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Youth joblessness rises as AI reshapes work

Global youth unemployment is rising on the back of weak economic growth and sluggish job creation, the International Labour Organization (ILO) has warned. Rapid technological change – including advances in artificial intelligence (AI) – is also reshaping labour market opportunities, with 6.1% of jobs held by youth in occupations highly exposed to AI-related disruption.

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Global youth unemployment rises amid AI disruption

The International Labour Organization has warned that governments must urgently revive integrated youth employment strategies as global joblessness rises and living standards deteriorate, amid a reshaping of labour markets by artificial intelligence (AI) and related technologies.

by D. Ravi Kanth

GENEVA: The International Labour Organization (ILO) on 11 August released a report warning that governments must quickly renew their commitment to integrated youth employment strategies amid worsening global unemployment and the denial of decent living standards worldwide.

The "Global Employment Trends for Youth 2026" report starkly warns that failure to adopt urgent and appropriate policies will not only waste the potential of a generation but will also deepen social inequalities and create a global "lost generation" of disengaged youth.

Faced with the growing deployment of Artificial Intelligence (AI) and related technologies, the ILO report calls on governments to ensure that technology and economic growth work for young people, thereby ensuring a more equitable and decent future for all.

The 2026 edition of the report concludes that the central challenge for the world is not solely about generating more jobs for young people, but ensuring that these jobs provide the security, dignity, and opportunities that underpin a successful transition to adulthood.

The central message of the report emphasizes: "Rebuilding confidence among today's youth will require renewed investment in decent work, stronger labour market institutions, and policies capable of helping young people navigate an increasingly uncertain future while ensuring that technological progress and economic transformation work for, rather than against, the next generation."

Among other findings, the tentative and short-lived recovery in youth labour markets that followed the COVID-19 pandemic has come to a grinding halt. It paints a grim picture of a world where the transition from school to decent work is becoming increasingly difficult for a vast number of young people.

Worse still, recent explosive protest movements by unemployed youth in countries such as India, Nigeria, Sri Lanka, and Nepal seemingly expose the failure of governments to implement proper labour-generating policies because of neoliberal economic policies aimed at enriching the affluent sections of society, several commentators and analysts said.

According to the ILO report, this deterioration is attributed to a confluence of factors, including slowing global economic growth, diminished job creation, persistent geopolitical tensions, and rapid technological change.

The proverbial writing on the wall appears to be that the foundations for youth labour market entry are becoming more precarious across the globe.

Deteriorating landscape

The ILO says that after reaching its lowest level in over two decades in 2023, the global youth unemployment rate for those aged 15 to 24 has edged upwards.

In 2025, it rose to 12.4 per cent, representing 67 million unemployed young people worldwide.

More alarmingly, the rate of young people not in employment, education, or training (NEET) is also on the rise again, increasing from 19.7 per cent in 2023 to 20 per cent in 2025.

This translates into an additional 9 million young people falling into NEET status, bringing the total to a staggering 257 million in 2025.

"With many more young people implicated and with youth disengagement harder to redress, the increasing trend in the youth NEET rate is especially worrisome," the ILO warned.

According to the report, this trend is particularly worrying because being

NEET represents a state of disengagement from both the workforce and the education system, making it extremely difficult for individuals to reintegrate and build a stable career path.

Unlike previous editions where trends varied significantly across regions, the recent worsening of job entry for young people has been almost universal.

The report offers several stark messages:

- Geographic breadth: The youth unemployment rate rose between 2023 and 2025 in 8 of the 11 subregions analysed, as well as across high-income, lower-middle-income, and low-income countries.
- Hotspots: The most significant increases in youth unemployment were observed in Northern Africa, Northern America, and Northern, Southern Asia, and Western Europe.
- While regions like Central and Western Asia, Eastern Europe, and upper-middle-income countries saw a decline in the youth unemployment rate, this "good news" was muted by a simultaneous rise in their NEET rates.

Significantly, Latin America and the Caribbean showed a decline in both indicators.

However, this was partly driven by a shrinking youth population, and many individual countries within the region still experienced worsening trends in youth labour market engagement.

Furthermore, "Unlike in previous editions of the GET for Youth, where the trends on the main labour market indicators varied widely across subregions, the worsening results on job entry for young people have been almost universal over the past couple of years."

Gender gap

The report suggests a deeply entrenched and widening gender gap in labour market entry. Young men continue to hold a distinct advantage.

- NEET disparity: The NEET challenge has a distinctly "female face". In 2025, more than two out of every three young people in NEET status were women.
- Rate differences: The global NEET rate for young women stood at 27.4 per cent, which is more than double the rate for young men at 13.1 per cent.
- Widening gap: The increase in the NEET rate since 2023 was steeper for young women (rising by 0.5 percentage points) compared to young men (rising by 0.2 percentage points), thereby expanding the gender gap even further.

Conversely, the gender gap in employment-to-population ratios narrowed slightly, but a massive chasm remains.

The employment-to-population ratio for young men was 43.3 per cent, nearly 13 percentage points higher than that for young women (30.6 per cent).

Clearly, the report suggests that "gender gaps remain entrenched; young men still have the advantage in labour market entry".

Clarifying this point, the report argues that this gap is not due to unequal access to education, as young men and women are now on par in terms of school enrolment.

However, the gap is driven by the significantly higher propensity of young women to be in NEET status due to inactivity outside of school.

According to the report, persistent barriers such as unpaid care responsibilities, discrimination, and limited access to quality employment continue to constrain young women's economic participation, particularly in the Arab States, Northern Africa, and Southern Asia.

Regional picture

The report provides stark regional analyses, highlighting the different but equally severe challenges young people face.

1. The Arab States and Northern Africa: A deepening crisis

These regions consistently have the world's highest youth unemployment rates. In 2025, more than one in five economically active young people in the Arab States and Northern Africa struggle to find work, with unemployment rates of 26.2 per cent and 22.6 per cent, respectively.

At the same time, at least one in three young people is in NEET status (rates of 32.4 per cent and 30.1 per cent, respectively).

"When these indicators continue to rise from already high levels, it signals a deepening of the already well-rooted structural barriers that push young talent – young women particularly – to the margins of productive society."

2. Sub-Saharan Africa

The situation in sub-Saharan Africa represents another extreme, defined by a paradox of low unemployment and high precariousness. The youth unemployment rate was just 8.4 per cent in 2025, 4 percentage points below the global average.

However, this is not a sign of a healthy labour market; it reflects a context where few can afford to be without work. Most young people must generate an income, often taking up informal jobs that lack social protection and stability.

- Informality: Nearly nine in ten young workers in low- and lower-middle-income countries, many of which are in sub-Saharan Africa, remain in informal employment. Two in three were still in insecure forms of work as young adults (aged 25-29), such as own-account workers or temporary paid workers.
- Population pressure: The region faces immense population pressure, accounting for nearly two-thirds of the increase in the global youth population. With millions of new entrants competing for a limited number of decent jobs, the rising NEET rate in the region signals growing youth discouragement.

3. High-income countries

"The growing hardship of labour market entry in high-income countries is a relatively recent phenomenon," the ILO said.

The report suggests that while young people in high-income countries typically have access to more secure forms of work – formal employment is the norm (only 11.7 per cent work informally), and the majority (75 per cent) of young adult workers are in secure forms of paid employment – their pathway to these jobs has become increasingly difficult.

- The youth unemployment rate rose sharply in Northern America, from 8.3 per cent in 2023 to 9.8 per cent in 2025.
- Northern, Southern and Western Europe also saw an increase, with the rate remaining high at 15 per cent in 2025. Of the 29 countries in the subregion, 20 saw a worsening capacity to absorb young talent.
- Interestingly, young people who finished school at the secondary level in these regions are confronting the greatest obstacles, with their situation worsening to a

similar degree as that of university graduates.

The report signals that a fundamental driver of the crisis is that job creation is not keeping up with the growth of the youth population in multiple regions.

As of 2024, youth population growth outpaced total employment growth in Eastern Asia, Eastern Europe, Northern America, and Northern, Southern and Western Europe.

While youth employment stagnates or declines, adult employment continues to expand. This has led to a diverging trend in unemployment rates: the global youth unemployment rate increased from 12.3 per cent in 2023 to 12.4 per cent in 2025, while the adult rate decreased from 3.7 per cent to 3.6 per cent.

Consequently, the ratio of the youth-to-adult unemployment rate has increased to 3.4 in 2025, signalling heightened difficulties for the global economy to onboard young talent.

Artificial intelligence

The report analyses the evolving structure of employment, pointing to a "hollowing out" of middle-skilled jobs, a trend that is being exacerbated by technological change, including Artificial Intelligence (AI).

Recently, at the Indian headquarters of Oracle in Bangaluru, thousands of middle-skilled IT jobs were terminated on short notice.

The Financial Times, in its report titled "the AI threat to Indian IT jobs machine," published on 11 August, grimly pointed out that "many of the formulaic tasks that underpin the industry, which employs 6 million people and contributes about 7 per cent of GDP, can now be performed by generative AI".

"If the sector cannot pivot to higher-value work, that could spell more trouble for a government already struggling to create enough jobs for India's huge workforce," the FT report maintained.

The report says that the most persistently affected jobs are in middle-skilled occupations, such as clerical support, service and sales work, craft and related trades, and plant and machine operators. This overlaps significantly with occupations deemed most exposed to disruption by AI, mainly clerical and administrative roles.

The ILO report estimates that 6.1 per cent of jobs currently held by young people aged 15 to 29 fall into the categories most exposed to AI and thus most at risk of job replacement.

The report warns that if only 10 per cent of these jobs were to disappear fully, it would translate into 5.6 million employed youth – largely in high-income countries – facing unemployment or requiring a job change.

Conversely, jobs in high-skilled knowledge-based technical areas, like science, engineering, health, and ICT, have fared better. Growth in these areas was positive across all country income groups but was especially strong in low- and lower-middle-income countries.

In a crux, the ILO report argues that the current challenges, while sharing similarities with past economic downturns, are also different.

The situation is not underpinned by an obvious single crisis; rather, it is a pervasive sense of uncertainty fuelled by technological disruption and muted economic growth.

To address this, the report calls for bold and adaptive policies built around four pillars:

1. Creating employment opportunities: Implementing gender-responsive macroeconomic and sectoral policies, and supporting enterprise development and entrepreneurship.
2. Preparing young people: Ensuring access to quality education, apprenticeships, and lifelong learning systems to equip youth with the skills they need.
3. Facilitating labour market transitions: Modernising employment services and implementing effective active labour market policies that help match youth with jobs.
4. Ensuring inclusion: Expanding social protection, enforcing rights at work, and providing targeted support for disadvantaged groups.

To bring young people "back to the future" where labour market pathways lead to secure and decent work, the report outlines six specific adaptive policy areas:

- Adopting a human-centred approach to AI governance.
- Investing in skills that combine technical competencies with social and cognitive capabilities.
- Strengthening lifelong learning systems.
- Modernizing employment services.
- Expanding social protection to cover diverse forms of work.
- Strengthening international cooperation to reduce widening inequalities in opportunities across countries.

Consequently, while calling for substantially more investments in the next generation, the ILO report maintains that the central challenge for the world is not solely about generating more jobs for young people, but ensuring that these jobs provide the security, dignity, and opportunities that underpin a successful transition to adulthood.

