

# THIRD WORLD *Economics*

TRENDS & ANALYSIS

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## Member states differ over WTO agenda

Developing-country members of the WTO have called for unresolved issues under the Doha Work Programme to be settled, even as the developed countries spearhead a drive to discuss new issues such as electronic commerce and disciplines on micro-, small- and medium-sized enterprises. These differing positions over the agenda of the trade body were in evidence at a recent meeting in Oslo of trade ministers from some of the key protagonists in the WTO talks.

- Key South nations insist on addressing unresolved Doha issues before new issues – *p2*
- African Group deals body blow on e-commerce talks – *p4*

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### Also in this issue:

*Pursuit of profit undermining  
workers' rights* *p8*

*Shining a spotlight on the 2030  
Agenda for Sustainable Develop-  
ment* *p12*

*Governments and social move-  
ments disagree on future of  
cities* *p14*

*Poverty reduction hampered by  
poor policies* *p16*

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## Contents

### CURRENT REPORTS

- 2 Key South nations insist on addressing unresolved Doha issues before new issues
- 4 African Group deals body blow on e-commerce talks
- 6 Industrial overcapacity due to subsidies, claim US, EU, Japan
- 8 Pursuit of profit undermining workers' rights
- 11 UN must fight tax evasion, says rights expert
- 12 Shining a spotlight on the 2030 Agenda
- 14 Governments and social movements disagree on future of cities

### OPINION

- 16 Poverty reduction hampered by poor policies

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# Key South nations insist on addressing unresolved Doha issues before new issues

A recent meeting of trade ministers from several prominent WTO member states saw developing-country participants stress the need to address pending issues under the Doha Work Programme, amid a push by developed countries to bring new subjects onto the WTO agenda.

by D. Ravi Kanth

GENEVA: Trade ministers from key developing countries who took part in an informal mini-ministerial meet in Oslo on 21-22 October called for completing work on unresolved Doha issues and the permanent solution for public stockholding programmes for food security, while expressing their reservations/opposition to new issues such as electronic commerce and disciplines for micro-, small- and medium-sized enterprises, trade envoys told the *South-North Development Monitor (SUNS)*.

During the one-and-a-half-day meeting, trade ministers from many developing countries – India, Indonesia, China, South Africa, Kenya, Morocco (on behalf of African countries), Rwanda [representing the African, Caribbean and Pacific (ACP) countries] and Benin [which is the coordinator for the grouping of least-developed countries (LDCs)] – demanded that work on the permanent solution for public stockholding programmes for food security must be completed before the WTO's next Ministerial Conference, which is due to take place in Buenos Aires next year.

On the agricultural Special Safeguard Mechanism (SSM), the trade ministers from India, Indonesia, Morocco, Rwanda and Benin, among others, said this is a vital developmental issue for developing countries and cannot be pushed to the future trade agenda.

The developing-country ministers also emphasized that accelerating work on special and differential flexibilities and developmental issues in the Doha Work Programme must remain as priorities for the Buenos Aires meeting.

On cotton, which is a major issue for the West African countries Benin, Burkina Faso, Mali and Chad, trade ministers of developing countries and some developed countries such as New Zealand said an outcome must remain as a top priority for the Buenos Aires meeting.

Indian trade minister Nirmala Sitharaman underscored the need for "creating a level playing field for the developing countries in agriculture trade by addressing inequities and distortions which are threatening the livelihood of millions of poor farmers across the world."

She also cautioned against bringing regional and plurilateral agreements into the WTO architecture on grounds that they are not compatible.

### "Future agenda"

Ahead of the Oslo meeting, host country Norway had suggested in a concept paper: "In Nairobi [the previous WTO Ministerial Conference, which was held in the Kenyan capital in 2015], we agreed that work on issues and Ministerial Decisions of special interest for developing countries (including the decisions on domestic support, public stockholding for food security purposes, a Special Safeguard Mechanism, and cotton) will remain important elements of the WTO's future agenda."

"The issues that are at the forefront of the discussions leading up to MC 11 [the eleventh WTO Ministerial Conference, in Buenos Aires], including agriculture, fisheries subsidies, domestic regulation in services, e-commerce and Micro-, Small-, and Medium-Sized Enterprises (MSMEs), as demonstrated by the high level of engagement in Geneva on these issues, are all of interest to developing members," the Norwegian concept paper claimed.

The Oslo meeting has proved that the Norwegian concept paper was based on false premises and erroneous interpretations, according to a participant who asked not to be quoted.

"The developing countries pointed an accusing finger at the hosts and other developed countries, including the WTO Director-General Roberto Azevedo, for

attempting to change the agenda for the Buenos Aires meeting to suit the United States and other industrialized and some developing countries,” the participant said.

[The Norwegian concept paper’s claim that work on issues of special interest to developing countries, as per the Nairobi Ministerial Declaration, will remain part of the future agenda is as misleading as Azevedo’s recent comment to Indian daily *The Hindu* that no development issue has been taken off the table and that all development issues remain on the table.

[This has been a constant confidence trick played on developing countries almost from the inception of the WTO’s predecessor, the GATT (General Agreement on Tariffs and Trade) forum, according to Chakravarthi Raghavan, Editor Emeritus of *SUNS* and veteran trade analyst who has been following trade talks over time. At every round, developing-country proposals, whether for tariff cuts on their exports or other developmental measures, have never been acted upon but left on the table and put onto a future work programme.

[When developing countries, after repeated frustration, convened the United Nations Conference on Trade and Development (UNCTAD) way back in 1964 (resulting in UNCTAD becoming an organ of the UN General Assembly), they were sought to be fobbed off with Part IV of the GATT (the chapter on “Trade and Development”), with “best endeavour” provisions and provisions still at ‘talkathon’ stage.

[If developing countries fall for a similar line this time, the trading system that has already lost support in the North will meet a similar fate in the South, along with their acquiescent governments. – *SUNS*]

### Domestic support

On agricultural domestic support, the Norwegian concept paper sought to push the issue to the future trade agenda. But a large number of trade ministers in Oslo said they want an outcome on domestic support based on the Doha mandates.

The US, however, stuck to its indefensible position that it will discuss domestic support only when emerging countries – China and India – agree to undertake commitments.

China said that it will not agree to any domestic support commitments un-

less the major developed countries reduce/eliminate their Aggregate Measurement of Support (AMS).

India said it is not developing countries but the developed countries – the US and the EU – which are required to reduce their domestic support.

Rwanda (on behalf of ACP countries), Morocco (on behalf of African countries), Benin (on behalf of the LDCs) and several other countries said an outcome on domestic support is essential at Buenos Aires.

South Africa expressed skepticism as to whether an outcome on domestic support is possible given the opposition from major developed countries.

Brazil, which has made a proposal on e-commerce, said it will discuss issues in e-commerce based on the progress on agricultural domestic support.

South Africa said it remains opposed to negotiating rules for e-commerce, while India adopted a nuanced position saying that new issues cannot run ahead of the unresolved Doha issues.

China has declared its opposition to data flows and removal of localization restrictions. China also said that the e-commerce negotiations cannot result in any market access commitments.

On fisheries subsidies, Rwanda (on behalf of the ACP Group), Morocco (for the African Group), Benin (for the LDCs), New Zealand, Argentina, the EU, Russia and several other countries underscored the need for a credible outcome.

Indonesia spoke of the special and differential treatment flexibilities. India said millions of its poor fishermen must be adequately protected/supported while addressing fisheries subsidies.

China said it is willing to address fisheries subsidies only if members also take up other issues of the Doha rules negotiations, particularly improvements in trade remedies such as anti-dumping measures.

South Africa said an outcome on fisheries subsidies is possible.

As regards services and domestic regulation, many ministers said there must be clear deliverables in domestic support.

India insisted on an outcome on trade facilitation in services, while several other countries spoke about the need to reduce “water” in the market access between bound commitments and autonomous reductions.

India said that removal of “water” cannot be done disproportionately, said another participant familiar with the

meeting. India also demanded that trade facilitation in services must remain as a major deliverable at the Buenos Aires meeting.

The US and Canada remained silent on India’s demand on trade facilitation in services.

Trade ministers also discussed the question of disciplines on small and medium-sized enterprises in fairly general terms but China said the discussion must address anti-dumping issues.

Several trade ministers also touched on renewed interest in addressing non-tariff barriers, sanitary and phytosanitary measures, and technical barriers to trade.

### E-commerce

In the face of the sharp reservations and even opposition in some cases from trade ministers of developing countries against e-commerce/digital trade, WTO Director-General Azevedo urged the proponents of e-commerce from major developed and some developing countries to explain and clarify their positions, according to a trade envoy from an industrialized country.

