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World economy on a recessionary path, warns UNCTAD

UN Trade and Development (UNCTAD) has projected world gross product to expand by only 2.3% in 2025, below the threshold of 2.5% - a marker of a global recessionary phase. The global economic prospects for this year are being reshaped by subdued demand, trade policy shocks, financial turbulence and systemic uncertainty.

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World economy on a recessionary trajectory, warns UNCTAD

Global growth is expected to slow to 2.3% in 2025, marking a significant deceleration compared to the average annual growth rates registered in the pre-COVID-19 pandemic period, which itself was a period of subdued growth globally, according to UN Trade and Development (UNCTAD).

by Kanaga Raja

PENANG: Global growth is expected to slow to 2.3% in 2025, falling below the 2.5% threshold that is often associated with a global recessionary phase, according to UN Trade and Development (UNCTAD).

In its Trade and Development Foresights 2025 report, UNCTAD said this marks a sharp deceleration compared to the average annual growth rates of the pre-pandemic period, which were already sluggish.

Subdued demand, trade policy shocks, financial turbulence and systemic uncertainty are intensifying pressures, especially for developing countries, it added.

Among the other key takeaways from the report are that the late-2024 and early-2025 up-tick in global trade was driven in part by front-loaded orders.

This momentum is expected to fade, or even reverse, during the rest of 2025 as new tariffs come into effect.

The report also said that fiscal priorities are shifting in major economies, with reduced official development assistance, lower social spending and higher defence budgets.

These changes risk undermining progress toward the Sustainable Development Goals. Investor caution – amid tight financial conditions and growing uncertainty – further threatens long-term development financing, it said.

Another key point highlighted in the report is that strengthening existing trade ties, including within the global South, offers a buffer against rising uncertainty.

However, the report said many low-income countries face a convergence of risks: worsening external conditions, heavy debt burdens and weakening domestic growth.

If the geoeconomic confrontation continues to disrupt the global economy, poorer nations can face a "perfect storm", it said.

With the trade tensions rising and growth slowing, UNCTAD also cautioned against the dangers of economic fragmentation and geoeconomic confrontation.

Instead, it said strengthening regional and international policy coordination, and building on existing trade and economic links, will be key to resilience in a fragile global economy.

Low growth

According to the UNCTAD report, despite a slightly stronger-than-expected growth performance of 2.8 per cent in 2024, the global economy is set to slow down in 2025.

UNCTAD estimates that the world gross product will expand by only 2.3 per cent in 2025, below the threshold of 2.5 per cent – a marker of a global recessionary phase.

This is a significant deceleration compared to the average annual growth rates registered in the pre-pandemic period, which itself was a period of subdued growth globally, it said.

The global outlook for 2025 is clouded by heightened policy uncertainty, the levels of which in early 2025 were the highest observed in this century, said the report.

Notwithstanding the details of the new tariffs the United States announced on 2 April 2025, the prevailing levels of policy uncertainty affect economic activity negatively as companies encounter losses and put off investment and hiring decisions, it added.

Similarly, it said that the implementation of successive rounds of restrictive trade measures and geoeconomic confrontation carry the risks of severe disruptions to border-crossing production lines and international trade flows, in turn pulling down economic activity globally.

A minor upward revision to the growth estimate for 2024 – compared to what UNCTAD anticipated – resulted from a stronger than expected performance of the United States economy in the final quarter of 2024. This was partially offset by a weakening of growth in Europe and Latin America, said the report.

The up-tick in activity towards the end of 2024 mainly reflects a front-loading of trade orders and consumption spending in anticipation of tariff measures and consequent increases in the prices of affected goods, it added.

In other words, it said the dynamism observed in the closing months of 2024 and early weeks of 2025 will prove transitory.

In April 2025, concerns over the global economic context and the impact of trade policy shifts have translated into major financial turbulence, said the report.

Sharp corrections and significant losses in financial markets followed weeks of volatility that marked the opening months of 2025.

With the so-called financial "fear index" at its third highest level - after the peaks of 2008 and 2020 - fears of recession in the United States are growing, while the international ramifications of tariff tensions add to investor anxiety regarding the prospects for economies worldwide, said the report.

Developing countries are vulnerable to global financial volatility, with the economies of Asia – the region most integrated into the global value chains - particularly affected by financial turbulence, it pointed out.

It said current risks stem from two areas. On the one hand, the recent financial boom has been concentrated in the technology stocks of the advanced economies, with companies from the developing countries finding it difficult to raise capital.

"On the other hand, while current gyrations in the financial markets can accelerate financial inflows into some emerging market assets, in the context of systemic uncertainty, trade tensions and slowing demand, short-term speculation adds to financial stability risks."

Changing perceptions of risks have also affected the price of traditional safe-haven assets such as gold, the dollar and United States Treasuries, in turn amplifying systemic uncertainty further, the report observed.

For the past six months, gold prices maintained strong upward momentum, defying traditional market trends and despite a stronger dollar and increasing real yields – an unusual phenomenon, it said.

This trajectory reflects two trends. On the one hand, central banks around the world, which have accelerated the diversification of their reserves, have contributed to growing demand, said UNCTAD.

On the other hand, gold serves as a safe-haven asset against higher inflation expectations and anxiety about the performance of other assets, and has been sought by investors in the wider context of uncertainty and loss of confidence, it added.

Starting from mid-2024 - and after several delays – the central banks of the major advanced economies finally kicked off their monetary loosening cycles, the report noted.

The European Central Bank was the first to begin cutting rates in June 2024 and has since reduced its key policy rates by a cumulative 150 basis points.

Likewise, the Bank of England has reduced its rate by an accumulated 75 basis points, while the Federal Reserve has realized three cuts to its key policy rate from September to December 2024, totalling 100 basis points.

However, the report said during this period – and contrary to historical norms – long-term government bond yields have increased.

It said although yields have receded from the highs registered in January 2025, they remain above the levels registered at the outset of the respective central banks' loosening cycles, including in the United States, where 10-year yields remain above their September 2024 level.

Despite a sharp drop immediately after the tariff announcement of 2 April, bond yields returned quickly to their prior levels soon after.

While one would not necessarily expect long-term bond yields to match movements in central banks' policy rates – since such policy rates are very short-term – such a drastic divergence of paths is unusual, the report noted.

In the last seven monetary loosening cycles of the Federal Reserve dating back to the 1980s, the yield on 10-year Treasury bonds invariably moved lower in the months after the initial cut in interest rates.

The up-tick in inflation expectations in recent months explains part of this divergence, it said.

However, the most significant factor behind the higher risk compensation demanded by bond holders stems from heightened macroeconomic uncertainty, it added.

This is reflected in the increase in what is known as the "term premium" – that is, the amount by which the yield on a long-term bond exceeds that on shorter-term bonds.

This premium reflects the amount investors expect to be compensated for lending for longer periods.

The report said the impact of heightened uncertainty on the trajectory of yields is not limited to the financing costs of the respective Governments.

It said it equally affects other borrowers, both households and firms, as loan terms are typically influenced by government borrowing costs; it also puts upward pressure on global interest rates.

This will further complicate the macroeconomic prospects for developing countries, particularly those with high external debt burdens, the report cautioned.

The decade of historically low – and in some advanced economies, negative – real interest rates has given way to a longer-term period of significantly tighter financial conditions, said the report.

"Given the rapid build-up of debt, particularly in developing countries, the ongoing tight financing conditions forebode a worrying situation: not only is investment constrained due to higher financing costs, but resources are increasingly diverted away from critical spending needs to cover the onerous debt-servicing costs."

According to the recent IMF debt sustainability analysis, more than half of low-income countries – 35 out of a total of 68 – are currently in debt distress or at high risk of debt distress.

UNCTAD said the prospect of tighter-for-longer monetary policy in the United States as well as unusually elevated government bond yields across the major advanced economies point to a further crowding out of financial flows to the developing world.

This adds to the challenging economic landscape for the countries of the global South, it cautioned.

"Beginning in the third quarter of 2024, developing countries faced mounting pressures. Concerns over trade tariffs and technology restrictions grew, triggering volatility in emerging market equities and growing investor caution."

It said historically, such conditions, exacerbated by elevated levels of uncertainty, have been characterized by a so-called "flight to safety" in which investors channel financial resources towards "safer" or more "stable" assets and markets – almost invariably perceived as those in advanced economies - to the detriment of financial flows to developing countries.

UNCTAD said for their part, central banks in the developing world will face a more challenging environment for the normalization of their domestic monetary policy.

This, in turn, will put upward pressure on local borrowing costs and further inhibit domestic demand.

The report said in these difficult conditions, three key factors can help developing economies leverage existing trade relationships amid the ongoing shifts.

First, while the United States remains the world's largest export market, developing economies now account for a significant share of merchandise exports and imports of all the three largest economies; this can potentially offset some of the impact of the projected economic slowdown in the United States.

Second, the rise of China has been driving a steady growth of South-South trade, which has been expanding at a faster pace than that of other trade flows.

The potential of South-South economic integration offers opportunities for many developing countries, in trade and beyond, said the report.

Third, intra-regional trade offers strong development opportunities, it added.

The report said that while its progress has not been uniform across the global South, it has been a major force in strengthening open regionalism in parts of Asia, with the East and South-East Asian economies driving over 40 per cent of global economic growth in 2024.

At the same time, current tariff escalation and the volatile external environment pose new challenges to the region.

These add to financial stability risks in several Asian economies, as high debt servicing costs have weakened the debt repayment ability of not only Governments but also firms and households, it added.

The outlook for the global economy is increasingly worrying.

Global outlook

According to the report, the outlook for the global economy is increasingly worrying.

It said that the initial optimism at the beginning of 2025 regarding a dynamic expansion of the economy in the United States – largely driven by expectations of a short-term boost from corporate tax cuts, deregulation measures and monetary easing – is tempered by the abrupt shifts in trade and immigration policies, which are already generating significant negative supply shocks.

In addition, the macroeconomic effects of tariffs raise the risks of a period of stagflation in the latter part of 2025, it said.

The report said for its part, an up-tick in inflationary pressures in the United States in recent months has resulted in a more cautious approach to the Federal Reserve's loosening of monetary policy.

The prior broad consensus of policy rate cuts in each quarter – resulting in an accumulated reduction of 100 basis points by year-end – is being revised.

In turn, the effects of the "higher-for-longer" policy rates will be felt both domestically and internationally, it added.

In the euro area, despite the ongoing normalization of monetary policy, domestic demand is unlikely to rebound.

The manufacturing sector, which has been struggling in recent years under the pressures of global competition and elevated domestic energy prices, is particularly vulnerable to the imposition of tariffs and a deteriorating external environment, said UNCTAD.