The ILO maintained that "rebuilding confidence among today's youth will require renewed investment in decent work, stronger labour market institutions, and policies capable of helping young people navigate an increasingly uncertain future while ensuring that technological progress and economic transformation work for, rather than against, the next generation." *(SUNS #10503)*

Reform track on development sparks fears of bias against S&DT

The facilitator on the "development" track of World Trade Organization reform has set a meeting for 28 September, as major members intensify pressure to dilute the existing special and differential treatment (S&DT) provisions based on self-designation.

by D. Ravi Kanth

GENEVA: The facilitator overseeing the discussions on the World Trade Organization reform track on "development" has scheduled a meeting for 28 September.

This comes amid sustained attempts to undermine the existing special and differential treatment (S&DT) framework for developing countries based on self-designation criteria, said people familiar with the development.

Although the trade negotiations continue to be conducted under the Doha Work Programme, with the WTO Director-General Ms Ngozi Okonjo-Iweala being the chair of the Doha Trade Negotiations Committee (TNC), the WTO reform discussions are proceeding without an approved ministerial mandate.

The central goal of WTO reform appears to attenuate the existing S&DT framework for developing countries, as demanded by the United States, the European Union and other industrialized countries, said several trade envoys, who asked not to be quoted.

Paragraph 44 of the Doha Ministerial Mandate, under the sub-title "Special and Differential Treatment", stated explicitly: "We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some members have proposed a Framework Agreement on Special and Differential Treatment (WT/GC/W/442). We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns."

That mandated work programme on S&DT was further reinforced at the WTO's Sixth Ministerial Conference in Hong Kong, China in December 2005, when trade ministers explicitly stated in paragraph 35: "We reaffirm that provisions for special and differential (S&D) treatment are an integral part of the WTO Agreements. We renew our determination to fulfil the mandate contained in paragraph 44 of the Doha Ministerial Declaration and in the Decision adopted by the General Council on 1 August 2004, that all S&D treatment provisions be reviewed with a view to strengthening them and making them more precise, effective and operational."

However, the work programme on improving S&DT, as contained in the ministerial mandates since December 2001, has allegedly been sabotaged by major industrialized countries such as the US, the EU, Japan, and several others.

Instead of improving S&DT provisions in order to make them more precise, effective, and operational, the US, during the first term of the Trump administration, appears to have initiated a counter-movement in the Doha trade negotiations at the WTO by introducing "differentiation" among developing countries for availing of S&DT, said people familiar with the development.

In its proposal (WT/GC/W/998), the US has stated: "For almost a decade, the United States has advocated for the establishment of objective criteria for SDT eligibility in WTO agreements. In 2019, the United States introduced a specific proposal to this effect. In this paper, "An Undifferentiated WTO: Self-Declared Development Status Risks Institutional Irrelevance" (WT/GC/W/757/Rev.1), the United States explained that self-identification had damaged the WTO's negotiating function: Simply put, self-declaration has severely damaged the negotiating arm of the WTO by making differentiation among Members near impossible. By demanding the same flexibilities as much smaller, poorer Members, export powerhouses and other relatively advanced Members ... create asymmetries that ensure that ambition levels in WTO negotiations remain far too weak to sustain viable outcomes. Members cannot find mutually agreeable trade-offs or build coalitions when significant players use self-declared development status to avoid making meaningful offers. Self-declaration also dilutes the benefit that the LDCs and other Members with specific needs tailored to the relevant discipline could enjoy if they were the only ones with the flexibility."

However, the US proposal failed to gain support and remained only on the table.

Yet, through the discussions on the ongoing WTO reform track on development, a small group of powerful industrialized countries and the "Friends of the System" group seem to be altering the current S&DT architecture, said people familiar with the development.

Facilitator's email

In an email sent to the heads of delegation (ICN/GC/REFORM/8) on 4 September, seen by the SUNS, the facilitator, Ambassador Nthisana Motsete-Phillips of Botswana, suggested organizing the "discussion in two segments".

Ambassador Motsete-Phillips, who had previously worked in the WTO and the International Monetary Fund in different administrative capacities, proposed that the first segment of discussions focus on "presentation of new or revised proposals".

"All contributions – written and oral – are, and will continue to be, welcome," she said. "In line with established practice," she said that she "will invite Members to introduce any new or revised proposals."

During the second segment on focused exploration of individual issues, she informed members that "building on our discussions in July, during the second segment we move to explore individual issues raised by Members in greater depth, to better understand Members' concerns and perspectives, and begin to identify areas where further work may be useful."

"With this in mind," she said, "I invite Members to reflect on, and come prepared to engage on, the following guiding questions."

The questions framed by the facilitator under her own responsibility are divided into six themes:

1. Expectations for work under this track

She said that "Members noted that 'some areas are being taken up in either other Committees or processes' and stressed the need to avoid 'recycling what has been done in other Committees to date'."

Accordingly, the facilitator asked members to address: "Which of the ideas shared so far are already being discussed in other WTO bodies, and which represent new reform-oriented elements that could be suitable for focused work under this track?"

2. Categorization and differentiation among developing members

Seemingly reflecting the proposals tabled by the US and the EU, among others, regarding the need to dismantle the treaty-based "self-designated" system for developing countries to avail of S&DT, the facilitator said: "An observation was made that 'the current self-designated system has become increasingly unsustainable and risks eroding the WTO's credibility'."

The facilitator asked: "How do Members assess the adequacy of the current S&DT architecture, and what elements, if any, of a more targeted, or needs-based approach could be explored further?"

By framing the above question, Ambassador Motsete-Phillips appears to be showing her hand in reinforcing the demands raised by the US and the EU, among others, said a trade envoy, who asked not to be quoted.

Privately, concerns are being raised as to whether the facilitator is playing to the gallery of the powerful proponents and is being allegedly guided by the WTO Secretariat, said some trade envoys who asked not to be quoted.

3. Voluntary opt-outs

Without naming the major opponents of the current S&DT architecture, the facilitator stated that "questions were posed regarding 'the circumstances under which a voluntary approach would remain appropriate' and whether clearer expectations may be needed."

By not revealing the names of the countries asking about a "voluntary approach", the facilitator seems to be taking sides against the developing countries, said a trade envoy, who asked not to be quoted.

Basing the discussion on voluntary opt-outs, the facilitator asked: "How do Members view the voluntary opt-out approach for S&DT, and what conditions or parameters would make such an approach credible, predictable and effective?"

It appears that the facilitator is already jumping to conclusions on what could be done, such as the "voluntary opt-out approach", which was never remotely mooted by the developing countries and which goes against the existing ministerial mandates, the trade envoy said.

4. Differentiation based on objective and transparent criteria

Despite fierce opposition to "differentiation based on objective and transparent criteria", and without naming the US and other industrialized countries, the facilitator appears to be stating the issues rather controversially, said the trade envoy, who asked not to be identified.

For example, without naming the US and other industrialized countries, the facilitator stated: "Members referred to income thresholds, export shares, staged accountability and a proposed development index."

Ambassador Motsete-Phillips asked: "Have Members advanced their thinking on possible objective criteria or indicators for differentiation, and is any proposal incorporating such elements being developed?"

5. Policy space for industrialization and structural transformation

She stated: "calls were made to support policy space, while some Members cautioned that policy space should not become a basis for non-compliance."

Many developing and even least-developed countries have repeatedly demanded "policy space" for their industrialization and other development-oriented initiatives.

The facilitator asked: "How should this track approach questions of policy space in a manner that supports industrialization and diversification, while ensuring coherence with existing disciplines and avoiding duplication of work underway in other WTO bodies?"

At a time when powerful members have allegedly blatantly violated the WTO's existing disciplines with their unilateral tariff and non-tariff measures – measures that have "asphyxiated" the multilateral trading system and the WTO – the facilitator ought to know that it is unfair to suggest compliance with "existing disciplines", the trade envoy said.

6. Process-related suggestions

Lastly, the facilitator said that "members requested a more structured format for future discussions, while noting the capacity constraints faced by smaller delegations".

She sought to know: "what structured modalities – for example, written Q&A, dedicated plenary sessions or a centralized portal – would best support inclusive and effective engagement without imposing additional burdens on Members with limited capacity?"

Regarding the "organization of discussion in the second segment," the facilitator said that she wants to "ensure a structured, focused and meaningful exchange; I would suggest that we take up each of the guiding questions in turn, moving to the next question once the discussion on a particular issue has been sufficiently explored."

"To allow sufficient opportunity for exchanges among Members, interventions should be limited to a maximum of three minutes," the facilitator said, suggesting that "should we not exhaust consideration of the guiding questions, we will continue our exchanges at the session in October."

In conclusion, several trade envoys, who asked not to be quoted, said that it was somewhat disturbing to see the facilitator frame the questions in an allegedly biased, proponent-friendly manner rather than adopting a balanced, and historically consistent framework.

One trade envoy suggested that the facilitator's questions should be discarded completely as they lack credibility and integrity. *(SUNS #10512)*

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North-South battle at WTO over "level playing field" issues

The facilitator on the "level playing field issues" track of WTO reform has set a meeting for 24 September, seemingly aimed at creating new disciplines based on a "trilateral agenda" while issues of importance to developing countries appear to be ignored.

by D. Ravi Kanth

GENEVA: The facilitator overseeing the World Trade Organization reform track on "level playing field (LPF) issues" has scheduled a meeting for 24 September, in what appears to be a move aimed at creating new disciplines on transparency, notifications, industrial subsidies, and state-owned enterprises that are seemingly based on the "trilateral agenda" of the United States, the European Union, and Japan, among others.

In contrast, the unresolved issues raised by developing countries – such as farm subsidies, policy space, historical asymmetries, capacity concerns, and the effective implementation of special and differential treatment (S&DT) – are being brushed aside, said people familiar with the development.

Although the WTO's Agreement on Subsidies and Countervailing Measures (ASCM) comprehensively addresses the issue of industrial subsidies, the US, the EU, and Japan have for several years cobbled together what is commonly referred to as the "trilateral agenda".

This agenda appeared to target China on grounds of its alleged opaque subsidies for state-owned enterprises, said people familiar with the development.

In opposition to the LPF issues, developing countries over the past two years have consistently demanded that long-standing issues be addressed, including resolving the issue of farm subsidies, granting policy space for their industrial development without burdensome barriers, and removing other asymmetries in the negotiations, said people who asked not to be quoted.

The LPF agenda has seemingly run into a major divide between the powerful industrialized countries on one side and a large swath of developing countries, including China, on the other, said people familiar with the development.

Facilitator's email

Against this backdrop, the facilitator for LPF issues, Ambassador Elmer Jose German Gonzalo Schialer Salcedo of Peru, sent an email (ICN/GC/REFORM/7) on 7 September informing members about the scheduled meeting on 24 September.

In the email, seen by the SUNS, the facilitator says: "Our last session highlighted a range of issues and concerns, and Members suggested that a mapping exercise could help organize the discussion and identify areas for further consideration."

Without naming the proponents – which would have clearly revealed where they are coming from – the facilitator said that "in particular, [the] proponents were invited to reflect on the questions raised during the July session and consider whether further explanation of the objectives, legal basis, practical operation and development implications of their proposals would help advance the discussion".

"For ease of reference," the facilitator writes, "I have prepared an informal snapshot of what I heard during our last session, bringing together and organizing the ideas and views currently on the table."

He claimed that the table "is intended simply for reference and does not seek to assess or prioritize the views expressed".

However, the table, contained in a restricted room document (RD/GC/Reform/2), seen by the SUNS, appears to conflate the issues, said a trade envoy who asked not to be quoted.

