiative (JSI) on Electronic Commerce issued a “stabilized” text on 26 July, but a final agreement on this issue appears to be nowhere in sight.

by *D. Ravi Kanth*

GENEVA: Many members of the ongoing controversial Joint Statement Initiative (JSI) on Electronic Commerce appear to have welcomed the “stabilized” text issued on 26 July by the co-convenors at the World Trade Organization, but the final agreement appears to be nowhere near closure, said people familiar with the discussions.

The United States as well as several other members of the JSI e-commerce negotiations expressed serious concerns/reservations over the “stabilized” text, allegedly styming an early agreement, said people familiar with the discussions.

It is a rather “toothless” agreement, and it remains to be seen how it will affect the JSI members when the current moratorium on customs duties on electronic transmissions is scheduled to be terminated before the commencement of the WTO’s 14th ministerial conference (MC14) in Cameroon in 2026, said a trade envoy who asked not to be quoted.

At a meeting of the JSI e-commerce participants on 26 July, the three co-convenors – Singapore, Japan and Australia – said that “after five years of negotiations under the WTO Joint Statement Initiative on Electronic Commerce, participants have reached a new phase, achieving stabilized text on the attached Agreement on Electronic Commerce that reflects a balanced and inclusive outcome.”

The co-convenors claimed that “Participants will proceed with their domestic processes, with a view to integrating the outcome of negotiations in the WTO legal framework.”

The three countries reaffirmed “the importance of supporting developing and least-developed country Members in implementing the Agreement on Electronic Commerce by addressing

their identified needs including through implementation periods, technical assistance and capacity building support.”

They said that “taking note of the evolving nature of cross-border electronic commerce and digital technology, participants recognise that some issues of importance to digital trade have not been addressed in this text.”

According to the “stabilized” text, “participants reserve the right in any future negotiations to propose amendments to the attached Agreement including with respect to scope, exceptions and dispute settlement.”

The co-convenors did not mention the issues that were excluded from the so-called “stabilized” text.

However, it is an open secret that the US, the initial proponent of the JSI negotiations on e-commerce since January 2019, removed its proposals on cross-border data flows, localization of servers, and source code among others due to alleged national security concerns.

Therefore, the watered-down “stabilized” text focused on digital trade facilitation provisions, and issues such as a permanent moratorium on customs duties on electronic transmissions, which seem to include electronic goods and services, said people familiar with the text.

Australia, one of the co-convenors, took to X (formerly known as Twitter) to claim success in crossing a major milestone in the JSI e-commerce negotiations.

In his X message, the Australian trade envoy, Ambassador James Baxter, thanked and congratulated the JSI members for “tirelessly” working “for five years to get us to this important milestone today.”

“On behalf of the JSI Co-Convenors,”

said Ambassador Baxter, “I hope this great achievement encourages continued momentum on our journey to incorporation.”

China’s minister counsellor for trade, Mr Fu, said that “keeping the WTO fit for the 21st-century economy requires updating the rule-book, particularly concerning digital trade.”

China, which did not join when the JSI on e-commerce was announced at the WTO’s eleventh ministerial conference (MC11) in Buenos Aires, Argentina, in December 2017, but joined at the Davos meeting in 2019, said that “we have stabilised the text after five years of joint efforts.”

The Chinese trade official expressed disappointment that “we cannot make it before the summer break. We also share the objective of seeking incorporation of this text as a WTO agreement.”

Though members “are very close to the finish line,” China suggested that “the last leg of a journey marks the halfway point,” adding that “to complete our journey, we must avoid that time and perfect become our enemies.”

The Chinese official suggested the following steps to conclude the process:

1. Given the top priority to finalize all issues on the table as scheduled, JSI participants “should lock in the existing hard-won outcomes and keep working on the remaining issues through a pragmatic and flexible approach.”

2. A clear roadmap and time-line towards fully concluding the negotiation are urgently needed. These will increase the sense of urgency of all participants and facilitate their domestic procedures.

3. The JSI should maintain its openness and inclusiveness as always. There may be some members who are not ready to join the consensus in the near future, but the door should never be closed.

## Reservations/opposition

However, the co-convenors appear to have presented an allegedly “misleading” picture in their document (INF/ECOM/87), not revealing the continued differences over several issues in the draft text, said people familiar with the discussions.

Indonesia’s trade envoy Ambassador Dandy Iswara appears to have opposed the provision on the permanent moratorium on customs duties on

electronic transmissions that has now been expanded to cover goods and services, said people familiar with the discussions.

Brazil, which appears to have been the first country to take the floor at the meeting, issued a long statement raising serious reservations about the draft text, said people familiar with the discussions.

A US representative is understood to have said that Washington is not in a position to consider the “stabilized” text as final, adding that the US continues to have serious concerns, said people familiar with the discussions.

The US official, according to people who spoke to the SUNS on the condition of anonymity, said it is not happy with the “stabilized” text.

In fact, the countries that expressed reservations on one ground or the other include Brazil, Colombia, El Salvador, Guatemala, Indonesia, Paraguay, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Turkiye and the United States.

It appears that out of around 91 WTO members who are participants in the JSI e-commerce negotiations, some seventy countries consider the “stabilized” text as a basis for making progress towards the final agreement, said people familiar with the discussions.

### E-com moratorium

On the issue of customs duties on electronic transmissions, the “stabilized” text suggests that “the practice of not imposing custom duties on electronic transmissions” will be reviewed at the end of the fifth year after the agreement is incorporated into the WTO’s rule-book.

Article 11 on Customs Duties on Electronic Transmissions states:

“11.1 For the purposes of this Article, “electronic transmission” means a transmission made using any electromagnetic means and includes the content of the transmission.

11.2 The Parties acknowledge the importance of the Work Programme on Electronic Commerce (WT/L/274) and recognize that the practice of not imposing customs duties on electronic transmissions has played an important role in the development of the digital economy.

11.3 No Party shall impose customs duties on electronic transmissions

between a person of one Party and a person of another Party.

11.4 For greater certainty, paragraph 3 does not preclude a Party from imposing internal taxes, fees, or other charges on electronic transmissions in a manner not inconsistent with the WTO Agreement.

11.5 Taking into account the evolving nature of electronic commerce and digital technology, the Parties shall review this Article in the fifth year after the date of entry into force of this Agreement, and periodically thereafter, with a view to assessing the impacts of this Article and whether any amendments are appropriate.”

It remains rather unclear what changes the “stabilized” text may undergo once countries carry out a thorough legal scrutiny of every provision of the text by their respective legal authorities, said people familiar with the discussions.

As previously reported, the agreement’s 38 articles comprise eight sections.

Section A includes “Scope” in Article 1, “Definitions” in Article 2, and “Relation to Other Agreements” in Article 3.

