

# Quarterly Report of Activities 1 April to 30 June 2019

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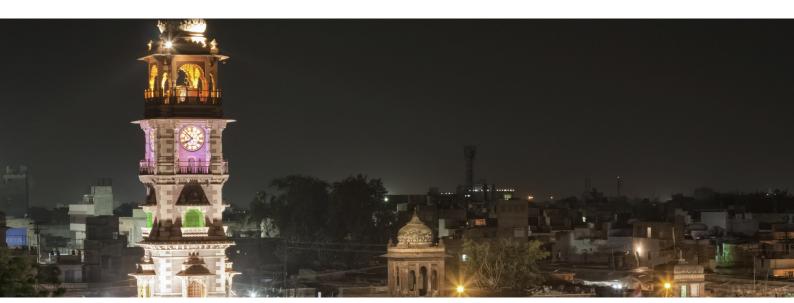
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# Introduction

This report summarizes the programmatic activities\* of the South Centre during the period 1st April to 30 June 2019. It is intended to provide information, organized by themes, about recent developments in the areas covered by the South Centre's Work Program, publications made and meetings organized or co-organized by the Centre to examine particular issues or to provide analytical support for international negotiations taking place in various fora. It also informs about external conferences and other meetings where the Centre has participated.

\*The report also includes activities undertaken by the Executive Director, Special and Senior Advisers.







# 1. Intellectual Property

# 1.1. IP and biodiversity, traditional knowledge, access and benefit sharing

# A. Recent Developments

Developing countries continue to seek a coherent and progressive development of international rules on biodiversity conservation, access and benefit sharing, and their relationship with the protection of intellectual property (IP).

An important process is the negotiations at the World Intellectual Property Organization (WIPO) Committee on Genetic Resources, Traditional Knowledge and Traditional Cultural Expressions (IGC). Negotiations continue in the IGC for an international instrument that would address the misappropriation of genetic resources (GRs), traditional knowledge (TK) and traditional cultural expressions (TCEs). The IGC met from 21-24 June 2019 and decided to recommend to the 2019 WIPO General Assembly that the mandate of the Committee be renewed for the 2020-2021 biennium. A Chair's text of a Draft International Legal Instrument Relating to Intellectual Property, Genetic Resources and Traditional Knowledge Associated with Genetic Resources was included as a working document for the negotiations. It is recommended that the General Assembly in 2021 decide on whether to convene a Diplomatic Conference.

Relatedly, developing countries are also pursuing changes in the World Trade Organization (WTO) Agreement on Trade -Related Aspects of Intellectual Property Rights (TRIPS) Council to promote a more coherent implementation of the Convention on Biological Diversity (CBD) and the Nagoya Protocol. A key proposal is the amendment to the TRIPS Agreement to introduce a new Article 29bis requiring mandatory disclosure of country or source of origin of GRs or associated TK used in an invention, and evidence of prior informed consent and access and benefit sharing, based on decision text (TN/C/W/59) submitted in April 2011. Some developed countries, however, oppose its discussion in the TRIPS Council, noting that the issue is being discussed in WIPO. There was no progress from this proposal at the February and June 2019 sessions of the TRIPS Council.

#### **B. Publications**

# Background Notes (Limited distribution)

Background Note, June 2019 - Comments prepared on the draft Chair's text on Genetic Resources, Associated
 Traditional Knowledge and Intellectual Property

#### Short articles

Opportunities and challenges facing farmers in developing countries in accessing scientific knowledge and technologies for food security – Carlos Correa, UN Commission on Science and Technology for Development (CSTD)
 Dialogue article, 13 June 2019 (available at <a href="https://unctad.org/en/pages/newsdetails.aspx?">https://unctad.org/en/pages/newsdetails.aspx?</a>
 OriginalVersionID=2120# ftn1).

While the evidence on the impact of different types of intellectual property rights (plant varieties, patents, trade secrets) in promoting innovation is inconclusive, their broad recognition may negatively affect the role of farmers in conserving and sustainably using plant genetic resources and thereby reduce genetic variety of crops and food security. These effects may be mitigated by more extensively using the flexibilities permitted by the TRIPS Agreement, by excluding plants and plant materials from patentability, applying rigorous standards to examine patent applications (where allowed), and providing for exceptions to the exclusive rights in order not to undermine the farmers' right to save, exchange and sell (under certain conditions) the seeds they produce.

#### C. Participation in External Conferences and Meetings

- 27-28 May 2019, Montreux Conversation on IP, Genetic Resources and Associated Traditional Knowledge. The meeting was organized by the Permanent Mission of the Republic of Indonesia in Geneva to discuss possible options on the progress on textual negotiations in the WIPO IGC relating to the draft text on IP and genetic resources and on the renewal of the mandate of the IGC. South Centre staff participated as discussants on specific topics.
- 7 June 2019, London The Executive Director delivered a conference and had meetings with academics on UN
  negotiations on marine genetic resources.
- 17 June 2019, WIPO, Geneva National Approaches to Protecting Traditional Knowledge: Lessons, Challenges and Opportunities for the WIPO IGC. The side event, organized by the Centre for International Governance Innovation (CIGI), presented empirical evidence of policies to protect traditional knowledge, the role of the WIPO Secretariat and indigenous peoples. South Centre staff attended.
- 18-20 June 2019, Hanoi, Vietnam Regional Experiences-Sharing on Intellectual Property Rights, Biodiversity and Community Access and Benefit-Sharing (ABS) from the use of Biological Resources and Associated Traditional Knowledge (TK). The event was organized by the Association of Southeast Asian Nations (ASEAN) Centre for Biodiversity to create awareness about IP and ABS. There was an exchange of experiences at the national level on ABS schemes and issues in preventing misappropriation of GRs and TK.





# 1.2. World Intellectual Property Organization

# A. Recent Developments

WIPO is a key multilateral forum for negotiating new global norms on intellectual property rights (IPRs) and for technical assistance. For developing countries, a priority in the negoti-



ations is ensuring that global IPR norms support broader development goals. The IP system must balance protection with access to the outcomes of innovation. In the reporting period, meetings of the WIPO Program and Budget Committee (PBC); the Committee on Development and Intellectual Property (CDIP); the Patent Cooperation Treaty (PCT) Working Group; the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC); and the Standing Committee on the Law of Patents (SCP) took place. The South Centre organized preparatory meetings for developing country delegates in respect of key issues in these meetings.

#### **B. Publications**

# Background Notes (Limited distribution)

Background Note, May 2019 – 23rd Session of the WIPO Committee on Development and Intellectual Property

# C. Conferences and Meetings Organized – Support to negotiations

- 2 May 2019, South Centre, Geneva 29th session of the WIPO Program and Budget Committee (PBC). This briefing discussed the first draft of the WIPO Programme and Budget for the 2020/2021 biennium.
- 15 May 2019, South Centre, Geneva 23rd session of the WIPO Committee on Development and Intellectual Property (CDIP). This briefing discussed key issues in preparation for the 23rd session of the WIPO Committee on Development and Intellectual Property with regard to the implementation of the WIPO Development Agenda recommendations.
- 7 June 2019, South Centre, Geneva –The WIPO Patent Cooperation Treaty (PCT) Working Group; the 40th session of the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC); and the 30th session of the Standing Committee on the Law of Patents (SCP). This briefing discussed key issues in relation to the meetings of the WIPO PCT; IGC; and SCP.

# D. Participation in External Conferences and Meetings

- 1-4 April 2019, Geneva Standing Committee on Copyright and Related Rights, Thirty-Eighth Session.
- 8-11 April 2019, Geneva Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Forty-First Session
- 20 May 2019, Geneva International Conference on IP and Development How to Benefit from the IP System. The conference was organized by the WIPO secretariat pursuant to an agreement reached in the WIPO CDIP on a proposal by the African Group to organize an international conference on IP and development on agreed topics on a biennial basis.

- 20-24 May 2019, Geneva WIPO Committee on Development and Intellectual Property (CDIP), Twenty-Third Session.
- 11 14 June, 2019, Geneva The Patent Cooperation Treaty (PCT) Working Group, Twelfth Session.
- 17 20 June 2019, Geneva The WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC), Fortieth Session.
- 24 27 June 2019, Geneva The Standing Committee on the Law of Patents (SCP), Thirtieth Session.

# 1.3. World Trade Organization and trade negotiations

# A. Recent Developments

A regular session of the World Trade Organization (WTO) Council for TRIPS was held in June 2019. The status quo con-

tinued on all standing agenda items of the Council. There was no progress on review of Article 27.3(b), relationship of TRIPS and CBD, protection of TK and folklore, non-violation and situation complaints, review of TRIPS implementation, and application of TRIPS provisions on geographical indications. Differences remain between most WTO members and the US and Switzerland on the application of non-violation and situation complaints to the TRIPS Agreement on which there is a moratorium until the next WTO Ministerial Conference. A major issue for developing countries is to assess the implications of non-extension of the moratorium. The TRIPS Council also discussed innovative approaches to branding and promotion and creative industries through public private partnerships, under an ad hoc agenda item on IP and innovation.



Regional trade negotiations that include IP chapters continued or were finalized in the context of the US-Mexico-Canada Agreement (USMCA), the Regional Comprehensive Economic Partnership (RCEP) and the European Union-MERCOSUR trade agreement which concluded at the end of June 2019. IP will also be part of the second phase of negotiations of the African Continental Free Trade Area (AfCFTA) agreement.

# **B.** Publications

# **Policy Briefs**

 Policy Brief No. 61, May 2019 - The US-Mexico-Canada Agreement: Putting Profits Before Patients by Maria Fabiana Jorge

This policy brief focuses on the negative effects of the USMCA intellectual property provisions on access to medicines in the U.S. on the generic/biosimilar industry and therefore on access to more affordable drugs throughout the world. The impact of this trade agreement goes well beyond the three countries involved as this is the first to be negotiated by the Trump Administration and is likely to set a precedent for future trade agreements.