However, following the Oslo meeting, Azevedo is now adopting a different strategy by planning to hold one-on-one meetings with trade envoys from Morocco, Rwanda and other African countries to discuss negotiating issues, including on e-commerce, people familiar with the development told *SUNS*.

At a WTO meeting on 18 October (see following article), all but three members of the African Group had spoken in one voice against pursuing e-commerce in violation of the 1998 WTO work programme on the issue.

To turn the page on what happened at the 18 October session, Azevedo seems to have taken it upon himself to convince the African countries to give up their opposition on behalf of the proponents from developed and developing countries, trade envoys said.

In the past, Azevedo had adopted the same tactic whenever there was opposition from developing countries to issues such as trade facilitation (in goods trade).

For example, on behalf of the US and other proponents of trade facilitation, Azevedo held one-on-one meetings with trade ministers at the WTO’s ninth Ministerial Conference in Bali in 2013 to address specific concerns instead of addressing them in an open house where



all trade ministers could be present.

Cuba had opposed meeting Azevedo on its specific concerns regarding trade facilitation on the grounds that he represented the interests of the US, sources familiar with the development told *SUNS*.

More important, said a trade envoy, Azevedo must persuade the US, Australia and Canada to give up their opposition on the permanent solution for public stockholding programmes for food

security and the SSM.

The Oslo meeting must serve as a wake-up call to the developing countries to remain vigilant and not take things for granted, as the developed countries remain desperate and determined to bring in the issues of e-commerce, MSMEs and fisheries subsidies without addressing the core Doha issues, according to several developing-country trade envoys familiar with the development. (*SUNS8340*) □

## African Group deals body blow on e-commerce talks

African countries at the WTO have opposed moves to steer the talks on electronic commerce in the trade body away from the agreed upon mandate.

by D. Ravi Kanth

GENEVA: Members of the African Group on 18 October delivered a body blow to the so-called Friend of the WTO General Council Chair overseeing the dedicated sessions in the WTO on electronic commerce/digital trade, saying they will not accept attempts to force discussions on thematic or negotiating issues that are inconsistent with the 1998 WTO work programme on e-commerce, several envoys told the *South-North Development Monitor* (*SUNS*).

Morocco, on behalf of the African Group, issued a hard-hitting statement at the 12th dedicated session on e-commerce which forced Ambassador Alfredo Suescum of Panama, the so-called Friend of the GC Chair, to suspend the thematic session on "Facilitating e-commerce and e-commerce for development".

Several members of the African Group such as Uganda, Cameroon and Zimbabwe joined Morocco in conveying forcefully to Suescum to back off from his efforts as they were procedurally inconsistent with the "inclusive" and "consensus-building" practices propagated by the WTO ad infinitum.

"It will be recalled Ministers in Nairobi reaffirmed the value of our consistent practice of taking decisions through a transparent, inclusive, consensus-based, Member-driven process," Uganda told Suescum.

"Whilst we recognize that we were not part of the consultations held on 4 and 5 October, we have difficulty proceeding on the basis of a 'thematic based approach' as has been suggested," Uganda said, starkly pointing to the

opaque and non-inclusive process adopted by Suescum.

Uganda said it is not against any discussions on e-commerce but that such discussions should be "consistent with the mandate bestowed upon us."

"It is inconceivable that a country like Uganda, a least-developed country, could argue against a development-related discussion," Uganda maintained. "However, such discussion has to be well structured, agreed upon, and rooted in the work programme ... we recall that the work programme is exploratory in nature and has no negotiating mandate."

### Call for clarity

On behalf of the African Group, Morocco issued the strongest statement yet on the manner in which existing mandates and rules are being violated to force negotiations on e-commerce/digital trade while the outstanding issues in the Doha Work Programme are swept under the carpet.

Over the last several months, the US, the EU and their allies have intensified their efforts to launch negotiations on e-commerce on several fronts.

The African Group reminded Suescum about what ought to be the role of the WTO in conducting day-to-day business. "The WTO is a Member-driven organization ... where the order of business ought to be conducted in a transparent manner among all Members, in order to facilitate the effective participation of all," Morocco said.

The African Group, according to

Morocco, "has not agreed to proceed in the Dedicated Discussion on a 'thematic' basis."

"Before we agree to a process like this, the African Group needs clarification on how the different themes will be decided upon, and how these discussions will unfold in relation to the existing mandate in the work programme," it said.

Citing a proposal made by Canada that "four WTO Committees would contribute to the programme" as agreed by Ministers in the Nairobi Ministerial Decision on e-commerce, Morocco said "the submissions on the table should be taken to the relevant bodies for further examination."

"This is also in line with paragraph 1.1 of the work programme where it states that 'the General Council establishes the programme for the relevant WTO bodies as set out in paragraphs 2 to 5' of document WT/L/274," the African Group argued.

Therefore, "the African Group will be unable to fully engage in these Dedicated Discussions" until there is clarity on all aspects of the mandate, Morocco made clear.

"We are ready to engage in a discussion to examine the issues under the broad framework set out in the work programme on e-commerce on this basis, with priority attention given to the developmental aspects of e-commerce," the African Group coordinator maintained.

But "we do not support a discussion on multilateral rule-making in this area", Morocco said emphatically.

Given the persistent "knowledge gap" that exists among countries, "the intensification of work and the submissions about the possibility of rules on e-commerce runs the risk of dividing us even further", it warned.

Therefore, "the African Group does not want to see existing imbalances further entrenched", Morocco argued on behalf of the 54 countries. (Three countries – Nigeria, Cote d'Ivoire and Seychelles – did not sign on to the joint statement issued by the African Group.)

Morocco demanded that the 1998 work programme on e-commerce be fully implemented as a matter of priority.

"With over 68% of people in Sub-Saharan Africa living without electricity and only 1 in 5 people in Africa using the Internet, the facts and figures paint a stark picture of where Africa stands, [and] the digital divide and infrastruc-

ture deficit indicates that most of Sub-Saharan Africa, which is comprised mostly of LDCs, is not e-commerce-ready," Morocco said.

More crucially, "the work programme is as relevant today as it was in 1998", Morocco maintained, suggesting that "the African Group is particularly interested in the proponents' views on examining ways of enhancing the participation of developing countries in e-commerce, in particular as exporters of electronically delivered products: role of improved access to infrastructure and transfer of technology, and of movement of natural persons".

The African Group delivered the hardest blow to Suescum and the US, the EU and others when it said that it is "guided by the Nairobi Ministerial Declaration, [where] Ministers agreed to prioritize work on the outstanding Doha issues, such as Agricultural Trade-distorting Domestic Support; SSM; Public Stockholding for Food Security; Cotton; LDC priorities; TRIPS; and last but not least, Development and S&DT [special and differential treatment]."

"We are yet to see that same momentum, breadth and scope of attention [to the outstanding Doha issues] as has been accorded to e-commerce," Morocco said.

It offered a way forward by proposing "an inclusive approach to pursuing e-commerce discussions" and suggested the following points:

(i) The submissions should be taken to the relevant bodies as set out in paragraphs 2 to 5 of the e-commerce work programme (viz., the Council for Trade in Goods, the Council for Trade in Services, the Committee on Trade and Development, and the TRIPS Council). Only once the discussions in the relevant bodies have matured should they be reported to the General Council.

(ii) Members may identify any trade-related issue of a cross-cutting nature, detailing its cross-cutting nature. Once all members have agreed, it may be introduced for discussion in the dedicated discussion on e-commerce.

(iii) Members who wish to deviate from the mandate in the work programme should detail their proposed way forward in writing. Members should articulate the clearly defined problem and explain how such deviation will provide benefits to all members, especially developing and least-developed countries.

India, Bolivia, Cuba and Venezuela supported the African Group and asked

Suescum to sort out the procedural issues before discussing any substantive aspects concerning e-commerce/digital trade.

Brazil said Suescum must address the legitimate procedural concerns raised by the African Group.

Several members pointed out that Suescum adopted a thematic approach that was not the product of consensus decision-making or prior discussion among all members.

Suescum had held private "confessionals" on 4-5 October with some 25 members on the way forward, without first bringing to all members the proposal to conduct the discussions on a thematic basis.

The EU, Canada, Singapore, Chinese Taipei and Pakistan, among others, supported efforts by Suescum to discuss their proposals, including e-commerce and development.

China said that any discussions on e-commerce should not result in any new market access obligations and should avoid controversial cross-border data flow and data localization issues that would not secure consensus in the short term as suggested by the US in a non-paper submitted several months ago.