Yet, it said on the positive side, the announcement by the incoming Government in Germany – which accounts for almost a third of the euro-zone economy – of reforms to fiscal rules that had previously acted as a brake on public spending, particularly on infrastructure, holds out the possibility of an improvement in growth prospects in the years ahead.

UNCTAD said in the case of China, growth is expected to be supported by the ramping up of fiscal and monetary stimulus measures as well as structural policies.

"Similarly, a series of policy actions undertaken to stabilize the real estate sector appear to have had the desired effect, as the sector's declining trend has eased since the end of 2024."

However, the increasingly difficult external context will undoubtedly weigh on growth, said the report.

Across the rest of the global South, developing regions face an increasingly challenging environment, it added.

It said the imposition of escalating rounds of tariffs will have a disproportionately large impact (both directly and indirectly) on developing countries, particularly those that are more integrated into global supply chains.

"Similarly, elevated policy uncertainty and subsequent delays in investment and hiring decisions will have a dampening effect on both employment and household incomes," the report concluded. *(SUNS 10210)*

Merchandise trade dynamism expected to fade in 2025 – UNCTAD

New tariff announcements by the United States in early April suggest that the up-tick in global trade flows observed in late 2024 and early 2025 is fizzling out, according to UN Trade and Development (UNCTAD).

by Kanaga Raja

PENANG: The late-2024 and early-2025 up-tick in global trade was driven in part by front-loaded orders ahead of newly announced tariffs, and this momentum is expected to fade – or even reverse - over the year as new tariffs come into effect, according to UN Trade and Development (UNCTAD).

In a separate section of its Trade and Development Foresights 2025 report dealing with international markets, UNCTAD said escalating trade tensions threaten development progress, particularly for the most vulnerable economies, with real negative effects on businesses already unfolding.

The report also said that global growth is expected to slow to 2.3% in 2025, falling below the 2.5% threshold that is often associated with a global recessionary phase.

UNCTAD said this marks a sharp deceleration compared to the average annual growth rates of the pre-pandemic period, which were already sluggish.

Subdued demand, trade policy shocks, financial turbulence and systemic uncertainty are intensifying pressures, especially for developing countries, it added.

According to the report, the international trading system is facing its most serious challenge since the Second World War.

"The transformation in the structure of world trade and the re-configuration of global value chains have been unfolding over the past decade or so."

The repercussions of the current policy shock and global uncertainty are set to accelerate these shifts, thereby making any predictions about the ultimate impact of trade re-configuration difficult, said UNCTAD.

Yet it is already clear that merchandise trade flows are under intense pressure and will be significantly affected, it added.

It was only recently that the headline data indicated a rather benign outlook for global merchandise trade, said the report.

The report said during the last quarter of 2024, world trade – the average between exports and imports – grew 2.8 per cent in real terms year-on-year (3.3 per cent for exports and 2.4 per cent for imports) according to the CPB Netherlands Bureau for Economic Policy Analysis (an economics research institute).

This represented the strongest year-on-year increase since the first half of 2022, with double-digit export figures from China (+14 per cent) leading the expansion.

This mirrored strong import demand from the United States (+7 per cent), Latin America (+9 per cent) and other key advanced Asian economies (+8 per cent) excluding Japan (+1 per cent), said the report.

Elsewhere in the developed world, the growth of merchandise trade, both exports and imports, was more muted or even negative, with the exports of the United Kingdom declining markedly (-12 per cent).

Meanwhile, the aggregate exports from the transition economies (-1 per cent) and Africa and the Middle East (-2 per cent) also contracted in real terms, albeit not in such a dramatic fashion, said the report, again citing figures from the Netherlands research institute.

The dynamism of the headline figures largely reflected stockpiling effects and front-load spending on large ticket items by firms and households ahead of anticipated tariffs, the report suggested.

The decline of consumer and business sentiment in the United States, together with the new tariff announcements in early April, suggests that the up-tick in trade flows observed in late 2024 and early 2025 is fizzling out, it said.

More worryingly, at the current juncture, a sharp reversal cannot be ruled out in the months to come, the report cautioned, pointing out that several sets of indicators support a pessimistic reading.

First, uncertainty over trade policy already skyrocketed in early 2025 after the United States started to unveil its intentions to raise tariffs vis-a-vis its main trading partners, said the report.

Second, new export orders from purchasing managers' indices of key exporting countries have moved below the neutral point of 50 per cent.

Third, between early January and late March 2025, the Comprehensive Shanghai Export Containerized Freight Index, an important barometer of international shipping and trade dynamics, declined by 40 per cent, dropping to close to its pre-pandemic level, a period when world merchandise trade had been markedly subdued, UNCTAD said.

Fourth, during the first quarter of 2025, weekly updates of the UNCTAD Trade Nowcasts for merchandise trade have continually been revised downward as new sets of data have been published.

Fifth, escalating trade tensions threaten development progress, particularly for the most vulnerable economies, with real negative effects on businesses already unfolding, said the report.

However, the report said that being relatively immune from the threat of tariffs, trade in services has maintained a strong momentum during the first quarter of 2025, echoing the pattern observed in the last decade, except for the COVID-19 period.

Setting aside tourism and transport – two segments each accounting for roughly one fifth of total services trade - other commercial services expanded on a strong footing in the second half of 2024, it added.

UNCTAD said during the third quarter of 2024, the dollar revenues from exports of this heterogeneous group of activities, which together account for roughly 60 per cent of total services trade, increased by 8 per cent, with the growth reaching double-digit figures in many economies throughout the different developing regions.

Some Latin American economies recorded especially high growth rates (Chile: +32 per cent, Argentina: +26 per cent, and Peru: +17 per cent).

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

"Computer services exports recorded robust growth both in developed and developing economies, including a sharp increase of 77 per cent in Indonesia and strong growth of 37 per cent in Mauritius and 18 per cent in the United States."

At the same time, current policy uncertainty might dampen investment in services sectors dependent on global inter-connectivity, ultimately harming trade in services, the report cautioned.

Overall, current trends indicate a subdued outlook for the manufacturing sector, while instability over tariffs likely adds to risks of a slowdown, it said.

Heightened policy uncertainty pushes decision-makers to revisit their integration strategies, the report added.

It said companies seek greater market diversity and are scaling up risk management efforts; governments are reassessing their trade policies, weighing the benefits of open trade against the need for protecting domestic interests.

According to UNCTAD, the volatile economic landscape calls for agile adaptive measures to navigate the growing vagaries of international trade.

Addressing these uncertainties requires countries that recognize the mutual benefits of international trade to maintain coordinated efforts in fostering a stable and predictable trading environment, the report suggested. *(SUNS 10212)*

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China's President Xi warns US against "bullying or hegemonism"

China appears to have emerged as the big winner in the high-level bilateral trade talks with the United States in Geneva that culminated in a "first step" agreement on 12 May.

by D. Ravi Kanth

YEREVAN: China appears to have turned the tables against the United States in the high-level bilateral trade talks that concluded with a "first step" agreement on 12 May, with China's President Xi Jinping confidently declaring on 13 May that "there are no winners in tariff wars or trade wars", while warning that "bullying or hegemonism only leads to self-isolation."

A day after the US and China agreed to drastically cut their tariffs – from 145% to 30% on Chinese goods entering the US market, and China reducing tariffs of 125% to 10% on American goods entering China – an upbeat President Xi delivered the strongest message yet during the opening ceremony of the fourth ministerial meeting of the China-CELAC (the Community of Latin American and Caribbean States) Forum in Beijing on advancing a shared development and revitalization with CELAC countries, media reports suggested.

Unlike the 2018 talks between the US and China, where the two sides reached an interim agreement involving commitments by China to buy tens of billions of dollars' worth of US goods, largely agricultural products, this time around, the first round of talks between the world's two largest economies appeared to be more favourable to China, as Washington had seemingly "cut off its nose to spite its face", said people familiar with the development.

After US President Donald Trump embarked on one of the US' most aggressive tariff wars during the past 90 days, threatening that his actions will severely affect the Chinese economy, he and his Treasury Secretary Scott Bessent had to finally back down, said people who asked not to be quoted.

President Trump, however, defended his decision to steeply cut the tariffs that he had imposed on China, insisting that China will remove several non-tariff barriers that it had imposed against the US following Washington's seemingly reckless tariff escalation moves.

China's stoppage of supplies of critical raw materials and purchases of farm products, as well as Boeing aircraft appear to have caused a seismic shock to the American companies.

However, President Trump seemingly put on a brave face on his alleged trade debacle with China, suggesting that "I think they want it very badly. I think they want the deal very badly."

Yet, in the public perception and assessments provided by several trade analysts and experts, it is China that appears to have emerged as the big winner.

US Senate Democratic Leader Chuck Schumer blamed President Trump, saying that he had "caved " by reducing US tariffs without getting any commitments in return.

"Sadly, it looks like China has once again gotten the better of Donald Trump. They have had hardly to give up a thing. It's another example of Donald Trump chaos. Trump has one policy for his tariffs one day, a different policy the next day. One day, he's pretending to be a tough guy with China. The next day, he's caving to China and getting little - if anything – in return," said Schumer.

"The Geneva agreement represents an almost complete US retreat that vindicates [Chinese President] Xi's decision to forcefully retaliate," said Scott Kennedy, a China expert at the Washington-based Center for Strategic and International Studies, according to a news report in the New York Times on 13 May.

However, it is difficult to predict how the US-China talks will proceed from the "first step" in Geneva on 12 May.

Though the two sides claimed that they will not pursue nor engage in decoupling policies, China seems to be moving away by signing new contracts with several South American farm producers like Argentina and Brazil.

According to a news report, titled "Who blinked first? How the US and China broke their trade deadlock", in the Financial Times on 13 May, it is being suggested that "the US might have overplayed its hand by raising the tariff too quickly and too high."

"The US blinked first," said Alicia Garcia-Herrero, an economist at a French bank, according to the FT report.

Five programs

Against this backdrop, President Xi's announcement on 13 May of a robust plan to advance shared development and revitalization with CELAC countries assumes significance.

The two sides, for example, agreed to safeguard the authority of the United Nations, support multilateralism and free trade, and oppose unilateralism, protectionism, power politics and bullying to safeguard the common interests of the Global South, according to a Xinhua commentary on 13 May.

President Xi announced "five programs, ranging from solidarity, development and civilization to peace and people-to-people connectivity."

According to the Xinhua commentary, on the Solidarity Program, President Xi said that "China is willing to strengthen solidarity with LAC countries and continue to support each other on issues concerning their core interests and major concerns, to firmly safeguard the international system with the UN at its core and the international order underpinned by international law, and to speak with one voice in international and regional affairs."