#### 2. Use of TRIPS Flexibilities for Public Health

#### A. Recent Developments

Access to medicines and the impact of IP on the market dynamics continue to be an issue of great relevance for developing countries, particularly in cases where high prices of newly introduced medicines make treatments unaffordable. The South Centre provides technical expert advice and negotiation assistance to developing countries in the area of use of intellectual property flexibilities to promote public health. The South Centre also provides regular support in this area for multilateral negotiations as well as national de-



sign and implementation of law and policy, through its publications as well as numerous trainings at regional and national level to policy makers, judges and patent examiners and authorities. The Centre has also established a dedicated online helpdesk to provide confidential advisory analysis to individual officials from developing countries pertaining to any question with regard to the use of TRIPS flexibilities for access to medicines (for more information, see <a href="https://ipaccessmeds.southcentre.int/">https://ipaccessmeds.southcentre.int/</a>).

In the second quarter of 2019, the South Centre organized a workshop to train judges in Paraguay in collaboration with the Supreme Court; a national seminar on intellectual property and public health with policymakers, academia and civil society in Egypt and also organized a national workshop with the Egyptian Patent Office to share experiences relating to examination of pharmaceutical patents. The Centre also engaged with a number of governments for organizing national and regional meetings in the next quarter.

# **B. Publications**

#### Research Papers

• Research Paper 85, April 2019 - Access to Medicines: Experiences with Compulsory Licenses and Government Use – The case of Hepatitis C by Germán Velásquez

This South Centre research paper discusses first, the limitations of the current research and development (R&D) model and its implications for access to medicines. Second, it considers the tension between intellectual property rights applied to medicines and States' observance of the fundamental right to health. Third, it examines the case of access to medicines for the treatment of Hepatitis C, illustrating the barriers to access created by intellectual property and the high prices normally associated with its exercise. Fourth, it presents the background, main aspects and obstacles to the achievement of the objectives of the Doha Declaration on the TRIPS Agreement and Public Health (2001). To conclude, this paper examines the experiences of compulsory licensing and government use of patents in Latin America (particularly in Ecuador, Peru and Colombia).

# **Policy Briefs**

• Policy Brief 59, April 2019 – The 'obvious to try' method of addressing strategic patenting: How developing countries can utilise patent law to facilitate access to medicines by Olga Gurgula

The current patentability standards for pharmaceutical inventions, as well as strategic patenting used by pharmaceutical companies, have substantially impacted access to affordable medicines. This has been especially detrimental for developing countries, which are under significant pressure to remain compliant with their international and bilateral obligations, while also providing their people with essential drugs. In order to improve access to medicines, developing countries may choose from a range of various mechanisms that may help to facilitate such access, while also allowing them to remain compliant with their international and bilateral obligations. This policy brief suggests that one of such mechanisms is to strengthen the obviousness requirement by applying the 'obvious to try with a reasonable expectation of success' test to pharmaceutical follow-on inventions. It is argued that the application of this test may be an effective tool in addressing the negative effect of strategic patenting. It may help to prevent the extension of patent protection and market exclusivity of existing drugs by pharmaceutical companies and, as a result, may open such medicines up to generic competition.

#### **SouthNews**

• SOUTHNEWS No. 251, 26 April 2019: Judges discuss intellectual property enforcement from a public health perspective in Paraguay by Thamara Romero

This article provides the highlights of the meeting organized by the South Centre together with the Supreme Court of Justice of Paraguay. They delivered a national training for judges on Intellectual Property Rights (IPRs) and public health with a particular focus on enforcement last 11 and 12 April 2019 at the Palace of Justice in Ciudad del Este.

• SOUTHNEWS No. 253, 8 May 2019: Acceso a medicamentos y vías jurídicas que afectan la competencia en mercados farmacéuticos de Suramérica by Ángela Acosta

Article (in Spanish), first published by the South American Institute of Government in Health (ISAGS) on the use in Latin America of the TRIPS flexibilities to improve access to affordable medicines, an area in which the South Centre is providing analytical support, training and technical assistance.

• SOUTHNEWS No. 264, 27 June 2019: South Centre Workshop on Examination of Pharmaceutical Patents, Cairo, Egypt, 18 June 2019. OPENING STATEMENT OF DR. MONA MOHAMED YAHIA, PRESIDENT OF THE EGYPTIAN PATENT OFFICE.

A national workshop on the examination of pharmaceutical patents from a public health perspective, organized by the South Centre and the Egyptian Patent Office (EGPO), discussed international experiences on policies and practices concerning the examination of pharmaceutical patent applications in the context of the TRIPS flexibilities. This event was held in response to growing concerns about the proliferation of patents that protect minor, and in some cases obvious, variants of existing drugs or processes. The workshop took place in Cairo, Egypt, on 18 June 2019. This is the opening statement of Dr. Mona Mohamed Yahia, President of the Egyptian Patent Office, at the workshop.

#### C. Conferences and Meetings Organized – Support to negotiations

- 11-12 April 2019, Ciudad del Este, Paraguay Taller para Jueces sobre flexibilidades del Acuerdo ADPIC en relación con la Observancia (Workshop for Judges on TRIPS flexibilities in relation to Enforcement)
- 3-5 June 2019, Kiev, Ukraine Congress on Intellectual Property and Access to Medicines. Co-sponsored with International Treatment Preparedness Coalition (ITPC), the United Nations Development Programme (UNDP) and the Scientific and Research Institute of IP at the National Academy of Law Sciences of Ukraine. The South Centre led on the second day a regional training for patent examiners. The Executive Director made presentations on patentability criteria standard and access to medicines.





- 17 June 2019, Cairo, Egypt National Seminar on Intellectual Property and Public Health. The South Centre organized a national seminar on intellectual property and public health with relevant policymakers in Egypt from the Egyptian Patent Office, the Ministry of Health, Ministry of Trade and Industry, Ministry of Foreign Affairs, Ministry of Higher Education and Scientific Research, civil society, academia and other stakeholders. This seminar shared the experience of negotiations related to IP and access to medicines in the WIPO, World Health Organization (WHO), and WTO as well as debates in several other international forums. It also addressed key themes for the contemporary intellectual property and public health agenda in Egypt and around the world, including interpretations of TRIPS relating to pharmaceutical patents.
- 18 June 2019, Cairo, Egypt National Workshop on Examination of Pharmaceutical Patents: Developing a Public Health Perspective. The South Centre organized a national workshop for patent examiners and senior officials from the Egyptian Patent Office (EGPO). The workshop focused on exchange of experiences on the application of rigorous patentability criteria for the examination of pharmaceutical patents. The objective of the workshop was to present analysis of international experiences and exchange of information on examination policies and practices concerning pharmaceutical patent applications, from a public health perspective. The workshop responded to growing concerns about the proliferation of patents that protect minor, and in some cases obvious, variants of existing drugs or processes (such as changes in the drug formulation, salts, esters, ethers, isomers, polymorphs of known molecules, combinations of a known drug with other known drugs).





#### D. Participation in External Conferences and Meetings

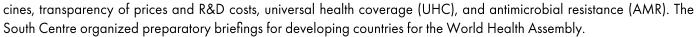
- 9 May 2019, Geneva Meeting with Drugs for Neglected Diseases Initiative (DNDi) at the DNDI headquarters.
   Discussion on activities for collaboration in the framework of the existing South Centre Memorandum of Understanding (MOU) with DNDi.
- 15-17 May 2019, University of Strasbourg The Executive Director gave a course on TRIPS flexibilities at the University of Strasbourg and submitted a study on intellectual property and investment.
- 23 May 2019, Geneva The Executive Director attended the UNITAID High-level discussion with implementing partners.

#### 3. Health

# 3.1. World Health Organization

# A. Recent Developments

Some of the critical issues that were discussed at the World Health Assembly of the World Health Organization (WHO) in May 2019 are access to medi-



The WHO resolution on UHC WHA72.4 calls for countries to accelerate progress towards achieving Sustainable Development Goal target 3.8 on universal health coverage by 2030 and to support the preparation for the high-level meeting and participating at the highest level. The resolution also calls on the Director-General of WHO to support countries with assistance including capacity building, technical assistance and policy advice on how to strengthen health systems. The UN High-Level Meeting on Universal Health Coverage that will be held on 23 September 2019 is expected to adopt a political declaration which will give a political mandate on the achievement of UHC. Thus, it will be critical for developing countries that key elements for achievement of UHC are adequately reflected in the political declaration, including issues such as primary health care, access to medicines, vaccines and diagnostics, and linkages with tackling antimicrobial resistance.

The World Health Assembly took note of the WHO secretariat's roadmap on access to medicines. It also adopted Resolution WHA72.8 on improving transparency of markets for medicines, vaccines and other health products. It calls upon member States to take appropriate measures to publicly share information on the net prices of health products. However, the resolution does not create any responsibility on the part of WHO member States to ensure transparency on the cost of biomedical R&D and clinical trials, as it does not mandate any action to obtain information on the cost component of developing health products that could be used to assess the price that is received by manufacturers.

#### B. Publications

# **SouthNews**

• SOUTHNEWS No. 254, 23 May 2019: South Centre Statement at the Meeting of the Non-Aligned Movement (NAM) Health Ministers

Dr. Carlos M. Correa, Executive Director of the South Centre, stressed the need to preserve the World Health Organization (WHO) as a public, independent agency that effectively addresses the health problems of developing countries, at the Non-Aligned Movement (NAM) Health Ministers Meeting held on the occasion of the 72ndWorld Health Assembly. This is the statement (in English and Spanish) of the South Centre delivered at the Palais des Nations, Geneva on 21 May 2019.

• SOUTHNEWS No. 255, 27 May 2019: Declaration of the XII Ministerial Meeting of the Ministers of Health of the Non-Aligned Movement (NAM). "Universal Health Coverage: Leave no one behind".

The Non-Aligned Movement (NAM) Health Ministers noted that making progress on Universal Health Coverage (UHC) is critical to address goal number 3 and other goals in the 2030 Agenda, and called for intensified cooperation and support to achieve such objectives. This is the declaration adopted on occasion of the 72nd World Health Assembly on 21 May 2019.