"Instead of offering a clear statement of the questions/concerns raised by the members and answers offered by the proponents, the facilitator seemingly adopted a diversionary tactic by preparing a conflating matrix, which is rarely seen in WTO negotiations," the trade envoy said.

Under the sub-heading "Focused consideration of specific issues," the facilitator states: "As we have heard, level playing field means different things to different Members, and a range of perspectives has already been put forward."

The facilitator maintained that "following the presentation of any new proposals and initial reactions, I would suggest that we begin to delve into specific issues, one at a time".

He argued that "the intention is not to narrow the discussion prematurely, but rather to begin synthesizing what is on the table, deepen our understanding of issues and, where possible, identify areas for further consideration and practical approaches".

Ambassador Salcedo said that it is his sense that "transparency, notifications and compliance could provide a useful entry point for this phase of our discussion," adding that "these issues appear across a number of the contributions and could offer an opportunity to explore practical approaches to strengthening transparency and compliance with notification obligations, including how notification design, incentives and practical support might help address capacity constraints and other concerns raised by Members."

The US has repeatedly called for a strong regime of transparency, notifications and compliance measures, including penal provisions – a demand shared by other industrialized countries.

To dispel doubts that the issue of transparency and notifications is being taken up first, the facilitator said that "this proposed starting point is not intended to establish a hierarchy among the issues raised or to suggest that these areas are more important than others".

He clarified that "rather, it is intended to provide a manageable starting point for deeper engagement, while leaving space to take up other themes and questions identified by Members as the discussion progresses".

The facilitator set a time limit of three minutes "for exchanges among Members" and "interventions".

Snapshot

In the restricted room document (RD/GC/Reform/2), the facilitator states that "during the July session, I heard recurring calls for a more structured and focused approach to our discussions, including by organizing the issues raised in Members' written and oral interventions into broader themes".

He acknowledged that "at the same time, it was clear that Members do not, as yet, share a common understanding of what constitutes a 'level playing field'."

He said that "the concept has different meanings for different Members, and differing views were expressed regarding the scope and framing of this track of work".

He prepared a "matrix", claiming that it is "an informal snapshot of how I heard the discussion during the 29 July session".

Ambassador Salcedo maintained that "it brings together and organizes, for Members' ease of reference, the ideas, views, concerns and possible approaches that were raised in the discussion. It is not intended to reconcile different views, draw conclusions, or suggest any particular interpretation of Members' positions".

However, a detailed examination of the matrix reveals that the facilitator seemingly deliberately conflated the issues by providing a corporate framework of breaking the issues down into short answers, instead of setting the ground in a hard negotiating framework, said several trade envoys who asked not to be quoted.

The facilitator said that he grouped the views under the following broad themes:

1. Transparency, notifications and compliance;
2. Scope and conceptual framing;
3. Industrial policy and industrial subsidies;
4. State-owned enterprises;
5. WTO disciplines and remedies;
6. Agriculture, fisheries and historical asymmetries;
7. Development and policy space;
8. Unilateral measures, security exceptions and environment-related measures;
9. Dispute settlement and enforceability; and
10. Other issues, including MSMEs, services, digital trade and technology transfer.

Under each theme, the facilitator further organized Members' contributions according to: (i) the considerations or concerns identified; (ii) concrete tools or approaches that were suggested or could provide possible avenues for further exploration; (iii) a description of the tools or approaches and the perspectives expressed in relation to them; and (iv) comments or questions raised, including matters that may require further clarification or consideration.

Claiming that the 11-page document "is not intended to be exhaustive," the facilitator said that "the organization of the views under the different themes is simply an informal way of organizing what I heard and should not be understood as implying any hierarchy among the issues raised, or as constituting an assessment, endorsement or agreed characterization of the ideas or positions presented".

Ambassador Salcedo said: "Nor does the organization of the discussion under a particular theme imply that Members share a common understanding of the issue or of how it should be addressed."

Brief summary

On each issue, the facilitator divided the matrix into four elements: "considered concerns", "concrete tool/approach", "description of concrete tool/approach", and "comments or questions".

Transparency & notifications

On "transparency & notifications" – which is constantly raised by the US – the problem has been that many countries fail to provide timely notifications with enough detail, making it hard to monitor trade policies.

The US, along with a few other countries, has adopted the practice of filing counter-notifications, as it did against India on rice and wheat subsidies – which New Delhi challenged in the meetings of the Committee on Agriculture.

The US and other industrialized countries have called for strengthening compliance, including simplifying reporting formats while offering technical assistance.

However, developing and least-developed countries opposed some of these burdensome and penal proposals on grounds that they lack capacity, said people familiar with the development.

Clearly, many developing countries and LDCs have repeatedly argued that non-compliance is often due to a lack of capacity, not bad faith.

The US and some industrialized countries seemingly suggested penalties for non-notified measures, while some cautioned against automatic punishments without due process, said people familiar with the development.

Scope & definition

The LPF issues, as the facilitator acknowledged, lack a clear definition of what constitutes such issues, said a person who asked not to be quoted.

Many developing and some least-developed countries have seemingly underscored a broad canvas for LPF issues covering agriculture, development, and historical imbalances.

But the major industrialized countries, particularly the US, the EU, and the G10 farm-defensive countries led by Japan and Switzerland, want a focused agenda on industrial subsidies and state-owned enterprises (SOEs) to keep the work manageable.

Industrial subsidies & policy

The US, the EU, and Japan have seemingly repeatedly argued that large-scale subsidies and non-market policies can create overcapacity and harm other countries' industries – a charge directed against China, said people familiar with the development.

To address this issue, some members argued for assessing the negative trade effects of subsidies and identifying "good" support that aids development (e.g., R&D, infrastructure) versus "bad" subsidy support that is opaque or discriminatory.

The main tension has been that developing countries want to protect their policy space for industrialization, while advanced economies want tighter rules against what they claim are distortive subsidies.

State-owned enterprises (SOEs)

It is well known that as part of the "trilateral agenda" of the US, the EU, and Japan, the existing ASCM rules do not fully cover SOEs, which can act in non-commercial ways.

Consequently, the major industrialized countries – the US, the EU, and Japan, among others – have reportedly called for new disciplines on commercial considerations and transparency, drawing from existing WTO provisions and free trade agreements.

However, several countries, including China, maintained that SOEs are not inherently a problem and opposed using rules from accession protocols (which were negotiated under pressure) as a benchmark for all WTO members.

Dispute settlement & enforcement

On dispute settlement and enforcement, the problem has been the stymieing of the WTO's enforcement function because of the US unilateral decision to make the Appellate Body dysfunctional since December 2019.

Without a two-tier dispute settlement system – as existed before December 2019 – the reforms have no credibility, said a trade envoy who asked not to be quoted.

Consequently, several countries have suggested linking the LPF issues to the restoration of a fully functioning two-tier dispute settlement system, namely the Appellate Body.

Also, without a strong dispute settlement system, countries fear that new rules will be enforced unilaterally by powerful nations, as has been the case for the past two years, when the US imposed unilateral tariffs on countries while members had no recourse to securing trade-related justice without a functional Appellate Body, said several trade envoys who asked not to be quoted.

Agriculture & fisheries

For many developing countries, agricultural subsidies and tariffs remain a major imbalance, as the US and the EU, along with the G10 countries, seem to remain opposed to any reform of farm subsidies, said people familiar with the development.

Against this backdrop, many farm-exporting countries called for mapping LPF concerns (e.g., domestic support, tariffs), while some developing countries pressed for outcomes on food security and development.

Many developing countries insisted that agriculture is key in the LPF agenda; others argued it should be handled in its existing dedicated committee to avoid duplication.

Development & differentiation

The problem is that the same rules treat unequal members unfairly. To address this problem, developing countries have repeatedly called for a development-sensitive approach, preserving policy space for industrialization and food security.

Unilateralism & environmental measures

For the past two years, unilateral tariffs, security exceptions, and new climate-related trade measures have become commonplace in global trade.

Clearly, these measures have not only undermined predictability but have also disproportionately burdened weaker members.

However, several industrialized countries warned against expanding the LPF agenda to include every single contentious issue, as this risks making it unmanageable.

Other issues (MSMEs, services, digital trade)

The problem identified under the subheading of MSMEs (micro, small, and medium enterprises) is high compliance costs, while developing countries struggle to benefit from services and digital trade.

The solution suggested is to reduce compliance burdens (e.g., through digitalization), improve access to technology, and examine support measures in services.

In crux, the LPF issues raised by the powerful industrialized countries like the US, the EU, and Japan have generated fierce opposition, with developing countries proposing their development-oriented agenda – which has now become a proverbial millstone around the necks of the former, said people familiar with the development. *(SUNS #10511)*

Facilitator's email on decision-making sparks concerns on consensus

The facilitator on the "decision-making" track of WTO reform has set a meeting for 22 September, even as concerns mount over alleged attempts to undermine the practice of decision-making by consensus.

by D. Ravi Kanth

GENEVA: The facilitator overseeing the World Trade Organization reform track on "decision-making" is set to convene an informal meeting on 22 September, amid growing concerns over alleged attempts to undermine the fundamental right of WTO members to decide on issues by consensus, according to people familiar with the development.

The changes sought in the practice of decision-making by consensus appear to pivot around bringing plurilaterals onto the centre stage in order to unsettle the multilateral processes at the WTO, said people who asked not to be identified.

Regardless of their size or share of global trade, all members – least-developed, developing, and developed countries alike – enjoy an equal right to resolve issues through the cardinal principle of consensus.

However, a small group of industrialised countries and the "Friends of the System" are seeking to dismantle this principle on grounds that it runs counter to their interests, said several trade envoys who asked not to be named.

A large majority of members appear to be fiercely pushing back against what they view as a dangerous manoeuvre, said trade envoys from Africa, Asia, the Caribbean and Pacific, and some South American countries, all of whom spoke on condition of anonymity.

"If the small group of powerful countries does away with decision-making by consensus, we risk becoming second-class members with no say in crucial decisions taken at the WTO," said a trade envoy who asked not to be identified.

Significantly, previous WTO ministerial conferences – such as MC12 in Geneva (2022) and MC13 in Abu Dhabi (2024) – did not even contemplate a change in the practice of decision-making by consensus.

Meanwhile, MC14 in Yaounde, Cameroon (2026), addressed the issue only through the chair's report, owing to a lack of consensus among trade ministers at the meeting, said people familiar with the matter.

Against this backdrop, an email sent to members on 7 September by the facilitator on "decision-making", Ambassador Katsuro Nagai of Japan, appears to reinforce the concerns voiced by a large majority of members that they remain opposed to any change in the practice of decision-making by consensus, as was the case during the last meeting held in July.

Incidentally, Japan's proposal (WT/GC/Reform/W/8) argues that "if we are truly aiming to deliver outcomes within the WTO, improving decision-making across all day-to-day activities is essential".

Rather than maintaining the current practice of decision-making by consensus, Japan emphasised that "Members should review different types of decision-making and explore room for greater effectiveness."

Japan also proposed that members "learn from discussions and practices in other international organizations and explore the potential of methods not sufficiently utilised within the WTO, such as the silence procedure and dissociation".

Furthermore, Japan contended that "when negotiating new rules, it is useful to examine the possibility of introducing mechanisms such as reservations or opt-outs".

"In addition," Japan said, "for other decision-making in the routine operations of Committees, we might consider allowing greater flexibility, such as expanding chair discretion or using the Consensus-1 approach."