Nigeria urged Suescum to hold open-ended consultations to address the procedural concerns and organization of work under the work programme raised by several members before proceeding to discuss substantive issues.

Brazil, India, South Africa and several other countries supported the Nigerian suggestion for open-ended consultations.

#### "Non-inclusive" process

"It was a huge embarrassment for Ambassador Suescum, who insisted at one point that he would press ahead with the meeting to discuss the proposals submitted by some members despite continued objections from members of the African Group," said a participant from an African country.

"It is not that we are opposed to having a discussion on e-commerce and development; we were essentially questioning the decision-making process Ambassador Suescum adopted on a non-inclusive basis," the participant argued.

"The chair's process was not inclusive and constructive for the conduct of the activities in the dedicated session and he cannot ignore the Nairobi ministerial decision or the 1998 mandate," the par-

ticipant added.

The Nairobi ministerial decision merely directed members to "continue the work under the Work Programme on Electronic Commerce since our last session, based on the existing mandate and guidelines and on the basis of proposals submitted by Members in the relevant WTO bodies as set out in paragraphs 2 to 5 of the Work Programme [under the General Council decision of 30 September 1998, WT/L/274]."

Another African participant proposed, "Let us all meet in an open-ended format where members inclusively agree first on the conduct of discussions on cross-cutting issues and then send those issues to the four bodies – the Council for Trade in Goods, the Council for Trade in Services, the Committee on Trade and Development, and the TRIPS Council – for addressing the issues."

The sudden developments at the 18 October dedicated session came against the backdrop of a clarion call issued by the US Trade Representative Michael Froman the previous day that WTO members must embark on e-commerce, as well as efforts by Norway to build ground for launching e-commerce as a priority deliverable at a mini-ministerial meeting in Oslo on 21-22 October.

In conclusion, the African Group and other developing countries have their task cut out to ensure that discussions on e-commerce are based on the 1998 work programme and that all other Doha issues are brought to centre stage in the run-up to the WTO Ministerial Conference in Buenos Aires next year, several trade envoys said. (SUNS8337)□

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# Industrial overcapacity due to subsidies, claim US, EU, Japan

A proposal backed by developed countries calls for the issue of subsidies and overcapacity to be tackled in the WTO – but not in its Doha Round talks.

by D. Ravi Kanth

GENEVA: The United States, the European Union, Japan and Mexico sought to raise an issue on the role of subsidies and their contribution to industrial overcapacity at the WTO on 25 October.

The move was an attempt to legitimize decisions made at the meetings of the Group of 20 (G20) major economies, in which the sherpas from Washington, Brussels and Tokyo played a central role in finalizing the outcomes, trade envoys told the *South-North Development Monitor (SUNS)*.

The joint proposal by the US, the EU, Japan and Mexico, under a misleading title “The contribution of the WTO to the G20 call for action to address certain measures contributing to overcapacity”, came up for discussion at a meeting of the WTO’s Committee on Subsidies and Countervailing Measures (SCM).

The two-page proposal was discussed at the G20 leaders’ meeting in Hangzhou, China, in September, after it was finalized at earlier meetings of the G20 trade ministers (9-10 July) and finance ministers (23-24 July).

The G20 leaders have referred to the issue of industrial overcapacity in steel and other sectors in paragraph 31 of the Hangzhou summit communique: “We recognize that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and workers. We recognize that excess capacity in steel and other industries is a global issue which requires collective responses. We also recognize that subsidies and other types of support from governments or government-sponsored institutions can cause market distortions and contribute to global excess capacity and therefore require attention...”

As a follow-up to the G20 leaders’ call, the US, the EU, Japan and Mexico pressed the WTO’s SCM Committee to “look more closely at the extent to which subsidies contribute to overcapacity and how they could be further disciplined in the interest of providing a level playing

field for traders and an environment where trade and resource allocation is not distorted.”

The four proponents, while acknowledging that the issue of overcapacity “requires multifaceted and long-term solutions some of which go beyond the remit of the WTO”, pressed for a number of trade-related measures to be considered by WTO members that could address subsidies which contribute to or aggravate overcapacity – “not only in the steel industry, but also in other sectors such as the aluminum industry.”

They insisted that “the SCM Committee could launch the issue among members” to address three questions such as “to what extent have subsidies contributed to the creation of excess capacity”, “what are the specific government or business practices that have contributed to the creation of excess capacity”, and “in what areas are current disciplines in the [WTO Agreement on Subsidies and Countervailing Measures] incomplete or inadequate to address these practices.”

## Influencing G20 decisions

Significantly, China, which hosted the G20 meetings this year, was not a party to the proposal. Clearly, the language on subsidies and overcapacity was formulated by the so-called G20 negotiating sherpas from the US, the EU and Japan while the sherpas from the developing-country G20 members merely adopted reactive positions, said a trade envoy from a developing country.

The current US Trade Representative (USTR) Michael Froman, when he was a G20 sherpa in 2009-12, played a central role in formulating the language on trade issues in the G20 communiqués, the envoy said.

Invariably, the US along with the EU and other industrialized countries as well as some developing countries not only proposed language that severely undermined the WTO’s Doha Development Agenda negotiations, but made it difficult for other developing-country G20

members to continue the negotiations, the envoy added.

Speaking in Geneva on 17 October, the USTR said that US President Barack Obama, when he attended his first G20 summit in London in 2009, was asked about his perspective on the Doha Round. Froman, who had accompanied Obama to the London meeting as the then deputy national security advisor in charge of economic issues, said his president agreed to take a hard look at the Doha Round so as to give his view at the next meeting in Seoul in 2010.

“More than a year later, at the G20 meeting in Seoul (South Korea), there was another critical discussion of the Doha Round,” Froman said. Obama, who was asked to start the discussion on the Doha Round at the Seoul meeting, according to the USTR, “made clear his view that we needed to do something different [which implied abandoning the Doha negotiations].”

Despite calls from other G20 leaders for continuing with the Doha negotiations, Obama said “if we are serious about strengthening the multilateral trading system, we need to move beyond our traditional invocations of the Doha mantra and start thinking seriously about how to revitalize the WTO”, according to Froman.

In short, the G20 decisions on trade were primarily formulated by the US along with its traditional allies such as the EU, Japan, Canada and Australia, the envoy said.

“We are now seeing the first major move to legitimize one decision among many from the G20 leaders’ communique because it suits their interest but not the developmental issues of the Doha agenda,” said another envoy from South America.

“If they are so serious about industrial overcapacity, why not address the issue in the Doha rules negotiations?” the envoy asked.

If there is a strong case for discussing new trade remedy measures for industrial overcapacity, including “specific and government business practices”, why not discuss the issue of eliminating the “zeroing” methodology which is being aggressively used by the US to impose anti-dumping measures, the envoy questioned.

Besides, the US, the EU and Japan had also built a range of industries based on subsidies and questionable business practices over the past seven decades, the envoy suggested. “Will the US and the EU agree to including business practices



adopted by Apple or high-tech industries?" the envoy asked.

At the SCM Committee meeting, the EU argued that the industrial excess capacity in steel and other sectors was made possible because of "easy finance."

The US said overcapacity was generating a negative effect. Canada, Australia, Russia and South Korea supported the joint initiative introduced by the US, the EU, Japan and Mexico.

Venezuela sought to know why the issue could not be addressed in the Doha negotiating group on rules, while Brazil called for a comprehensive discussion on all subsidies.

China argued overcapacity is a problem of the business cycle in which periodic and structural problems play their part. China maintained that the G20 forum is working to develop a mechanism to address the issue of overcapacity. It suggested that the WTO is not the right forum.

In conclusion, the joint proposal is an attempt to force/legitimize the G20 issues of interest to the likes of the US, the EU, Japan, Canada and Australia at the WTO while abandoning the Doha rules negotiations, trade envoys maintained. (SUNS8342) □

(continued from page 16)

many poverty programmes favoured by donors have not been effective in reducing poverty, although some have undoubtedly helped ameliorate poverty.

The 2008-09 global financial and economic crisis has prompted some reconsideration of appropriate economic policies, even by the international financial institutions.

There is now greater recognition of the need for inclusive, pro-growth and counter-cyclical macroeconomic policies as well as prudent capital account management, but institutional prejudices and prescriptions have been slow to change at the country level.

The overall global economic situation and prospects have deteriorated with the ongoing economic slowdown. While the timing and sustainability of economic recovery remain uncertain, job prospects and work conditions continue to deteriorate, with adverse consequences. (IPS) □

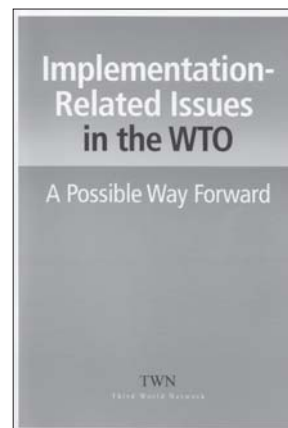
Jomo Kwame Sundaram was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.