# Background Notes (Limited distribution)

Background Note, May 2019 – Background Note on the 72nd Session of the World Health Assembly

# C. Conferences and Meetings Organized – Support to negotiations

- 14 May 2019, South Centre, Geneva Working Lunch Meeting in preparation for the 72nd Session of the World Health Assembly. This briefing discussed key issues in preparation for the 72nd World Health Assembly, including the road map on access to medicines and vaccines, antimicrobial resistance, universal health coverage, health implications of the Nagoya Protocol and the Pandemic Influenza Preparedness Framework.
- 12 June 2019, South Centre, Geneva Lunch Briefing to discuss key health related issues under negotiation in the United Nations (UN) in relation to the General Assembly in September. The purpose of the briefing was to discuss interlinked processes on health-matters taking place in New York and Geneva, including the forthcoming UN High Level meeting on Universal Health Coverage and the report issued by the Secretary-General on the follow up of the High Level Declaration on Antimicrobial Resistance including the way forward on the recommendations of the Interagency Coordination Group on AMR (IACG).

# D. Participation in External Conferences and Meetings

- 18 May 2019, World Medical Association offices, Ferney-Voltaire, France World Medical Association Junior Doctors Network, Pre-World Health Assembly Workshop. Participation in the session exploring the value of UN High Level Meetings to global health. The meeting was a one-day training for young doctors from across the world ahead of the 72nd WHA.
- 19 May 2019, Hotel President Wilson, Geneva High-Level event on How to Halve HIV Deaths, organized by Unitaid. Keynote addresses by Princess Dina Mired of Jordan, President of UICC and Marta Maurás Pérez, Unitaid's Board Chair. Other speakers included several Ministers of Health. Unitaid announced a new grant of 20 million USD for advanced HIV to be implemented by the Clinton Health Access Initiative (CHAI) Foundation.
- 20-29 May 2019, Palais des Nations, Geneva World Health Assembly (WHA). The South Centre staff followed the discussions on key issues, held bilateral meetings and attended various side events. A statement was made on the importance of facilitating the availability of affordable biosimilars and implementing the WHO resolution to review the WHO's Guidelines on Evaluation of Similar Biotherapeutic Products.
- 21 May 2019, Palais des Nations, Geneva The Executive Director spoke at the Non-Aligned Movement (NAM) Health Ministers Meeting held on the occasion of the 72nd World Health Assembly and stressed the need to preserve the World Health Organization (WHO) as a public, independent agency that effectively addresses the health problems of developing countries.

#### 3.2. Antimicrobial Resistance

#### A. Recent Developments

Antimicrobial resistance (AMR) continues to be a key issue both at the WHO and at the UN level. The World Health Assembly has adopted a resolution to renew commitments for action on AMR and also a resolution on water, sanitation and hygiene in health care facilities drawing critical linkages between these issues and the prevention of AMR. At the UN level the report of the Interagency Coordination Group (IACG) on Antimicrobial Resistance was submitted to the United Nations Secretary-General. On May 10, 2019 the UN Secretary-General submit-



ted a report on the progress of implementation of the UN High-level political declaration on AMR, adopted in 2016. The report, submitted under the agenda item on Global Health and Foreign Policy, includes information on the progress regarding national action plans, global action and work of the tripartite group of UN agencies (WHO, the Food and Agriculture Organization (FAO) and the World Organization for Animal Health (OIE)). The Secretary-General report also includes a summary of the recommendations of the IACG and identifies five critical issues that emerged from the recommendations of the IACG, including the urgency of the issue, the need for a One Health approach and stakeholder engagement, implementation of national action plans and resource mobilization. Member states at the UN have an opportunity to use this report to provide guidance for continuing high political commitment and on the best way to implement the recommendations.

The South Centre briefed delegations on these developments, and continued to strengthen its collaboration with FAO, having organized the first joint briefing on AMR, and advanced discussion with the OIE to collaborate on animal health and AMR. The South Centre also brought together major civil society organizations working on AMR and facilitated their dialogue with WHO, and also organized a major conference on AMR bringing together 16 Asian countries.

# B. Publications

• How to contain superbugs – by Mirza Alas, D+C Monthly Paper, April 2019 (available at <a href="https://www.dandc.eu/en/article/escalating-global-crisis-drug-resistant-diseases-requires-global-response">https://www.dandc.eu/en/article/escalating-global-crisis-drug-resistant-diseases-requires-global-response</a>).

Ever more disease strains are becoming resistant to antibiotics. This global crisis requires a global response. Developing countries must be enabled to respond to the health challenges they face.

# C. Conferences and Meetings Organized

- 25 May 2019, Geneva When the Drugs Don't Work: A conversation on Antibiotic Resistance as a Global Development Problem, organized by ReAct Europe, ReAct Africa, the South Centre and the Dag Hammarskjöld Foundation at the Palais des Nations in Geneva. South Centre moderated the discussion.
- 3-5 June 2019, South Centre, Geneva Charting a Civil Society Agenda on Antimicrobial Resistance: Connecting Global to Local, organized by South Centre, ReAct and Third World Network. Objectives of the meeting included: grow a shared understanding of the key issues facing civil society across sectors in addressing the challenge of an-

timicrobial resistance; chart next steps for responding to and building upon the recommendations of the UN Interagency Coordination Group on Antimicrobial Resistance; and develop advocacy campaign strategies.

- 4 June 2019, South Centre, Geneva 5th Annual WHO dialogue/consultation on AMR with members of the Antibiotic Resistance Coalition (ARC) and other interested parties. The meeting aimed to convene an open discussion with the WHO and enable ARC members and civil society allies to hear first-hand the important work that WHO has undertaken to tackle AMR and to share expectations, concerns, and inputs on how to address this global challenge. The meeting had the participation of Hanan Balkhy, WHO Assistant Director-General on AMR, Haileyesus Getahun, Director of the Interagency Coordination Group on AMR and Anand Balachandran, Coordinator, Monitoring and Evaluation (M&E), WHO AMR Secretariat.
- 20 June, CICG, Geneva Information Session on Antimicrobial Resistance (AMR) in relation to Agriculture and the Sustainable Development Goals (SDGs). Organized by the South Centre and the Food and Agriculture Organization of the United Nations (FAO), in collaboration with the Permanent Missions of Ghana and Norway. The purpose of the meeting was to provide good policy practices to rescue and mitigate the impact of AMR on agricultural systems, identify the links and synergies in AMR work and the SDGs and increase understanding of the impact of AMR for health and agriculture.
- 24-26 June 2019, Penang, Malaysia-- Regional Workshop on Antimicrobial Resistance in Asia. The workshop organized by the South Centre and Third World Network brought together representatives from 16 countries of the Asian region from ministries of health, agriculture and environment. The meeting also had the participation of civil society from the region and representatives from WHO, FAO and OIE regional offices.





# D. Participation in External Conferences and Meetings

- 22 May 2019, Geneva The Executive Director attended a panel discussion "Tackling antimicrobial resistance in low- and middle-income countries: Time to deliver context-specific solutions" organised by the Governments of Denmark and Ghana, the World Bank, and Wellcome Trust on the side lines of the 72nd World Health Assembly.
- 27-29 May 2019, OIE office, Paris 87th General Session of the World Organisation for Animal Health (OIE). South Centre observed the general session, in particular the issues related to antimicrobial resistance. The South Centre also held bilateral meetings with OIE personnel from the legal, institutional affairs and AMR departments.
- 17 June 2019, OIE office, Paris meeting with the OIE AMR department to discuss areas of work in which the South Centre and OIE can advance collaboration.

# 3.3. Biotherapeutics

# A. Recent Developments

The regulatory framework for biotherapeutics is still under development in many countries. It is important that biosimilars do not face unnecessary hurdles to enter the market in a timely manner, as these can facilitate treatment in developing countries where originator biotherapeutics are generally very high priced. The current WHO guidelines on Evaluation of Similar Biotherapeutic Products (SBPs) need to be reviewed. Easing the regulatory require-



ments of the guidelines could facilitate market entry of biosimilars. Comparative clinical trials necessary for establishing biosimilarity with originator biotherapeutic products should not erect an artificial barrier that prevents legitimate competition in the biotherapeutic market. There are alternative standards, such as the approach adopted in Colombia (see below) and in a growing number of countries. The South Centre made a statement (see below) on the importance of facilitating the availability of affordable biosimilars and requesting the World Health Assembly (WHA) to reassert the mandate given to the Director-General to implement the WHO Resolution 67.21 to review the <a href="WHO's Guidelines on Evaluation of Similar Biotherapeutic Products">WHO's Guidelines on Evaluation of Similar Biotherapeutic Products</a>.

#### B. Publications

#### **SouthNews**

• SOUTHNEWS No. 256, 28 May 2019: South Centre Statement on Access to Biosimilars/Biogeneric Medicines at the WHA 72 by Germán Velásquez

The revision of the guidelines on similar therapeutic products mandated by Resolution WHA67.21 is crucial for promoting the availability of and access to biosimilars. The reduction in prices ensuing from the introduction of these products has become essential to address public health needs in developed and developing countries. The WHO Document A72/59 under consideration by the WHA 72 (agenda item 21.3) states in paragraph 80 that "WHO expert committees have approved guidance on (...) biotherapeutics, including an update of the 2009 similar biotherapeutic products guidelines". This statement is not accurate, as the guidelines were not updated as mandated by Resolution WHA67.21. This is the South Centre statement in relation to this issue.

# SouthViews

 SouthViews No. 180, 20 May 2019: Colombia's Biogenerics Regulation. A Preliminary Court Decision in favour of Public Health by Carolina Gómez

The Council of State of Colombia's recent ruling on the abbreviated pathway for marketing authorization of biogenerics is a valuable step towards acceptance and uptake of biogenerics, favoring public health, access and market competition.