Section B, focused on “Enabling Electronic Commerce”, covers “Electronic Transactions Framework” in Article 4; “Electronic Authentication and Electronic Signatures” in Article 5; “Electronic Contracts” in Article 6; “Electronic Invoicing” in Article 7; “Paperless Trading” in Article 8; “Single Windows Data Exchange and System Interoperability” in Article 9; and “Electronic Payments” in Article 10.

Section C on “Openness and Electronic Commerce” includes “Customs

Duties on Electronic Transmissions” in Article 11; “Open Government Data” in Article 12; and “Access to and Use of Internet for Electronic Commerce” in Article 13.

Section D, which addresses “Trust and Electronic Commerce”, includes “Online Consumer Protection” in Article 14; “Unsolicited Commercial Electronic Messages (Spam)” in Article 15; “Personal Data Protection” in Article 16; and “Cyber Security” in Article 17.

Section E, which deals with “Transparency, Cooperation, and Development”, includes “Transparency” in Article 18; “Cooperation” in Article 19; and “Development” in Article 20.

Section F deals with “Telecommunications” in Article 21.

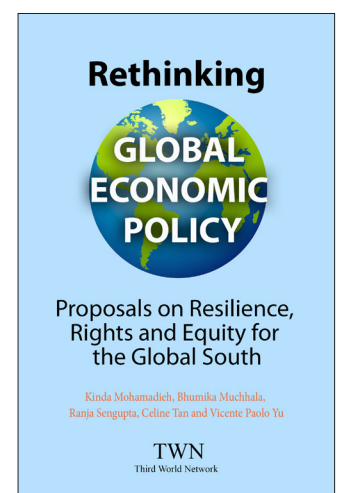
Section G, which is focused on broad “Exceptions”, consists of “General Exceptions” in Article 22; “Security Exception” in Article 23; “Prudential Measures” in Article 24; “Personal Data Protection Exception” in Article 25; and “Indigenous Peoples” in Article 26.

Section H on “Institutional Arrangements and Final Provisions” covers “Dispute Settlement” in Article 27; “Committee on Trade-Related Aspects of Electronic Commerce” in Article 28; “Acceptance and Entry into Force” in Article 29; “Implementation” in Article 30; “Reservations” in Article 31; “Amendments” in Article 32; “Withdrawal” in Article 33; “Non-application of this Agreement between Particular Parties” in Article 34; “Review” in Article 35; “Secretariat” in Article 36; “Deposit” in Article 37; and “Registration” in Article 38. (SUNS 10056)

## Rethinking Global Economic Policy

### Proposals on Resilience, Rights and Equity for the Global South

By *Kinda Mohamadieh, Bhumika Muchhala, Ranja Sengupta, Celine Tan and Vicente Paolo Yu*



Available at: <https://twn.my/title2/books/pdf/Rethinking%20Global%20Economic%20Policy.pdf>

# Strong lending to non-banks drives cross-border credit, says BIS

The Basel-based Bank for International Settlements (BIS) has reported that global cross-border bank claims increased by \$1.1 trillion during the first quarter of 2024, with bank credit driving this increase.

by Kanaga Raja

PENANG: Global cross-border bank claims increased by \$1.1 trillion during the first quarter of 2024, mainly driven by bank credit comprising loans and holdings of debt securities, according to the Bank for International Settlements (BIS).

In its latest statistics on international banking activity as at end-March 2024, BIS said that growth in cross-border bank credit in Q1 of 2024 was driven by a 6% year-on-year (yoy) increase in credit to the United States and other major advanced economies, mainly as lending to non-banks.

Meanwhile, credit to emerging markets was supported by strong lending to Brazil and China, it added.

BIS noted that growth in cross-border credit was mostly due to seasonal factors that are particularly important for reporting banks in some jurisdictions.

## Continued growth in credit

According to the Basel-based central bank for the world's central banks, its locational banking statistics (LBS) show that banks' global cross-border claims rose by \$1.1 trillion over Q1 2024 on a foreign exchange and break-adjusted basis.

Their outstanding stock reached \$39.6 trillion, representing 5% yoy growth, it said.

BIS said the Q1 surge reflected mainly greater credit, which includes loans and holdings of debt securities but excludes the market value of derivatives and other instruments.

"Credit to the United States and other major advanced economies (AEs) contributed the most to the overall Q1 rise."

At the same time, BIS said the latest quarterly rise in cross-border credit was mostly due to seasonal factors that are particularly important for reporting banks in some jurisdictions (e.g France

and Germany).

Such banks tend to contract their positions towards year-end for accounting reasons, only to expand them again the following quarter, it noted.

Seasonal effects appear to have accounted for around 70% of the overall \$1.0 trillion expansion of credit in Q1, leaving the estimated underlying increase at a more modest \$310 billion, said BIS.

Much of the rise in global cross-border credit during Q1 was driven by lending to non-bank borrowers, furthering the trend observed in recent quarters, it pointed out.

As a result, BIS said that credit to non-banks is now growing by 10% yoy, a rate not seen since early 2020.

Within the non-bank sector, credit to non-bank financial institutions (NBFIs) rose the most in Q1, BIS reported.

It said much of this increase reflected credit to NBFIs residing in the Cayman Islands and, to a lesser extent, in the United Kingdom and the United States.

As a result, the yoy growth in credit to the NBFI sector rose to 10%, up from 9% in the previous quarter and 1% at

end-2022.

BIS said bank credit to the non-financial sector also expanded noticeably in Q1, pushing the yoy growth rate to 9%.

Much of this reflected greater credit to the non-financial sector in the United States, as banks located in other major AEs (e.g France) reported greater holdings of government bonds, it noted.

## Credit to EMDEs grows

Cross-border bank credit to emerging market and developing economies (EMDEs) rose by \$111 billion during Q1 2024, the largest quarterly increase observed in the past three years, said BIS, adding that this pushed the yoy growth rate to 2%.

Banks located in the United States, Hong Kong SAR and Germany drove the overall increase, while credit in Chinese renminbi grew by a record \$49 billion during the quarter, it said.

However, BIS said that developments in credit diverged somewhat across the main regions.

Credit to the Asia-Pacific region expanded by \$64 billion in Q1 2024, pushing the yoy growth rate of credit into positive territory.

Elsewhere, credit to borrowers in Africa and the Middle East expanded by \$29 billion in Q1 (4% yoy), outpacing the expansion in credit to emerging Europe (+\$12 billion or 9% yoy).

Cross-border credit to Latin America grew by 2% yoy, driven by credit to borrowers in Brazil (+8% yoy), said BIS. (SUNS 10060)

# US dollar credit to non-banks in EMDEs further strengthens

United States dollar credit to non-banks in emerging market and developing economies (EMDEs) showed positive growth for the first time in nearly two years, according to the Bank for International Settlements (BIS).

by Kanaga Raja

PENANG: Growth in United States dollar credit to non-banks in emerging market and developing economies (EMDEs) turned positive for the first time in nearly two years, fuelled by an increase in bond

financing, according to the Bank for International Settlements (BIS).