## Implementation-Related Issues in the WTO: A Possible Way Forward

The set of multilateral agreements under the jurisdiction of the World Trade Organization (WTO) governs the conduct of international trade. Implementation of the commitments imposed by these agreements has, however, given rise to a host of problems for the WTO's developing-country members, ranging from non-realization of anticipated benefits to imbalances in the rules.

These implementation-related issues have been on the WTO agenda for over a decade, yet meaningful resolution is still proving elusive. This paper documents the progress – or, more appropriately, lack thereof – in the treatment of the implementation issues over the years. It looks at the various decisions adopted, to little effect thus far, by the WTO in this area, including the 2001 Doha Declaration which incorporates the implementation issues into the remit of the ongoing Doha round trade talks.

The paper exhorts the developing countries to draw upon the Doha mandate to bring the implementation issues back to the centrestage of negotiations. As a practical measure given the resource constraints developing-country negotiators face in the WTO, it is proposed that the implementation issues be taken up according to a suggested order of priority. Prioritization notwithstanding, the paper stresses that developing countries have every right to seek solutions to each of these longstanding, long-neglected issues.



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# Pursuit of profit undermining workers' rights

The majority of the world's workers are denied their rights to freedom of peaceful assembly and of association in the workplace, says a UN rights expert, "mainly because of an economic world order that relentlessly pursues ever-increasing growth and profits at all costs".

by Kanaga Raja

GENEVA: Failure of economic policies in reducing poverty and inequality, the increasing power of multinational corporations and the fragmentation of the workplace, among other factors, have resulted in the disenfranchisement of the majority of the world's workers of their rights to freedom of peaceful assembly and of association in the workplace.

This main conclusion was highlighted by the United Nations Special Rapporteur on the rights to freedom of peaceful assembly and of association, Maina Kiai (Kenya), in his final report presented to the UN General Assembly on 20 October.

In his presentation, the rights expert said: "Assembly and association rights in the workplace continue to be undermined for a large proportion of workers, mainly because of an economic world order that relentlessly pursues ever-increasing growth and profits at all costs."

Meanwhile, the growing power and geographic reach of large corporations has meant that states are increasingly unwilling or unable to regulate these business entities and their attempts to place profits ahead of the rights and dignity of workers, he added.

Calling for fresh approaches, the Special Rapporteur said: "[T]he old ways of defending workers' rights are no longer working. Our world and its globalized economy are changing at a lightning pace, and it is critical that the tools we use to protect labour rights adapt just as quickly."

"Labour rights are human rights. It is time for states and the human rights community to place labour rights at the core of their work," said Kiai.

In a separate press release, the International Trade Union Confederation (ITUC) welcomed the publication of the report by the Special Rapporteur and called on governments to act on its findings.

"We congratulate Maina Kiai on this landmark report, bringing the struggles of workers from around the world to the

heart of the United Nations. Millions upon millions of workers are denied the right to organize and decent work by governments and through the actions of employers including some of the world's best-known companies," said ITUC General Secretary Sharan Burrow.

"Governments need to act to ensure these rights, to end the twin scandals of poverty and exploitation in supply chains, and to formalize informal work," she added.

## Disenfranchisement

In his report to the General Assembly, the Special Rapporteur said that the majority of the world's workers, particularly those in vulnerable situations, such as migrant, women and domestic workers, are disenfranchised of their rights to freedom of peaceful assembly and of association in the workplace.

That disenfranchisement is the result of many factors, including the failure of much-touted economic policies in reducing poverty and economic inequality; the increasing power of large multinational corporations and corresponding failure by states to effectively regulate and enforce norms and standards against those actors; the fragmentation of the workplace and diffusion of employer responsibilities across a range of actors; and the global crackdown on civil society that targets organizations and individuals working on labour issues.

"Workers are entitled to the rights to freedom of peaceful assembly and of association regardless of their status within a country. Further, those rights are central to ensuring that workers can claim their rights to just and favourable conditions of work in the face of structural obstacles that keep them and their issues marginalized," said the Special Rapporteur.

"States have obligations under international human rights law to ensure that everyone within their jurisdiction is able to exercise his or her rights. Those obli-

gations include refraining from violating workers' rights, taking positive measures to fulfil the rights and protecting against violations by third parties," he added.

Despite that, states generally prioritize economic and corporate interests at the expense of workers' rights, a counterproductive approach that exacerbates poverty and inequality.

"This situation must be urgently addressed, both to allow people to exercise their rights and to ensure the viability of the world's economic system."

In this spirit, the Special Rapporteur called upon states, multilateral organizations, businesses and other stakeholders to commit themselves to creating the best possible enabling environment for the exercise of the rights to freedom of peaceful assembly and of association in the workplace.

According to the report by the Special Rapporteur, in recent decades, economic globalization, implemented with as few regulations on companies and capital as possible, has been touted by many economists as an essential vehicle to global prosperity and the end of poverty.

The economic system that grew out of that philosophy has indeed led to a rise in global economic productivity and wealth, but it has also contributed to a dramatic rise in the power of large multinational corporations and concentrated wealth in fewer hands.

At the same time, states' power to regulate those business entities has eroded. Further, the world's recent economic growth has not been shared equally. Productivity and economic output have increased, but so has inequality, with the fruits of that growth going primarily to the wealthiest.

"Unconstrained power, whether public or private in origin, is a critical threat to the protection of human rights, including workers' rights to freedom of peaceful assembly and of association. The worldwide crackdown on those rights is contributing to a global crisis of governance."

The majority of the world's workers, including informal, women, domestic, migrant and agricultural workers and day labourers, are often excluded from national legal protective frameworks, leaving them unable to exercise their fundamental rights to associate or assemble, and without access to remedies when their rights are violated.

According to the report, the impact of the lack of assembly and association



rights is compounded for migrant workers by harsh immigration laws, unscrupulous labour recruitment organizations, militarized labour systems and rights-restricted structures in export processing zones.

Kiai pointed out that disenfranchisement is the shared condition of these workers and predominates across countries and global supply chains.

"Whether intentional or not, the legal environment for these workers promotes labour markets that fundamentally depend on powerless workers and a low-wage environment. Employers and others who evade the law and disrespect standards gain a competitive advantage over compliant employers, at the cost of workers' rights to freedom of peaceful assembly and of association."

The rights to freedom of peaceful assembly and of association are fundamental worker rights. Since they enable people to voice and represent their interests, they are key to the realization of both democracy and dignity, to holding governments accountable and to empowering human agency, the report underlined.

These rights are also a means to level the unequal relationship between workers and employers, thereby helping workers correct abuses and gain access to fair wages, safe working conditions and a collective voice.

"At the same time, the global attack on labour rights has made it disturbingly clear that the old ways of defending workers' rights are no longer working. Our world and its globalized economy are changing at a lightning pace, and it is critical that the tools we use to protect labour rights adapt just as quickly," said the rights expert.

"A first step towards that goal is to obliterate the antiquated and artificial distinction between labour rights and human rights generally. Labour rights are human rights, and the ability to exercise those rights in the workplace is a prerequisite for workers to enjoy a broad range of other rights, whether economic, social, cultural, political or otherwise."

### Global supply chains

The rise of multinational companies has driven structural changes in the global economy aimed at cutting costs, increasing corporate profits and limiting corporate responsibility to workers, the report noted.

Production and the provision of ser-

vices are divided among different places with different employers in different countries. That has allowed lead firms to shift production of goods and services to companies in countries with lower costs and fewer regulations, putting pressure on manufacturers and service providers in global supply chains to cut costs. These structural shifts have drastically changed traditional employment relationships and systems.

Today, an estimated 60.7% of the world's workers labour in the informal economy, where employment relationships are not legally regulated or socially protected (another 13% work on fixed-term contracts). In some developing countries, informal jobs comprise up to 90% of available work.

"While the informal economy has always existed, deregulation and the development of global supply chains have exponentially expanded its growth."

Millions of informal workers labour in global supply chains, where some of the worst abuses of freedoms of association and peaceful assembly are found and where migrant workers are often concentrated.

"States often weaken labour rights in order to attract investment, establishing special export processing zones where freedoms of peaceful assembly and of association are either sharply curtailed or explicitly prohibited. States may also use investor agreements as excuses to weaken labour standards."