# 3.4. Biomedical Research and Development

# A. Recent Developments

The current R&D model for new medicines and other health products relies largely on private pharmaceutical industry, despite significant public financing for R&D. For many diseases of high burden in developing countries, the pharmaceutical industry is not interested in investing in R&D. Therefore, other models for R&D are necessary, such as non-profit product development initiatives. Under non-profit models of R&D, sup-



ported by public funding, R&D can be guided to target products that respond to disease burden and populations in need and that are affordable. In this regard, in the reporting period the discussion in the WHA for a resolution on transparency on R&D was a significant development, even though the resolution did not meet the full ambition of developing countries. Also significant in this period was the recommendations on R&D and innovation contained in the report of the IACG on AMR, which called for countries to support models that de-link paying for R&D from the prices and volumes of sales of new products. The South Centre also provided comments on the draft WHO Global R&D strategy for Tuberculosis (TB) as part of a joint briefing on TB R&D.

### B. Conferences and Meetings Organized

- 16 April 2019, Geneva Global Challenges Seminar on Urgent Innovation: Policies and Practices for Effective Response to Global Health Crisis. The event, organized by WIPO's Global Challenges Division, discussed topics and policies for innovation in areas of global health crisis.
- for TB Innovation and Research: One year on from the UN High-Level Meeting (HLM). Meeting hosted by the South African Mission with the support of the South Centre, The Union, Medicines Patent Pool, Stop TB Partnership, Médécins Sans Frontières and Treatment Action Group. The event focused on discussions around how to ensure that the commitments related to research and innovation made at the UN HLM on TB are achieved, including how The World Health Organization's (WHO) draft Global Strategy for TB Research and Innovation can support efforts by governments and other partners to accelerate research and innovation and contribute to achieving the commitments made at the High-Level Meeting.



# C. Participation in External Conferences and Meetings

• 21 May 2019, Geneva – The Executive Director attended a meeting "Getting there faster – how we can use R&D, Innovation and Access to accelerate progress on SDG3" organized by the WHO and the Wellcome Trust. The meeting provided an occasion to key experts and global health stakeholders to discuss what it will take to deliver the recommendations of the Sustainable Development Goal (SDG) 3 Accelerator on Research & Development, Innovation and Access and the opportunities it could provide to galvanise the broader global health community to build momentum and create change.

# 4. IP and Digital Economy

### A. Recent Developments

Digital economy, and particularly e-commerce, is an increasingly important topic in international negotiations and broader regulatory debates on which models are better suited for areas such as artificial intelligence and machine learning. The specific interface with IP deals with numerous policy options related, for instance, to the patentability of technologies such as



artificial intelligence, its uses in patent applications (for automated translations and even for decision-making), and copyright enforcement mechanisms – all with important consequences to developing countries. A few WIPO committees have received proposals on such intersection, such as the CDIP and the SCP. The WIPO Secretariat has also been designing a number of activities on the topic of artificial intelligence. This interface is also often indirectly touched upon in debates about the 4th Industrial Revolution innovation landscape, e-commerce trade negotiations, privacy, data regulation and digital cooperation. Particularly, the launch of the plurilateral negotiations on e-commerce within WTO and the report of the High-Level Panel on Digital Cooperation – albeit not centered around the issue of intellectual property – confirm the need to take IP regulation into account.

# B. Publications

#### **Policy Briefs**

 Policy Brief No. 62, June 2019 – Intellectual Property and Electronic Commerce: Proposals in the WTO and Policy Implications for Developing Countries by Vitor Ido

This policy brief explains the mandate of the World Trade Organization (WTO) on electronic commerce under the work program on e-commerce. It describes proposals on intellectual property related issues pertaining to e-commerce in the WTO TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights) Council. As part of the recently launched plurilateral negotiations on e-commerce, a forum that is likely to become more prominent for this discussion, proposals have been re-submitted in March 2019, as well as others which have been tabled in April and May 2019. Finally, this brief presents an explanation of how IP issues may also affect other elements of e-commerce and the digital economy. Such issues are not the subject of existing proposals in the WTO, but may feature in future discussions.

#### C. Participation in External Conferences and Meetings

- 2-5 April 2019, Cartagena, Colombia The Executive Director participated in the MaxPlanck Institute seminar IP Smart for Latin America and the Panel on Technology Transfer.
- 4 April 2019, Palais des Nations, Geneva IP and development in the digital economy, United Nations Conference on Trade and Development (UNCTAD) E-Commerce Week. Presentation on the topic of intellectual property and digital economy: challenges and opportunities for developing countries. The session had a number of panelists to discuss the interface between IP and e-commerce.



- 10 May 2019, University of Geneva The Executive Director attended the Expert consultations on Emerging recommendations of the High-level Panel on Digital Cooperation organized by the UN Secretary-General's High Level Panel on Digital Cooperation and the University of Geneva. This consultation was an occasion to learn about the draft recommendations of the Panel in advance of the publication of its report, and reflect on the potential for Geneva-based institutions to follow up on the Panel's calls for collaboration with concrete projects.
- 17 June 2019, Palais des Nations, Geneva Launch of the report of the High-Level Panel (HLP) on Digital Cooperation. The final report of the HLP on Digital Cooperation was officially launched in Geneva, with the participation of members of the Panel, Mr. Michael Møller, Director-General of United Nations Office at Geneva, ambassadors and other stakeholders, in order to discuss ways forward to the implementation of the report.
- 17-21 June 2019, University of Lyon 3 Jean Moulin, France, and University of São Paulo, Brazil Seminar on Current Trends in French Public Law. This joint doctoral seminar, with participants from both countries / academics and judges aimed at exploring some of relevant current topics with regards to French and European public law, including data privacy regulation, the new regulation of foreign investment, restitution of artwork received during colonial times, and the impacts of Brexit to European Union (EU) law.

# 5. Climate Change

# A. Recent Developments

Climate change continues to be much in the global news and policy discussions. Heat waves in Europe and Asia, extreme weather events and drought in Africa, rapidly melting ice sheets and glaciers in the polar and high mountain regions, sea level rise, warming oceans, coral bleaching, tropical forest decline, all highlight the urgency with which climate issues need to be dealt with globally given their major impact on human lives and countries' economies and development prospects.

In this thematic area, during this quarter, preparations for three major climate change-related processes took place. These included the preliminary work undertaken by the United Nations and countries to prepare for the conduct of the 50th session of the United Nations Framework Convention on Climate Change (UNFCCC) subsidiary bodies in June 2019, the preparatory work undertaken by the United Nations (UN) Secretary-General in relation to the holding of his Climate Action Summit in September 2019, the continued work of the Intergovernmental Panel on Climate Change (IPCC) with respect to the 6th Assessment Report (AR6) and the upcoming special reports on the oceans and the cryosphere and on terrestrial systems.





The 50th session of the UNFCCC subsidiary bodies took place on 17-27 June 2019. Two negotiating bodies met during this session – the Subsidiary Body on Scientific and Technological Advice (SBSTA) and the Subsidiary Body on Implementation (SBI). The main items that were the subject of intense and oftentimes highly contentious negotiations in these two subsidiary bodies included the modalities for the implementation of Article 6 of the Paris Agreement (this is the provision in the Paris Agreement that establishes the framework under which Parties can internationally transfer their mitigation outcomes and undertake non-market approaches); additional operational modalities for the enhanced transparency framework under Article 13 of the Paris Agreement (including the common reporting formats, common tables, outlines for reporting, training of experts, etc); additional operational modalities for developed countries' continued reporting under the UNFCCC; the issue of common time frames for Parties' next and subsequent nationally-determined contributions under the Paris Agreement; negotiations on the scope of the 2020-2022 periodic review under the Convention; negotiations on the UNFCCC's 2020-2021 secretariat budget; discussions on long-term climate finance and the replenishment of the Global

Environment Facility (GEF) and the Green Climate Fund (GCF); gender and climate change; adaptation and the implementation of the Nairobi Work Programme; the terms of reference for the review of the Warsaw Implementation Mechanism on Loss and Damage; and a number of other items. In all of these negotiations, developing countries were highly active individually, through their regional groups, and through the Group of 77 (G77) and China. By the end of the 50th session of the subsidiary bodies, the budget for 2020-2021 was agreed upon while a large number of the other agenda items resulted in procedural conclusions that would require further negotiations at the 25th session of the Conference of the Parties (COP25) in Santiago, Chile, in December 2019, for their substantive conclusions.

A key agenda item of the SBSTA at its 50th session that was linked to the IPCC was the agenda item on the consideration of the IPCC's Special Report on Global Warming of 1.5 °C as mandated by the COP in Katowice. The main issue here was on how to reflect Parties' consideration of the results of the IPCC report and how the report's findings can be incorporated into Parties' future climate actions. There was a big divergence of views among countries on this issue, among developed countries, developing countries, and within each of these groups. At the end of the session, a mainly procedural conclusion was agreed upon under which Parties through the SBSTA expressed their appreciation and gratitude to the IPCC for providing the 1.5 °C special report "which reflects the best available science" and agreed that the SBSTA's work on this item had been completed.

Separate from the UNFCCC negotiations, other climate-change related activities continued to take place. The IPCC's processes for the production of its 6<sup>th</sup> Assessment Report continued, with the various Working Groups (WGI on the physical science, WGII on vulnerability and adaptation, and WGIII on mitigation) continuing with their work. At the same time, the IPCC's work on two other special reports – one on the cryosphere and oceans, and another one on land – also continued. The draft of the IPCC's special report on land and climate was circulated to governments in April 2019 for their review and comments and is scheduled to be approved and adopted in August 2019. The draft, including the summary for policymakers, for the special report on the cryosphere and oceans, was circulated to governments in mid-June 2019 for review and comments, and is expected to be considered for final approval and adoption by governments in September 2019.