As part of this program, China is going to invite 300 members from political parties of CELAC member states every year to visit China to facilitate exchanges on national governance best practices, President Xi said.

On the Development Program, the Chinese President suggested that Beijing "is willing to work with LAC countries to implement the Global Development Initiative, resolutely uphold the multilateral trading system, ensure stable, unimpeded global industrial and supply chains, and promote an

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international environment of openness and cooperation."

According to the Xinhua commentary, China has also committed to "import more quality products from LAC countries and encourage Chinese enterprises to expand their investment in the region."

On the Civilization Program, President Xi called for joint implementation of the Global Civilization Initiative.

On the Peace Program, he called for joint implementation of the Global Security Initiative in which both sides could "cooperate more closely in disaster governance, cybersecurity, counterterrorism, anti-corruption, narcotics control and combating transnational organized crime so as to safeguard security and stability in the region."

According to the Xinhua commentary, on the People-to-People Connectivity Program, President Xi said that in the next three years, China will provide CELAC member states with 3,500 government scholarships, 10,000 training opportunities in China, 500 International Chinese Language Teachers Scholarships, 300 training opportunities for poverty reduction professionals, and 1,000 funded placements through the Chinese Bridge program, initiate 300 "small and beautiful" livelihood projects, and support CELAC member states in developing Chinese language education. *(SUNS 10221)*

US, China agree to temporary ceasefire in Trump's tariff and trade war

After two days of intense negotiations in Geneva, the United States and China reached a partial agreement on 12 May whereby they agreed to slash their respective tariffs imposed against each other.

by D. Ravi Kanth

YEREVAN: The United States and China on 12 May in Geneva announced a temporary ceasefire in their heightened tariff and trade war, agreeing to slash their respective tariffs by 115% following the Trump administration's imposition of tariffs against China and other countries over the past 90 days.

China had retaliated against each tariff measure imposed by the Trump administration that unleashed a global tariff and trade war following US President Donald Trump's announcement of "reciprocal" tariffs on 2 April, while Washington's other trading partners seem to be engaged in various stages of negotiations over these tariffs.

The US and the United Kingdom recently struck a trade agreement which still has several issues to be resolved.

"We have reached an agreement on a 90-day pause, and substantially move down the tariff levels," said US Treasury Secretary Scott Bessent at a press conference in Geneva on 12 May, emphasizing that "both sides, on the reciprocal tariffs, will move their tariffs down 115%."

China stuck to its position that the trade war was started by the US.

"Over the past three months or so, the global trade war, which was provoked or initiated by the United States, has caught global attention," Chinese Vice Premier and chief negotiator Mr He Lifeng told reporters in Geneva on 12 May.

"China's position towards this trade war has been clear and consistent, and that is China doesn't want to fight a trade war because trade wars produce no winners. But if the US insists on forcing this war upon us, China will not be afraid of it, and will fight to the end," the Chinese chief negotiator insisted.

During the period from 1 February to 9 April, the US chose to unilaterally impose different levels of tariffs against countries in alleged violation of its multilateral tariff commitments as inscribed in the schedules of concessions under Article II of the GATT, which was replaced by the World Trade Organization in 1995.

After weeks of "saber-rattling" by the Trump administration, particularly against China, it has reached a temporary/partial agreement with China after two days of intense negotiations in Geneva.

The two sides temporarily paused all tariffs that came into effect after the Trump administration announced the "reciprocal" tariffs on 2 April, and the subsequent escalation of tariffs to 145% against China.

Beijing, in turn, chose to retaliate in an equal measure by imposing an overall import duty of 125% on American goods entering the Chinese market.

According to media reports, the US will now lower the 145% tariff against China to 30%, while China will lower its tariff of 125% on US goods to 10%.

The US has also agreed to reduce its "reciprocal" tariff of 34% to 10%, while China also did the same with its retaliatory tariff of 34% on American goods.

The agreement

The bilateral agreement between the US and China, which is expected to be reviewed in various international capitals, seems to have brought about a positive turn in lowering the tariff and trade tensions for the time being, said people familiar with the development.

The preamble to the agreement notes the "importance of a sustainable, long-term, and mutually beneficial economic and trade relationship," while suggesting that "continued discussions have the potential to address the concerns of each side in their economic and trade relationship."

Significantly, the two sides agreed to set up a new mechanism to continue discussions about economic and trade relations, "in the spirit of mutual opening, continued communication, cooperation, and mutual respect."

According to a Joint Statement on US-China Economic and Trade Meeting issued by the White House on 12 May, the United States "will (i) modify the application of the additional ad valorem rate of duty on articles of China (including articles of the Hong

Kong Special Administrative Region and the Macau Special Administrative Region) set forth in Executive Order 14257 of April 2, 2025, by suspending 24 percentage points of that rate for an initial period of 90 days, while retaining the remaining ad valorem rate of 10 percent on those articles pursuant to the terms of said Order; and (ii) removing the modified additional ad valorem rates of duty on those articles imposed by Executive Order 14259 of April 8, 2025 and Executive Order 14266 of April 9, 2025."

According to the Joint Statement, China "will (i) modify accordingly the application of the additional ad valorem rate of duty on articles of the United States set forth in Announcement of the Customs Tariff Commission of the State Council No. 4 of 2025, by suspending 24 percentage points of that rate for an initial period of 90 days, while retaining the remaining additional ad valorem rate of 10 percent on those articles, and removing the modified additional ad valorem rates of duty on those articles imposed by Announcement of the Customs Tariff Commission of the State Council No. 5 of 2025 and Announcement of the Customs Tariff Commission of the State Council No. 6 of 2025; and (ii) adopt all necessary administrative measures to suspend or remove the non- tariff countermeasures taken against the United States since April 2, 2025."

Both sides also agreed to "establish a mechanism to continue discussions about economic and trade relations."

The understanding reached on the "mechanism" suggests that the representative from the Chinese side for these discussions will be He Lifeng, Vice Premier of the State Council, and two representatives from the Chinese finance and commerce ministries, while the US side will be represented by Scott Bessent, Secretary of the Treasury, and Jamieson Greer, United States Trade Representative (USTR).

The two sides agreed to conduct discussions "alternately in China and the United States, or a third country upon agreement of the Parties."

"As required, the two sides may conduct working-level consultations on relevant economic and trade issues."

The fentanyl-related tariff of 20% will continue until China acts appropriately, including punishing those responsible for the illegal supplies of the opioid drug entering the US, while the US is also seemingly committed to taking punitive measures against narcotic "mafias" in the coming days, remarks by Treasury Secretary Bessent have suggested.

At the press conference in Geneva, Bessent gave an account of the preparations for the Geneva meeting, suggesting that "both countries represented their national interest very well."

More importantly, Bessent said the US "concluded that we have [a] shared interest, and we both have an interest in balanced trade. The US will continue moving towards that," including assurances that the two sides will not "decouple" in their bilateral trade.

As previously reported in the Wall Street Journal, the US Treasury Secretary had sought commitments from several trading partners that they will not trade with China while allegedly opting for isolating China in the supply chains.

When Bessent asked the USTR to present a background to President Trump's imposition of tariffs, including "reciprocal" tariffs, Ambassador Greer said that "the atmosphere of the meeting was candid, in-depth, and constructive," emphasizing that "the meeting achieved substantial progress and reached important consensus."

"The two sides agreed on establishing a consultation mechanism for trade and economic issues, and identify the lead persons on each side and we'll carry on further consultations relating to trade and economic issues of their respective concerns," Ambassador Greer said.

"The rapid nature that we were able to conduct and conclude these discussions is a testament to mutual understanding and mutual respect between the Chinese and US sides," the USTR said.

The USTR drew attention to the ballooning US trade deficit of $1.2 trillion in goods at the end of last year, which was an approximately 42% increase over the few years prior, when it was $850 billion.

The reason for this huge jump in the trade deficit was largely due to "non-reciprocal trade, among other things," said Ambassador Greer, adding that the net result of the uncontrollable US trade deficit "has been offshoring of manufacturing and other negative impacts on the US economy."

Justifying President Trump's "America First Trade Policy" announced on 20 January, and the subsequent imposition of "reciprocal" tariffs in April, Ambassador Greer said that "there was a global baseline tariff accompanied by higher reciprocal tariffs for each country depending on the level and intensity of their trade surplus with the United States."

Noting that China was assigned a reciprocal tariff rate of 34% on all its goods entering the US market, the USTR acknowledged that "China was the only country that chose to implement retaliation against the United States for this reciprocal tariff" and that all other countries withheld and decided that they wanted to negotiate with the United States or simply not retaliate.

"And so we've been in a detailed discussion with other countries for several weeks at this point," he said.

He continued, "China, as you know, retaliated not only with tariffs, but with disproportionate and asymmetrical non-tariff measures."

If the US did not impose unilateral tariffs, especially "reciprocal" tariffs, China would not have retaliated at all, said a person, who asked not to be quoted.

"In order to maintain the effectiveness of the reciprocal tariff measures," the USTR said that "the president increased our tariff rates to offset Chinese retaliation, and as you know, this escalated to a point where both sides had added 125% tariffs, and with the Chinese side additional non-tariff measures, amounting to an embargo in some senses on trade, an effective embargo, which of course was not a sustainable practice for either side."

He said that "with this agreement, we come to an agreement that our reciprocal tariff rate will go down to 10% on the United States side, so it goes down 115%. We enter into a 90-day pause period for negotiations, which both the Chinese and the United States are very committed to."

The US Treasury Secretary said the US has a "process, plan, and mechanism", which are "big takeaways from this weekend."

The United States, said Bessent, "will continue a strategic re-balancing in many areas that were exposed as supply chain weaknesses during COVID."

He said that Washington has identified "five or six strategic industries and supply chain vulnerabilities," while emphasizing that it "will continue moving toward US independence or reliable supplies from allies on those, but the consensus from both delegations this weekend is neither side wants a decoupling."

Asked why the US went down to a 30% tariff against China, the USTR replied that Washington will "retain our 10% global baseline tariff, which we have on other countries," in addition to that, "previous measures that we've retained, which have been, frankly, effective in reducing the US bilateral trade deficit with China over the past few years."

Further, the USTR clarified that the agreement "does not include any sector-specific tariffs that have been put across all of our trading partners."

The "upside surprise," said Bessent, "for me from this weekend was the level of Chinese engagement on the fentanyl crisis in the United States."

He said that the US and China "concluded that we had shared interest and that neither side was interested in a decoupling and again a lot of back-and-forth on various differences in views on fair trade."

Bessent insisted that trade deficits are a result of three things: terms of trade, currency manipulation, and US fiscal position.