The Special Rapporteur argued that global supply chains are putting downward pressure on wages and working conditions, and distancing workers from their rights to freedom of association because workers fill permanent jobs but are denied permanent employee rights.

These arrangements – found in both formal and informal work, including part-time, short-term or temporary contracts, on-call schedules, multi-layered sub-contracts or franchises, and bogus self-employment schemes – are designed to drive down costs.

As a result of the widespread use of this practice, 1.5 billion people – 46% of the world's total number of workers – are working in so-called "precarious employment". In both Southern Asia and Sub-Saharan Africa, more than 70% of workers are employed that way.

The report went on to cite numerous examples of violations of workers' rights to peaceful assembly and of association in more than 50 countries, includ-

ing outright bans on all legitimate unions, racial discrimination, gender-based violence, the use of precarious and informal labour, restrictions on the right to strike and to form or join a trade union, and the assassination of trade unionists.

### Exploitation of migrant workers

The Special Rapporteur said globalization is taking place in the context of the largest migration of people in human history, from rural to urban areas, within countries and across borders.

According to recent International Labour Organization (ILO) estimates, the world has 150.3 million migrant workers, and an estimated 112.3 million of them (74.7%) are in high-income countries.

Low-wage migrant workers face severe economic exploitation, social exclusion and political disenfranchisement. They are often denied their freedoms of peaceful assembly and of association because of their irregular status or by structural barriers in legal channels that systematically disempower workers.

Many find themselves trafficked, in conditions of forced labour or slavery, isolated, unpaid, with restricted freedom of movement and no access to justice. Because most migrant workers are effectively barred from forming and joining unions, they are unable to advocate to improve wages and working conditions.

"Migrants have become a massive, disposable, low-wage workforce excluded from remedies or realistic opportunities to bargain collectively for improved wages and working conditions," said the Special Rapporteur.

Having legal status does not ensure workers can exercise their fundamental rights. Most temporary or circular migration programmes structurally deny or inhibit rights to assembly and association and leave workers at the mercy of employers.

The rights expert cited the Middle East *kafala* and United States guest-worker programmes as being two such programmes.

In many Middle East countries (such as Bahrain, Kuwait, Oman, Saudi Arabia and Qatar), this hyper-rigid system ties a migrant worker's presence in the country to a visa sponsored by a citizen. Workers' ability to reside, work or even leave the country is subject to the approval and whims of a migrant's sponsor, who has near-total control over the worker's existence.

Nearly the same is true in United States guest-worker programmes, where visas are tied to specific employers.

"From a legal standpoint, these States have delegated oversight, control and responsibility for foreign nationals to private companies and individuals. Such devolution of responsibility has led to gross abuses and denial of fundamental rights."

The report noted that every year the United States has more than 100,000 guest workers on temporary H-2 work visas in sectors like landscaping, construction, seafood processing and agriculture. Although they are documented migrants, guest workers report being cheated of their wages, threatened with guns, beaten, raped, starved and imprisoned. Some have died on the job.

The link between the visa and employer provides a coercive element: workers who complain about working conditions can be fired, and must leave the country or face deportation.

"This contingent relationship quells workers' efforts to exercise freedom of association and assembly. Workers who attempt to exercise their rights are often blacklisted by employers, who use the threat of denied future work opportunities to silence workers," said the Special Rapporteur.

In the United Kingdom, gang-master-controlled work in the hospitality, food-processing and agriculture sectors often exploits migrant workers through wage theft or confiscation of passports. The prospect of dismissal and loss of the legal right to work and remain in the country chills the exercise of rights by these workers.

"Because police investigations tend to focus more on immigration enforcement than claims of serious maltreatment of migrant workers, access to justice is denied. Forced labour is also a significant and growing problem in the United Kingdom."

"Violence with impunity is also common," Kiai said. In Mexico, migrant farmworkers at one of the country's biggest tomato exporters were physically assaulted when they complained about lack of food or tried to leave the work camp where they were kept "as prisoners". Camp bosses threatened workers who demanded their illegally withheld pay. The indebted workers could not enjoy their assembly and association rights for fear of losing wages that would not be paid until the harvest. The company received World Bank financing and supplied major US grocers.

The report also noted that today only

about half of women globally are in the labour force, compared with more than three-quarters of men. Three-quarters of their employment is in informal and unprotected work, making women far less likely than men to be in trade unions and enjoy work-related protections, including assembly and association rights.

"Discrimination, abuse and relegation to jobs at the bottom of the global economy undermine women workers' ability to join and form organizations that defend their interests."

Perhaps the fiercest deterrent to the exercise of the rights to freedom of peaceful assembly and of association for women is gender-based violence, which affects more than 35% of women globally. While violence against women generally is increasingly in the global spotlight, its occurrence at work continues to be neglected or ignored.

Gender-based violence at work includes physical abuse; attempted murder and murder; sexual violence; verbal abuse and threats; bullying; psychological abuse and intimidation; sexual harassment; economic and financial abuse; stalking; and more.

A recent survey in European Union countries found that 75% of women in management and higher professional positions and 61% of women in the service sector have experienced some form of sexual harassment.

Women workers in countries as diverse as Bangladesh, Cambodia, the Dominican Republic, Haiti, Jordan, Swaziland and Tunisia have reported verbal, physical or sexual abuse, sexual harassment or rape at work.

Women union leaders in Guatemala are "especially targeted" with threats, violence and murder. Women workers report being punched to force miscarriages, or abducted while waiting for transportation to and from work. In Guatemala, more than 5,000 women and girls were killed between 2008 and 2015.

### Domestic workers

According to the report, situated at the intersections of gender, race, migration and informality, domestic workers represent a large component of the global workforce excluded from the rights to freedom of peaceful assembly and to association.

ILO estimates that 67 million people globally are domestic workers, and 80% of them are women; and that 11.5 million migrant workers are domestic workers, about three-quarters of them women.

"Many countries do not recognize

domestic labourers as 'workers' under the law, meaning that they have little ability to exercise their assembly and association rights at work. Roughly 90 per cent of domestic workers lack effective social protections, leaving them and their families in economically and socially vulnerable situations."

The Special Rapporteur cited several examples of laws that differentiate domestic workers from other workers.

The United Kingdom excludes domestic workers from limits on hours of work, minimum wage and health and safety provisions. Canada, Finland, Japan and Switzerland similarly exclude domestic workers from minimum wage legislation.

Many countries, including the United Kingdom and France, exclude domestic workers from the jurisdiction of labour inspectorates in deference to employers' privacy. Canada (Ontario), Ethiopia and Jordan exempt domestic workers from laws covering trade union representation.

The rights expert noted as a positive step, however, that 30 countries have now extended labour protection to domestic workers.

He pointed out that the rights to freedom of peaceful assembly and of association are recognized in numerous international instruments, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

"Both trade unions and the right to strike are fundamental tools to achieving workers' rights, as they provide mechanisms through which workers can stand up for their interests collectively, and engage with big business and government on a more equal footing. The State is obligated to protect these rights for all workers," Kiai underlined.

He also said the right to strike has been established in international law for decades, in global and regional instruments, and is also enshrined in the constitutions of at least 90 countries. The right to strike has, in fact, become customary international law.

Many states place obstacles, both in law and in practice, that restrict workers' rights or fail to enforce laws protecting those rights. The ITUC found that 50 of 141 countries surveyed had such restrictions, said the Special Rapporteur. (SUNS8339) □

## UN must fight tax evasion, says rights expert

A UN rights expert has urged the world body to take action against the “systematic looting of society” in the form of tax avoidance and evasion.

by Tharanga Yakupitiyage

NEW YORK: A UN human rights expert has called on the international community to fight tax evasion and abolish tax havens that siphon off essential resources from human rights protection and global development.

“The United Nations must no longer tolerate the scandal of secrecy jurisdictions that facilitate tax evasion, corruption and money-laundering,” said the UN Independent Expert on the promotion of a democratic and equitable international order, Alfred de Zayas.

Secrecy jurisdictions are also known as tax havens.

De Zayas particularly pointed to the human costs of such actions, noting that trillions of dollars kept offshore to escape taxation take away necessary resources to combat extreme poverty and address climate change.

He described this “systematic looting of society” in a new report presented to the UN General Assembly.

The report states that up to \$32 trillion is held in offshore secrecy jurisdictions around the world. According to the UN Conference on Trade and Development (UNCTAD), this costs developing countries more than \$100 billion per year.

In 2011 alone, developing nations lost almost \$950 billion due to illicit financial flows, including tax evasion. According to the Organization for Economic Cooperation and Development (OECD), this was seven times more than the official development assistance (the official term for aid) provided that year and substantially higher than the estimated costs of achieving the Millennium Development Goals.