Reporting on its global liquidity indicators as at end-March 2024, BIS said since the Great Financial Crisis

of 2007-09, non-bank borrowers have increasingly turned to international bond financing rather than to bank loans.

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

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

According to BIS, foreign currency credit denominated in US dollars and euros inched up over Q1 2024, while yen credit barely changed.

The \$269 billion quarterly increase in dollar credit to non-banks outside the United States drove the outstanding stock slightly above \$13 trillion. As a result, the growth rate recovered to 2% yoy, it said.

Euro credit to non-banks outside the euro area increased by EUR 118 billion, which pushed the stock of credit just above EUR 4.2 trillion (\$4.6 trillion), or 5% higher than a year earlier, it added.

Yen credit to non-banks outside Japan fell slightly in Q1, with the stock remaining close to 64 trillion yen (\$429 billion).

Nevertheless, BIS said that rapid growth in previous quarters still left the stock 15% higher than a year ago.

Dollar credit to non-banks in EMDEs strengthened further in Q1 2024, fuelled by an increase in bond financing, said BIS.

The \$60 billion increase in dollar credit left the stock at \$5.2 trillion, it noted.

At 1%, yoy credit growth turned positive for the first time in almost two years, said the Basel-based central bank for the world's central banks.

Looking across regions, BIS said dollar credit to non-bank borrowers in Africa and the Middle East rose the most in Q1, followed by credit to those in Latin America and emerging Europe.

“Dollar credit to emerging Asia-Pacific fell slightly despite an increase of \$15 billion to non-banks located in China.”

Since the Great Financial Crisis of 2007-09, non-bank borrowers have increasingly turned to international bond

financing rather than to bank loans, BIS observed.

BIS also said that the share of bond financing in dollar and euro credit has risen by 14 and 13 percentage points, respectively, since late 2008.

On the other hand, it said the share of bonds in outstanding yen credit on all non-bank borrowers has dropped by 18 percentage points since 2008.

These general patterns remained even during the broad monetary policy tightening observed after early 2022, BIS said.

It added that higher US policy rates

led to a stronger dollar throughout 2022, weighing on dollar-denominated credit, but growth in bond financing held up better than bank lending through mid-2023.

In the euro segment, growth in bond issuance remained positive after the European Central Bank raised policy rates from July 2022 onwards, said BIS.

As a result, it said that the euro bond share reached 61%, the highest on record.

Only for global yen credit did loan growth consistently outpace bond issuance in recent years, BIS noted. (SUNS 10060)

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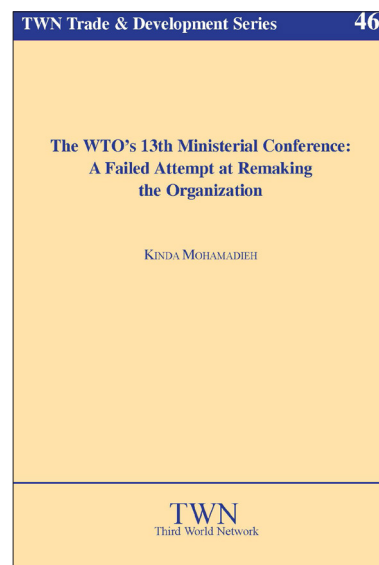
### The WTO's 13th Ministerial Conference: A Failed Attempt at Remaking the Organization

By Kinda Mohamadieh

The World Trade Organization (WTO)'s 13th Ministerial Conference (MC13), held in Abu Dhabi on 26 February–2 March 2024, was a stage where moves to reshape the governing body for international trade were played out. Spearheaded by developed countries, these efforts aim at loosening decision-making practices at the WTO in order to more easily expand the organization's ambit into new areas. Such a push could not only sideline longstanding issues of interest to developing countries but also distort the WTO's legal architecture of rules and erode its multilateral character.

This paper looks at how the attempt to remake the WTO unfolded at MC13, focusing among others on the difficult negotiations to draw up the main outcome document of the conference, and on the contentious issues of investment facilitation and services domestic regulation that were sought to be introduced into the WTO rulebook. The author also contends that this drive at remaking the organization will continue beyond MC13 and could come to have a major bearing on the very role and future of the WTO.

Available at: <https://twn.my/title/tnd/td46.htm>



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# World set back by 15 years in fight against hunger, says report

Five United Nations specialized agencies have reported that the world has been set back by 15 years in its fight against hunger, with levels of undernourishment comparable to those in 2008-2009.

by Kanaga Raja

PENANG: Between 713 and 757 million people faced hunger in 2023, equivalent to one out of 11 people in the world, and one out of every five in Africa, according to a new report by five United Nations specialized agencies.

The annual report on the “State of Food Security and Nutrition in the World”, released on 24 July, warned that the world is falling significantly short of achieving Sustainable Development Goal (SDG) 2, or “Zero Hunger”, by 2030.

The report found that the world has been set back 15 years, with levels of undernourishment comparable to those in 2008-2009.

It also said despite some progress in specific areas such as stunting and exclusive breastfeeding, an alarming number of people continue to face food insecurity and malnutrition as global hunger levels have plateaued for three consecutive years, with between 713 and 757 million people undernourished in 2023 - approximately 152 million more than in 2019 when considering the mid-range (733 million).

The report said regional trends vary significantly, with hunger still on the rise in Africa, but remaining relatively unchanged in Asia, while notable progress has been made in the Latin America and Caribbean region.

It warned that if current trends continue, about 582 million people will be chronically undernourished in 2030, half of them in Africa.

The report was jointly published by the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Children’s Fund (UNICEF), the UN World Food Programme (WFP), and the World Health Organization (WHO).

FAO Director-General Qu Dongyu said: “Transforming agrifood systems is more critical than ever as we face

the urgency of achieving the SDGs within six short years. FAO remains committed to supporting countries in their efforts to eradicate hunger and ensure food security for all. We will work together with all partners and with all approaches, including the G20 Global Alliance against Hunger and Poverty, to accelerate the needed change. Together, we must innovate and collaborate to build more efficient, inclusive, resilient, and sustainable agrifood systems that can better withstand future challenges for a better world.”

IFAD President Alvaro Lario said that: “The fastest route out of hunger and poverty is proven to be through investments in agriculture in rural areas. But the global and financial landscape has become far more complex since the Sustainable Development Goals were adopted in 2015. Ending hunger and malnutrition demands that we invest more – and more smartly. We must bring new money into the system from the private sector and recapture the pandemic-era appetite for ambitious global financial reform that gets cheaper financing to the countries who need it most.”