The US informed China that the "Trump administration is working very hard on containing this out-of-control fiscal deficit that we inherited from the previous administration."

However, the two sides did not discuss the currency issue.

When asked whether it would have been better to start a discussion with China before imposing tariffs, the USTR appeared to strike a hardline stance.

Ambassador Greer said, "I disagree entirely," adding that "we have spent decades at the World Trade Organization in multilateral and bilateral negotiations trying to get other countries to reduce their tariffs and non-tariff barriers to be more reciprocal with the US", which has been one of the most open economies for decades.

"The promise of the WTO and the multilateral system is that everyone was going to come down [in terms of tariffs and non-tariff barriers]," said Ambassador Greer. "It turns out the US went down significantly."

China stands firm

China said its position "towards this trade war has been clear and consistent, and that is China doesn't want to fight a trade war because trade wars produce no winners. But if the US insists on forcing this war upon us, China will not be afraid of it, and will fight to the end."

Expressing satisfaction, the Chinese Vice Premier He Lifeng said, "thanks to the concerted efforts from both sides, the meeting has been productive and has been an important first step taken by the two sides to properly resolve their differences through equal-footed dialogue, and also for bridging differences and deepening cooperation. This meeting has laid the foundation and created the conditions for that effort."

China drove home the message that "the key is to follow the principle of mutual respect, peaceful coexistence, and win-win cooperation, and find ways to properly resolve issues through equal-footed dialogue and consultation in order to foster a stable, sound, and sustainable China-US trade and economic relationship."

Vice Premier He said "we're going to promote new development in the China-US trade and economic relations, and inject more certainty and stability into the world economy." *(SUNS 10220)*

WTO DG issues modalities document for MC14, focusing on "reforms"

A modalities document issued by the World Trade Organization's Director-General for the global trade body's upcoming 14th ministerial conference (MC14) early next year appears to undermine the unresolved mandated issues, while focusing exclusively on "WTO reforms".

by D. Ravi Kanth

YEREVAN: The World Trade Organization's Director-General, Ms Ngozi Okonjo-Iweala, on 7 May sought responses from members to the document titled "Road to Yaounde MC14 - Possible Modalities, Substance and Way Forward", which seems to have been prepared under her own responsibility based on her consultations with members, said people familiar with the development.

However, the document appears to reveal a "top-down" approach focusing exclusively on a WTO "reforms" package that includes controversial issues such as the continuation of the principle of consensus-based decision-making, the self-designated flexibility for developing countries to avail of special and differential treatment (S&DT), and the conclusion of allegedly WTO-illegal plurilateral agreements such as the joint initiative agreement on electronic commerce and the Investment Facilitation for Development Agreement (IFDA), said people, who asked not to be quoted.

At a time when the Trump administration has seemingly turned the multilateral trading system on its head by imposing unilateral tariff measures on WTO members that are being seen as coercive, attempts are now being made to "reform" the WTO in order to make it "palatable" to the United States and other industrialized countries, said people familiar with the development.

Though the contents of the document were briefly discussed at a meeting of the WTO Doha Trade Negotiations Committee (TNC) on 7 May, the issues raised in the document appear to undermine the long-pending, unresolved mandated issues, while focusing excessively on "reforms" in an alleged attempt to "whittle down" the Marrakesh Agreement that established the WTO in 1995, said people familiar with the development.

Under the rubric of "reforms", the industrialized countries, especially the US, have been seeking fundamental changes in the way decisions are taken at the WTO on the basis of the "consensus" principle, the self-designated option for developing countries to avail of S&DT, and the reform of the existing binding two-tier dispute settlement system that undergirds the WTO's enforcement function, among others, said people familiar with the development.

Lack of clarity

At present, there is little or no clarity on the "reforms" and what they entail for the organization, said a trade envoy, who asked not to be quoted.

This is more so, when there is growing apprehension among developing countries that the outstanding mandated issues, particularly in agriculture and other areas, would be brushed aside in favour of addressing the elusive reform-related issues, the envoy said.

Against this backdrop, the three-page document circulated by the DG at the formal TNC meeting on 7 May, seen by the SUNS, seeks members' responses on the structure and format of the WTO's upcoming 14th ministerial conference (MC14), scheduled to be held in Yaounde, Cameroon from 26-29 March 2026.

STRUCTURE & FORMAT OF MC14

According to the document, members' views are sought on three issues:

(1) Broad support from the Membership for a shorter (2 days without extension), focused and flexible Ministerial Conference;

(2) MC14 formats: incorporate breakout formats, policy panels and Ministerial-level dialogue, particularly on WTO reform.

(3) Bring back the traditional plenary sessions to provide Ministers the opportunity to make political statements during the Conference.

The above suggestions seem to depart from paragraph 1 of Article IV of the Marrakesh Agreement, which states: "There shall be a Ministerial Conference composed of representatives of all the Members, which shall meet at least once every two years. The Ministerial Conference shall carry out the functions of the WTO and take actions necessary to this effect. The Ministerial Conference shall have the authority to take decisions on all matters under any of the Multilateral Trade Agreements, if so requested by a Member, in accordance with the specific requirements for decision-making in this Agreement and in the relevant Multilateral Trade Agreement."

POLITICAL, PROCEDURAL AND ORGANIZATIONAL MATTERS

Under the second heading on "Political, Procedural and Organizational Matters", the DG sought members' views on several political aspects, including:

A. Political messaging from MC14 that reaffirms the relevance and resilience of the WTO amidst global uncertainty;

B. MC14 must prioritize WTO reform – including a Reform Declaration that sets out the areas of reform and the modalities;

C. MC14 in Africa – opportunity to highlight African interests, idea of an "African Package" (agriculture, development and policy space for industrial development);

D. Geneva First Principle – finish substantive work in Geneva, Ministers approve outcomes and not negotiate them;

E. Only issues with real convergence should be taken to MC14 with a deadline possibility in October or December to decide on those issues.

On the procedural front, the DG sought views on two issues: (i) All processes should be transparent, inclusive, open, Member-driven and broadly representative of the Membership; and (ii) Convene Senior Officials Meeting, if and only when necessary to conclude outcomes.

SUBSTANTIVE PRIORITIES

As part of "Substantive Priorities (raised by members as priority. Delivery on them at MC14 depends on progress made by Members in Geneva), the DG sought members' responses on "WTO Repositioning/Reform (strong convergence on advancing WTO reform and need for structured discussions)".

As part of "Substantive Priorities", the DG provided several "examples of topics/themes".

They include:

1. Level playing field issues.

2. Negotiating function reform – which includes (a) developing country Member status and commitments from negotiations; (b) negotiating instruments (multilaterals, plurilaterals, others); (c) how to better harness decision-making by consensus (responsible consensus); and (d) understanding of and action on previous ministerial meetings.

3. Monitoring, transparency and failures to comply with notification obligations.

4. DS [dispute settlement] reform – important priority for all Members but question of how to harness considerable progress made.

5. How to ensure that current WTO agreements remain dynamic and relevant (e.g. ASCM, TRIMs, TRIPS, among others).

6. Future trade rules (tariffs and NTBs, AI, digital, services, sustainability issues, responsive trade rules for natural disasters and other emergencies).

As part of the process to be followed for addressing the above issues, the DG is understood to have suggested (1) scoping, and (2) Ministerial Guidance.

Under "scoping", the document suggests that "Prior to MC14, Members' role is to formulate questions that serve to designate and delineate areas and issues for reform and put in place a Member-driven process (recommend that the GC chair designate overall reform Facilitator in consultation with the DG).

On implementation, it is being suggested that: "Members to implement Ministerial Guidance from MC14 in the respective workstreams (including with the assistance of high-level thinkers and leaders) for Ministers to consider and bless at MC15".

On "Agriculture (broad importance)", the document issued by the DG suggests that: "All agriculture issues including PSH [public stockholding programs for food security], domestic support and cotton" be dealt in the Committee on Agriculture in Special Session."

On "Fisheries Subsidies (bridge remaining gaps in Geneva)", the document indicates: "negotiations on Additional Provisions (Fish 2)."

It notes: "Negotiating Group on Rules (Note: Many noted domestic efforts to ratify Agreement on Fisheries Subsidies and called for its entry into force by June 2025 – so far, around 97 countries ratified the Fish 1, while two-thirds of members, roughly 112 members, are required to put the agreement in force)."

On "E-commerce", the document suggests addressing the "Work Program and Moratorium under the supervision of the General Council, including dedicated discussions on the Work Program on E-Commerce."

The DG also highlighted two agreements – the Agreement on Investment Facilitation for Development and the E-Commerce Agreement.

A "systemic blot"

However, the DG's promotion of these two agreements appears to be a "systemic blot", as there is no ministerial mandate up until now, said a trade envoy, who asked not to be quoted.

As regards the long-pending "Development and LDC issues (support for incremental but tangible deliverables)", the document lists five areas.

They include: "(a) Extension of LDC Services Waiver; (b) Support for EIF [Enhanced Integrated Framework] and TACB [relating to Trade Facilitation Agreement]; (c) Policy Space for Industrial Development; (d) Transfer of Technology; and (e) Advancing G90 Proposals."

The DG's document also suggests: "Review of the Implementation of the TRIPS Agreement under Article 71.1."

TENTATIVE TIMELINE

DG also proposed a "tentative timeline" for meetings, starting with "Members' meetings in Negotiating Groups, Facilitator on reform workstreams and Members' work in other configurations" during May-July 2025.

"Expectations"

The "expectations" from these meetings are:

1. Move forward negotiating work prioritized for MC14.

2. Start reform workstreams to generate reform questions (scoping) of issues under each theme that need to be addressed.

3. Move forward on other work areas for MC14.

As part of "General Council and Trade Negotiations Committee (TNC) Meetings" in July 2025, the document suggests that members "take stock of progress in (a) Negotiations, (b) Scoping and Reform Work, and (c) Other Areas".

According to the document, "members' meetings in Negotiating Groups, Facilitator on reform workstreams and Members' work in other configurations" during August-December 2025, must indicate "further progress in negotiating work prioritized for MC14, continue reform workstreams on reform questions (scoping), and move forward on other work areas for MC14."

The document also suggests a Senior Officials Meeting in November 2025 to take stock of progress and provide political guidance as needed on "negotiations", "scoping of reform work", and "other areas."

In the final phase of meetings in December 2025, members are being asked to consider: "Decision-making on negotiating files and issues ripe enough to be taken forward to MC14".