Concern over financial secrecy and tax evasion was reignited in April 2016 when the International Consortium of Investigative Journalists (ICIJ) released the Panama Papers, which revealed how a single law firm in Panama aided thousands of prominent figures to create secretive offshore companies and use tax havens.

One of the revelations within the almost 12 million leaked documents concerns the case of the Heritage Oil and Gas Ltd Company. Panamanian law firm Mossack Fonseca allegedly helped the

corporation to avoid paying \$404 million in taxes in Uganda by relocating to the tax haven of Mauritius. For Uganda, which has poor health services and one of the highest rates of maternal deaths in the world, this amount represents more than the country’s annual health budget.

Mossack Fonseca have denied any wrongdoing.

The latest leak by ICIJ and media partners has exposed the use by politicians and others of over 175,000 offshore companies in the Bahamas. Among those named in the Bahamas Leaks is the European Union’s former Commissioner for Competition Neelie Kroes, who failed to declare her directorship of an offshore firm while in office.

In May, a group of 300 leading economists wrote to world leaders that there is no economic justification for tax havens and that offshore financial secrecy must end.

“This abusive global system needs to be brought to a rapid end. That is what is meant by good governance under the global commitment to sustainable development,” said Jeffrey Sachs, Director of Columbia University’s Earth Institute and special advisor to UN Secretary-General Ban Ki-moon.

Sachs and others highlighted the need for new global rules requiring companies to publicly report taxable activities in every country they operate.

### Recommended measures

In addition to the need to increase

transparency and accountability, de Zayas urged the UN General Assembly to take the lead by drafting a convention outlawing tax havens worldwide and establishing an intergovernmental tax body to draft and enforce measures not only to ensure multinational corporations pay their fair share of taxes, but also to prosecute perpetrators.

“Corruption, bribery, tax fraud and tax evasion have such grave effects on human dignity, human rights and human welfare that they shock the conscience of mankind. They should be prosecuted nationally and internationally,” he stated.

The Independent Expert also called for the protection of whistleblowers, who he said are often the most “effective” in shining a light on corruption.

“Whistleblowers, who should be considered as human rights defenders as they significantly contribute to a culture of transparency and accountability, often pay a heavy price.”

“It is in the spirit of a democratic and equitable international order to adopt legislation to protect whistleblowers and witnesses from reprisals and to provide them with easy-to-access avenues to make disclosures,” he said.

De Zayas particularly looked to the newly selected UN Secretary-General Antonio Guterres for robust action, noting that he has a “unique opportunity” to fight against tax evasion and illicit financial flows and should thus convene a world conference on the issue.

Guterres will replace current Secretary-General Ban on 1 January 2017.

“I sincerely hope that the abolition of tax havens and the creation of a United Nations Tax Authority with a mandate to combat offshore tax avoidance and evasion, and to outlaw tax havens, will be among Mr. Guterres’ priorities,” de Zayas stated. (IPS) □

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# Shining a spotlight on the 2030 Agenda

A report by a civil society coalition monitoring implementation of the global 2030 Agenda for Sustainable Development considers the challenges faced in realizing the objectives of the Agenda.

by Kanaga Raja

GENEVA: A global alliance of civil society organizations (CSOs) and networks on 24 October presented a report assessing the implementation of the 2030 Agenda for Sustainable Development, as well as highlighting some of the structural obstacles and challenges to its achievement.

The CSOs that have come together under the Reflection Group on the 2030 Agenda for Sustainable Development are the Arab NGO Network for Development (ANND), Development Alternatives with Women for a New Era (DAWN), Social Watch, Third World Network (TWN) and Global Policy Forum (GPF). The Reflection Group is supported by the Friedrich-Ebert-Stiftung (FES, Friedrich Ebert Foundation).

The presentation of the Reflection Group's annual report, which is titled *Spotlight on Sustainable Development 2016*, took place at an event at the UN here co-organized by the UN Non-Governmental Liaison Service (UN-NGLS) and FES.

Some of the key findings and recommendations of the report were highlighted at the event, which included as panellists Roberto Bissio of Social Watch, Gita Sen of DAWN, Areli Sandoval of Equipo Pueblo, and Sandra Vermuyten of Public Services International (PSI). The session was moderated by Hamish Jenkins of UN-NGLS, with Richard Kozul-Wright, Director of the Division on Globalization and Development Strategies at the UN Conference on Trade and Development (UNCTAD), as discussant.

## Reflection Group's approach

In his opening remarks at the event, Hubert Rene Schillinger of FES said that FES has been sponsoring the work of the Reflection Group since the latter's inception in 2010.

Some of the earlier thinking of the Reflection Group was laid out in its first report to the Rio+20 UN summit on sustainable development in 2012. It was at this summit that the notion of the Sustainable Development Goals (SDGs) was developed and agreed upon by the in-

ternational community, Schillinger said.

(The SDGs would become the centrepiece of the 2030 Agenda for Sustainable Development, which was adopted by world leaders at a UN summit in 2015.)

The approach of the Reflection Group to the then upcoming global sustainability agenda was further developed in a discussion paper titled "Goals for the Rich", where the approach taken was that the concept of "common but differentiated responsibilities" (CBDR) that officially applies only in the area of climate change also has to apply to the sustainability agenda.

Schillinger explained that this implies particular responsibility for the rich and powerful both domestically in their respective countries and also internationally, where the rich countries have a particular responsibility including but not only with regard to the means of implementation.

Another key element of the approach taken by the Reflection Group is policy coherence, which implies a strong focus on structural and policy obstacles that might stand in the way of successfully implementing the 2030 Agenda and achieving its goals.

Hamish Jenkins of UN-NGLS said that what is in the *Spotlight* report is quite exceptional in terms of looking both at the opportunities of the new 2030 Agenda and also at the hardcore questions that need to be addressed in terms of the incoherence in the global governance system.

"I think this report will be the start of a series that will really help the international community guide its path towards a genuine implementation of the [Sustainable Development] Goals that do offer fundamental transformative potential but require a certain number of political changes that are quite difficult in the current conjuncture," said Jenkins.

Roberto Bissio, Coordinator of Social Watch, said that the report has two parts. The first is the physical part (the present report), and the second, which Social Watch helped to facilitate and contrib-

uted greatly to, is virtual but easily available on the Social Watch website ([www.socialwatch.org](http://www.socialwatch.org)). According to Bissio, this second part consists of 40 national reports (from civil society) that look into the 2030 Agenda and the potential for its implementation in the different countries.

He noted that the 2030 Agenda is very ambitious and that civil society "were active participants in the process." He referred to the Millennium Development Goals (MDGs, the predecessor to the SDGs) as being the outcome of a limited formulation of a set of goals by a group of experts without any consultation with either governments or civil society. But the process for the 2030 Agenda was completely different, resulting in what is a global, universal agenda.

It is not just about what developing countries should be doing to achieve a certain set of goals, but about goals that are global in nature and that commit all countries, said Bissio. "In that sense, our formulation in the previous process that we needed goals for the rich is contemplated in the new agenda."

He said that goals for the rich in the new Agenda does not just mean that richer countries have to contribute to the achievement of the goals of those countries that have less capacity. It also means that they have responsibilities to their own societies within their own countries, which is a new component.

Bissio also pointed to the implicit need in the SDGs for developed countries to look at the extraterritorial impact of what they do at home.

He highlighted some obstacles, namely, the malfunctioning trading system and an international financial system that is not making money flow the way it should flow.

He also pointed to two risks. One is that the discussion on the SDG indicators is still open and some of the important concepts in the Agenda, such as policy space, do not have a definition or do not have a clear indicator.

The other major risk is that implementation of the Agenda is largely put in the hands of the private sector and/or partnerships between the private sector and the public sector, such as in mobilizing financing for infrastructure.

According to Bissio, a majority of the 40 national reports above point to problems with public-private partnerships (PPPs). PPPs end up being more expensive than any other alternative to fund the same infrastructure. They create debt in forms that are outside the scrutiny of

parliaments or even outside the scope of decisions of economy ministers. And they lack transparency, which inevitably leads to more corruption.

"So there is a major risk that the diagnosis and the aspirations clearly put us on the right side but the solutions identified so far are pushing the other way," said Bissio.

### Corporate involvement

Gita Sen of DAWN said "we had the soaring rhetoric of the Millennium Declaration followed by the reductionist goals that got enshrined as the MDGs, which, for many of us who participated in the UN conferences of the 1990s, were an extreme disappointment because they in fact shrank dramatically what we thought was an opening and expansion of the agenda."

In contrast, she said, the SDGs had very strong mobilization. Women's organizations were centrally engaged in the process throughout.