UNICEF Executive Director Catherine Russell said: “Malnutrition affects a child’s survival, physical growth, and brain development. Global child stunting rates have dropped by one third, or 55 million, in the last two decades, showing that investments in maternal and child nutrition pay off. Yet globally, one in four children under the age of five suffers from undernutrition, which can lead to long-term damage. We must urgently step-up financing to end child malnutrition. The world can and must do it. It is not only a moral imperative but also a sound investment in the future.”

WFP Executive Director Cindy McCain said: “A future free from hunger is possible if we can rally the resources

and the political will needed to invest in proven long-term solutions. I call on G20 leaders to follow Brazil’s example and prioritize ambitious global action on hunger and poverty. We have the technologies and know-how to end food insecurity – but we urgently need the funds to invest in them at scale. WFP is ready to step up our collaboration with governments and partners to tackle the root causes of hunger, strengthen social safety nets and support sustainable development so every family can live in dignity.”

WHO Director-General Dr. Tedros Adhanom Ghebreyesus said that: “The progress we have made on reducing stunting and improving exclusive breastfeeding shows that the challenges we face are not insurmountable. We must use those gains as motivation to alleviate the suffering that millions of people around the world endure every day from hunger, food insecurity, unhealthy diets and malnutrition. The substantial investment required in healthy, safe and sustainably produced food is far less than the costs to economies and societies if we do nothing.”

## Global Hunger

In reference to SDG Indicator 2.1.1 (Prevalence of undernourishment), the report said that the assessment of global hunger in 2023, measured by the prevalence of undernourishment (PoU) (SDG Indicator 2.1.1), reveals a continuing lack of progress towards the goal of “Zero Hunger”.

The report said inflationary pressures, in particular increases in the relative prices of food, continue to erode economic gains for many people’s access to food in many countries, as the world is still struggling to recover from the global pandemic, hampered by a growing number of conflicts and extreme weather events.

It said after rising sharply from 2019 to 2021, the proportion of the world population facing hunger persisted at virtually the same level for three consecutive years, with the latest estimates indicating a global PoU of 9.1 percent in 2023.

In terms of population, between about 713 and 757 million people (8.9 and 9.4 percent of the global population, respectively) were estimated to be undernourished in 2023.

Considering the mid-range estimate (733 million), about 152 million more people may have faced hunger in 2023 compared to 2019, said the report.

Africa is the region with the largest PoU – 20.4 percent, compared with 8.1 percent in Asia, 6.2 percent in Latin America and the Caribbean, and 7.3 percent in Oceania, it noted.

However, Asia is still home to the largest number: 384.5 million, or more than half of all those facing hunger in the world.

In Africa, 298.4 million people may have faced hunger in 2023, compared with 41.0 million in Latin America and the Caribbean and 3.3 million in Oceania.

While there was no change in the prevalence of hunger at the global level, the trends across and within regions varied, said the report.

The PoU for Africa increased continuously from 2015 to 2023, whereas hunger has been on the decline in Latin America and the Caribbean since 2021 and remained relatively unchanged in Asia in the same period.

In Africa, hunger has been rising steadily since 2015. More than one person out of five living in Africa may have faced hunger in 2023, said the report.

Hunger increased in most sub-regions of Africa from 2022 to 2023, with the exception of Eastern Africa and Southern Africa.

The trend in hunger in Asia mirrored that at the global level, characterized by a sharp increase from 2019 to 2021, followed by two years of virtually no change, with 8.1 percent of the population still facing hunger in 2023, it added.

In Central Asia, following an increase from 2.6 percent in 2019 to 3.2 percent in 2020, the PoU decreased slightly in subsequent years to 3.0 percent in 2023.

In South-eastern Asia, the PoU increased slowly from 5.5 percent in 2019 to 6.1 percent in 2022 and remained unchanged in 2023.

“In Southern Asia, encouraging progress was seen for two years in a row. Following a sharp rise from 2019 to 2021, the PoU decreased from 14.5 percent in 2021 to 13.9 percent in 2023 – the equivalent of 7.7 million fewer people facing hunger.”

In contrast, the situation continued to deteriorate in Western Asia, where hunger has been on the rise since 2015, reaching 12.4 percent in 2023, said the report.

It said in Latin America and the Caribbean, the two-year rise in hunger in the wake of the COVID-19 pandemic mirrored the global trend, but the recovery has been considerably stronger.

After increasing from 5.6 percent in 2019 to 6.9 percent in 2021, the PoU fell for two consecutive years, reaching 6.2 percent in 2023 – a decrease equivalent to 4.3 million people in two years, driven mainly by improvements in South America.

The progress is encouraging, although the PoU is still far above pre-pandemic levels, the report noted.

At the same time, there is a notable disparity in progress at the sub-regional level, with hunger affecting a much larger proportion of the population, and rising, in the Caribbean, it said.

“The PoU in the Caribbean was more than three times that in Latin America in 2023, and it showed a marked increase from 15.4 percent in 2021 to 17.2 percent in 2023.”

This contrasts with the trend in Central America, where the PoU increased only slightly from 5.6 percent in 2019 to 5.9 percent in 2022, and then showed a marginal decline in 2023.

However, the report said that the most progress has been made in South America, where the PoU fell for two consecutive years by a total of 1.3 percentage points, down to 5.2 percent in 2023, after increasing sharply from 4.8 percent in 2019 to 6.5 percent in 2021, in the wake of the pandemic, amounting to 5.4 million fewer people facing hunger in South America in 2023 compared to 2021.

In its projection on how many people may be facing hunger in 2030, the report said that the current scenario shows that 582 million people, or 6.8 percent of the global population, will be chronically undernourished in 2030, pointing to the immense challenge of achieving SDG 2 (Zero Hunger).

This is about 130 million more undernourished people than in the “projections before COVID-19 pandemic” scenario, it added.

Practically all progress in the fight against hunger is expected to be made in Asia, with a strong recovery in the second half of the decade, where the number of undernourished is projected to fall from the current 385 million to 229 million people by 2030, nearly halving the prevalence of undernourishment (4.8

percent by 2030).

Latin America and the Caribbean will reduce chronic hunger at a slower pace, by 8 million people, and will bring the prevalence of undernourishment below 5 percent by 2030, said the report.

These two regions contrast sharply with Africa, where it is projected that 10 million more people (18 percent of the population) will be facing chronic hunger by 2030.

Without accelerated efforts and increased resource mobilization, under current prospects, the continent will only manage to stabilize the situation at the high level of hunger inherited from the last few years, said the report.

### Food insecurity

On SDG Indicator 2.1.2 (Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale), the report said that new estimates show that the global prevalence of moderate or severe food insecurity based on the Food Insecurity Experience Scale still remains far above the pre-COVID-19 pandemic levels, with little change in four years.