In addition to both the UNFCCC and IPCC processes, the process and preparations for the UN Secretary-General's Climate Action Summit that will take place in New York on 21-23 September 2019 are also accelerating. The UN Secretary-General is calling on countries to put forward at the Climate Action Summit new plans or announcements to enhance their nationally-determined contributions under the Paris Agreement by 2020, in line with reducing greenhouse gas emissions globally by 45% by 2030 and reaching net zero emissions by 2050. At the Climate Action Summit, the UN Secretary-General will be bringing together governments, the private sector, civil society, local authorities and other international organizations to develop ambitious solutions in the following areas: a global transition to renewable energy; sustainable and resilient infrastructures and cities; sustainable agriculture and management of forests and oceans; resilience and adaptation to climate impacts; industry transition in various sectors, including steel, cement, shipping; and alignment of public and private finance with a pathway to low emissions and climate-resilient development and delivery of the pledged USD100 billion annually by 2020. Various developing countries are actively taking part in the preparations for the Climate Action Summit, including by serving as governmental "co-leads" (together with developed countries) in the various "tracks" that have been set up by the Secretary-General to develop the outcomes for the Climate Summit in the six areas above.

During the period covered under this report, the South Centre (SC) focused on producing analysis of the outcome of the Katowice UNFCCC negotiations, on the IPCC preparations, and on doing trainings with some developing countries in relation to climate change reporting.

The South Centre continued work on the following:

1. The Least Developed Countries Renewable Energy and Energy Efficiency initiative for Sustainable Development (LDC REEEI), particularly developing political buy-in for the initiative among the LDC Group.

The Least Developed Countries Renewable Energy and Energy Efficiency Initiative for Sustainable Development is a response to a formal call from the LDCs Ministers at the Climate Change Conference of the Parties held in Marrakech in 2016. The initiative has been conceived and developed with the support of the South Centre. The overarching goals of the initiative are i) 100% access to sufficient, affordable, modern and clean energy by all citizens in the LDCs by 2030; ii) 100% electricity from renewable energy sources in all LDCs by 2050 that caters to all needs of their citizens, social services and industries; and iii) 100% utilization of energy efficiency potentials along the value chain through full implemen-

tation of best practice measures and planning by 2040.

- 2. Harnessing Renewable Energy for the Development in the Sahel, including the development of a project in line with the vision note on women empowerment in the various energy interventions in the Liptako Gourma region covering Burkina Faso, Mali and Niger. This project will be part of the United Nations Development Programme (UNDP)'s project focused on the Liptako Gourma region that intends to develop energy infrastructures including i) small solar photovoltaic power plants; ii) solar kits; iii) mini-grids; and iv) solar photovoltaic street lights.
- 3. Concept vision note for designing a program for African energy sector transition for the development of the African Union (AU) African Energy Commission. The development of the program will take place early July in Algiers, Algeria at the headquarters of the African Energy Commission.
- 4. The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Cycle, in particular, the various meetings (virtual) of the IPCC Executive Committee to discuss, examine, and take decisions on various matters related to the work of the IPCC.
- 5. The GCF Readiness Proposal for Lebanon with repeated iterations involving the NDA (National Designated Authority, the Ministry of Environment) and responding to the comments from the GCF.
- 6. Preliminary research and scoping work for Mali on supporting them on readiness.
- 7. Contribution as Co-Coordinating Lead Author to Chapter 15 of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Cycle) on investment and finance.

# B. Publications

#### **SouthNews**

• SOUTHNEWS No. 259, 7 June 2019: Scaling-up Energy Access and Finance in Least Developed Countries by Youba Sokona

On 30-31 May 2019, the Global Conference on Scaling-up Energy Access and Finance in Least Developed Countries was held in Beijing, China, jointly organized by the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) and the Global Energy Interconnection Development and Cooperation Organization (GEIDCO), with the support of the UN system. The Conference focused on concrete measures to accelerate energy access and enhance financing for sustainable and modern energy, as called for in Sustainable Development Goal (SDG). Dr. Youba Sokona, Senior Adviser for Climate Change and Sustainable Development of the South Centre, gave one of the four keynote remarks of the high-level opening session, along with the UN Under-Secretary General of the UN-OHRLLS, the Chair of GEIDCO, the Ministry of Foreign Affairs of China, and the representative of Timor-Leste government, reproduced here.

# C. Conferences and Meetings Organized

• 21-23 April 2019, Kuwait City – South Centre staff organized together with the Climate Change Section of the Kuwait Environmental Public Authority a training workshop for Kuwaiti climate change officials on the preparation of the Kuwait national biennial update report (BUR). Staff provided presentations on the information requirements, format, and outline of the BUR, and also provided the participants with an update of the status of climate change negotiations. Staff also worked directly with the Kuwaiti officials in developing the initial draft of the Kuwait BUR, with the aim of finalizing the draft by June 2019 for submission to the UNFCCC by July 2019.

• 19-21 May 2019, Muscat – South Centre staff organized a training workshop for Omani climate change officials together with the Climate Change Department of the Oman Ministry of Environment and the Sultan Qaboos University on the preparation of the Omani national biennial update report (BUR). Staff provided presentations on the information requirements, format, and outline of the BUR, and also provided the participants with an update of the status of climate change negotiations. Staff worked directly with the Omani and Sultan Qaboos University officials in developing the initial draft of the Omani BUR, with the aim of finalizing the draft by June 2019 for submission to the UNFCCC by July 2019.

# D. Participation in External Conferences and Meetings

- 18-20 March, Geneva The IPCC bureau meeting followed by a meeting of the core drafting team of the IPCC Special Report on climate change, desertification, land degradation, sustainable land management, food security and greenhouse gas fluxes in terrestrial ecosystems (SRCCL)
- 1-5 April 2019, Edinburgh South Centre staff participated in the first Lead Authors Meeting for the IPCC AR6, Working Group 3 as the Co-Coordinating Lead Author of the chapter team on investment and finance.
- 7-9 April 2019, Manama South Centre staff participated in a training workshop organized by the United Nations Environment Programme (UNEP) West Asia Regional Office for climate change policy officials from Bahrain, Kuwait, Oman, and the United Arab Emirates, to build their capacity to develop their domestic measurement, reporting and verification (MRV) system and develop their national biennial update reports (BURs) for submission to the UNFCCC. South Centre staff gave presentations for and did training exercises with the participants on the information requirements for the BURs, the outcomes of the UNFCCC COP24 negotiations, and the linkages between climate policy and national sustainable development goals. South Centre staff also discussed with Bahraini officials the steps for the development of their national BUR.
- 11 April 2019, Nairobi– South Centre staff participated by videolink in a preparatory workshop for African climate change negotiators organized by the African Group of Negotiators in preparation for the 50th session of the UNFCCC subsidiary bodies. South Centre staff gave a presentation on this occasion on the status of negotiations in the UNFCCC with respect to the establishment of the modalities and guidelines for the establishment of market and non-market mechanisms under Article 6 of the Paris Agreement.
- 8-12 May 2019, Kyoto The 49th Session of IPCC during which the methodology report "2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories" was adopted and accepted. This report will be used by governments to estimate their greenhouse gas emissions and removals more accurately than in the past.
- 13-17 May 2019, Geneva South Centre staff attended the 2019 Geneva Conference of the Global Platform for Disaster Risk Reduction 2019.
- 16-19 May 2019, Thimphu South Centre staff participated in the preparatory work of the Least Developed Countries (LDCs) climate change negotiators group and gave a presentation and discussed the ways in which the LDC Renewable Energy and Energy Efficiency Initiative could be implemented, in particular the possible hosting by the South Centre of such an initiative.
- 27 May 2019, Geneva South Centre staff was invited to give a presentation on the Sustainable Development Goals and the role of the South Centre in the development of such goals to the students enrolled in the Environment

and Energy track of Duke University's Geneva Summer Programme. The presentation was very much appreciated by the students, based on feedback provided by the course director and the students themselves.

• 30 – 31 May 2019, Beijing – South Centre staff participated in and contributed to the Global Conference on Scaling-up Energy Access and Finance in Least Developed Countries jointly organized by the Office of the High Representative for LDCs, Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) (UN-OHRLLS) and the Global Energy Interconnection Development and Cooperation Organization (GEIDCO), with the support of the UN system. The Conference focused on concrete measures to accelerate energy access and enhance financing for sustainable and modern energy, as called for in SDG7. The outcome of the conference will feed into the Fifth United Nations Conference on the Least Developed Countries, the United Nations High-Level Political Forum, which monitors the implementation of the 2030 Agenda and its global Sustainable Development Goals, as well as into the UN Secretary-General's Climate Summit to be held in September 2019. The Conference was attended by more than 200 participants including the LDCs' representatives and their development partners, selected private sector partners from both the energy and investment sector, as well as relevant foundations and civil society organizations. South Centre staff gave keynote remarks at the high-level opening session.





- 3-6 June 2019, Vancouver South Centre staff gave a presentation at the Women Deliver 2019 Conference on gender and climate finance, including the state of play and other issues. Staff updated the participants on the nature, quantum, channels and instruments of climate finance, and engaged in discussions with them on how gender issues are integrated into the GCF policies and operations.
- 11 June 2019, Vienna South Centre staff gave a presentation (by videolink) on climate finance issues, including a clear identification of the quantum of climate finance flows to developing countries, to a technical workshop for the Organization of Petroleum Exporting Countries (OPEC) member State climate change negotiators. The workshop was chaired by OPEC Secretary-General Barkindo. The presentation was appreciated by both the OPEC Secretary-General, who referred several times to the South Centre presentation during his workshop summation, and the workshop participants, according to feedback provided by the OPEC organizing staff.
- 13 June 2019, Geneva South Centre staff gave a presentation on the Sustainable Development Goals and their
  genesis and application in today's context to the New Issues in International Security Course organized by the Geneva Centre for Security Policy for mid-level to senior diplomats, government and military officials, and civil society
  participants of the course.
- 15 June 2019, Berlin- South Centre staff participated (by videolink) in an non-governmental organization (NGO) workshop on climate justice and the just transition organized by the UN Research Institute for Social Development (UNRISD) and the Rosa Luxembourg Foundation, and gave a presentation on the genesis, development, reflection, and treatment of the just transition concept in the UNFCCC climate negotiations.

• 17-27 June 2019, Bonn – South Centre staff participated in the 50th session of the subsidiary bodies of the UN-FCCC held in Bonn. During these two weeks, South Centre staff attended side events and workshops and also provided technical and policy analytical support to various developing country delegations and their groups during the negotiations, including the Group of 77 and China.