She noted that all of this is happening amid the "ferocity" of climate change, militarization and conflict, and economic crises driven by neoliberal financialization. She also highlighted the extreme and ongoing conservative backlash against women's human rights on a variety of fronts.

One of the central challenges for the implementation of the SDGs, said Sen, is the rapidly expanding role of the private corporate sector.

She said it is useful that the World Health Organization (WHO) finally adopted a Framework of Engagement with Non-State Actors (FENSA) at its World Health Assembly last May. However, some of the FENSA provisions raise some questions. One of those is paragraph 27 *bis* of the final FENSA document, which may be one of the most problematic because it completely appears to water down due diligence and risk assessment.

Sen also lamented that proposals to pool the funds from contributors to WHO in order to avoid undue influence by any particular individual funder could not secure agreement in the FENSA process.

On PPPs, Sen noted that the European Commission's expert panel on effective ways of investing in health adopted an opinion in 2014 based on a review by an independent consultant of 15 PPP cases in European countries. She cited the expert panel as saying: "Public disclosure of data and analysis behind

PPP investments is very poor, inconsistent and not standardized. The expert panel has not found scientific evidence that PPPs are cost-effective compared with traditional forms of public finance and managed provision of healthcare."

"If that is for the European Union, which has more institutional capacity for managing PPPs," Sen pointed out, "just imagine [how] developing countries with very weak health infrastructure and health systems [will] be able to manage this kind of explosion and plethora of PPPs that we seem to be driving towards."

Areli Sandoval of Equipo Pueblo spoke on the Mexican chapter of the *Spotlight* report, which focuses on barriers to the implementation of the 2030 Agenda in Mexico due to the lack of a human rights and sustainability approach in the country's legal and policy frameworks. She said that calls have been made to review and reform some of these frameworks.

Sandra Vermuyten of PSI said the broad objectives of recognition of the importance of full and productive employment, decent work for all, universal social protection, the human right to water and sanitation, universal free education, healthcare for all, gender equality and reduced income inequality, were by and large reflected in the 2030 Agenda. What is worrying, however, is that the supporting framework and implementation are not in line with those declared goals.

According to Vermuyten, PSI has held the opinion that the Agenda could end up being a vehicle for privatization and maintaining the status quo. "Unfortunately, one year down the line, with a follow-up meeting of the FfD [Financing for Development] and the HLPF [High-Level Political Forum], our opinion hasn't changed."

"It is a wonderful opportunity for multinationals to get an entry into the United Nations but we haven't seen a lot of commitment to public service delivery, because we don't see the unconditional criteria that are needed to ensure that the private sector intervention is in line with public interest, especially when public resources are used to support the private sector."

Privatization and PPPs in water and energy have been proven to lead to disastrous results, she said.

All of these developments are in complete contradiction with the 2030 Agenda and the human rights obligations of states.

In addition, much-needed public policies that are more sustainable are lacking, and little or no attention has been directed to alternative models of development such as the social and solidarity economy.

"We also have to look at trade agreements – to what extent they are compatible with the SDGs and human rights obligations. We think ISDS [investor-state dispute settlement] systems [provided for in many trade agreements] are certainly not compatible with the 2030 Agenda and its implementation," Vermuyten said.

### A step forward

Richard Kozul-Wright of UNCTAD noted that the authors of the *Spotlight* report welcome the SDGs as a positive move from the MDGs. The SDGs are more ambitious, more universal, more inclusive and more transformative. In a word, they are essentially more developmental, he said. Despite their name, the MDGs were never very developmental; they were essentially about eliminating extreme deprivation rather than addressing developmental challenges.

"At least from the UNCTAD perspective, that is why we welcome the SDGs too as a positive step forward in terms of fashioning an international development agenda."

The MDGs, because they were focused on deprivation and not on development, failed to address the structural flaws in the global economic and financial system.

"As the report says, it is now incumbent on those people that are responsible for implementing the SDGs not only to think about those in national terms and the kinds of national policies that are implied by meeting the SDGs, but also to address the problems at the international and multilateral level," said Kozul-Wright.

This is becoming an increasing challenge given the steady weakening of multilateral institutions over the course of the last 30 years.

In that context, according to Kozul-Wright, the overview to the report points to a number of concerns that will be essential for proponents of the SDGs to address if they are to become a meaningful agenda that moves economic and social progress forward.

He also said it is no good just talking about inequality but that it is important to recognize that many inequalities are closely interconnected: economic, ra-

cial and gender-based.

He further pointed to the recognition that in much of the framing of the SDGs there is a ceding of responsibility from the public to the private sector, in particular from the public realm to the corporate realm, and this poses serious worries in terms of meeting the SDGs.

On PPPs, Kozul-Wright said it is about the lobbying power of large corporations and the consequences that it

has for democratic representation. It is about the undermining of fiscal space through tax havens and other kinds of illicit flows.

Unless these are part of the serious agenda on the SDGs, it is difficult to see how they will be met, he underlined. (SUNS8342) □

*The full Spotlight report, including the national reports, can be found at [www.socialwatch.org/node/17211](http://www.socialwatch.org/node/17211).*

## Governments and social movements disagree on future of cities

A newly adopted UN agenda for sustainable cities has drawn criticism from academics and activists who question whether it can effectively bring about inclusive urban development.

by Emilio Godoy

QUITO: The Third United Nations Conference on Housing and Sustainable Urban Development and the alternative forums held by social organizations ended in the Ecuadorean capital with opposing visions regarding the future of cities and the fulfilment of rights in urban areas.

On 20 October, the representatives of 195 countries taking part in the Habitat III conference adopted the Quito Declaration on Sustainable Cities and Human Settlements for All, after four days of deliberations.

The basis of the declaration, also known as the New Urban Agenda, is the promotion of sustainable urban development, inclusive prosperity and spatial development planning.

In the 23-page declaration, the states commit themselves to fighting poverty, inequality and discrimination; improving urban planning; and building cities with resilience to climate change.

At the same time, academics and social movements laid out their visions of social development of cities in two alternative social forums held parallel to the 17-20 October summit, criticizing Habitat III's approach to urbanization and questioning how effectively it can be applied.

"If you see the New Urban Agenda as building international cooperation, agreed on by the countries and implemented by municipal governments, which did not take part in drawing it up, it's heading for a crisis, because there will be clashes," Fernando Carrion, the Ecuadorean activist who headed the To-

wards an Alternative Habitat 3 social forum, told Inter Press Service (IPS).

During this parallel forum, held at the Latin American Faculty of Social Sciences (FLACSO), some 140 speakers from 32 nations and 40 organizations from around the region discussed urban rights; the dialogue with local governments and social movements; housing and spatial justice, a term similar to the right to the city.

Habitat III, which was organized by the UN Human Settlements Programme (UN-Habitat), drew around 35,000 delegates of governments, non-governmental organizations, international bodies, universities and companies, and gave rise to the New Urban Agenda, which is to chart the course of political action aimed at sustainable urban development over the next 20 years.

After the United States and Europe, Latin America is the most urbanized part of the planet, as 80% of the region's total population of 641 million people live in urban areas. At least 104 million Latin Americans live in slums; worldwide the number of slum dwellers amounts to 2.5 billion, according to UN-Habitat.

This phenomenon poses the challenges of land title regularization and the provision of basic services, while aggravating problems facing cities like pollution, increasing traffic, urban sprawl and inequality.

"We need to rethink how to organize cities. We have to organize and mobilize ourselves. We're going to assess compliance by national and local governments, which are key, because many things will

depend on their compliance," Alison Brown, a professor at the University of Cardiff in the UK, told IPS.

### After Quito

The Quito Declaration drew criticism on some points. One of the main concerns that arose in the debates was about the "post-Quito" implementation of the commitments assumed by the states and social organizations.

The Habitat III accords "cannot generate the urban reforms that we need, such as integral access to land with services. That can only be achieved through struggle. It is local political participation that makes it possible to press for urban reform," Isabella Gonçalves, an activist with the Brazilian NGO Brigadas Populares, told IPS.

She attended the 14-20 October Resistance to Habitat III social forum, which brought together delegates from about 100 social organizations from 35 nations to address issues such as opposition to evictions, the promotion of social housing, and defending the right to the city.

In its final declaration, the social forum called for strengthening the movements defending the right to land and territory and respect for the universal right to housing, and questioned Habitat III for pushing for urbanization to the detriment of rural areas and their inhabitants.

The Habitat International Coalition criticized the New Urban Agenda's "narrow vision", and lamented that Habitat III had forgotten about protecting people from forced eviction and about the need to fight the shortage of housing and to achieve the right to universal housing.