Since a sharp increase in food insecurity from 2019 to 2020 during the pandemic, levels have remained virtually unchanged, it noted.

In 2023, an estimated 28.9 percent of the global population – 2.33 billion people – were moderately or severely food insecure, meaning they did not have regular access to adequate food.

While the prevalence remained virtually unchanged from 2020 to 2023, the number of people facing moderate or severe food insecurity in the world nevertheless increased by more than 65 million, as the global population grew during that period, said the report.

These estimates include 10.7 percent of the population – or more than 864 million people – who were severely food insecure, meaning they had run out of food at times during the year and, at worst, gone an entire day or more without eating, the five UN agencies noted.

The prevalence of severe food insecurity at the global level rose from 9.1 percent in 2019 to 10.6 percent in 2020 and has remained stubbornly unchanged since then, they said.

Comparing situations in the different regions of the world in 2023, the report said Africa remains the region with the

largest proportion of the population facing food insecurity.

It said the prevalence of moderate or severe food insecurity in Africa (58.0 percent) is nearly double the global average, whereas in Asia, Latin America and the Caribbean, and Oceania, the prevalence is closer to and slightly below the global estimate – 24.8, 28.2 and 26.8 percent, respectively.

From 2022 to 2023, food insecurity at moderate or severe levels remained virtually unchanged in Africa and Asia, while it worsened in Oceania and, to a lesser extent, in Northern America and Europe.

In contrast, the report said that notable progress was made in the Latin America and Caribbean region.

In Africa, 58.0 percent of the population was moderately or severely food insecure in 2023, and 21.6 percent faced severe food insecurity, although the differences between sub-regions were notable, said the report.

Middle Africa had the highest prevalence of moderate or severe food insecurity (77.7 percent, or 157 million people), making it the sub-region with the highest level in the world.

It is followed by Eastern Africa (64.5 percent, or 313 million people) and Western Africa (61.4 percent, or 270 million people).

One-quarter of the population of Southern Africa (17.3 million people) and more than one-third of Northern Africans (89.4 million people) were affected by moderate or severe food insecurity in 2023.

Middle Africa is also the sub-region with the highest level of severe food insecurity in Africa and in the world – 38.0 percent in 2023, said the report.

In Eastern Africa, 24.2 percent of the population is severely food insecure, followed by Western Africa (18.8 percent), Northern Africa (11.9 percent) and Southern Africa (10.9 percent).

The report said that from 2022 to 2023, the proportion of the population experiencing moderate or severe food insecurity increased at least marginally in most sub-regions of Africa, especially in Southern Africa, where it increased by 2.1 percentage points.

However, it said that improvements were seen in Eastern Africa – one of the most affected sub-regions – with a 2.6 percentage-point decrease from 2022 to 2023, which is equivalent to more than 4

million fewer people facing moderate or severe food insecurity in Eastern Africa in one year.

Turning to Asia, the report said 24.8 percent of the population (1.18 billion people) were moderately or severely food insecure in 2023, and 9.8 percent (467.3 million) faced severe food insecurity.

It said the majority live in Southern Asia, where 41.1 percent of the population, or 833.4 million people, faced moderate or severe food insecurity, close to half of whom were severely food insecure (387.7 million people, or 19.1 percent of the population in that sub-region).

In Western Asia, 37.5 percent (111.9 million) were moderately or severely food insecure and 13.3 percent (39.7 million) faced severe food insecurity.

The prevalence of moderate or severe food insecurity was comparatively lower in Central Asia (16.6 percent, or 12.9 million people) and South-eastern Asia (17.1 percent, or 117.7 million people) and lowest in Eastern Asia (6.3 percent, equivalent to 105.2 million people).

The proportion of the population facing severe food insecurity in these sub-regions was also much lower: 3.4 percent, 2.9 percent and 1.0 percent in Central Asia, South-eastern Asia and Eastern Asia, respectively.

However, the report said trends at the sub-regional level in Asia differ. In Eastern Asia, food insecurity levels remained virtually unchanged from 2021.

In Southern Asia and South-eastern Asia, the prevalence of food insecurity at both levels of severity remained about the same from 2022 to 2023.

It said there were signs of progress in Western Asia in the same period, although the prevalence of severe food insecurity was slightly higher in 2023 compared to 2021.

Central Asia is the only sub-region that has shown consistent progress since 2021, with food insecurity at both levels of severity decreasing for two years in a row: 2.4 million fewer people faced moderate or severe food insecurity in Central Asia in 2023 compared to 2021, and more than 1 million fewer people faced severe food insecurity.

Latin America and the Caribbean is the only region that made progress from 2022 to 2023 towards achieving SDG Target 2.1, said the report.

“The regional prevalence of food insecurity in the region decreased notably for the second year in a row, from 31.4

percent in 2022 to 28.2 percent in 2023 for moderate or severe food insecurity, and from 11.0 percent to 8.7 percent for severe food insecurity.”

The report said this is equivalent to nearly 20 million fewer people facing moderate or severe food insecurity in 2023 compared to 2022, including more than 14 million fewer people facing severe food insecurity.

However, the report noted that there are important sub-regional differences.

For instance, it said that in 2023, the prevalence of moderate or severe food insecurity in the Caribbean (58.8 percent) was more than double that of Central America (28.2 percent) and South America (25.1 percent).

Changes from 2022 to 2023 were only marginal in Central America and in the Caribbean, although severe food insecurity rose marginally in the Caribbean since 2021.

In contrast, the report said encouraging progress was seen in South America. The prevalence of moderate or severe food insecurity fell for the second consecutive year, from 29.6 percent in 2022 to 25.1 percent in 2023 – the equivalent of 18.7 million fewer people facing moderate or severe food insecurity.

The prevalence of severe food insecurity in South America also decreased markedly, from 10.4 percent in 2022 to 7.2 percent in 2023 – the equivalent of nearly 14 million fewer people.

The report said food insecurity appears to be on the rise in Oceania. Moderate or severe food insecurity rose steadily from 23.2 percent in 2020 to 26.8 percent in 2023, with a 2.7 percentage-point increase in the last year alone.

The prevalence of severe food insecurity also increased marginally in the last year, from 9.3 percent in 2022 to 10.4 percent in 2023, said the report.

It said food insecurity worsened slightly in Northern America and Europe between 2022 and 2023, though the difference remains within statistical margins of error. The prevalence of moderate or severe food insecurity in 2023 was 8.2 percent in Europe and 9.8 percent in Northern America, while 2.0 percent and 1.0 percent of the populations, respectively, faced food insecurity at severe levels.

Though the prevalence of moderate or severe food insecurity in Asia is about half that of Africa, Asia accounts for

a larger share of the number of food-insecure people in the world - 1.18 billion in Asia compared with 847 million in Africa, said the report.