With a Japanese trade envoy heading the WTO reform track on "decision-making", the entire exercise appears to reek of conflict of interest, said some trade envoys who asked not to be identified.

Facilitator's email

In the email (ICN/GC/Reform/6) sent to members on 7 September, Ambassador Nagai said: "Building on our discussions in July, and with a view to deepening our understanding of the issues in a more focused manner, I invite Members, including proponents, to reflect on the following guiding questions" – questions that appear to have been framed at his own discretion.

To begin with, the facilitator acknowledged the crucial provision: "Article IX:1 of the Marrakesh Agreement provides that 'the WTO shall continue the practice of decision-making by consensus followed under GATT 1947'."

However, he seeks to understand from members "this practice of decision-making by consensus, and what do Members consider to be its essential features?".

Privately, one trade envoy said: "Article IX:1 of the Marrakesh Agreement is a core principle as well as a practice that cannot be treated as a mere general practice."

In his email, the facilitator notes that "concerns have been raised about whether existing processes provide sufficient transparency, inclusiveness, participation, early engagement and opportunities to build convergence".

Ambassador Nagai asked members: "What concrete practical process improvements could be considered to strengthen these aspects?"

Under the sub-heading "Tools to facilitate decision-making", the facilitator states: "A range of tools and approaches to facilitate consensus-building and decision-making have been put forward." In footnote one, it is further clarified that the tools include, "inter alia, consensus-building tools (e.g. reasoned objections, mediation, escalation to capitals, Pareto improvement and structured dialogue); flexibility tools (e.g. opt-ins, opt-outs, reservations and grace periods); process tools (e.g. differentiated decision-making based on the nature of the decision, silence procedures, voting and constructive abstention); and institutional and governance tools (e.g. consultative or steering bodies and flexible instruments)."

Doubts are being raised about these tools – as to who proposed them and whether they are part of a broader strategy to alter decision-making by consensus, according to people familiar with the facilitator's email.

Ambassador Nagai framed the following questions for proponents to address, even though the above tools appear to have been mooted by the proponents themselves.

The questions include:

- Have proponents had an opportunity to consider the questions and comments raised at our last session, and are there additional clarifications they would wish to provide?
- Are there other questions or concerns that Members would like proponents to consider and respond to?
- Looking ahead, what practical steps could be taken to further develop and operationalise the proposed tools and approaches?

On past mandates, without quantifying the large majority of countries, the facilitator states: "It has been suggested that a review and stocktaking of past mandates should precede or inform the work on decision-making."

This was an issue raised by many developing countries and LDCs at the July meeting.

However, a small group of countries seeking a "regime change" in the rules appear to have opposed the above demand.

The facilitator notes that "others have emphasised the importance of focusing on practical solutions, strengthening consensus-building and addressing current decision-making challenges".

He asked members: "In light of the factual compilation prepared by the Secretariat at Members' request, how concretely should the consideration of past mandates be taken forward?"

It is common knowledge that the change in the practice of decision-making by consensus is being primarily pushed by the major industrialised countries as well as the "Friends of the System" group.

In contrast, countries like India have suggested that the incorporation of plurilateral agreements into Annex 4 of the Marrakesh Agreement must follow the requirement for consensus as set out in several provisions, particularly Article X:9.

The facilitator states: "Others have raised concerns regarding consensus under Article X:9, the interests, rights and obligations of non-participating Members, and the potential fragmentation of the WTO system."

Consensus-building

Against this background, the facilitator asked: "How could Members develop a consensus-building pathway for possible incorporation of plurilateral initiatives into the WTO framework?

In particular:

- What criteria, thresholds or safeguards could provide greater clarity and confidence, including on the level of support required and the basis for assessing plurilateral agreements?
- In what practical ways could the interests, rights and obligations of non-participating Members be substantially affected by plurilateral agreements?
- How could the above criteria and safeguards secure consistency with Article X:9 regarding consensus?”

The facilitator’s above questions seem to be biased towards changing the current rules as set out in the Marrakesh Agreement, a trade envoy alleged.

The facilitator, on his own responsibility, raised a new set of questions on consensus-building tools, which appears to be yet another attempt to undermine the core principle of Article IX:1 that stipulates that decision- making must be based only on the consensus principle.

Ambassador Nagai, however, sought members’ responses to the questions he seemingly raised on consensus-building tools.

The questions include:

- How would questions of material harm or affected national interests be defined, assessed and determined, and by whom? Would Members be expected to substantiate such interests, and how would the adequacy or validity of objections be assessed?
- Would Members be expected to propose safeguards, compromises or possible solutions, in addition to identifying affected interests?
- What would be the legal basis for the proposed approaches, and what implications, if any, would they have for the negotiated balance of Members' rights and obligations?

Flexibility tools

- Who would determine when differentiated commitments are appropriate and which Members would participate?
- How could such approaches avoid fragmentation?
- What implications, if any, would such approaches have for the negotiated balance of Members' rights and obligations?

Process tools

- How could procedural, administrative and substantive decisions be objectively distinguished, where relevant?
- How would the proposed procedures operate in practice?
- How would it be determined that reasonable efforts to achieve consensus have been exhausted?
- Would such approaches alter the operation of consensus, and how would Members' rights and obligations be preserved?

Institutional and governance tools

- How would representation and inclusiveness be ensured?
- How would the Member-driven character of the WTO be preserved?
- What additional value would such arrangements bring?

In short, he said: "This part of our discussion will proceed with the consideration of the proposed tools and approaches in turn, with a view to addressing the questions and concerns raised on each as fully as possible before moving to the next tool/approach."

Furthermore, he appears to have made plurilaterals a central piece of his questions by asking the following:

- “Are there other concerns or practical considerations that should be addressed to enable plurilateral initiatives, where supported by Members, to contribute to the WTO framework?
- What practical steps could Members take to develop and operationalise such an approach?”

On the organisation of thematic discussions, the facilitator seems to be aiming for a rapid question-and-answer session when he suggests that "we take up the guiding questions theme by theme, moving to the next theme once the issues under each have been sufficiently explored.”

“To allow ample opportunity for exchange among Members, interventions should be focused and limited to a maximum of two minutes per intervention,” he said.

He informed members that “if consideration of the guiding questions is not completed, we will continue our exchanges at the session in October, which will now take place on 8 October, instead of 14 October as previously communicated in JOB/GC/REFORM/3/Rev.2.”

In short, the facilitator’s email raises serious concerns about the manner in which his questions are being framed – seemingly to steer members’ responses towards changing the practice of decision-making by consensus, said people familiar with the questions. *(SUNS #10510)*

G20 ministers fail to agree on a unanimous communique

G20 finance ministers and central bankers on 1 September failed to agree on a joint communique amid sharp divisions over the United States' unilateral economic and financial policies and its war against Iran.

by D. Ravi Kanth

GENEVA: A two-day meeting of the finance ministers of the Group of 20 (G20) industrialized and developing countries as well as central bankers, held under the current presidency of the United States, failed to arrive at a unanimous communique in Asheville, North Carolina, on 1 September.

Amidst sharp differences due to the seemingly unilateral global economic and financial policies and actions adopted by the host country, as well as its war against Iran that led to global energy and fertilizer crises, the G20 participants appeared at loggerheads from the start of the proceedings on 31 August.

Besides, differences also cropped up between the US and some of its Western allies on the one side, and China on the other, over Beijing's alleged non-market economic policies that are seemingly causing disruptions, according to media reports.

The US apparently remained at loggerheads with some of its traditional allies like Canada and Germany, as well as some developing countries, over its unilateral tariffs and hostile financial measures such as sanctions against countries that refuse to follow its dictates, the New York Times suggested in a report on 2 September.

Surprisingly, there was no mention of either global trade or the unilateral trade measures imposed by the US that has seemingly asphyxiated the World Trade Organization.

Perhaps this will be dealt with at the G20 trade ministers' meeting, to be held in the US towards the end of the month.

Chair's statement

In the face of the sharp differences that cropped up during the deliberations, the US Treasury Secretary Scott Bessent issued a chair's statement at the end of the meeting.

Bessent claimed that the chair's statement "was agreed by all G20 members except China, which objected to paragraphs 4, 10, 11 and 13" (see below).

The statement seemingly focused on promoting strong economic growth across its key priorities – private sector engagement, productivity, global imbalances, financial literacy, sovereign debt, digital assets, and financial sector issues – while "streamlining" the finance track's agenda.

The "streamlining" of the financial track appears to be a euphemism for narrowing the agenda to focus on US priorities instead of tackling the global climate and inequality challenges confronting developing countries.

On global economic growth and value chains, while the statement claimed that the global economy has remained resilient despite ongoing wars and conflicts, the reality on the ground across countries seems somewhat different.

Many developing and least-developed countries are being subjected to heavy economic burdens and shortages of oil and fertilizers, according to several media reports.

The statement called for ensuring the smooth functioning of value chains for energy, food, fertilizers, and critical minerals, expressing concern over disruptions to energy trade and stressing that free navigation through the Strait of Hormuz is essential.

China, according to the chair's statement, objected to the above language, as it is common knowledge that the seemingly unprovoked and illegal war launched by the US and Israel against Iran on 28 February has reportedly led to large-scale dislocations in key energy and other sectors.

The statement, however, acknowledged that the resolution of "ongoing wars and conflicts" is essential for durable growth, while remaining silent on the source of the unilateral wars.

It underscored the need for stable macroeconomic environments that support growth and jobs, especially for developing countries.

Yet, very little appears to have been done to address the large-scale impacts of the ongoing wars and conflicts on developing countries, said an analyst, arguing that the planned "demolition" of international bodies in addressing trade, finance, and climate concerns has led to grave crises on several fronts.

Without naming China, the statement urges "countries to avoid unnecessary export restrictions".

However, it remained silent on the export restrictions imposed by the US on items such as advanced chips and microprocessors to China and other countries.

On fertilizer supply chains and Multilateral Development Bank commitments, the chair's statement draws attention to the Multilateral Development Banks' joint statement on a roadmap to strengthen fertilizer supply chains, including increased financing for production, storage, and infrastructure.

It argued that "where fiscal space allows, temporary targeted measures can help the most vulnerable while preserving debt sustainability," emphasizing the potential of AI (artificial intelligence), computing, and digital infrastructure to increase productivity, while addressing associated risks.

The statement, however, failed to mention the growing concerns across countries over the damaging impact of establishing data centers for AI and the loss of employment.

On central banks, monetary policy and AI, the statement says that central banks are strongly committed to price stability and financial system resilience, while arguing that central bank independence is crucial.

"As AI reshapes our economies, central banks will distinguish productive capacity gains from demand changes."

The statement's emphasis that central banks can cleanly separate AI-driven supply effects from demand is technologically naive; AI impacts both simultaneously and asymmetrically, making monetary policy even more of a guesswork than usual, the analyst said.

On structural impediments and neoliberal policy orientation, the statement suggests that the common impediments to growth include regulatory burdens, inefficient taxes, inadequate investment, high capital costs, and labour supply gaps.

With "deregulation" being treated as the key to boosting labour participation, enhancing human capital and promoting pro-growth tax regimes, the chair's statement showed its face in pursuing neoliberal financial policies.

Declaring AI as a general-purpose technology with profound potential, the statement noted that economies that embrace its responsible development will set the pace of growth.