# 6. Macroeconomic Outlook and Finance for Development

#### A. Recent Developments

The global macroeconomic outlook has become precarious. International institutions have repeatedly cut the projections for world gross domestic product (GDP) growth of 2019. The notable slowing down of economic growth in some major emerging and mature economies has started before 2019. While overall global economic growth remains at around 3 per cent, it is highly unevenly distributed. Growth in East Asia remains strong but in other developing country groupings growth is not strong enough to eradicate



poverty. In 2018, economic growth among the LDCs was estimated at 5.0 per cent in 2018, or 2.6 per cent in per capita terms but a rate of growth closer to 7 per cent would be required to make a dent in poverty rates. The UN's Financing for Sustainable Development report estimates that growth in Africa, Latin America and the Caribbean, and Western Asia—home to half of the world's people in extreme poverty—is on average significantly below 1.5 per cent on a per capita basis.

On the front of development finance, the picture is quite gloomy. Worsening accumulation of public and private debt and declining official development assistance have become more burdensome for developing countries, who are also facing consecutive drops of foreign direct investment flows and decelerated international trade. It is worrisome that over 40 percent of low income countries are facing a high risk of debt distress or are in debt distress. With the gradual normalization of interest rates, the debt servicing costs have been increasing, making debt sustainability an even greater challenge for countries with weak fundamentals.

The vulnerability to external debt crises among developing countries is rising. Around 30 least developed and plus a few other non-LDCs are either in or at high risk of debt distress. These countries are compelled to prioritize debt service payments and sacrifice resources needed to expand social services and upgrade their infrastructure.

The absence of an orderly and timely process to address sovereign debt restructuring sustains an incentive system that rewards high returns for risky and irresponsible lending to developing countries. International lenders do not factor in the possibility of them participating in the prospective burden of external debt crises in their behavior. The international lending landscape has become more complicated because of the increased variety of lenders, including institutions counted in the shadow banking sector in developed country financial markets.

Significant capital outflows have stricken some developing countries. In 2018, the aggregate net outflows from developing countries reached over \$200 billion.

The trade conflict initiated by the United States reignited in the second quarter of 2019, with the imposition of higher tariffs on China's exports. More than half a trillion dollars' worth of goods are subject to trade restrictions, 7 times more than a year ago. The currently more intensified trade tension is taking place at a time of lower growth of international trade, together with more tightening financial conditions, new natural disasters, and geopolitical tension.

All these have had their negative impact on business confidence and their share of economic costs. There seems to be limited room for policy makers to take actions as downward pressure is coming from different directions at the same time and creating constraints which would make policy measures ineffective or feeble. In some cases, policy tools used to limit negative effects of one macroeconomic problem could trigger a negative impact on other problem(s) in hand.

In a period in which the International Monetary Fund (IMF) has been issuing warnings about the higher risk of global economic crisis in the medium-term arising from increasingly unsustainable levels of debt among many developing countries, the impact of US unilateral trade protectionism, and the weakening of multilateral economic arrangements, a number of

activities took place at the multilateral level that are important.

In the first week of April 2019, the Spring meetings of the IMF-World Bank (WB) in Washington DC took place. The Spring meetings brought together central bankers, finance and development ministers, members of parliament, the private sector, civil society organizations and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. On the sidelines of the Spring meetings, the developing countries' Intergovernmental Group of 24 (G-24) held its ministerial meeting. The G24, in its communiqué, called for stronger global cooperation to address the risks that the IMF has highlighted in terms of uneven and slowing growth in developing countries, growing debt vulnerability in developing countries, the impact of trade tensions, tightening fiscal conditions and limited policy space, commodity price volatility, the impacts of climate change, increasing inequality, migration and demographic changes, and policy uncertainties with respect to the developed countries' economic and financial policies that affect developing countries. The annual UN Financing for Development (FFD) Forum also took place in April 2019, with an outcome document, in which South Centre staff in New York engaged with developing country member delegations.

#### B. Publications

# **Policy Briefs**

 Policy Brief 60, May 2019: Exploding Public and Private Debt, Declining ODA and FDI, Lower World GDP and Trade Growth—Developing Countries Facing a Conundrum by Yuefen Li

Recently international institutions repeatedly cut the projections for world gross domestic product (GDP) growth of 2019, revealed further worsened accumulation of debt, reported declining official development assistance (ODA), highlighted consecutive drops of foreign direct investment (FDI) flows and showed decelerated international trade and intensified trade tension. A closer examination of the performance of developing countries in these datasets shows clearly the economic conundrum that developing countries are facing. The most dangerous sign is the rising levels of public and private debt, and debt sustainability challenges for developing countries. It is worrisome that over 40 percent of low income countries are facing a high risk of debt distress or are in debt distress. The cloudy patches over the world economy are gathering together and getting darker. It seems a storm is coming soon for those developing countries which are facing a combination of weak economic fundamentals. Yet, there seems to be limited room for policy makers to take actions as downward pressure is coming from different directions at the same time and creating constraints which would make policy measures ineffective or feeble. In some cases, policy tools used to limit negative effects of one problem could trigger negative impact on other problem(s) in hand.

#### **SouthNews**

- SOUTHNEWS No. 248, 12 April 2019: South Centre Statement to the G-24 Ministerial Meeting
   This is the South Centre statement to the Ministerial meeting of the Group of 24 held in Washington DC on 11 April 2019, delivered by by Dr. Carlos Correa, Executive Director of the South Centre.
- SOUTHNEWS No. 250, 23 April 2019: G24 Communiqué on the World Bank and IMF 2019 Spring meeting

The annual Spring meeting of the International Monetary and Finance Committee (IMFC) and the Development Committee consisting of the principals from capitals and the executive directors of the International Monetary Fund (IMF) and the World Bank took place in Washington DC from 8 to 14 April 2019. On the sidelines of the meeting of the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development also known as G24, the 101st Meeting of Ministers and Governors was held on April 11. The group which represents the interests of developing countries in financial issues sent a strong message for reform in the international financial systems and called for a collective global response to resolve ongoing trade tensions within a rules-based trading system. The meeting was chaired by H.E. Julio Velarde, Governor of the Central Reserve Bank of Peru. This is the Communiqué.

• SOUTHNEWS No. 261, 18 June 2019: South Centre Statement at the Meeting of the Non-Aligned Movement (NAM) Labour Ministers

Sustainable Development Goal (SDG) 8 calls upon us to promote full and productive employment and decent work for all. For achieving this goal, we have to work together to defend multilateralism, ensure that different components of the international regulatory regime deal with labour in a coherent and effective manner, uphold the International Labour Organization (ILO)'s founding ideals and march for its next more equitable and more prosperous centennial leaving no one behind. This is the South Centre Statement delivered by Yuefen Li, Senior Adviser on South-South Cooperation and Development Finance, on behalf of the Executive Director of the South Centre, Dr. Carlos Correa, at the Meeting of the Non-Aligned Movement (NAM) Labour Ministers during the 108th International Labour Conference of the ILO held on 17 June 2019 in Geneva.

SOUTHNEWS No. 263, 21 June 2019: Declaration of the Non-Aligned Movement Labour Ministers

The Ministers of Labour of the Non-Aligned Movement (NAM) reflected on the progress made regarding fundamental labour principles and rights, on the occasion of the centenary of the International Labour Organization (ILO) and in the context of important changes in the world of work. The Declaration of the NAM Labour Ministers adopted during the 108th International Labour Conference in Geneva on 17 June 2019 can be found here.

#### Journal articles

• 'The political economy of foreign investment and industrial development: the Philippines, Malaysia and Thailand in comparative perspective' - by Manuel F. Montes and Jerik Cruz, Journal of the Asia Pacific Economy, 25 June 2019 (available at <a href="https://www.tandfonline.com/doi/pdf/10.1080/13547860.2019.1577207?">https://www.tandfonline.com/doi/pdf/10.1080/13547860.2019.1577207?</a> needAccess=true).

This article examines the contribution of foreign investment to industrial development by comparing the Philippine experience with two ASEAN neighbors: Malaysia and Thailand. Instead of viewing a failure to attract foreign investment as a binding development constraint, it focuses on the appropriateness of such flows for industrial upgrading. Likewise, it underscores political economy factors—particularly the presence of effective state interventions and conducive state-business ties—as prime features of countries that have leveraged FDI for more successful industrial development. Without discounting flaws in these interventions in the cases of Thailand and Malaysia, it finds that such forms of government involvement have been vital in driving both countries' strong investment and industrial growth records relative to that of the Philippines. Revived industrial policy initiatives in developing Asia would be well-advised to heed these lessons on investment-related intervention, so as to reorient their investment policies for maximum impact on industrial development in the years ahead.

#### C. Conferences and Meetings Organized

• 15 April 2019, New York - With the Friedrich Ebert Stiftung New York Office, the South Centre helped the ECOSOC President to convene the official luncheon during the annual FFD forum on the theme "The future of work and job creation". Aside from high level representatives from UN member states attending the FFD Forum, the luncheon saw the participation of Executive Directors from the World Bank and the IMF.

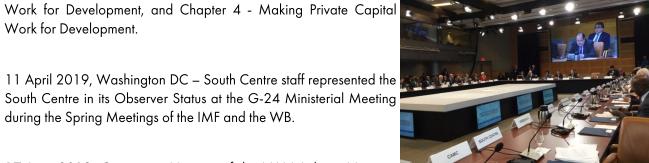




# D. Participation in External Conferences and Meetings

 6 April 2019, Geneva – South Centre staff participated in the UNCTAD 2019 Trade and Development Report Peer Review organized by the Division on Globalization and Development Strategies, United Nations Conference

on Trade and Development (UNCTAD). South Centre staff collaborated with comments and suggestions on Chapter 3 – Making Banks Work for Development, and Chapter 4 - Making Private Capital Work for Development.



17 June 2019, Geneva - Meeting of the NAM Labour Ministers
during the 108th International Labour Conference of the ILO. South Centre made a statement and a declaration
was adopted.