In 2023, half of the 2.33 billion food-insecure people in the world lived in Asia, more than one-third in Africa, about 8 percent (188 million) in Latin America and the Caribbean, and about 4 percent (98 million) in Northern America and Europe.

Severely food-insecure people account for the largest proportion of the total number of moderately or severely food insecure in Asia (about 40 percent), followed by Africa (37 percent), Latin America and the Caribbean (31 percent), and Northern America and Europe (18 percent).

The report also found that just as for 2022, results for 2023 show a pattern of decreasing food insecurity with an increasing degree of urbanization at the global level.

The prevalence of moderate or severe food insecurity was 31.9 percent in rural areas compared with 29.9 percent in peri-urban areas and 25.5 percent in urban areas.

Globally and in all regions except Northern America and Europe, the prevalence of food insecurity, at both levels of severity, is consistently higher in rural areas than in urban areas.

The report said that Northern America and Europe, considered together for this analysis, is the only region where people living in urban areas are more food insecure than those living in rural areas.

A comparison of the food insecurity status of men and women shows that the prevalence of food insecurity has remained consistently higher among women than among men, globally and in all regions, since data first became available in 2015, said the report.

“The gender gap widened considerably at the global level and in every region except Africa between 2019 and 2021 in the wake of the global COVID-19 pandemic, largely due to the disproportionate impact on women’s jobs and incomes and their larger burden of unpaid care-giving for out-of-school children and sick family members.”

The report said that at the global level, the gender gap in moderate or severe food insecurity jumped from a 1.4 percentage-point difference between men

and women in 2019 to 3.6 percentage points in 2021, and for severe food insecurity, from a 0.6 percentage point difference to 2.3 percentage points in the same period.

The gender gap narrowed markedly in 2022 as the pandemic and its unprecedented disruptions eased, and new data indicate that it continued to grow smaller in 2023, said the report.

Globally, the percentage-point difference in the prevalence of moderate or severe food insecurity between men and women fell to 2.3 in 2022 and narrowed further to 1.3 in 2023. For

severe food insecurity, the gap narrowed to 1 percentage point in 2022 and remained about the same in 2023.

The lack of improvement in food security and the uneven progress in the economic access to healthy diets cast a shadow over the possibilities of achieving Zero Hunger in the world, six years away from the 2030 deadline, the report said.

“There is the need to accelerate the transformation of our agrifood systems with greater resilience to the major drivers, addressing inequalities to ensure that healthy diets are affordable and available to all,” it added. (SUNS 10054)

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

*NurFitri Amir Muhammad*

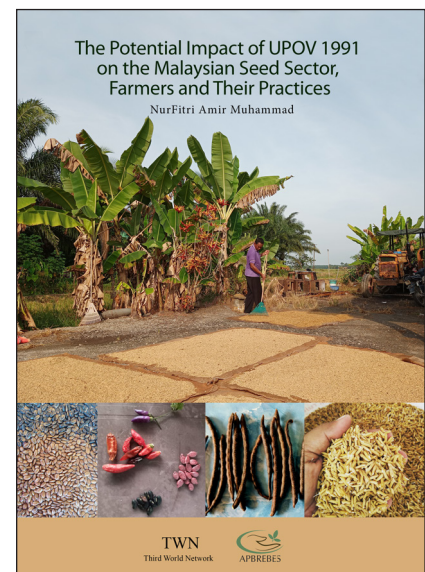
Malaysia has a unique and functional system in place for protecting intellectual property on plant varieties. Its Protection of New Plant Varieties Act 2004 provides for the granting of rights to plant breeders while also recognizing farmers’ innovations and safeguarding exceptions for their rights to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

This delicate balance could however be upended if Malaysia signs on to the 1991 Act of the International

Convention for the Protection of New Varieties of Plants (UPOV 1991). Designed to further the interests of commercial breeders in developed countries, the UPOV 1991 regime will severely restrict the age-old farming practice of seed saving and promote corporate seed monopolies in its stead, thereby undermining farming livelihoods, food security and agricultural biodiversity.

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

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



# World services exports rise by 8.2% in Q1 2024, says UNCTAD

UN Trade and Development (formerly known as UNCTAD) has reported that the value of world services exports increased by 8.2% year-on-year in the first quarter (Q1) of 2024, with travel exports registering a significant rise.

by Kanaga Raja

PENANG: The value of world services exports increased by 8.2% year-on-year in the first quarter (Q1) of 2024, according to UN Trade and Development (formerly known as UNCTAD).

In its latest quarterly bulletin (Q1 2024) on trade in services, UN Trade and Development said that in a continued recovery from the COVID-19 pandemic, travel exports registered a rise of almost 20% year-on-year (YoY).

International transport services sales, which had recovered from the pandemic earlier, increased by 1% in Q1, after registering a decrease in every quarter of 2023, it added.

Growth in exports of other services was solid in Q1 2024 (+7.3%), said the report.

Most services in that category can be traded digitally, that is remotely through computer networks, it noted.

Digitally deliverable services trade boosted during the pandemic and has since then been on a continuous rise, the report further said.

The quarter-on-quarter seasonally adjusted growth rate of services exports was estimated at 2.2% in Q1 2024, slightly higher than in Q4 2023.

The report said that the highest relative expansion was recorded for Asia and Oceania.

Region-wise, Q1 witnessed similar services exports growth across all regions, gravitating around 8 to 9% YoY.

Imports also grew at comparable rates, except in Latin America and the Caribbean, where only a small rise of 0.9% was recorded in imports, said the report.

The main driver of the YoY rise of services exports in Q1 2024 was the ample growth of international travel receipts, it added.

“In the continued post-COVID-19 recovery, travel receipts increased by

30.2% in Asia. International travel exports’ growth surpassed 10% in all regions.”

Transport exports dropped by 3.5% in Europe, while in other regions they registered growth ranging between 5.5 and 7.2%, said the report.

Other services grew steadily in all regions, witnessing the highest YoY growth in Europe (9.6%), it added.

According to the report, the top ten leading exporters among developing economies in Q1 2024 are China (\$105 billion); India (\$89 billion); Singapore (\$89 billion); Hong Kong SAR (\$29 billion); Turkiye (\$20 billion); Thailand (\$18 billion); Mexico (\$16 billion); Saudi

Arabia (\$16 billion); Taiwan Province of China (\$14 billion); and the Philippines (\$13 billion).

The top ten leading exporters among developed economies in Q1 2024 are the United States (\$256 billion); the United Kingdom (\$143 billion); Ireland (\$112 billion); Germany (\$105 billion); France (\$87 billion); the Netherlands (\$77 billion); Japan (\$54 billion); Spain (\$45 billion); Switzerland (\$45 billion); and Canada (\$38 billion).