"Abundant and affordable energy, quality infrastructure investment, predictable investment environments underpinned by macroeconomic stability and the rule of law, and the responsible embrace of AI and other emerging technologies will help facilitate growth."

However, the seemingly irrational exuberance being laid on AI and the huge investments needed for its operations in a world dominated by inequality, illiteracy, and climate crises could soon lead to a "doomsday" scenario, said analysts familiar with the chair's statement.

On the role of international organizations and the private sector, the chair's statement calls on the IMF, World Bank Group, and OECD to support efforts, with analysis on structural impediments, productivity and macroeconomic frameworks.

It, however, failed to mention other multilateral organizations that are part of the United Nations system.

In a similar vein, the chair's statement "support(s) the OECD's work on tax policies and business dynamism and look(s) forward to an interim report by year-end".

It called on the Multilateral Development Banks to engage in policy reforms and targeted investments with demonstrable returns, while affirming the private sector's critical role in driving growth, jobs, and innovation.

However, the private sector's contribution to employment generation has been limited, with the public sector historically playing the dominant role in employment generation.

Even though the notion of "private sector-led" is repeated like a mantra, the chair's statement nowhere addresses oligopolistic and monopolistic tendencies, rent-seeking, or the reality that private investment often chases quick financial returns rather than long-term productivity, especially in developing economies, said an analyst who asked not to be named.

China's objection

China sharply objected to paragraph 10 of the chair's statement, which states that it recognizes that "excessive and persistent imbalances pose risks and can generate economic distortions and adverse cross-border spillovers that hinder growth, drive and exacerbate imbalances in other countries, heighten economic and supply chain vulnerabilities and reduce resiliency".

Further, the statement says that countries should take steps to eliminate non-market policies and practices that exacerbate imbalances.

It asks countries with excessive surpluses to remove distortions constraining domestic consumption and over-reliance on exports.

The statement argues that countries with excessive deficits should undertake policies supporting savings and fiscal consolidation.

It emphasizes that surveillance of global imbalances is anchored in the IMF's mandate, while welcoming the IMF's work to strengthen evenhanded surveillance of distortive policies and spillovers.

It wants the IMF to present more granular scenario analysis, including costs of inaction, and to integrate this into its surveillance.

It maintains that the OECD could analyze structural drivers, and wants both the IMF and the OECD to improve data coverage of non-market policies.

Clearly, while it appears that the communique is pointing a finger at the surplus countries (implicitly China), it offers no concrete mechanism or timeline for adjustment.

China has consistently opposed the use of the term "non-market policies" on grounds that it is a loaded term.

In what is viewed as asymmetrical burden-shifting, the chair's statement, however, seems to ignore the fact that the US itself runs massive deficits fueled by fiscal overspending and a dollar reserve status that it actively benefits from.

On advancing global financial literacy and "Trump Accounts", the statement acknowledges that financial literacy is foundational to financial health, emphasizing the US Presidency's high-level attention, including the Fireside Chat and the Financial Literacy Solutions Sprint.

The chair's statement says that it targets interventions that support saving, investing, and wealth-building, such as through "Trump Accounts" in the US and other national incentive programs.

The seemingly overt political branding of "Trump Accounts" is a first for a G20 communique and undermines the document's credibility as a neutral technical statement, said an analyst who asked not to be quoted.

While financial literacy is important, it is a weak palliative for systemic issues like wage stagnation, regressive taxation, and inadequate social safety nets – issues that are not addressed in the statement.

On improving the global sovereign debt architecture, in paragraph 13, the statement states that members remain committed to addressing debt sustainability challenges and acknowledge the need for faster, more predictable debt treatments, while reaffirming the G20 Common Framework and affirming solidarity and preserving flexibility.

It calls for joint action and fair burden-sharing, pointing out that members are deepening efforts to apply lessons learned – especially where a meaningful share of external debt is owed to G20 members – to streamline restructurings.

It welcomes progress on the IMF-World Bank 3-Pillar approach to support countries with sustainable debt but high debt service, and encourages further implementation, including through official bilateral creditors.

According to analysts, the Common Framework has been apparently a failure for all but a few countries (e.g., Zambia took years), as "non-binding" and "illustrative" templates have proven to be weak.

On regulatory modernization and digital assets, the chair's statement states that G20 members are committed to modernizing regulatory frameworks to ensure financial stability and support growth.

It expressed support for the Financial Stability Board's (FSB) work and looks forward to its stocktake of modernization efforts, its consultation

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US and allies revive plurilateral E-com moratorium amid deadlock

The co-sponsors of the contentious "Joint Statement on the Moratorium on Customs Duties on Electronic Transmissions" intensified their push to legitimize a plurilateral bid for a permanent waiver on customs duties on electronic transmissions despite ongoing divisions among members over this issue.

by D. Ravi Kanth

GENEVA: The co-sponsors of the controversial "Joint Statement on the Moratorium on Customs Duties on Electronic Transmissions" on 1 September launched another proverbial salvo at the World Trade Organization in their bid to legitimize their plurilateral initiative for a permanent waiver on customs duties on electronic transmissions.

The move follows the failure to reach an agreement on the e-commerce moratorium – which would maintain the practice of not imposing customs duties on electronic transmissions – at the WTO's 14th ministerial conference (MC14) in Yaounde, Cameroon, earlier this year.

In the aftermath, the United States, along with the European Union and several other industrialized countries, introduced a controversial plurilateral initiative at the WTO calling for a permanent moratorium, as opposed to an extension every two years.

To recall, at MC14, the US unilaterally demanded a permanent moratorium as its central negotiating position, but many countries opposed Washington's proposal.

Subsequently, in the face of stiff opposition, the US scaled back its position, demanding instead an extension of the moratorium for a period of four years – a move opposed by Brazil and Turkiye.

However, Ankara later dropped its objections, leaving Brazil as the sole holdout insisting on the continuation of the current practice of a two-year extension of the moratorium.

This renewed push comes after Washington failed to secure consensus on its preferred four-year extension of the moratorium.

In what several trade envoys described as a display of frustration after MC14, the US built a coalition of willing countries and declared that it would proceed with a plurilateral arrangement – bypassing the core procedural requirements set out in paragraph 9 of Article X of the Marrakesh Agreement that established the WTO in 1995, according to several trade envoys.

Paragraph 9 of Article X of the Marrakesh Agreement explicitly states: "The Ministerial Conference, upon the request of the Members parties to a trade agreement, may decide exclusively by consensus to add that agreement to Annex 4. The Ministerial Conference, upon the request of the Members parties to a Plurilateral Trade Agreement, may decide to delete that Agreement from Annex 4."

Yet on 26 May, the US and its allies chose to sidestep these stipulated conditions and instead unilaterally announced their arrangement – an act that several trade envoys, speaking on condition of anonymity, described as a flagrant violation of the WTO rules.

Worse still, according to trade envoys who declined to be named, in what is supposed to be a rules-based organization, the US, the EU, and several other developed countries now appear to be embracing a dangerous new playbook: turning the 166-member global trade body into "a lawless arena" where violations seemingly go unpunished.

Revised proposal

Against this backdrop, the US, the EU, and their traditional allies – barring Canada – circulated their fourth revised proposal to revive their initiative, said people familiar with the development.

In the latest revised proposal (WT/GC/286/Rev.4), circulated on 1 September, the co-sponsors – comprising Argentina, Australia, Costa Rica, Ecuador, European Union, Guatemala, Honduras, Iceland, Israel, Japan, Korea, Malaysia, Mexico, New Zealand, North Macedonia, Norway, Panama, Paraguay, Peru, Singapore, Switzerland, Chinese Taipei, the United Kingdom, the United States, and Uruguay – again expressed disappointment "at the lapse of the long-standing WTO e-commerce moratorium at the 14th Ministerial Conference (MC14) in Yaounde, Cameroon".

Nonetheless, the co-sponsors stated that the above group of Members "remains committed to do what we can to provide to businesses and consumers a measure of predictability and certainty in the absence of the multilateral E-Commerce Moratorium".

Starting from 8 May 2026, the co-sponsors said, "we will continue to not impose customs duties on electronic transmissions among ourselves".

They explained that "for the purposes of this communication, 'electronic transmission' means a transmission made using any electromagnetic means and includes the content of the transmission."

The US-led co-sponsors encouraged "all WTO Members who seek the benefits of trading under these stable conditions to join this commitment at any time with the aim of eventually securing a multilateral commitment, building upon that which had been consistently agreed upon by all Members since 1998".

One trade envoy, who requested anonymity, questioned the logic: "If they are fine with their stated arrangement, then why appeal for other members to join their controversial pact?"

Further confusion persists over the reference to the 1998 agreement on the e-commerce moratorium – renewed every two years since – and whether Washington is now willing to accept a two-year extension of the moratorium instead of the four-year extension it was seeking, according to people familiar with the development.

ECA

Earlier, the US did not join another controversial agreement – the Agreement on Electronic Commerce (ECA) – which was endorsed by the WTO's Director-General, Ms Ngozi Okonjo-Iweala, at MC14.

Later, the DG announced that the WTO would act as a depository for the agreement's instruments of acceptance – an apparent violation of the Marrakesh Agreement.

During a General Council meeting in July, the DG appeared to fail to offer a credible defence of her decision to serve as depository for the contentious "Agreement on Electronic Commerce," as sharp objections were raised separately by India and Pakistan – later joined by the US and other members – according to people familiar with the proceedings.

The discussions at the General Council meeting exposed deepening rifts within the WTO and what several delegates described as the global trade body's accelerating drift into "institutional lawlessness", said people familiar with the development.

During the General Council debate on the DG's decision to act as depository for the ECA, a broad coalition of members, including India, Pakistan, and the US, sharply questioned whether the DG can act on her own in a member-driven and rules-based organization without prior multilateral consensus.

As previously reported, the DG read a lengthy written statement justifying her role as an international civil servant under paragraph 4 of Article VI of the Marrakesh Agreement.

The DG, according to part of her statement posted on the WTO's website, said: "The Director-General replied that Secretariat resources devoted to the ECA are limited and transparently reported, and that if any additional support were required, participants would need to consider how to manage that."

Further, according to the statement, the DG said: "The decision to act as depositary of the ECA, at the request of participants, is consistent with international law, WTO practice and precedent."

She said that written replies to questions would be provided and stressed that broader institutional, legal and governance questions relating to the ECA are for WTO members to resolve.

India has asserted that the DG "shall not seek or accept instructions from

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AI dominance risks undermining right to development, warns study

Governance of artificial intelligence (AI) must be grounded in international human rights law and shaped by the right to development, such that it supports inclusive, culturally diverse and human-centred development, according to human rights experts.

by Kanaga Raja

PENANG: While artificial intelligence (AI) is increasingly shaping development priorities, labour markets, creative economies and knowledge production systems, without adequate safeguards, AI-driven economic concentration risks undermining participatory and equitable dimensions of the right to development by limiting who shapes technological systems and who benefits from them.

This is one of the main conclusions highlighted by the Expert Mechanism on the Right to Development in a report (A/HRC/63/40) to the 63rd regular session of the UN Human Rights Council.

The Expert Mechanism is comprised of five independent experts, providing the Human Rights Council with thematic expertise on the right to development in searching for, identifying and sharing best practices with Member States and promoting the implementation of the right to development worldwide.

In its thematic study, titled "Artificial intelligence, cultural rights and the right to development", the Expert Mechanism examines the implications of AI for cultural rights and the right to development.

It recognizes the potential of AI to broaden access to creative tools, preserve cultural heritage and support linguistic revitalization, including for languages at risk of marginalization.