# 7. Tax Cooperation

## A. Recent Developments

The inadequacy in international tax cooperation enables the persistent increase in the scale of illicit financial flows and tax evasion. Illicit financial flows include tax evasion which is legal under the rules preferred by developed countries as enshrined in the Organisation for Economic Co-operation and Development (OECD) tax standards. While capacity building in tax policy design, auditing, and negotiations remains inadequate, it is important that



capacity building efforts incorporate regulations and standards alternative to OECD approaches. In their emphasis on developing countries relying more on domestic resource mobilization, developed countries should recognize that these efforts are hindered by international standards that impede their ability to obtain fair revenues from international companies operating in their jurisdictions because of international standards.

There are also secrecy jurisdictions that facilitate the transfer of stolen assets and tax evasion practices. These jurisdictions are a critical source of financial investments in the world's financial centers, the largest of which are in the UK and in the US.

Activities and issues relating to the global tax policy architecture were important in the context of the work being undertaken within the UN system on tax (e.g. by the UN Committee of Tax Experts) and the OECD. The South Centre continued to participate in discussions on forming the global tax system in a way that responds to the challenges posed by the digital economy.

#### B. Publications

# Research Papers

 Research Paper No. 94, April 2019 - Tax Haven Listings in Multiple Hues: Blind, Winking or Conniving? by Jahanzeb Akhtar and Verónica Grondona.

Tax havens are among the biggest challenges faced by developing countries in achieving their national development goals. States, international organisations, multilateral agencies and non-governmental organisations have all made several efforts at compiling 'lists' of tax havens at the multilateral and national levels, with varying levels of seriousness and outcomes. This research paper examines these efforts by analysing the objectivity of criteria used and the clarity of the final outcome in a comparative manner. The paper is organized into four sections dealing with the tax haven blacklisting by the Organisation for Economic Co-operation and Development (OECD), the countries of the South, the European Union (EU) and an analysis across lists. The concluding section offers some suggestions.

#### **SouthNews**

• SOUTHNEWS No. 258, 6 June 2019: The 1st South Centre Tax Initiative Peer Exchange on Digital Taxation and the 18th Session of the Committee of Experts on International Cooperation in Tax Matters by Manuel F. Montes and Monica Victor

The South Centre held the first South Centre Tax Initiative Peer Exchange on Digital Taxation in New York on 27 April. The event was chaired by Manuel Montes, Senior Adviser on Finance and Development of the South Centre, with the participation of government officials, the Director of the Group of Twenty-four (G-24), academics and civil society representatives. The United Nations (UN) Tax Committee proposals for the taxation of the digital economy were discussed with a focus on the allocation of taxing rights and income rules and the imposition of withholding tax on digital companies. During the same week, the eighteenth session of the Committee of Experts on International Cooperation in Tax Matters was held in New York from 23 to 26 April 2019. The work of the UN Tax Committee and its Subcommittees were discussed covering topics such as digital taxation and carbon tax.

• SOUTHNEWS No. 262, 20 June 2019: The Inclusive Framework on BEPS Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy by Monica Victor

In May 2019, the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) released the Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy. The document is the road map for the final report on digital taxation to be delivered in 2020. However, the challenges for developing countries' effective participation in the process demand active engagement in tax administration for a designed to gather them in the quest for solutions convening their interests and strategies.

#### SouthViews

 SouthViews No. 181, 25 June 2019: UN tax committee gets a boost through new working methods by Abdul Muheet Chowdhary

The UN in May published a document titled 'Practices and Working Methods for the Committee Of Experts On International Cooperation In Tax Matters'. For those who believe that the UN should play a stronger role in the governance of international tax, this is a welcome development. The document further deepens the institutionalisation of the UN Committee of Experts on International Cooperation in Tax Matters (henceforth UN tax committee) by developing new working methods and making several clarifications. Some of these are welcome while others are problematic. Overall, it is clarified that the working methods must be read in conjunction with the rules of procedure of the United Nations Economic and Social Council (ECOSOC) and in the case of inconsistency, the ECOSOC rules are to prevail.

#### C. Conferences and Meetings Organized

- 11 April 2019, Geneva The South Centre organized a briefing for South Centre and G77 member States to introduce the South Centre Tax Initiative to the G77 Members. The briefing was attended by South Centre and G77 delegates. In the occasion, South Centre staff and the Chair of the G77 and China in Geneva, HE Ambassador of Ecuador Diego Aulestia Valencia, spoke about the ongoing international taxation system reform, and South Centre staff gave a presentation about the Argentina-Financial Services case at the World Trade Organization.
- 27 April 2019, New York The South Centre organized its first Tax Initiative Peer Exchange on Digital Taxation during the Eighteenth Session of the Committee of Experts on International Cooperation in Tax Matters in April 2019. The meeting was attended by developing country tax officials, the secretariat of the UN Tax Committee, a G-24 representative, civil society representatives, and academics. It discussed the ongoing urgent activities to reform the international tax system to respond to challenges posed by the digital economy. The participants exchanged views on the OECD work on digital taxation, the UN Tax Committee role on the current international taxation system reform, and the imposition of withholding taxes on digital com-



panies. A presentation was made by the South Centre on the Global Anti-base Erosion Proposal's impact on developing countries' tax policies and administration.

#### D. Participation in External Conferences and Meetings

- 3 April 2019, Geneva South Centre staff participated in the side-event on "Sustainable Tax Policy in the Digital Era: Implications of Technology-Enabled Trade" during the UNCTAD E-Commerce Week in Geneva. The event was co-organized by the Global Alliance for Tax Justice (GATJ); European Network on Debt and Development (Eurodad); and Society for International Development (SID). South Centre staff shared views on the global tax reform process, including that regarding the "Base Erosion and Profit Sharing (BEPS)" process within the OECD.
- 16 April 2019, Washington DC South Centre staff participated in the meeting of the Independent Commission to Reform International Corporate Taxation (ICRICT) and the G-24 on Reforming International Corporate Taxation

and the Digital Economy.

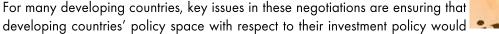
 16 May 2019, New York - South Centre staff participated in the High-Level Meeting convened by the President of the General Assembly on International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Asset Return, at UN Headquarters.



# 8. Investment Policy

# A. Recent Developments

Multilateral discussions on the reform of the Investor-State Dispute Settlement (ISDS) system continued under the United Nations Commission on International Trade Law (UNCITRAL) through the negotiations on the reform of the ISDS mechanisms at UNCITRAL Working Group III.





not be unduly limited, and that the ISDS system is appropriately reformed in order to protect developing countries' right to regulate. Among the suggestions that are being discussed in these negotiations are the European Union proposal on the establishment of a multilateral court for investor-state dispute settlement and the reform process of the International Centre for Settlement of Investment Disputes (ICSID).

In this context, many developing countries have been focused on developing a greater level of understanding of the various proposals that have been tabled at the UNCITRAL negotiations, and to identifying the potential implications of such proposals on their policy space. The South Centre, together with partners such as the International Institute for Sustainable Development (IISD), the Columbia Centre for Sustainable Investment (CCSI) and the Friedrich-Ebert-Stiftung (FES), has been engaged in supporting developing countries in this area.

### B. Publications

#### **Policy Briefs**

• Investment Policy Brief 17, April 2019 - Challenges of Investment Treaties on Policy Areas of Concern to Developing Countries by Kinda Mohamadieh

Country experiences have revealed that international investment agreements (IIAs) could have an adverse policy impact on various policy areas that are generally important for developing countries in relation to the achievement of their development objectives. This policy brief gives an overview of challenges resulting from IIAs to major policy areas of concern to developing countries. These policy areas include industrial policy, tax reform, handling debt crisis, the use of capital controls, intellectual property rights, public-private partnerships, and climate change action in relation to investment in clean technologies.

Investment Policy Brief 18, June 2019 - Legitimacy Concerns of the Proposed Multilateral Investment Court: Is Democracy Possible? by José Manuel Alvarez Zárate

Growing concerns in Europe about international investment regimes and investor-state dispute settlement systems pushed the European Union into pursuing the creation of an investment court system and a multilateral investment court. The Euro-

pean Union (EU) started this reform through the Comprehensive Economic Trade Agreement, the Vietnam-EU Free Trade Agreement, and by direct persuasion of other countries to start negotiations at the United Nations Commission on International Trade Law. Visible reasons for the change include concerns over the perception of a lack of transparency, coherence, and arbitrators' partiality, all of which diminish the legitimacy of the multilateral investment court. Other reasons might be laid on the budgetary risks of more than 213 claims against EU countries. To address these legitimacy concerns, the EU wants to replace traditional party-appointed arbitrators with a two-tiered investment tribunal system comprised by a roster of members selected by the state parties on the treaty. This Essay argues that the creation of the multilateral investment court needs to follow democratic principles in order to be legitimate. History has shown us that the EU has abused its power in the past when implementing resolution systems. Foregoing negotiation, comment by member nations, and implementing a tribunal at its own behest has shown this. The EU multilateral investment court proposal has legitimacy deficiencies because the EU has relied on its power to impose its views so far, i.e. its proposal was not previously negotiated multilaterally amongst other member nations. It is thus possible that the appointment of the future judges to this court will likely be subject to the political constraints and veto that the International Court of Justice or World Trade Organization appointments suffer today. This could leave small economies at a disadvantage because they might be subject to permanent, politically biased judges. A superior solution would be to adopt better arbitrator disqualification rules, clear interpretation directives to avoid law creation, and stricter arbitrator qualifications.