According to the report, the top ten leading importers among developing economies in Q1 2024 are China (\$151 billion); Singapore (\$79 billion); India (\$64 billion); Saudi Arabia (\$26 billion); Brazil (\$23 billion); Hong Kong SAR (\$23 billion); Thailand (\$17 billion); Mexico (\$17 billion); Taiwan Province of China (\$16 billion); and Malaysia (\$13 billion).

The top ten leading importers among developed economies in Q1 2024 are the United States (\$185 billion); Germany (\$119 billion); Ireland (\$103 billion); the United Kingdom (\$92 billion); France (\$80 billion); the Netherlands (\$75 billion); Japan (\$58 billion); Switzerland (\$48 billion); Canada (\$42 billion); and the Republic of Korea (\$39 billion). (SUNS 10065)

## Putting the Third World First

A Life of Speaking Out for the Global South

*Martin Khor in conversation with Tom Kruse*

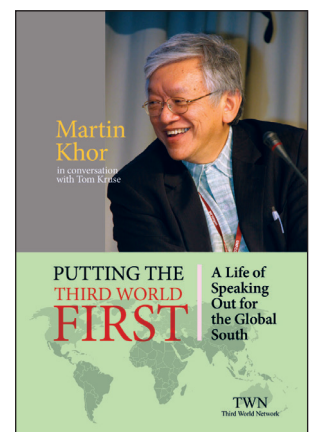
Martin Khor was one of the foremost advocates of a more equitable international order, ardently championing the cause of the developing world through activism and analysis. In this expansive, wide-ranging conversation with Tom Kruse – his final interview before his passing in 2020 – he looks back on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

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

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

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

To buy the book, visit <https://twn.my/title2/books/Putting%20the%20TW%20first.htm> or email [twn@twnnetwork.org](mailto:twn@twnnetwork.org)



# Global food prices remain unchanged for second month in a row

The international prices of key food commodities remained broadly unchanged for the second month in a row in July, according to the UN Food and Agriculture Organization (FAO).

by Kanaga Raja

PENANG: The international prices of a basket of key agricultural food commodities were broadly unchanged for the second month in a row in July, as declining prices for major cereals offset increases in the prices of vegetable oils, meat products and sugar, the UN Food and Agriculture Organization (FAO) has said.

According to FAO, its Food Price Index (FFPI) stood at 120.8 points in July 2024, marginally below its revised figure for June, as a decrease in the price index for cereals outweighed increases in price indices for vegetable oil, meat products, and sugar, while the dairy index was almost unchanged.

Overall, the FFPI remained 3.1 percent lower than its corresponding value one year ago and 24.7 percent below its peak of 160.3 points reached in March 2022, it said.

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

According to FAO, its Cereal Price Index averaged 110.8 points in July, down 4.4 points (3.8 percent) from June and 15.1 points (12.0 percent) from its July 2023 value.

Global export prices of all major cereals decreased month-on-month for a second consecutive month, it said.

It said that increasing seasonal availability from ongoing winter wheat harvests in the northern hemisphere, and generally favourable conditions in Canada and the United States of America supporting expectations for large spring wheat harvests continued to put downward pressure on international wheat prices.

Strong exporter competition and weak global demand also weighed on the wheat prices, FAO said, adding that

seasonal pressure underpinned a decline in maize export prices as well.

It said harvesting in Argentina and

Brazil progressed ahead of last year's pace, while crop condition ratings in the United States of America remained above last year and average levels.

Among other coarse grains, world prices of barley and sorghum also fell in July, it added.

The FAO All Rice Price Index declined by 2.4 percent in July, as generally quiet trading activities kept Indica and Japonica quotations under downward pressure, said FAO.

According to FAO, its Vegetable Oil Price Index averaged 135.0 points in July, up 3.2 points (2.4 percent) from June and marking the second consecutive increase to a one-and-a-half-year high.

The continued increase of the index reflected higher global quotations across palm, soy, sunflower and rapeseed oils, it said.

International palm oil prices rose marginally, mostly underpinned by firm global import purchases that coincided with below-potential output growth in Indonesia, the world's leading palm oil producer, it added.

Meanwhile, FAO said that world soy oil quotations appreciated for the third consecutive month in July, mainly reflecting persistent robust demand from the bio-fuel sector in the Americas.

"As for sunflower and rapeseed oils, rising international prices were mainly underpinned by deteriorating crop prospects in several major producing countries of respective oilseeds for the 2024/25 season."

FAO said its Dairy Price Index averaged 127.7 points in July, virtually unchanged from June, standing 8.6 points (7.2 percent) above its corresponding value a year ago, as decreases in the indices for milk powders nearly offset increases in those of butter and cheese.

World price quotations for milk powders decreased in July, underpinned by slack import demand, especially for spot supplies, partly due to the summer

lull in market activities in Western Europe, despite tight inventories and seasonally lower milk production in Oceania, said FAO.

On the other hand, it said international butter price quotations increased moderately for the tenth consecutive month, reflecting constrained exportable availabilities, mainly in Western Europe, on solid internal sales, tight inventories and seasonally falling milk production.

FAO said that world cheese prices increased slightly, primarily due to high internal sales in Western Europe.

According to the FAO, its Meat Price Index averaged 119.5 points in July, up 1.5 points (1.2 percent) from June, standing 1.0 points (0.8 percent) above its corresponding value a year ago.

It said in July, international ovine (lamb and mutton) and bovine meat prices increased, principally underpinned by robust import demand and seasonally falling supplies of animals for slaughter in Oceania.

Meanwhile, FAO said international poultry meat prices increased due to strong import demand, especially from the Near East and North Africa, amidst challenges to production stemming from animal diseases, especially avian influenza outbreaks in several major producing regions.

On the other hand, it said pig meat prices declined marginally, reflecting an oversupply situation in Western Europe due to weaker foreign and internal demand, reportedly further exacerbated by China's opening of an anti-dumping probe and continuing constraints in accessing foreign markets due to outbreaks of African swine fever.

According to FAO, its Sugar Price Index averaged 120.2 points in July, up 0.8 points (0.7 percent) from June, marking a second consecutive monthly increase, but still down 26.1 points (17.9 percent) from its value a year ago.

"The increase in July was driven by lower-than-expected sugar production in Brazil in the first half of the month, which outweighed the downward pressure exerted by improved monsoon rainfall in India and conducive weather conditions in Thailand."

In addition, lingering concerns over the impact of prolonged dry weather conditions on crop yields in Brazil in the coming months and recent increases in ethanol prices further supported global sugar prices, said FAO. (SUNS 10062)

# More poverty for the poor

*Jomo Kwame Sundaram\** has argued that world economic stagnation has resulted in many low-income countries continuing to fall further behind the rest of the world.