However, it also warns that AI may undermine creativity, displace or devalue human creative labour, reproduce dominant cultural, aesthetic and linguistic patterns and weaken the conditions for diverse cultural expression.

It said these risks are especially significant for developing countries, Indigenous Peoples, minorities and small-scale cultural producers, who often face unequal access to data, infrastructure, markets, regulatory protection and decision-making power.

The Expert Mechanism recommends that AI governance be grounded in international human rights law and shaped by the right to development, such that AI supports inclusive, culturally diverse and human-centred development rather than cultural homogenization, digital dependency and the concentration of creative and technological power.

According to the study by the Expert Mechanism, the right to development is indivisible and interdependent with all other human rights.

It encompasses both individual and collective dimensions and requires equitable participation in decision-making processes affecting development trajectories.

According to the study, Article 2 (3) of the Declaration on the Right to Development affirms that States have the duty to formulate appropriate national development policies aimed at the constant improvement of the well-being of the entire population and all individuals.

"In the context of AI, this duty requires that innovation and economic efficiency do not exacerbate inequality, cultural homogenization or digital dependency."

Equitable development

AI is increasingly positioned as essential to economic modernization and global leadership. This approach is reflected in most national AI strategies, according to the Expert Mechanism.

However, it said the global AI ecosystem is characterized by asymmetries in data resources, computational infrastructure and capital investment.

A small number of corporations and States exercise disproportionate influence over foundational models and digital platforms.

Such concentration undermines international cooperation to eliminate obstacles to development, it added.

The study pointed out that developing countries risk becoming providers of raw data while remaining dependent on proprietary technologies controlled elsewhere.

It said this pattern may replicate historical forms of extractivism, this time in digital form, with cultural data and linguistic resources serving as inputs for AI systems without equitable participation or benefit-sharing.

It said a right to development approach to AI governance therefore requires AI governance to address structural inequalities in access to data, infrastructure, skills, markets and regulatory capacity.

It also requires international cooperation, technology transfer, capacity-building and participatory governance at both the domestic and the international levels.

"In accordance with international human rights law, States bear the primary obligation to respect, protect and fulfil cultural rights and the right to development."

In the context of AI, it follows that the obligation to respect requires that States refrain from deploying AI systems in ways that directly interfere with cultural participation, artistic, academic and scientific freedoms, linguistic diversity or community control over cultural heritage and knowledge, said the study.

The obligation to protect requires States to regulate private actors whose activities may adversely affect cultural rights, the Expert Mechanism stressed.

The study said that given the central role of transnational technology corporations in developing and deploying AI systems, this duty entails establishing clear regulatory frameworks governing data collection, algorithmic design, intellectual property, competition, labour standards and access to remedy.

"States must exercise due diligence to prevent, investigate, punish and redress abuses arising from corporate activities, including those with extraterritorial impacts."

It also said the obligation to fulfil requires proactive measures to facilitate equitable access to AI technologies and to support cultural ecosystems.

According to the Expert Mechanism, such measures may include public investment in digital infrastructure, support for open and community-based AI initiatives, funding for cultural institutions and the promotion of multilingual AI systems that reflect linguistic diversity.

The transnational nature of AI value chains raises complex questions concerning jurisdiction, accountability and access to remedy, it underlined.

It said these challenges underscore the need for strengthened international cooperation, including harmonized standards, mutual legal assistance and inclusive global governance mechanisms.

Recent years have witnessed a rapid proliferation of international and regional normative initiatives addressing AI governance, it noted.

The study said at the global level, the United Nations Educational, Scientific and Cultural Organization (UNESCO) Recommendation on the Ethics of Artificial Intelligence adopted in 2021 constitutes the first comprehensive standard-setting instrument in this field.

It articulates principles of human dignity, human rights, cultural diversity, environmental sustainability and international solidarity and affirms that AI systems should respect and promote cultural diversity, safeguard cultural heritage and support linguistic pluralism.

The study said at the regional level, two instruments merit particular attention.

The European Union Artificial Intelligence Act (Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024) adopts a risk-based, internal market-oriented approach, introducing obligations relating to transparency, accountability, human oversight and fundamental rights protection. It constitutes the first comprehensive binding legislative framework on AI within a regional legal order.

The Council of Europe Framework Convention on Artificial Intelligence, Human Rights, Democracy and the Rule of Law of 2024 represents the first binding international treaty in this domain, requiring States Parties to ensure that AI systems are consistent with human rights, democratic values and the rule of law across their life cycle (preamble and arts. 4-7).

These developments reflect an emerging consensus that AI governance must be grounded in international human rights law, according to the Expert Mechanism.

However, it said that significant normative gaps persist, particularly with respect to equitable benefit-sharing, cross-border data governance and the protection of collective and community-based cultural rights.

"Recent scholarship highlights structural imbalances in global AI development and calls for more inclusive and redistributive governance frameworks."

From a right to development perspective, technological governance cannot be confined to risk mitigation alone, said the study.

Development entails equitable access to, participation in, and benefit from technological progress. In the context of AI, this means addressing structural inequalities in access to computational resources, data, infrastructure and markets.

Without such measures, AI risks reinforcing existing global asymmetries and entrenching disparities between technologically advanced States and those with more limited capacities, the Expert Mechanism warned.

The growing concentration of digital platforms and advanced AI capabilities in a limited number of corporate actors has significant implications for cultural diversity, it said.

Notably, dominant platforms increasingly mediate access to cultural content through algorithmic curation and recommendation systems, shaping patterns of visibility and consumption.

"These systems may systematically favour dominant languages, genres and commercially viable cultural narratives, while marginalizing minority cultures, less widely spoken languages and locally rooted forms of expression."

Market concentration in the digital economy also reshapes power relations within cultural and creative industries, said the study.

Large platforms exercise significant control over distribution channels, data and monetization infrastructures, often resulting in asymmetrical bargaining relationships with creators.

Independent artists and small-scale producers are often dependent on platform-based ecosystems that determine visibility and revenue streams, thereby constraining their capacity to participate on equitable terms.

From the perspective of the right to development, such structural imbalances risk undermining fair access to the benefits of cultural production and participation in cultural life, according to the Expert Mechanism.

Addressing these challenges requires a multi-dimensional regulatory response aimed at preserving pluralism in the AI-mediated cultural sphere, it suggested.

"This may include the application of competition law to address excessive concentration, the introduction of interoperability and data access requirements, and the development of public interest-oriented data governance frameworks."

Support for decentralized, open or community-based digital infrastructures may contribute to a more diverse and inclusive cultural ecosystem, aligned with human rights principles, said the study.

Highlighting the issue of data governance and cultural sovereignty, the study said AI systems also rely on the large-scale aggregation and processing of data, including cultural, academic, scientific, linguistic and artistic materials.

Data governance frameworks, therefore, play a decisive role in determining whether AI-driven development is consistent with international human rights standards, particularly in relation to cultural rights, participation and non-discrimination.

It said the conditions under which data are collected, accessed and utilized directly shape whose knowledge is represented, how cultural expressions are reproduced and who benefits from their use.

For many Indigenous Peoples and marginalized communities, cultural data cannot be reduced to mere economic assets.

Such data often embody collective identity, traditional knowledge, and spiritual significance, the study said.

The unauthorized digitization, scraping or commercial exploitation of these materials, particularly in the training of AI systems, has increasingly been characterized as a form of cultural appropriation or "digital extractivism", whereby value is derived from population knowledge without consent or compensation, it added.

These concerns point to the

importance of free, prior and informed consent, community-based data governance and equitable benefit-sharing.

They also underline the need to distinguish between State regulatory sovereignty, Indigenous data sovereignty and community control over culturally significant knowledge.

A human rights-based approach to AI governance therefore requires the recognition and operationalization of principles such as free, prior and informed consent, community-based data governance and equitable benefit-sharing, according to the Expert Mechanism.

These principles are reflected in international standards concerning, in particular, Indigenous Peoples' rights and collective self-determination, including the United Nations Declaration on the Rights of Indigenous Peoples, and are increasingly invoked in emerging frameworks on data sovereignty and Indigenous data governance, it added.

The study said the transnational nature of data flows raises complex questions concerning regulatory sovereignty and development policy space.

It said the global concentration of data infrastructure and AI capabilities risks enabling forms of asymmetrical extraction, in which culturally significant data originating in developing countries are processed and monetized elsewhere.

"From a right to development perspective, this underscores the need for policy instruments capable of ensuring that domestic cultural, scientific and data resources contribute to local innovation ecosystems, capacity-building and equitable economic participation, rather than exclusively enriching foreign technology actors."

In summary, the study said the normative framework governing AI is evolving rapidly. Existing international human rights law already provides a robust foundation for evaluating AI systems through the lens of dignity, equality, participation and justice.

The right to development offers a robust, human-centred framework for AI governance that integrates economic, social, cultural and political dimensions.

It also requires not only the prevention of harm but also the proactive shaping of technological trajectories to advance inclusive, culturally diverse and sustainable development, it added.

Regarding the implications of AI for cultural industries and the cultural labour markets, the study said that AI systems, particularly generative models capable of producing text, images, music and audiovisual content, are transforming the conditions of cultural production.

"These technologies can lower barriers to entry, enable new forms of experimentation and expand access to creative tools. At the same time, they disrupt established professional roles, value chains and remuneration models within creative industries."

Generative AI systems trained on vast bodies of artistic and literary works can replicate stylistic features, generate derivative content and automate tasks previously performed by human creators.

While such systems may positively assist human creativity, they may also reconfigure or displace elements of cultural labour, particularly in sectors characterized by precarious employment and freelance arrangements, the Expert Mechanism said.

"The right to development requires that technological transformation be accompanied by measures ensuring equitable participation and fair distribution of the benefits."

In the context of creative industries, this includes ensuring decent work, fair remuneration and social protection for artists and cultural workers affected by automation, it added.

Highlighting the issue of authors' rights and generative AI, the Expert Mechanism noted that the large-scale ingestion of copyrighted works for the training of generative AI models has given rise to significant legal and ethical controversy.

Developers frequently rely on data sets compiled through automated web scraping of books, music, visual art and audiovisual content, often without authorization or meaningful consent from rights holders, it said.

The lack of transparency surrounding the composition of such data sets further complicates accountability and enforcement, it added.

It said these practices raise complex and unsettled questions regarding the scope of permissible exceptions and limitations under copyright law, including text- and data-mining (i.e. the automated extraction of information from digital content) regimes, as well as the distinction between genuinely transformative uses and uses that may function as market substitutes.

They also call into question the compatibility of large-scale data extraction with the obligation to respect and protect authors' moral and material interests.

A right to development framework does not preclude technological innovation; rather, it requires that such innovation be governed in a manner that ensures equitable participation in, and distribution of, its benefits, the study emphasized.

"Relevant policy approaches may include collective licensing mechanisms; remuneration or compensation schemes financed by AI developers; enhanced transparency obligations concerning training data; and effective opt-out or opt-in regimes for creators," it suggested.

It said that given the transnational nature of digital markets and AI development, international cooperation may be necessary to prevent regulatory arbitrage ("forum shopping"), whereby actors exploit divergences between national legal frameworks.

Creators in jurisdictions with weaker regulatory protections or enforcement capacities may face disproportionate exposure to uncompensated use and diminished bargaining power.

Regarding labour rights and social protection, the Expert Mechanism said automation enabled by AI may affect a wide range of cultural occupations, including translators, illustrators, voice actors, composers, journalists and technical production staff.