According to the document, during January-March 2026, members are being asked to "finalize Geneva work on files to be taken forward as decided in 2025." *(SUNS 10219)*

Third World ECONOMICS No. 817-818, 16 April -15 May 2025

Retreat on “sustainable agriculture” fails to bring about consensus

A two-day retreat at the World Trade Organization on “Sustainable Agriculture in the Multilateral Trading System” failed to come up with any concrete plan on addressing the issue of “sustainable agriculture”.

by D. Ravi Kanth

YEREVAN: The much-touted two-day retreat on “Sustainable Agriculture in the Multilateral Trading System” that concluded on 6 May at the World Trade Organization seemingly failed to bring about any cohesive plan or consensus among members on how to address the issue of “sustainable agriculture” in the WTO, said people familiar with the discussions.

The United States is understood to have conveyed that Washington will not agree to any specific workstreams being generated out of the discussions on sustainable agriculture at the retreat, said people familiar with the discussions.

The WTO’s Director-General, Ms Ngozi Okonjo-Iweala, appears to have concluded the retreat on a rather sombre note, saying that the issue of “technology” could help resolve the impasse in the agriculture negotiations, said people familiar with the discussions.

The two-day retreat (5-6 May) on “sustainable agriculture” seemingly witnessed a backlash against some of the ideas underlying the discussions on this issue, with the African Group and several developing countries having apparently viewed it as an attempt to undermine the provision of agricultural input subsidies under Article 6.2 of the Agreement on Agriculture (AoA), said people familiar with the discussions.

Several members appear to have also expressed sharp concerns over the experts chosen to brief the members, particularly from the Washington-based International Food Policy Research Institute (IFPRI), and the Paris-based Organization for Economic Cooperation and Development (OECD), said people familiar with the development.

It appears that the DG chose the IFPRI to provide critical assessments on the way forward in agriculture, while members seemingly felt the ideas proposed by the IFPRI and others are not conducive to overcoming the impasse in the agriculture negotiations, said people familiar with the development.

Background

In a restricted document (Job/GC/432) issued on 11 April, seen by the SUNS, the chair of the WTO’s General Council (GC), Ambassador Saqer Abdullah Almoqbel of Saudi Arabia, framed the central issues for the retreat following his consultations with members on the Brazilian initiative on “sustainable agriculture in the multilateral trading system”.

According to the GC chair’s paper, the key takeaways from these consultations are as follows:

1. There is value in facilitating a dialogue that fosters a shared understanding of sustainable agriculture within the trade context and explore how the WTO can contribute. This open dialogue should allow Members to freely express their views, enhancing their understanding without restricting topics.

2. The conceptual framework of sustainable agriculture must encompass all three pillars of sustainable development – economic, environmental, and social. Discussions should take into account diverse local circumstances and policy priorities, cautioning against a one-size-fits-all approach.

3. It is essential to integrate contributions from external experts, including international organizations, regional bodies, think tanks, the private sector, and relevant stakeholders such as farmers, to establish a solid foundation, particularly in shaping the conceptual framework for sustainable agriculture.

4. Areas of interest highlighted included: food security, including affordability and availability of food, better nutrition, livelihood security, rural development, support for small-scale farmers in meeting sustainability standards, the critical role of technology transfer and innovation in adopting climate-smart agriculture, and the enhancement of productive capacity. The importance of cooperation, technical assistance, capacity building, and financing was also emphasized, along with resilience in supply chains and value addition. Members also underscored the role of regulatory frameworks and sustainability standards as well as SPS and TBT measures, with some stressing the impact of unilateral trade-related environmental measures (TREMs) and environmentally harmful subsidies (EHS).

5. Efforts on sustainable agriculture should complement, not distract from, the core negotiations in the Committee on Agriculture – Special Session (CoA-SS) and avoid duplication of work across WTO bodies.

6. The retreat should focus on actionable outcomes and be forward-looking, without prejudging specific results or potential workstreams – which should be discussed after the retreat.

The GC chair emphasized that the “retreat will offer a platform for open dialogue, experience sharing, collaborative problem-solving, and forward-thinking, starting with assessing the drivers and barriers to sustainable agriculture.”

Discussions

The first day of the retreat, which focussed on the assessments of the external experts from IFPRI, OECD, and the United Nations Food and Agriculture Organization (FAO) seemed very disjointed, with no clear message on what is intended to be achieved, said people who attended the meeting.

Besides, there was little or no coherence in the assessments delivered by the external experts on how to address issues concerning sustainable agriculture in the context of the unaddressed issues in the Doha agriculture negotiations, said people who asked not to be quoted.

During the second session, which was attended only by Heads of Delegation (HoDs) on 6 May, two questions were posed for consideration.

The HoDs were asked to assess “(i) the drivers and barriers of sustainable agriculture to develop a common understanding of the challenges and opportunities ahead; and (ii) general actionable ideas for the WTO and identify concrete next steps for fostering further engagement on sustainable agriculture at the WTO."

In effect, the GC chair asked members in the restricted document "what do they see in terms of the WTO's possible contribution to this topic, in terms of multilateral rules and collaboration?" said a trade envoy who asked not to be quoted.

Given the distribution of HoDs into four groups, it was difficult to assess the tone and tenor of the discussions in each group, the trade envoy said.

The African Group apparently said that they will not accept any new obligations arising out of the discussion on sustainable agriculture, as there is already a large outstanding agenda in the Doha agriculture negotiations that has to be addressed at this juncture, said an African participant, who asked not to be quoted.

Indonesia, the coordinator of the G33 group of developing countries, delivered a strong message against the notion of "sustainable agriculture", saying that there is no common definition of what sustainable agriculture and sustainability would mean, said another participant, who asked not to be quoted.

Indonesia cast doubts on what the WTO can do or achieve on sustainable agriculture, the participant said.

The European Union, however, defended the notion of "sustainable agriculture" and the need for it in the current context of climate change.

The EU appears to have said even if the WTO is not an environmental organization, there are several areas under the current WTO framework that have a linkage with sustainability, said people familiar with the development.

The EU also appears to have cautioned that if nothing is done at the WTO, it does not mean that work in this area will stop, as national administrations will start taking actions and this may even have potential negative repercussions on some other members, said people familiar with the development.

According to Brussels, it would be better for members to address it multilaterally because there is value in collaboration here, said people familiar with the discussions.

Members from the Caribbean region seemed somewhat open to the discussions on sustainable agriculture, while expressing concern over the multiple standards, the cost of certification, lesser harmonization, and market access challenges, said people familiar with the discussions.

In effect, there were two extreme sets of views expressed on sustainable agriculture at the retreat, said people familiar with the discussions.

The US is understood to have said that it will not support any specific workstreams being generated out of the discussions on sustainable agriculture, said people familiar with the discussions.

In the concluding session, the DG seemingly highlighted the role of technology and how it could be a major driver for resolving the outstanding issues in agriculture, said people familiar with the discussions. *(SUNS 10218)*

India and UK finalize bilateral FTA, London the big beneficiary?

India and the United Kingdom on 6 May concluded a bilateral free trade agreement (FTA), touted as a "historic milestone", and a "landmark deal" by the leaders of India and the UK, respectively.

by D. Ravi Kanth

YEREVAN: India and the United Kingdom on 6 May finalized a much-delayed bilateral free trade agreement (FTA), with the Indian Prime Minister Narendra Modi claiming it as a "historic milestone" while his British counterpart Keir Starmer touted it as a "landmark deal", amidst claims of potential gains worth billions of dollars.

Talks between India and the UK on the bilateral FTA appear to have been accelerated in the wake of US President Donald Trump's imposition of tariffs globally last month, with London and New Delhi keen on developing closer trade ties, said the Financial Times in a news report on 6 May.

The Indian Prime Minister posted the following comment on the social media platform X on 6 May: "In a historic milestone, India and the UK have successfully concluded an ambitious and mutually beneficial Free Trade Agreement, along with a Double Contribution Convention."

To recall, the Modi government, when it came to power in 2014, remained opposed to free trade agreements that were concluded by the previous Congress government.

In fact, it had walked out of the Regional Comprehensive Economic Partnership (RCEP) agreement between 15 Asia-Pacific countries that included China, Korea, Japan, Australia, New Zealand, Indonesia, and Singapore among others.

Now, for India, bilateral free trade agreements are being characterized as "landmark" agreements.

"These landmark agreements will further deepen our Comprehensive Strategic Partnership, and catalyse trade, investment, growth, job creation, and innovation in both our economies," Prime Minister Modi said in his post on X.

Meanwhile, British Prime Minister Starmer said the agreement with India – which was finalized on 6 May after more than three years of negotiations under successive governments – is a "landmark deal" that will "grow the economy and deliver for British people and business."

The immediate beneficiaries of the trade deal in Britain would be the car and alcohol industries.

According to a news report in the Guardian on 6 May, India's tariffs on British whisky and gin will be halved from 150% to 75% before reducing to 40% by the 10th year of the deal.

Tariffs on British cars will be reduced from about 110% to 10%, with quotas set on the number of British cars that can be exported to India and vice-versa, according to the news report.

According to a news report in The Hindu on 6 May, the highlights of the India-UK FTA include:

- 99% of Indian exports to benefit from zero duty in the UK market.
- Indian import duty will be slashed, locking in reductions on 90% of tariff lines, 85% of these becoming fully tariff-free within a decade.
- India reducing tariffs for whisky, medical devices, advanced machinery, and lamb, making UK exports more competitive.
- Goods with reduced import duties for Indian consumers: cosmetics, aerospace, lamb, medical devices, salmon, electrical machinery, soft drinks, chocolate and biscuits.
- Products with cheaper prices for British shoppers: clothes, footwear, and food products including frozen prawns.
- Automotive tariffs will go from over 100% to 10% under a quota.
- Three-year exemption from social security payments for Indian employees working in the UK.
- Export opportunities for labour-intensive sectors such as textiles, marine products, leather, footwear, sports goods and toys, gems and jewellery, engineering goods, auto parts and engines, and organic chemicals.

The Indian Prime Minister's Office said the two leaders agreed that expanding economic and commercial ties between India and the UK remain a "cornerstone" of the increasingly robust and multifaceted partnership.

"The conclusion of a balanced, equitable and ambitious FTA, covering trade in goods and services, is expected to significantly enhance bilateral trade, generate new avenues for employment, raise living standards, and improve the overall well-being of citizens in both countries," the Prime Minister's Office said.

While the economics of a bilateral free trade agreement will always show positive impacts on the exports and imports of both countries, one needs to look at the net impact on the countries as well as the impact of the provisions agreed to in the FTA, said an analyst, who asked not to be quoted.

The very fact that the UK's weighted average tariff vis-a-vis India in 2023 was 0.5% as compared to India's 20% means that the net increase in the exports of the UK to India will be higher.