KUALA LUMPUR: Many low-income countries (LICs) continue to slip further behind the rest of the world.

Meanwhile, people in extreme poverty have been increasing again after decades of decline.

World output more than doubled from \$36 trillion in 1990 to \$87 trillion by 2021 (in constant US dollars), but this growth has not been evenly distributed, causing most LICs to fall further behind.

Many of the world's poorest economies have had meagre growth since the 1960s. As most developing countries have made progress, income gaps among nations have declined.

World economic stagnation adversely affects most countries and people, especially developing countries relying on commodity demand and prices.

As much of the world grew, most LICs fell further behind.

Hundreds of millions are stuck in extreme poverty, with incomes per capita in many post-colonial countries barely changing.

A World Bank paper argues the poor are especially worse off.

Many poor nations have not caught up, let alone diversified their colonial-type economies.

Meanwhile, many poor nations remain mired in conflict, deepening their stagnation.

Poverty has risen due to poor progress as populations grew. Another World Bank report found lower growth correlated with conflict deaths and institutional fragility.

Unsurprisingly, these countries often had the world's highest poverty rates.

Worse, global warming disproportionately harms poor tropical nations and their populations much more.

Climate change is expected to push well over a hundred million into extreme poverty by 2030.

identified 58 countries in Africa, Asia and Latin America, with about 1.4 billion people in 2021, as the "Bottom Billion". Collier argues most still face problems and have failed to progress since.

These nations have long suffered from persistent poverty, low growth, and failure to develop.

Their plight has been exacerbated by civil conflict, geographic constraints, and, often, the inability to use their natural resources to accelerate economic development.

Since the 1980s – not the 1960s and 1970s, as the Bank paper claims – the Bottom Billion countries have failed to grow, falling behind instead.

By contrast, the few former LICs that sustained high growth now enjoy per capita outputs at least thrice that of other Bottom Billion countries.

Except for these few notable exceptions, most of the 58 Bottom Billion countries remain LICs or have become lower-middle-income countries.

Only six have achieved upper-middle-income country status in the past decade, mainly due to rapid growth thanks to oil and gas.

Although the Bottom Billion countries exist in all regions, about two-thirds (38 of 58) are in SSA [Sub-Saharan Africa]. They account for 77% of the Bottom Billion population.

Over half have abundant natural resources, but most have not used their mineral wealth to sustain economic progress.

In 2012, the IMF classified 34 of the 58 Bottom Billion countries as "resource-rich", with non-renewable resource exports and revenue often exceeding 20% of their total exports and government revenue, respectively.

But most still experience lacklustre growth, if any.

Since 1990, Sub-Saharan Africa (SSA) averaged barely 0.8% annual per capita income growth.

Meanwhile, global growth rates doubled as regions like East Asia registered more than 6% yearly per capita growth rates.

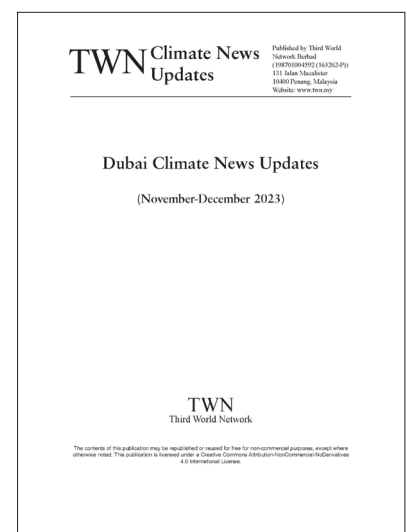
Anaemic growth meant that the average incomes of Africans and other slow-growing LICs slipped further behind the rest of the world.

Using the World Bank's global

## Dubai Climate News Updates

(November-December 2023)

This is a compilation of 27 News Updates prepared by the Third World Network for and during the United Nations Climate Change Conference – encompassing the 28th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 28), the 18th session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 18), the 5th session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 5), as well as the 59th sessions of the Subsidiary Body for Scientific and Technological Advice (SBSTA 59) and the Subsidiary Body for Implementation (SBI 59) – held in Dubai, United Arab Emirates, on 30 November-13 December 2023.



Available at: <https://www.twon.my/title2/climate/fullpdf/Dubai%20Climate%20News%20Updates%20NovDec23final.pdf>

### Left behind

Paper co-author Paul Collier

poverty line, the number of poor Africans grew by tens of millions.

If current growth and poverty trends persist, many slow-growing or stagnant LICs, mainly in Africa, will be unable to end extreme poverty, let alone catch up with the rest of the world.

### Poorest worst off

Conventional growth models imply that countries lagging behind should grow faster than those already ahead.

East Asian industrialisation – supposedly emulating earlier European growth – supports this notion.

Growth in many LICs has slowed since the turn of the century. The paper finds that “The Bottom Billion fared worst of all”, as per capita output barely rose.

The poorest Bottom Billion did not experience convergence by catching up with the others.

While some studies suggest overall income convergence, the world’s poorest are relatively worse off.

Now, the Bottom Billion are “falling behind” while those in extreme poverty may be rising again.

Incomes of the world’s poorest countries and people are likely to fall behind, even if only relatively, despite some convergence among countries.

The situation has worsened since 2022. In addition to the commodity-price collapse since 2015, the COVID-19 pandemic, the Ukraine and Gaza wars, and geopolitically-driven unilateral sanctions have ensured protracted stagnation.

Bottom Billion countries lack the

policy and fiscal space to cope with, let alone address, the impending debt crises.

The situation has been exacerbated by tighter credit with high interest rates set by the US Fed.

Despite decades of recognising LIC characteristics, the World Bank has yet to develop strategies, policies and means to overcome their poverty.

It is unclear why the Bank has endorsed the Bottom Billion designation, although it has not enhanced our understanding of poverty. (*IPS*)

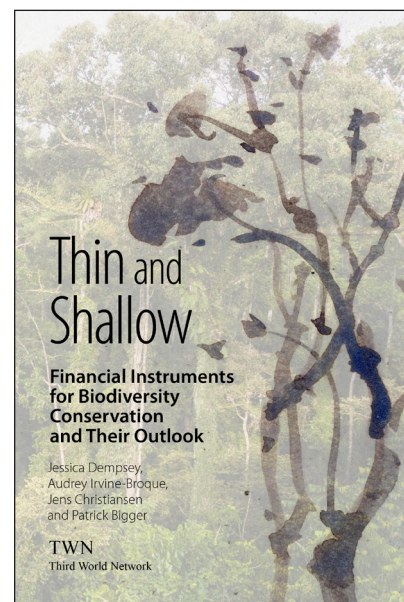
[\* **Jomo Kwame Sundaram**, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.]

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

Jessica Dempsey  
Audrey Irvine-Broque  
Jens Christiansen  
Patrick Bigger

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

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



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