While new roles may emerge, such as AI trainers, prompt engineers and data curators, transitional disruptions could disproportionately impact vulnerable workers, it cautioned.

"The right to development requires that structural economic change be accompanied by robust inclusive policy design, social protection and opportunities for re-skilling. Cultural workers should be meaningfully consulted and involved in decisions regarding the adoption and deployment of AI tools within their sectors."

While focusing on the risks posed by AI, the study said that AI technologies also offer opportunities consistent with cultural rights when appropriately governed.

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Examples include open-source tools enabling independent artists to access production capabilities previously limited to well-resourced studios; the AI-assisted restoration and digitization of deteriorating cultural heritage materials; and community-controlled language technologies supporting the documentation and revitalization of endangered languages.

Such applications demonstrate that AI can serve cultural rights objectives when developed with community participation, transparency and equitable benefit-sharing, it said.

"They also illustrate why a right to development approach should not be understood as anti-innovation, but as a framework for ensuring that innovation serves people, communities and diverse cultural ways of life."

In conclusion, the Expert Mechanism said AI presents both opportunities and risks for creative industries and cultural labour markets.

It can democratize access to tools, foster cross-cultural exchange and stimulate new forms of artistic expression.

However, without appropriate safeguards, it may undermine authors' rights, exacerbate precarity and concentrate economic power, it added.

The right to development provides a normative framework for navigating these tensions. It calls for participatory governance, equitable benefit-sharing and robust protection of moral and material interests, it further said.

Overall, the Expert Mechanism said AI governance remains at an early stage of development. Current regulatory approaches, while evolving, are fragmented and uneven in their capacity to address transnational and structural impacts.

It said existing legal frameworks, particularly those grounded in intellectual property and domestic regulation, are not fully equipped to address collective cultural harms, inequalities in data governance and asymmetries in technological capacity.

The right to development provides a normative framework for AI governance, emphasizing participation, equity, accountability and international cooperation.

It requires that AI governance address not only risk and innovation, but also the distribution of power, capacity and benefit, the study concluded. *(SUNS #10512)*

Advanced AI could pose an "existential" threat, warns rights chief

UN human rights chief Volker Turk warned that unchecked advances in artificial intelligence (AI) could pose "an existential risk to humanity," urging governments to mount an urgent, comprehensive effort to establish cast-iron safeguards before the technology's rapid evolution outpaces the world's ability to control its consequences.

by Kanaga Raja

PENANG: If left unchecked, advanced artificial intelligence (AI) could pose "an existential risk to humanity", the UN High Commissioner for Human Rights, Volker Turk, warned on 7 September.

In his global update to the current 63rd regular session of the UN Human Rights Council in Geneva, the rights chief called for "an all-out effort to put cast-iron guarantees in place around the safety and security of AI, before it is too late".

He said: "The relationship between digital tools like AI, and our human nature, our human agency, will be a priority for the years ahead."

Pointing out that the need for AI governance is widely acknowledged, Mr Turk, however, asked where is the action?

Delay only benefits the massive tech companies, their owners and enablers, he said, adding that "a handful of men has almost unlimited power over AI, which we are repeatedly told has unimaginable computing capacity".

"They talk about freedom, but on closer inspection, this turns out to be little more than the freedom to exploit our data," said the High Commissioner.

However, the rights chief pointed to some recent progress at the international level, including the establishment of the Global Dialogue on AI and the Independent International Scientific Panel on AI.

He also welcomed landmark steps on platform accountability by the European Commission, and AI governance by the Republic of Korea, among others.

However, he shared the concerns of industry insiders that advanced AI could pose an existential risk to humanity.

"AI that escapes its testing environment, or blackmails developers to prevent itself from being turned off, is AI that is too powerful," Mr Turk warned.

He called for an all-out effort to put cast-iron guarantees in place around the safety and security of AI, before it is too late.

In this regard, the High Commissioner said that he will be writing to AI companies in the coming days, to urge them to take the steps that are within their control, to reduce risks, now.

At a minimum, he called on countries hosting AI and those involved in its supply chains to come together around agreed red-lines.

He also stressed on the need for independent verification, and much stronger collaboration on security within the industry.

"We also need to consider the human rights impacts of AI on employment practices, on fundamental principles of democracy, and on our environment."

Little wonder people are rejecting AI and even refusing to use it, the rights chief said, adding that governments and companies need to listen.

Human rights offers a way to navigate these difficult issues, the High Commissioner said, adding that he will put particular emphasis on looking for solutions, together with all those who are calling for technology that serves humanity rather than the other way round.

He further emphasized that technology is not "a magic wand", and that its development needs to be matched by action on the other challenges that humanity faces.

Highlighting the climate crisis, he said that the massive hidden cost of fossil fuels to health, economies, and the environment far exceeds what appears on our energy bills.

The International Monetary Fund puts those costs at some $6.7 trillion a year – nearly six percent of global GDP.

The rights chief also drew attention to the European heatwaves, which have killed an estimated 35,000 people this summer, with the true toll likely to be much higher.

However, he said none of this is inevitable, adding: "We must keep our focus on limiting global warming to 1.5 degrees C, as set out in the Paris Agreement, by ensuring the current overshoot is as small and short as possible."

Highlighting the need to safeguard people from catastrophes like the recent glacier collapse in Nepal and China, the rights chief noted that an advanced early warning system enabled Switzerland to evacuate the entire village of Blatten before it was buried last year.

Unfortunately, today's investments and innovations seem to be driven largely by profit – regardless of the costs, he said, adding that these business models "are squeezing our planet – and its people – past breaking point."

Mr Turk said that the immense concentration of wealth and power in one small corner of humanity is creating tensions that undermine both stability and sustainability. Yet, rather than urgently addressing these imbalances, some leaders are exploiting them.

Imposing crippling tariffs on countries already under severe stress from the climate crisis, debt burdens, and inequitable tax rules, weakens their political autonomy and their ability to fight poverty, said the rights chief.

With less than four years left to deliver on the 2030 Agenda, only 36 percent of its targets are making progress, and 15 percent have gone into reverse, he said, adding that across the world, growing numbers of people cannot afford secure housing or a healthy diet.

"When we celebrate economic growth, let's be honest about where this growth goes," the High Commissioner said.

"The International Labour Organization estimates that over the past two decades, it has benefited owners and investors more than workers. In several countries in sub-Saharan Africa, for example, economic growth is not matched by reductions in poverty."

These injustices are putting the social contract under increasing strain, he said.

Conversely, the rights chief said that economies grounded in human rights bring stability, opportunity, and trust.

They foster transparent institutions, fair taxation, and effective public spending. At a time of dwindling foreign aid, they can be instrumental in mobilizing domestic resources, he stressed.

In this regard, he said that he will continue to push for the human rights economy to become a universal model.

"Human rights needs to underpin all development efforts if they are to be truly sustainable. We will work to ensure they are at the heart of global policy, including the UN Tax Convention, the International Panel on Inequality, the Loss and Damage Fund – and the emerging vision for sustainable development beyond 2030." *(SUNS #10509)*

(continued from page 15)

any government or any other authority external to the WTO," according to a document (WT/GC/W/1004) circulated by India, said trade envoys present at the meeting.

India further questioned the rationale behind a budgeted expenditure of 1 million Swiss francs for servicing the ECA.

The DG apparently did not respond to India's query, according to another trade envoy, who asked not to be identified.

Ms. Okonjo-Iweala appeared to respond somewhat defiantly, asserting that she acted in accordance with her role as an international civil servant – though her statement appears to be factually questionable when the full import of paragraph 4 of Article VI of the Marrakesh Agreement is considered, said people familiar with the discussions and a trade envoy who participated in the meeting.

Paragraph 4 of Article VI of the Marrakesh Agreement states: "The responsibilities of the Director-General and of the staff of the Secretariat shall be exclusively international in character. In the discharge of their duties, the Director-General and the staff of the Secretariat shall not seek or accept instructions from any government or any other authority external to the WTO. They shall refrain from any action which might adversely reflect on their position as international officials. The Members of the WTO shall respect the international character of the responsibilities of the Director-General and of the staff of the Secretariat and shall not seek to influence them in the discharge of their duties."

"Nothing prohibits her from acting as depository due to her position as International [Civil] Servant," the DG is understood to have said, according to one trade envoy who asked not to be named.

The DG also reportedly stated that how to take the agreement forward is a matter for members to decide, the same envoy added.

Regarding the central legal question – whether the DG's decision complied with the critical requirement set out in paragraph 9 of Article X of the Marrakesh Agreement – another trade envoy, who preferred to remain anonymous, noted that the DG remained silent on this issue.

That paragraph explicitly states: "The Ministerial Conference, upon the request of the Members parties to a trade agreement, may decide exclusively by consensus to add that agreement to Annex 4. The Ministerial Conference, upon the request of the Members parties to a Plurilateral Trade Agreement, may decide to delete that Agreement from Annex 4."

"She would not or could not demonstrate how the e-commerce agreement can be legally considered a 'WTO agreement' on an 'interim basis' without meeting the requirement of Article X:9 of the Marrakesh Agreement," said an Asian trade envoy, who asked not to be quoted.

The DG is expected to offer a written submission on the above issue of acting as a depositary for the ECA sometime in October, said a trade envoy, who asked not to be quoted. *(SUNS #10505)*

Unilateral sanctions expand amid eroding multilateralism

The use of unilateral coercive measures has expanded as confidence in multilateral mechanisms erodes, signaling the growing normalization of sanctions and counter-sanctions across national, regional and international arenas, according to a human rights expert.

by Kanaga Raja

PENANG: Use of unilateral coercive measures has expanded amid weakening confidence in collective multilateral mechanisms, according to Zaina Jallad, the United Nations Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights.

The share of the world's economy subject to unilateral sanctions has grown from 5.4 per cent in the 1960s to 24.7 per cent in the period 2010-2022, she said.

These developments point to the normalization of sanctions and counter-sanctions across national, regional and international settings, the rights expert added.

"Unilateral sanctions are creating severe humanitarian crises and punishing entire populations for political disputes they have no voice in," the Special Rapporteur said, expressing serious concern about the expanded use of unilateral coercive measures globally, from Cuba to Iran.

In her first report (A/HRC/63/29) to the United Nations Human Rights Council as the Special Rapporteur on the impact of unilateral coercive measures , she stressed that the latest escalation follows six decades of proliferating unilateral sanctions imposed outside the framework of the UN Security Council and applicable obligations under international law - the effects of which are often aggravated by extensive de-risking policies and over-compliance by third parties.

According to a UN news release, in Cuba, entire generations have lived under the constraints imposed by US sanctions, which obstruct fundamental rights - particularly those related to food, health, education, international cooperation and humanitarian support, as well as access to essential public services and infrastructure.

"These measures depress growth and development, increase indebtedness and undermine conditions of life for entire populations that have no meaningful participation in the political disputes giving rise to the sanctions," the Special Rapporteur said.

"Impacted populations are held hostage to conditions in which fundamental rights are denied, with the heaviest burdens falling on those in vulnerable situations, including persons with chronic diseases and persons with disabilities," she added.

In her report, the rights expert takes stock of the work of her predecessors over the past 11 years and sets out the direction in which she will carry the mandate forward.

The report lays out a framework that brings together the universality of human rights, the everyday experiences of affected populations, pathways through which harm is produced and the obligations of prevention, remedy, restitution and recovery.