Several questions remain unanswered at this juncture. For example, if India is compromising more on tariff reduction, what is India getting in return?

Is the three-year exemption from the social security certificate for Indian employees working in the UK sufficient?

Have any mutual recognition agreements of qualifications been pushed by India? Is India gaining in terms of the quota of visas available for Indians to work in the services sector in the UK?

Last year, India signed a significant Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA) countries, which include Switzerland, Iceland, Norway, and Liechtenstein.

The TEPA was concluded after 21 rounds of negotiations that spanned a period of ten years.

The TEPA included a chapter on investment promotion with the signatories promising a commitment of $100 billion in investment over 15 years in India.

However, the Swiss trade minister said that governments cannot vouch for complying with the promise of $100 billion in investment, suggesting that it is the private companies that carry out their investments.

Though India was able to reject a push for data exclusivity in the TEPA, it is not clear whether there was such an iron-clad conditionality on intellectual property rights, said a person, who asked not to be quoted.

India-US FTA

At this moment, India's foremost trade priority is to conclude a bilateral free trade agreement with the US, which is calling for steep reduction commitments.

Washington appears to be insisting on substantial removal of non-tariff barriers as well as the Minimum Support Price guaranteed by India to its poorest farmers.

Under the proposed bilateral FTA with India, the US is pushing hard for sweeping changes in India's policies, ranging from tariff reductions to regulatory overhauls that could benefit American firms and exporters.

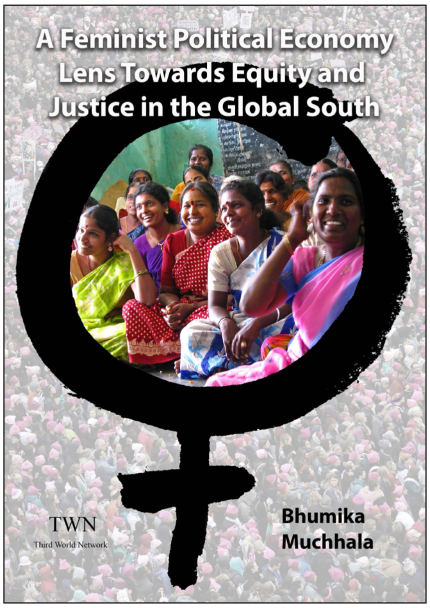
In the agriculture sector, the Global Trade Research Initiative (GTRI), a New Delhi-based think-tank with which the Indian government holds consultations, said that the US demands include scaling back India's Minimum Support Price (MSP) programs for crops like rice and wheat, removing restrictions on genetically-modified (GM) imports, and lowering farm tariffs.

The US also wants India to remove GM-free feed certification and facility registration protocols that effectively bar American dairy exports to India.

In short, India has now seemingly entered the "uncharted waters" of free trade agreements with countries that seem to have different economic conditions than India, where the per capita income of its 1.24 billion population is only $2,400, said several people, who asked not to be quoted. *(SUNS 10217)*

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

By *Bhumika Muchhala*



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

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

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

 Third World ECONOMICS No. 817-818, 16 April -15 May 2025

US places eight countries, including China, on IP watch-list

The United States has placed eight countries on its controversial "Priority Watch List" for allegedly failing to provide adequate and effective intellectual property (IP) protection and enforcement.

by D. Ravi Kanth

YEREVAN: The United States has placed eight countries – Argentina, Chile, China, India, Indonesia, Mexico, Russia, and Venezuela – on its controversial "Priority Watch List" for allegedly failing to provide adequate and effective IP (intellectual property) protection and enforcement for US "inventors, creators, brands, manufacturers and service providers".

An 86-page Special 301 Report issued by the Office of the United States Trade Representative (USTR) on 29 April maintained that the lack of adequate and effective IP protection and enforcement continues to "harm American workers whose livelihoods are tied to America's innovation- and creativity-driven sectors."

Though the Report did not provide any figures for the number of American workers dependent on IP-related activities, which are primarily driven by the collection of monopoly rents, it expressed a wide range of concerns.

These concerns include "(a) challenges with border and criminal enforcement against counterfeits, including in the online environment; (b) high levels of online and broadcast piracy, including through illicit streaming devices; (c) inadequacies in trade secret protection and enforcement in China, Russia, and elsewhere; (d) troubling policies on "indigenous innovation" and forced technology transfer (which can range from state-sponsored theft of trade secrets to transfer under pressure from state actors) that may unfairly disadvantage US right holders in markets abroad; and (e) other ongoing systemic issues regarding IP protection and enforcement, as well as market access, in many trading partners around the world."

The Report says that in the coming days and weeks, depending on the gravity of the US concerns that are not addressed by countries in the Priority Watch List, Washington will take "appropriate actions, which may include enforcement actions under Section 301 of the Trade Act or pursuant to World Trade Organization (WTO) or other trade agreement dispute settlement procedures."

Priority watch list

The USTR Report says Mexico has been moved from the Watch List to the Priority Watch List "due to long-standing and significant IP concerns that have not been resolved, many of which relate to Mexico's implementation of the United States-Mexico-Canada Agreement (USMCA)."

The specific concerns against Mexico include "enforcement against trademark counterfeiting and copyright piracy, protection of pharmaceutical-related IP, pre-established damages for copyright infringement and trademark counterfeiting, and plant variety protection."

As regards Indonesia, the USTR Report says that "Indonesia lacks effective enforcement against widespread piracy and counterfeiting, particularly as local manufacturing of counterfeits has increased and counterfeit sales have shifted online. Significant concerns remain in areas such as border enforcement, copyright exceptions, pharmaceutical-related IP, and patent law implementation."

As regards China, which has been repeatedly included in the Priority Watch List, the Report says "serious concerns remain regarding long-standing issues like technology transfer, trade secrets, counterfeiting, online piracy, copyright law, patent and related policies, bad faith trademarks, and geographical indications."

The Report alleges that "China has failed to implement or only partially implemented a number of its commitments on intellectual property under the United States-China Economic and Trade Agreement (Phase One Agreement)", adding that "the United States will continue to monitor closely China's implementation."

WTO panel report

Significantly, the USTR's latest findings against China can be contrasted with a WTO dispute panel report (DS543) issued in September 2020, which found that the US tariff measures on certain goods from China are inconsistent with the WTO rules.

The panel report dealt with "China's challenge to the additional duties that the United States imposed on certain products from China."

According to the panel report, "the United States imposed these additional duties pursuant to the findings of a Section 301 Report addressing China's practices related to technology transfer, intellectual property, and innovation, which the United States considers to be unfair and distortive policies of "state-sanctioned theft", misappropriation of US technology, intellectual property, and commercial secrets."

China challenged "the 25% additional duties imposed in June 2018 on a first set of products with an approximate annual trade value of USD 34 billion (List 1); and the additional duties on a second set of products with an approximate annual trade value of USD 200 billion (List 2), initially imposed in September 2018 at 10% and subsequently raised in May 2019 to 25%."

China claimed that these additional duties were inconsistent with Articles I:1 and II:1(a) and (b) of the GATT 1994.

In response, the US raised two main sets of arguments:

- By engaging in bilateral negotiations to address several trade concerns – including some matters covered by this dispute - the parties had decided to settle their dispute outside the WTO, and thus reached a "settlement of the matter" within the meaning of the third sentence of Article 12.7 of the DSU; for that reason the Panel should confine its report to a brief statement of the facts and a notation that a settlement has been reached; and
- In any event, the additional duties were justified under Article XX(a) of the

GATT 1994, as measures necessary to protect US public morals. The United States argued that China's acts, policies, and practices addressed in the relevant Section 301 Report amounted to "state-sanctioned theft" and misappropriation of US technology, intellectual property, and commercial secrets, and this violated the public morals prevailing in the United States.

Significantly, despite the fact that "an ongoing bilateral process was taking place between China and the United States", the Panel found that "the challenged additional duties were prima facie inconsistent with Article I:1 of the GATT 1994 because they applied only to products from China; and prima facie inconsistent with Article II of the GATT 1994, because they were applied in excess of the rates to which the United States bound itself in its Schedule of Concessions."

In a similar vein, "with respect to the United States' defence under Article XX(a) of the GATT 1994," the Panel adopted a holistic approach to determining whether the measures at issue were "necessary to protect public morals."

With respect to the identification of the public morals objective invoked by the United States, the Panel observed that the "standards of right and wrong" invoked by the United States (including norms against theft, misappropriation and unfair competition) could – at least at a conceptual level – be covered by the concept of "public morals" in Article XX(a).

With respect to the necessity of the measures, the Panel focused its analysis on the United States' explanation of how the specific measures that it chose to impose, i.e. additional duties on a wide range of selected products from China, contributed to the public morals objective invoked.

The Panel directed its enquiry towards seeking to identify the nexus between the measures the United States had chosen and the US public morals concerns, in order to inform the examination of the question of whether and how the measures contributed, and could therefore be demonstrated to be "necessary", to protect public morals within the meaning of Article XX(a).

Subsequently, regarding the imposition of additional duties on List 1 products, the Panel found that the United States had not provided an explanation demonstrating a genuine relationship of ends and means between the imposition of additional duties on these products and the public morals objective invoked by the United States.

Regarding the imposition of additional duties on List 2 products, the Panel found that the United States had not provided an explanation that would allow the Panel to understand an "ends and means" relationship between the additional duties on List 2 products and the public morals objective invoked by the United States.

In conclusion, the Panel said that "the United States had not provided an explanation demonstrating how the imposition of additional duties on the selected imported products in List 1 and List 2 was apt to contribute to the public morals objective invoked, and, following on from that, how they were necessary to protect public morals."

The Panel found, accordingly, that the United States had not met its burden of demonstrating that the measures are provisionally justified under Article XX(a).

The Panel report contained additional "Concluding Comments" emphasising the Panel's awareness of the wider context in which the WTO system currently operates, which was "one reflecting a range of unprecedented global trade tensions".

Finally, the Panel expressed its encouragement to the parties to continue to work for a mutually agreed solution to the matters raised in the dispute.

Undoubtedly, there appears to be a major legal lacuna in the US arguments in justifying its actions under the Special 301 provisions.

Watch list

The USTR Report also placed 18 countries on its Watch List. These include Algeria, Barbados, Belarus, Bolivia, Brazil, Bulgaria, Canada, Colombia, Ecuador, Egypt, Guatemala, Pakistan, Paraguay, Peru, Thailand, Trinidad and Tobago, Turkiye and Vietnam.

It listed several concerns with different countries under the so-called Watch List.

For example, regarding Vietnam, the Report says that although Hanoi "took some steps to improve criminal enforcement, it remains a leading source of online piracy."