It also urged countries to "regulate global financial transactions; end or limit opaque speculative financial instruments; steeply tax real-estate speculation; regulate rents; enhance the social tenure, production and financing of housing and habitat; and prevent privatization of the commons, which is subject to attack under the neoliberal development model."

Academics and social movements want to avoid a repeat of what happened post-Habitat II, which was held in 1996 in Istanbul and whose implementation lacked follow-up and evaluation.

For that reason, the organizers of Towards an Alternative Habitat 3 agreed on the creation of an observatory for monitoring the decisions reached, bian-



nual meetings, wide publication of the results of research and follow-up on the progress made by cities.

The Quito Declaration mentions periodic reviews, and urges the UN Secretary-General to assess the progress made and challenges faced in the implementation of the New Urban Agenda in his quadrennial report in 2026.

The two decades between the summit in Istanbul and the one in Quito serve as a demonstration of what could happen with the New Urban Agenda.

The Global Urban Futures Project's Habitat Commitment Index, presented during Habitat III, shows how little has been achieved since 1996.

Between Habitat I, held in 1976 in Vancouver, and Habitat II, the global average score in terms of fulfilment of the commitments assumed was 68.68, according to the Project, a network of academics and activists based at the New School University in New York City, which created the Index based on infrastructure, poverty, employment, sustainability, institutional capacity and gender indicators.

But since the 1996 conference, the global average only increased by 1.49 points.

Latin America and Southeast Asia increased their scores, while North and Sub-Saharan Africa showed extremes in both directions, with large increases and decreases in HCI scores. India made no progress, and China saw a "significant decline" in its score.

With respect to the different dimensions taken into account by the Index, the greatest progress was seen in gender, modest progress was seen in poverty and sustainability, and minimal progress was seen in infrastructure.

"We didn't manage to get a citizen monitoring mechanism or advisory committee included in the New Urban Agenda," Luis Bonilla of El Salvador, who is the chief operating officer for TECHO International, told IPS. "For that reason, we will create a follow-up mechanism. Concrete commitments are needed" within the agenda, he added.

Carrion, a professor at FLACSO and a coordinator of working groups in the Latin American Council of Social Sciences (CLASCO), said "the attention of many organizations was drawn, and now we will see what can be done from here on out."

For social movements, then, Quito marked the start of a long road ahead. (IPS) ☐

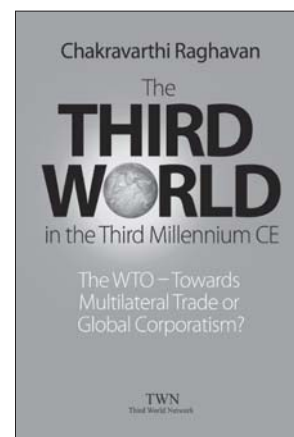
## The Third World in the Third Millennium CE

### The WTO – Towards Multilateral Trade or Global Corporatism?

By Chakravarthi Raghavan

THE second volume of *The Third World in the Third Millennium CE* looks at how the countries of the South have fared amidst the evolution of the multilateral trading system over the years. Even at the General Agreement on Tariffs and Trade (GATT) gave way to the World Trade Organization (WTO) as the institution governing international trade, this book reveals, the Third World nations have continued to see their developmental concerns sidelined in favour of the commercial interests of the industrial countries.

From the landmark Uruguay Round of talks which resulted in the WTO's establishment to the ongoing Doha Round and its tortuous progress, the scenario facing the developing countries on the multilateral trade front has been one of broken promises, onerous obligations and manipulative manoeuvrings. In such a context, the need is for the countries of the Third World to push back by working together to bring about a more equitable trade order. All this is painstakingly documented by *Chakravarthi Raghavan* in the articles collected in this volume, which capture the complex and contentious dynamics of the trading system as seen through the eyes of a leading international affairs commentator.



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# Poverty reduction hampered by poor policies

Conventional policy approaches to poverty eradication are clearly insufficient, if not worse, contends *Jomo Kwame Sundaram*.

At the UN Millennium Summit in September 2000, world leaders committed to halving the share of people living on less than a dollar a day by 2015.

The World Bank's poverty line, set at \$1/day in 1985, was adjusted to \$1.25/day in 2005, an increase of 25% after two decades. This was then readjusted to \$1.90/day in 2011/12, an increase by half over seven years!

As these upward adjustments are supposed to reflect changes in the cost of living, but do not seem to parallel inflation or other related measures, they have raised more doubts about poverty line adjustments.

The number of people living on less than \$1.90 a day in developing countries is estimated to have fallen from close to 2 billion in 1981 to 1.95 billion in 1990 to just under 1.4 billion in 2005 and 902 million in 2012, projected to 702 million in 2015.

The share of poor people has thus declined from 44% in 1981 to 37% in 1990, 24% in 2005 and 12.8% in 2012, projected to 9.6% in 2015.

Much of the progress has been due to sustained rapid growth in several large developing countries, notably China and India, and higher commodity prices for over a decade until 2014.

However, outside of East Asia, progress has been modest, with actual setbacks in some countries and regions.

For those earning just above the extreme poverty line (\$1.90 a day), progress can be temporary as economic and other shocks threaten hard-won gains, forcing them back into poverty.

Progress in reducing poverty has been generally slower using higher poverty lines. Over 2.1 billion people in the developing world lived on less than \$3.10 a day in 2012, compared with 2.9 billion in 1990.

Extreme poverty in Sub-Saharan Africa has hardly declined, standing at around 42.6% in 2012. Moreover, many of the poor in this region are estimated to be very far below the poverty line as the average consumption of Africa's poor is only about 70 cents a day – barely more than 20 years ago.

Thus, even 20 more years of progress

at recent rates will not end poverty in Africa, with a quarter of Africans expected to still be deemed poor in 2030.

Besides income, wide-ranging deficits in the human condition remain widespread, not only in most low-income countries but also in many middle-income countries. Access to basic education, healthcare, modern energy, safe water and other critical services – often influenced by socioeconomic status, gender, ethnicity and geography – remains elusive for many.

## Policy failures

There is little evidence that the professed commitments by the global community to the Millennium Development Goals (MDGs) and what was done in the name of the MDGs were critical to poverty reduction.

This does not bode well for the Sustainable Development Goals (SDGs), especially with the protracted economic slowdown since 2008, the declining commitment to economic multilateralism, and the constrained fiscal and policy space most developing countries have.

In decoupling poverty reduction from economic development, various “silver bullets” – microcredit, “bottom of the pyramid” marketing, land titling, “good governance” – were touted, but failed, as miracle cures.

In most developing societies, economic reforms and policies imposed or advised by international financial institutions did not deliver promised growth, but instead often exacerbated growing inequalities, both within and among nations.

And even where economic growth – typically despite, rather than because of, the conventional wisdom – lifted most boats, it often did not raise the leaky, fragile ones of the poor.

This nuanced record of poverty reduction challenges the conventional policy prescriptions identified with the Washington Consensus – the norm outside East Asia since the 1980s.

Reductions in public investments – in health, education and other social programmes – have adversely affected

billions.

The poor have also been more vulnerable to economic downturns, as unskilled workers tend to lose their jobs first, while job recovery generally lags behind output recovery.

## Ideology, crisis and poverty

The counter-revolution against development economics, and the ascendance of the Washington Consensus since the 1980s, significantly transformed the development discourse.

Reforms such as macroeconomic stabilization, defined as low single-digit inflation, as well as microeconomic market liberalization, associated with structural adjustment, were all supposed to accelerate economic growth and poverty reduction, presumed to follow from growth.

These typically failed on both counts – to spur growth and to eliminate poverty. Little attention was given to structural causes of poverty, including gross inequalities of resources and opportunities, and the consequences of uneven development.

While the Washington Consensus economic reforms were supposed to unleash rapid growth, social protection was reduced to social safety nets targeted at a few supposedly falling between the cracks, often victims of temporary setbacks such as natural catastrophes and economic crises.

The Washington Consensus reforms, often imposed as conditionalities, have significantly constrained policy space for national development strategies.

Failure to sustain growth, regressive tax reforms and reduced government revenues have also constrained developing countries' fiscal space.

Developing countries also significantly reduced state capacities and capabilities while under pressure to liberalize and globalize on unequal and debilitating terms. Such reductions of both fiscal and policy space have undermined sustainable and equitable development.

Conventional policy approaches to poverty eradication are clearly insufficient, if not worse. Meanwhile, obstacles to reducing global poverty remain formidable, numerous and complex.

Targeting – often demanded by many donors – is not only typically costly, but also inadvertently excludes many who are deserving. Furthermore,

(continued on page 7)