"Embedding these elements as a constitutive part of the mandate's analysis is crucial at a time of profound strain on the multilateral order, when populations affected by unilateral coercive measures are increasingly unable to count on the protective architecture that the system was designed to provide," Jallad said.

"These measures intimidate States and other actors, generating chilling effects across the international system, erode multilateral cooperation and undercut the primacy of international law."

According to the report by the Special Rapporteur, as unilateral coercive measures have proliferated over the past six decades, the cost has fallen disproportionately on people whom the measures were not intended to harm: women, children, older persons, sick persons, displaced persons and entire populations in countries far removed from the political disputes that gave rise to the measures.

A cross-country analysis published in The Lancet Global Health in August 2025 associates unilateral economic sanctions with more than half a million deaths each year, a toll comparable to that of armed conflict globally, it pointed out.

The report said that a separate analysis in the same journal finds that aid-related sanctions alone increase infant mortality by 3.1 per cent, under-5 mortality by 3.6 per cent and maternal mortality by 6.4 per cent annually in affected countries.

The cumulative impact is that a substantial proportion of the world's population must contend with the spillover effect of measures whose human rights consequences the mandate was created to examine, it added.

The report also said that the populations affected by unilateral coercive measures are less able to count on the protective architecture that the multilateral system was designed to provide.

Reductions in development assistance, restrictions on humanitarian operations and the contraction of cooperative frameworks intersect with the measures themselves, compounding their human cost. Nor do the measures operate in a vacuum.

It said armed conflict, climate change, environmental degradation and indebtedness aggravate their effects on the populations concerned and are aggravated by them in turn.

According to the report, cross-national panel data covering 152 countries from 1971 to 2021 show a significant association between unilateral sanctions and elevated mortality in target States, with effects most pronounced among children under 5 and persons aged 60 to 80.

Between 1990 and 2019, the average low- and middle-income country substantially reduced maternal, infant and under-5 mortality.

A separate analysis estimates that a five-year episode of aid sanctions, which was the median duration observed in the study, would negate 64 per cent of that country's progress on maternal mortality, 29 per cent on infant mortality and 26 per cent on under-5 mortality, said the report.

In taking stock of what has been established through work under the mandate over the 11 years and setting the direction for the next phase, the report said the record it draws together describes a human cost that can now be counted, in lives lost, in development gains reversed and in futures narrowed, and it falls overwhelmingly on people who hold no power over the disputes that produced it.

That cost is the reason the mandate exists, and reducing it is the guiding objective of the Special Rapporteur's work, it added.

It said over-compliance stands at the centre of that account. The harm described in the present report travels less through the formal text of measures than through the decisions of financial institutions, insurers, suppliers and platforms that retreat beyond anything that the measures demand, and it therefore reaches people and transactions that no measure was written to touch.

It said because no State defends that outcome, it is also the ground on which cooperation is most available, and the Special Rapporteur will pursue it through sustained engagement with States, stakeholders, businesses and humanitarian actors.

The consequences fall on food, health, education and other fundamental rights, profoundly affecting daily life, the report further said.

"They fall unevenly, and hardest on those least able to absorb them, and, in turn, contribute to displacement and pressure on migration routes."

The Special Rapporteur said that she will keep that differentiated picture at the centre of her analysis, with particular attention to refugees and displaced persons, migrants and minorities, including religious minorities, and to communities whose vulnerability precedes the measures and is deepened by them.

"Pathways to remedy and restitution remain largely closed. Those affected too often cannot obtain meaningful review of the measures that affect them, cannot afford or even lawfully pay for representation and cannot access the international avenues for remedy."

In this regard, the Special Rapporteur said she will treat effective remedy as the test of every other commitment, will give particular weight to due process and to the questions raised by the freezing and confiscation of assets and will carry forward the normative work already before the Human Rights Council.

The report said humanitarian action must function when it matters most. It has been shown in the present report that exemptions that exist on paper too often fail in crisis, when licensing is slow, payment channels close and the burden of proving the humanitarian character of assistance falls on those delivering it.

The Special Rapporteur said that she will engage with humanitarian organizations, financial institutions and licensing authorities to ensure that assistance in emergencies moves at the speed of need and that the standing humanitarian exemption established by the Security Council finds its counterpart in unilateral practice.

Measures that reverse development, depress growth and push States deeper into debt determine the conditions of collective life for populations that have no voice in their adoption, and they engage the right of peoples to pursue their own economic, social and cultural development, said the report.

The Special Rapporteur said she will examine these effects, including the accumulation of debt under prolonged measures, as questions of self-determination and not only of economics.

Additionally, restrictions on access to advanced technologies, including semiconductors, artificial intelligence and digital connectivity infrastructure, increasingly determine access to the tools of modern economic and social life, and their human rights implications remain largely unexamined.

The Special Rapporteur will bring them within the established analytical framework of the mandate, extending the attention already given to the digital domain, and she will do so with the same rigour applied throughout the present report, ensuring that findings follow from the evidence, according to the report. *(SUNS #10511)*

(continued from page 13)

report on guiding principles, and its Implementation Monitoring Review.

It said that members look forward to the FSB's paper on Sound Practices for Responsible Adoption of AI, while sharing updates on Basel III implementation and renewing support for the FSB's Key Attributes of Resolution Regimes, including the Thematic Peer Review on Public Sector Backstop Funding.

The statement stressed on the transformative role of digital financial innovation, including digital assets, in supporting growth, and the private sector's key role in driving it.

Further, the G20 members, according to the statement, committed to advancing responsible regulatory frameworks that preserve stability, support growth, and establish clear pathways for sound digital innovation, while considering cross-border opportunities.

Clearly, the US appears to be legitimizing the role of digital/blockchain (Bitcoin) in the global monetary system, as the chair's statement says that it looks forward "to the FSB's findings on global stablecoin arrangements and data challenges".

It reaffirmed the G20 Roadmap for Enhancing Cross-border Payments and called for expanding payment system operating hours, using the ISO 20022 data model, and facilitating cross-border data transmission while respecting domestic legal frameworks.

On anti-money laundering and Financial Action Task Force (FATF) commitments, the statement lent support to the FATF and FATF-Style Regional Bodies in implementing AML/CFT (Anti-Money Laundering/Countering the Financing of Terrorism) standards, in line with the April 2026 Ministerial Declaration.

The statement called for risk-based supervision and looked forward to the FATF's Learning and Development Forum in Dallas, while suggesting that the FATF ensure that jurisdictions with significant virtual asset use effectively implement FATF standards as a priority.

The G20 members, according to the statement, are encouraged by the FATF's renewed focus on illicit finance from fraud, scams, and AI exploitation, and welcome efforts to strengthen public-private partnerships to detect and disrupt illicit finance.

However, the digital assets language is cautiously optimistic but notably avoids any mention of central bank digital currencies (CBDCs) – a major omission given that the US is lagging behind many of its peers, said analysts. *(SUNS #10506)*

Dollar dominance eroding slowly but surely

*Jomo Kwame Sundaram** has argued that the gradual erosion of the US dollar's reserve currency dominance has been unfolding for decades, and various US policy choices – including recent abrupt and unexpected actions – have periodically accelerated global moves toward de-dollarisation.

JAKARTA: The US dollar's role as the world's reserve currency has been eroding gradually for decades.

However, various US policies, including recent deliberately unexpected actions, have at times accelerated de-dollarisation.

Despite warnings from Keynes and others about its likely problems, Harry Dexter White, the head US delegate, imposed an indirect gold standard at the 1944 Bretton Woods conference.

By fixing the gold price in dollars, the US currency became the world's reserve currency, with other currencies pegged to it at fixed exchange rates. With this indirect gold standard, the metal's price was fixed in US dollars.

Other currencies were pegged to the dollar, strengthening its role as the dominant currency.

Other arrangements that could have mitigated the problems and adverse consequences of the dollar system were effectively rejected by the US at Bretton Woods.

Ninety per cent of foreign exchange market transactions now still involve the dollar.

Most central bank reserves are still denominated in dollars, while the US dollar is still used to invoice around two-fifths of international trade.

Just after World War II (WW2), the US economy accounted for a quarter of world output, measured in terms of purchasing power parity (PPP), and even more in nominal terms. The US share of the world economy has fallen to under 15% since.

The US also accounted for a quarter of world exports at that time. Unlike most other nations, US industry was strengthened rather than destroyed during WW2.

The size, liquidity, and depth of US capital markets have also reinforced the dollar's role.

Its special status in the Bretton Woods dispensation conferred an "exorbitant privilege", increasing international demand for dollar bonds.

This has enabled the US government and companies to borrow at lower interest rates than others. The resulting increase in demand for dollar-denominated assets has also strengthened the greenback.

Erosion of dollar dominance

Since then, the US economy has become much more financialised and de-industrialised, now accounting for less than a tenth of world goods exports.

However, although the US now accounts for under 15% of global income at PPP, its stock market still accounts for over three-fifths of the world's total market capitalisation.

Leading international monetary economist Barry Eichengreen's 2022 survey of central banks' foreign exchange reserves showed the dollar share of foreign reserves falling from 70% in 2000 to under 60% in 2021; it has since declined to below 58% in early 2025.

Ben Norton suggests that the actual dollar share of foreign reserves is even lower and continues to decline.

Some central banks hold other reserves off the books for fear of Western actions to freeze and seize their foreign reserves.

With the US economy more de-industrialised and financialised, the dollar system has become more important in attracting foreign investors and inducing capital market bubbles from time to time.

De-dollarisation goes back many decades, even when the dollar-gold peg was still in place. France famously demanded gold for dollars, then shipped bullion back under armed escort.

Many recent Trump policies have heightened international concerns about holding dollar-denominated assets.

Greater Washington belligerence, including illegal tariffs, sanctions and bombings, has also accelerated de-dollarisation.

Trump's attempts to influence the US Federal Reserve Bank and other public surveillance and regulatory institutions have also shaken public and international trust.

Humiliating dismissals of allegedly recalcitrant officials have not helped.

In the first half-year of Trump's second presidential term, the dollar experienced its biggest fall since the 1973 OPEC oil crisis, by over 10% against other major currencies, before fluctuating considerably.

After Trump threatened massive tariffs against all other countries on 2 April 2025, fears of "a simultaneous collapse in the prices of all US assets" quickly grew.

Instead of the usual "flight to safety" in dollar assets when crises previously loomed, it seems "The market has lost faith in US assets", selling them down in response to new threats and uncertainties.

Since then, uncertainties have worsened market and dollar volatility worldwide. Unsurprisingly, foreign governments and investors are looking for alternatives to the dollar.

Eichengreen had previously expected a gradual decline in dollar dominance and a slow transition to a more balanced multi-currency reserve system.

Although the US president is not the sole cause of the recent acceleration of de-dollarisation, Trump 2.0 policies have prompted monetary authorities worldwide to consider alternatives to the US dollar as the world's reserve currency.

More recently, Eichengreen has warned of a likely acceleration in the dollar's decline, expressing concern about its adverse effects.

That would threaten financial institutions holding dollar-denominated assets, causing them to lose value in foreign-currency terms.

However, Eichengreen insists "no other currency ... is positioned to fill the dollar's shoes". Neither the euro nor the renminbi has the capacity or ambition to replace the dollar.

With privately issued cryptocurrencies not functioning as currencies except for mainly illicit transactions, Eichengreen expects the dollar to remain "the cleanest dirty shirt in the pile". (IPS)

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