It added that "there has been little or no progress on other serious IP issues, including counterfeit goods, copyright exceptions, pharmaceutical-related IP, and geographical indications."

Regarding Brazil, the Report says that the country lacks "effective enforcement against the widespread importation and sale of counterfeit goods, has not joined international treaties that update copyright protection for the digital environment, and takes significantly longer than most countries to grant patents."

Amidst the many alleged violations of the WTO rules, as evidenced by the tariffs imposed by the Trump administration over the past 100 days, the latest USTR Report seems to contain a slew of likely unilateral actions on account of so-called IP violations by China, India, and others. *(SUNS 10213)*

Third World ECONOMICS No. 817-818, 16 April -15 May 2025

Half of women's organizations risk closure in six months due to aid cuts

The recent drastic cuts in funding risk shutting down within six months nearly half of the women-led and women's rights organizations on the frontline of humanitarian crises worldwide, according to the United Nations entity dedicated to gender equality and the empowerment of women.

by Kanaga Raja

PENANG: Women-led and women's rights organizations on the frontline of humanitarian crises globally have been pushed to a breaking point in the face of drastic cuts in funding, with almost half (47 per cent) of these groups expected to shut down within six months if current conditions persist, UN Women has warned.

In a new report released on 13 May, UN Women said based on the results of a rapid global survey conducted among 411 women-led and women's rights organizations across 44 crisis contexts, it found that 90 per cent of surveyed organizations have been hit by funding cuts.

According to the UN entity dedicated to gender equality and the empowerment of women, a staggering 51 per cent of organizations have already been forced to suspend programmes, including those for supporting survivors of gender-based violence (GBV) or those which provide critical access to protection, livelihoods, multi-purpose cash and health care.

UN Women said that organizations report that programmes and services in the GBV response (67 per cent), protection (62 per cent), livelihoods and multi-purpose cash assistance (58 per cent), and health care (52 per cent) have been the most affected.

Almost three-quarters (72 per cent) report having been forced to lay off staff - many at significant levels, it said.

"The situation is critical. Women and girls simply cannot afford to lose the lifelines that women's organizations are providing. Despite their roles as essential providers, advocates, and watchdogs, women's organizations have been severely underfunded even before the recent wave of reductions," said Sofia Calltorp, Chief of UN Women Humanitarian Action.

"Supporting and resourcing them is not only a matter of equality and rights, but it is also a strategic imperative," Calltorp added.

According to the UN Women report, as of March 2025, an estimated 308 million people in 73 countries are in need of humanitarian assistance due to the escalating and compounded effects of proliferating crises worldwide.

It said the number of people, especially women and girls, affected by crisis is increasing as geopolitical conflicts, climate change, food insecurity, and disease outbreaks intensify.

"At least 117 million are currently forcibly displaced by conflict and violence, and 2024 marked the twelfth consecutive year of rising global displacement."

In 2023, approximately 612 million women and girls lived within 50 kilometers of a conflict zone, more than 50 per cent higher than a decade ago, it added.

The year 2024 was the hottest on record, with 152 unprecedented extreme climate-related disasters, including extreme heatwaves, floods, and droughts, with women and girls among the most impacted by climate change, said the report.

In conflict and crisis-affected countries, progress for women and girls has regressed or barely advanced, it added.

The report said that during humanitarian crises, women and girls are disproportionately affected by the collapse of essential services; their basic needs are among the first to go unmet and they are typically expected to compensate for gaps in service provision, taking on increased care-related tasks, providing food and water and caring for the sick.

Pre-existing gender inequalities and discriminatory social norms are often exacerbated, restricting women and girls' access to remaining services, rights, and personal autonomy, it added.

Human rights violations and gender-based violence remain widespread in conflict contexts, while prevention, survivor services, and access to justice continue to fall short, said the report.

At least one in three women are reported to have experienced physical or sexual violence – a figure that can rise to two in three in conflict settings, it added.

Women's health is also severely impacted: over one-third of maternal deaths occur in just 48 fragile and conflict-affected countries.

The rate of child, early, and forced marriage in fragile states is twice the global average, further compounding cycles of vulnerability.

Despite these challenges, women and women's groups are on the frontlines of humanitarian responses around the world, providing life-saving assistance and advocating for their own needs as well as those of their communities, said UN Women.

"They are agents of change in advancing peace and security and inclusive development, working to ensure that community needs - and those of women and girls - are at the center of humanitarian, recovery and development strategies and responses."

Despite growing humanitarian needs, the humanitarian system is confronting a deepening crisis of resources, the report pointed out.

In recent months, foreign assistance to humanitarian aid has undergone a dramatic and widespread contraction, with significant cuts announced in 2025 by several of the world's largest donor governments, it noted.

These funding cuts have global repercussions, with acute consequences and impacts on the lives of those affected by crisis, the report cautioned.

With only 7 per cent ($3.05 billion) of the $44.79 billion required for global humanitarian needs secured, the entire humanitarian system is being forced to reform and scale back, it said.

Local and national women-led and women's rights organizations – and the crises-affected women and girls they serve – are among those hardest hit, it added.

In February and April 2025, the UN Office for the Coordination of Humanitarian Affairs (OCHA) conducted two iterations of a rapid global survey across 20-25 humanitarian operations on the impact of the US funding freeze, the report noted.

The report said OCHA's most recent findings estimate that at least 79 million people will no longer be targeted for assistance, with 76 per cent of the surveyed organizations reporting an impact on the delivery of life-saving assistance for women and girls.

UN Women said that women-led organizations (WLOs) and women's rights organizations (WROs) are essential to the humanitarian response.

"They play critical roles as essential service providers, advocates, and watchdogs, and often provide this support at great personal risk in the context of crises."

These organizations deliver life-saving services, trusted community-based protection, and vital advocacy for the rights and needs of women, girls, and marginalized populations in crises, the UN agency added.

The report said in many contexts, they are the leading providers of critical services for women and girls, such as safe shelters, case management for survivors of gender-based violence, referrals, sexual and reproductive health care, psychosocial support, cash assistance, and livelihood programmes.

Despite increased recognition of their central role and widespread commitments to localization and gender-responsive funding, women-led and women's rights organizations and movements have historically been severely underfunded, it pointed out.

According to the Organization for Economic Cooperation and Development (OECD), bilateral allocable ODA (official development assistance) supporting feminist, women-led and women's rights organizations and movements in conflict-affected countries has remained at less than 1 per cent of bilateral aid to conflict-affected contexts in recent years, said the report.

Key findings

Among the key findings of the UN Women report are:

• Women-led and women's rights organizations are facing operational crises and are at severe risk of closure due to funding cuts.

Almost half (47 per cent) of women-led and women's organizations surveyed expect to shut down within six months if current funding levels persist, while over one-third (35 per cent) remain trapped in uncertainty, unable to plan or sustain their work. Only 18 per cent report that they anticipate to stay operational for more than a year, said the report.

It said 72 per cent of women-led and women's rights organizations surveyed have been forced to lay off staff – many at significant levels – undermining their capacity to serve communities in crisis. It said that 18 per cent of organizations have laid off 60 per cent of their staff or more.

• Women-led and women's rights organizations on the frontlines of humanitarian responses worldwide are feeling the shock of foreign aid reductions.

UN Women said that 90 per cent of women-led and women's rights organizations surveyed report that they have been financially impacted (significantly – 62 per cent, or somewhat – 28 per cent) by the recent global foreign assistance reductions.

It said these organizations, already operating under resource constraints, are now facing mounting challenges as funding decreases, threatening their ability to deliver critical services and support to crisis-affected women and girls and their communities.

Even when not directly affected by funding cuts, women-led and women's rights organizations are feeling the pressure of having to manage increased caseloads and fill critical service gaps due to the recent disruptions in humanitarian service delivery, which places additional strain on already limited resources within the broader women's movement, said the report.

• Life-saving services for crisis-affected women and girls are being severely disrupted.

The report said 62 per cent of women-led and women's rights organizations surveyed have had to reduce services to women and girls, 51 per cent been forced to suspend programmes, and 33 per cent are facing severe cash flow issues.

According to the women-led and women's rights organizations surveyed, the services most affected by funding cuts include gender-based violence prevention and response (67 per cent), protection services (62 per cent), livelihoods and cash assistance (58 per cent), and health care (52 per cent).

The report said that 80 per cent of women-led and women's rights organizations surveyed anticipate that foreign assistance reductions will severely undermine access to life-saving services.

Amid shrinking services, women-led and women's rights organizations fear that gender-based violence will be left unaddressed or escalate in severity, it added.

The report quoted a local women's organization in Nigeria as saying: "The foreign assistance reductions have increased gender-based violence especially the physical abuse because a lot of men lost their job and were laid off."

• Global humanitarian funding cuts are placing women and girls at greater risk – especially those who are most marginalized.

According to the report, 62 per cent of women-led and women's rights organizations are concerned that this will cause long-term economic hardship and financial precarity as women's economic empowerment programmes (livelihoods, micro-finance, and vocational training) are discontinued.

When women and girls lose access to income, food, or safe spaces, they face an increased likelihood of gender-based violence, exploitation, and harmful coping strategies such as early marriage, transactional sex, or unsafe migration, it said.

The report said organizations emphasized that specific marginalized groups – migrants, refugees, indigenous women, women with disabilities, older women, and LGBTIQ+ individuals – will be among those most severely affected by funding cuts.

These groups, whose specific needs are often overlooked by humanitarian responses, will face even greater hardships as resources dwindle, it cautioned.

"The impact is particularly acute for organizations working with marginalized women and those in rural or areas with armed conflict, who already struggle to access essential services and support."

- Funding cuts threaten to reduce the number of operational women's organizations and undermine their collective mobilizing and advocacy, with long-term risks for gender equality in crisis contexts.

The report said women-led and women's rights organizations anticipate that these foreign assistance cuts will make advocating for gender equality increasingly difficult in the humanitarian space (79 per cent) and reduce women's leadership in humanitarian response (58 per cent).

Women-led and women's rights organizations surveyed report that the impact of foreign assistance reductions on the women's movement will be severe, with 77 per cent believing that the number of operational women's rights NGOs will decrease, and 62 per cent anticipating growing competition over shrinking funds.

The potential weakening of women-led and women's rights organizations threatens to undo decades of progress in gender equality and women's rights, said UN Women.

These organizations are crucial for driving change at the community level and advocating for women's rights, it added.

"Without sustained support, their capacity to influence policy and protect women's rights will diminish, risking a reversal of critical gains in gender equality and humanitarian action."

- Despite funding uncertainty and setbacks, women-led and women's rights organizations continue to lead, resist, and rebuild.

To address the consequences of foreign assistance reductions, women-led and women's rights organizations surveyed are primarily pursuing donor-focused mitigation strategies – 74 per cent are approaching new donors and 72 per cent are seeking additional support from existing ones – alongside advocacy (52 per cent), developing risk mitigation plans (48 per cent), and cross-movement solidarity (46 per cent), said the report.

Women-led and women's rights organizations remain determined and active, even as funding becomes uncertain, and crises deepen. These organizations are pursuing various strategies to sustain their work, it noted.

"Many are seeking new donors or trying to secure additional resources from existing donors. Alongside this, they are focusing on advocacy, scenario planning, and building solidarity across movements."

In the face of dwindling funding, many women's organizations are deploying resourceful coping strategies – such as self-funding through freelance work, selling assets, cutting operational costs – to stay afloat, said the report.

While competition over resources is a concern, 32 per cent of surveyed organizations said they anticipated that these shifts will encourage consortia for grant applications.

Women-led and women's rights organizations surveyed identified the following priorities: championing direct funding to WLOs/WROs (83 per cent), accelerating donor advocacy to protect gender equality financing (80 per cent), and supporting meaningful participation in decision-making bodies around humanitarian funding cuts (71 per cent), according to the report.

Respondents also emphasized the importance of facilitating donor engagement (70 per cent), coalition-building (70 per cent), and targeted capacity support (61 per cent).

UN Women underlined that the need for direct, flexible, and long-term funding to support local women-led and women's rights organizations is urgent.

The UN Women report quoted a local women's organization in Somalia as saying: "We urge international donors and humanitarian actors to prioritize funding for women-led organizations. Sustainable, flexible, and long-term funding mechanisms are critical to ensuring that grassroots organizations can continue to address gender-specific needs effectively." *(SUNS 10221)*

Vaccine-preventable diseases risk re-emerging due to funding crisis

Outbreaks of vaccine-preventable diseases such as measles, meningitis, and yellow fever are at risk of re-emerging, as recent global funding cuts are putting immunization efforts against these diseases in jeopardy, United Nations agencies have warned.

by Kanaga Raja

Penang: Immunization efforts are under growing threat as misinformation, population growth, humanitarian crises, and funding cuts jeopardize progress and leave millions of children, adolescents, and adults at risk, United Nations agencies warned on 24 April.

This dire warning came in a joint news release issued by the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and Gavi (the Vaccine Alliance) marking the start of World Immunization Week on 24-30 April.

Outbreaks of vaccine-preventable diseases such as measles, meningitis, and yellow fever are rising globally, and diseases like diphtheria, that have long been held at bay or virtually disappeared in many countries, are at risk of re-emerging, according to the joint news release.

In response, the WHO, UNICEF and Gavi called for urgent and sustained political attention and investment to strengthen immunization programmes and protect significant progress achieved in reducing child mortality over the past 50 years.

"Vaccines have saved more than 150 million lives over the past five decades," said WHO Director-General, Dr Tedros Adhanom Ghebreyesus.

"Funding cuts to global health have put these hard-won gains in jeopardy. Outbreaks of vaccine-preventable diseases are increasing around the world, putting lives at risk and exposing countries to increased costs in treating diseases and responding to outbreaks. Countries with limited resources must invest in the highest-impact interventions – and that includes vaccines," he added.

"The global funding crisis is severely limiting our ability to vaccinate over 15 million vulnerable children in fragile and conflict-affected countries against measles," said UNICEF Executive Director Catherine Russell.

"Immunization services, disease surveillance, and the outbreak response in nearly 50 countries are already being disrupted – with setbacks at a similar level to what we saw during COVID-19. We cannot afford to lose ground in the fight against preventable diseases," Ms Russell pointed out.

"Increasing outbreaks of highly infectious diseases are a concern for the whole world. The good news is we can fight back, and Gavi's next strategic period has a clear plan to bolster our defences by expanding investments in global vaccine stockpiles and rolling out targeted preventive vaccination in countries most impacted by meningitis, yellow fever and measles," said Dr Sania Nishtar, CEO of Gavi, the Vaccine Alliance.

"These vital activities, however, will be at risk if Gavi is not fully funded for the next five years and we call on our donors to support our mission in the interests of keeping everyone, everywhere, safer from preventable diseases," she added.

Dangerous comeback

According to the joint news release, measles is making an especially dangerous comeback.

It said the number of cases has been increasing year on year since 2021, tracking the reductions in immunization coverage that occurred during and since the COVID-19 pandemic in many communities.

Measles cases reached an estimated 10.3 million in 2023, a 20% increase compared to 2022.

The agencies warned that this upward trend likely continued into 2024 and 2025, as outbreaks have intensified around the world.

They said that in the past 12 months, 138 countries have reported measles cases, with 61 experiencing large or disruptive outbreaks – the highest number observed in any 12-month period since 2019.

Meningitis cases in Africa also rose sharply in 2024, and the upward trend has continued into 2025.

In the first three months of this year alone, more than 5,500 suspected cases and nearly 300 deaths were reported in 22 countries. This follows approximately 26,000 cases and almost 1,400 deaths across 24 countries last year.

Yellow fever cases in the African region are also climbing, with 124 confirmed cases reported in 12 countries in 2024, according to the agencies.

This comes after dramatic declines in the disease over the past decade, thanks to global vaccine stockpiles and use of yellow fever vaccine in routine immunization programmes, they noted.

In the WHO Region of the Americas, yellow fever outbreaks have been confirmed since the beginning of this year, with a total of 131 cases in four countries.

Funding cuts

The agencies underscored that these outbreaks are coming amidst global funding cuts.

A recent WHO rapid stock-take with 108 country offices of WHO - mostly in low- and lower-middle-income countries – shows that nearly half of those countries are facing moderate to severe disruptions to vaccination campaigns, routine immunization, and access to supplies due to reduced donor funding, according to the joint news release.

Disease surveillance, including for vaccine-preventable diseases, is also impacted in more than half of the countries surveyed, it said.

[According to the rapid WHO country office stock-take issued on 10 April, more than half (56%) of responding WHO country offices reported moderate or severe suspension of health official development assistance (ODA). It said that 80% (85 of 106) of WHO country offices reported at least one health system area has been disrupted. The health system areas most severely affected include: humanitarian aid, health emergency preparedness and response, public health surveillance and service provision.

[It also said 71% (75 of 106) of WHO country offices reported disruptions to at least one service area. Service areas most severely affected include: malaria, NTDs, vaccination (clinic-based & outreach), TB, maternal and child health, sexually transmitted infections, family planning, and outbreak detection & reporting. In addition, over one-third of WHO country offices reported shortages of medicines and health products for key diseases and conditions.]

The joint news release also said that the number of children missing routine vaccinations has been increasing in recent years, even as countries make efforts to catch up on children missed during the pandemic.

In 2023, an estimated 14.5 million children missed all of their routine vaccine doses - up from 13.9 million in 2022 and 12.9 million in 2019.

Over half of these children live in countries facing conflict, fragility, or instability, where access to basic health services is often disrupted, according to the joint news release.

It said joint efforts by WHO, UNICEF, Gavi and partners have helped countries expand access to vaccines and strengthen immunization systems through primary health care, even in the face of mounting challenges.

Every year, vaccines save nearly 4.2 million lives against 14 diseases – with nearly half of these lives saved in the African region, said the agencies.

They pointed out that vaccination campaigns have led to the elimination of meningitis A in Africa's meningitis belt, while a new vaccine that protects against five strains of meningitis holds promise for broader protection, with efforts underway to expand its use for outbreak response and prevention.

Progress has also been made in reducing yellow fever cases and deaths through increasing routine immunization coverage and emergency vaccine stockpiles, but the recent outbreaks in Africa and in the Region of the Americas highlight the risks in areas with no reported cases in the past, low routine vaccination coverage as well as gaps in preventive campaigns, the agencies said.

In addition, the past two years have seen substantial progress in other areas of immunization, they added.

For instance, in the African region, which has the highest cervical cancer burden in the world, HPV vaccine coverage nearly doubled between 2020 and 2023 from 21% to 40%, reflecting a concerted global effort towards eliminating cervical cancer.

The progress in immunization also includes increases in global coverage of pneumococcal conjugate vaccines, particularly in the South-East Asia Region, alongside introductions in Chad and Somalia, countries with high disease burden, according to the joint news release.

According to the agencies, another milestone is the sub-national introduction of malaria vaccines in nearly 20 African countries, laying the foundation to save half a million additional lives by 2035 as more countries adopt the vaccines and their scale-up accelerates as part of the tools to fight malaria.

Against this backdrop, the WHO, UNICEF and Gavi urgently called for parents, the public, and politicians to strengthen support for immunization.

Immunization is a "best buy" in health with a return on investment of $54 for every dollar invested and provides a foundation for future prosperity and health security, the agencies concluded. *(SUNS 10209)*

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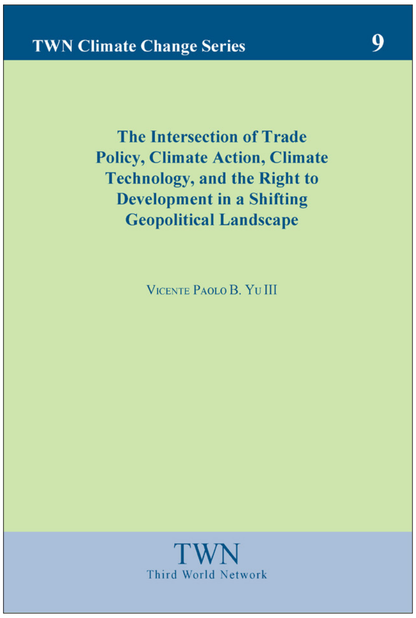

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The Intersection of Trade Policy, Climate Action, Climate Technology, and the Right to Development in a Shifting Geopolitical Landscape

Vicente Paolo B. Yu III

The global community stands at a critical crossroads marked by escalating environmental degradation, intensifying climate change, and increasingly complex trade dynamics. These phenomena do not occur in isolation; rather, they are deeply interlinked and underpinned by historical patterns of exploitation, uneven development, and entrenched global inequalities. While developed countries have reaped the benefits of industrialization and resource exploitation, often largely as a result of historical colonialism and modern-day neocolonialism, developing countries often find themselves disproportionately bearing the costs of environmental and economic crises.

This paper explores the current environmental, climate change, and trade trends; analyzes their historical and contemporary causes and effects; demonstrates how they reflect longstanding systemic inequities between the Global North and the Global South in global climate governance, the international trade system, climate technologies, and capital ownership; and outlines key considerations for international cooperation and collective action among developing countries.

Available at: https://www.twn.my/title/climate/climate09.htm