#### C. Conferences and Meetings Organized

• 12-14 June 2019, Versoix – South Centre co-organized with IISD and CCSI, with support from FES, an informal meeting for developing countries on issues relating to the work of Working Group III of the UNCITRAL, in order to provide a space for developing countries interested in UNCITRAL issues to discuss their perspectives and identify common approaches. In July 2017, UNCITRAL entrusted its Working Group III (WGIII) to look into the matter with a broad mandate, identifying the concerns against ISDS, considering the need for reform and developing the solutions for such reform. According to its mandate, the Working Group III would proceed to: (i) first, identify and consider concerns regarding ISDS; ii) second, consider whether reform was desirable in light of any identified concerns; and (iii) third, if the Working Group were to conclude that reform was



desirable, develop any relevant solutions to be recommended to the Commission. The WGIII held its 37th Session in New York where the State members continued to discuss the possible reform of ISDS and agreed that "the Working Group would discuss, elaborate and develop multiple potential reform solutions simultaneously" and that new proposals for these potential solutions could be submitted to the Working Group by 15 July 2019.

# 9. Corporate Accountability

#### A. Recent Developments

The Mission of Ecuador, on behalf of the Chairmanship of the open-ended intergovernmental working group (OEIWG) on business and human rights, organized three informal sessions to hear the views of different stakeholders on new inputs required for the First Draft of a Legally Binding Instrument on business and human rights mandated under UN Human Rights Council (HRC) Resolution 26/9, that should be submitted by the Chairmanship by the end of June, according to the Report of the 4th Session of the OEIWG. This first draft will serve



as basis for the negotiation in the 5th Session of the OEIWG, that will be held from 14 to 18 of October 2019. The South Centre has supported a group of developing countries in the discussion on and preparations towards the adoption of a

legally binding instrument on business and human rights.

# B. Participation in External Conferences and Meetings

- 4 June 2019, Geneva The Global Campaign to Dismantle Corporate Power invited the South Centre to provide
  inputs to the strategy meeting of civil society organizations to discuss the UN process for the elaboration of the
  binding treaty on transnational corporations (TNCs) and human rights. South Centre staff gave presentations and
  insights on the negotiations.
- 6, 14, 18 June 2019, Geneva South Centre staff participated in the Informal Consultations held by the Chair of the OEIWG on Business and Human Rights. This series of consultations were a complement to the discussions held during the fourth session of the OEIGWG; the addendum of the report of the fourth session containing a compilation of oral statements from States; the submissions with comments and proposals on the draft legally binding instrument received in accordance to the Chair-Rapporteur's recommendation 91(a). Different topics were discussed during the consultations, in particular, scope of the future instrument, jurisdiction, rights of victims, prevention, legal liability and mutual legal assistance and international cooperation. South Centre staff made presentations from the floor providing preliminary assessments in regard to the overall approach to the negotiations and design of an internationally legally binding instrument taking into account discussions held during the Fourth Session of the OEIWG.

# 10. Right to Development

#### A. Recent Developments





The achievement of their right to development continues to be a major challenge for developing countries, particularly in the current context in which developing countries face multiple global challenges ranging from climate change to unilateral trade protectionism. Within the United Nations system, the right to development is an integral part of the mandate of the Human Rights Council. During this reporting period, the 20th session of the Working Group on the Right to Development took place in late April-early May 2019, during which the Working Group continued to review the progress made in the implementation of the right to development through an interactive dialogue and expert panel discussions. It also started a discussion, pursuant to HRC Resolution 39/9, to elaborate a draft legally binding instrument on the right to development that would serve as a basis for substantive negotiations thereon beginning in 2020. In May 2019, the UN Special Rapporteur on the Right to Development, pursuant to his mandates under HRC Resolutions 33/14 and 36/9, submitted to the Council his report on the outcomes of the regional consultations he conducted in 2018 on the practical implementation of the right to development. Developing countries, especially through the Non-Aligned Movement (NAM), are currently engaged in discussions in relation to legally binding instrument in order to flesh out their views and perspectives in preparation for the next meeting of the Working Group.

#### B. Publications

#### **SouthViews**

 SouthViews no. 179, 3 May 2019: 2030 Sustainable Development Agenda with Focus on Education Goal - SDG 4 by Kishore Singh Sustainable Development Goal (SDG) 4 to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" of the 2030 Agenda for Sustainable Development must be considered bearing in mind the right to education as an internationally recognized right as well as the right to development. This is the keynote presentation by Kishore Singh, former United Nations Special Rapporteur on the Right to Education, at the Asian High-level Forum on Human Rights on the occasion of the 70th Anniversary of the Universal Declaration of Human Rights.

#### C. Participation in External Conferences and Meetings

 29 April – 3 May 2019, Geneva - Twentieth session of the Working Group on the Right to Development. During this session, South Centre participated in the meetings of the working group, and also gave a presentation on the challenges facing the right to development during a briefing session to the working group on 30 April 2019.



# 11. South-South Cooperation

### A. Recent Developments

A major multilateral event that took place with respect to South-South cooperation is the holding of the 2nd UN High-Level Conference on South-South Cooperation, which resulted in an outcome document that sought to strengthen the UN's role in fostering and promoting South-South cooperation as a mechanism for supporting the development goals of developing countries.

In the area of South-South cooperation (SSC), currently the most important task for the international community is to implement the outcome document of the

Second High-Level United Nations Conference on South-South Cooperation (BAPA+40) of March 2019. How to implement is an issue being explored and weighed by both the developing and developed countries. The South Centre took the lead to co-organize a meeting with the United Nations Conference on Trade and Development (UNCTAD) and the International Labour Organization (ILO) with the support of G77 and China and with the participation of the Director of the UN Office for SSC in May 2019 on the implementation issue. This was the first intergovernmental meeting on the topic. The meeting demonstrated the great determination from the Southern countries to further expand South-South and Triangular Cooperation (SSTrC) with the emphasis on SSC principles and the supplementary nature of the SSC to North-South cooperation. However, concrete proposals were not very apparent from the meeting. At the same time, the Northern major donors and the Organisation for Economic Co-operation and Development (OECD) have also been pondering about the direction of the post-BAPA+40 era. However, their views seemed to be quite different from those from the G77 and China. The North has been wondering whether the development cooperation paradigm has already moved to a new phase when the North and South are more or less homogenous. The United Nations, on the other hand, has been working on the inter-agency roadmap. Therefore, a clear orientation for the implementation of SSTrC is yet to emerge.

#### B. Publications

#### SouthNews

SOUTHNEWS No. 249, 18 April 2019: UNGA endorsed the outcome document on the BAPA+40

The United Nations General Assembly endorsed the outcome document of the Conference on South-South Cooperation (BAPA+40) on 15 April 2019, which recognizes, inter alia, that 'South-South and triangular cooperation contribute to the implementation of the 2030 Agenda for Sustainable Development'. It also recognizes that 'South-South cooperation is conducted among countries of the South, including but not limited to the economic, social, cultural, environmental, and technical domains, that can take place in a bilateral, regional or inter-regional contexts, for developing countries to meet their development goals through concerted efforts, taking into account the principles of South-South cooperation'. It reiterated that 'South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation.' The Group of 77 and China made a statement at the meeting that is accessible at <a href="https://www.g77.org/statement/getstatement.php?id=190415b">https://www.g77.org/statement/getstatement.php?id=190415b</a>.

 SOUTHNEWS No. 257, 29 May 2019: Intergovernmental meeting on the implementation of the BAPA+40 outcome document convened in Geneva

The South Centre, United Nations Conference for Trade and Development (UNCTAD) and International Labour Organization (ILO) co-organized a meeting on 23 May 2019 in Geneva to discuss the outcome of the United Nations Second High-level Conference on South-South Cooperation (BAPA+40) held in March 2019. It was the first public intergovernmental meeting organized post-BAPA+40 to deliberate issues related to the implementation of the BAPA+40 outcome document and served as an opportunity to discuss the main actions to further promote South-South Cooperation (SSC) as well as triangular cooperation (TrC) for the purpose of the attainment of the 2030 Agenda for Sustainable Development.

#### C. Conferences and Meetings Organized

 23 May 2019, Geneva - The South Centre, UNCTAD, and ILO co-organized an intergovernmental meeting on the implementation of the BAPA+40 outcome document.



6 June 2019, Geneva – The South Centre organized a signing ceremony with the China Scholarship Council (CSC) for their Memorandum of Agreement to encourage the exposure of Chinese experts and scholars to multilateral issues through engaging in research fellowships or internships at the South Centre. The objective of the cooperation is to strengthen both sides' work on South-South cooperation through this concrete example.

#### D. Participation in External Conferences and Meetings

- 15-16 April 2019, Geneva South Centre staff attended the eleventh session of the UNCTAD Multi-year Expert Meeting on Commodities and Development.
- 13 June 2019, Geneva South Centre staff attended the UNCTAD event on "Towards an Inter-agency Plan of Action for achieving the trade related targets of Sustainable Development Goal 14".
- 20 June 2019, Moscow The Executive Director participated in the high-level plenary on South-South trade for African integration into the global economy during the African Export-Import Bank Annual Meeting.
- 25 June 2019, Geneva The Executive Director spoke on South-South Cooperation for Trade, Investment & Structural Transformation during the UNCTAD Trade & Development Board 66th Session.

# 12. Gender and Development

# A. Recent Developments

Issues relating to gender have come up high on the multilateral arena and are increasingly becoming a key feature in international discussions. The Advisory Group of the High-Level Task Force on Financing for Gender Equality (HLTF) (one South Centre staff is a member) provides external expert advice and best practices and lessons learned from other sectors/



institutions to the HLTF and its two Working Groups: Working Group 1 - Gender Markers and Budgeting; Working Group 2 - Financial Gender Target. The Advisory group is mandated to meet at least twice (virtually). The Advisory Group is composed of selected representatives from government, academia, international institutions and civil society with unique expertise in financing and resource tracking for gender equality and women's empowerment. In addition to bringing an external perspective, the Advisory Group will share best practices.

South Centre's staff has provided to date two rounds of comments (February/March and mid-June) on the report of the HLTF (to be presented to the UNSG in June). The High-Level Task Force on Financing for Gender Equality is to review UN budgets/expenditures across the system and make recommendations on how to increase financing for gender equality so as to galvanize action across the system for increased and targeted investments for gender equality and women's empowerment and accurate tracking of resources in this area. The outcome of work of the High-Level Task Force will be provided in a short report to the Secretary-General with a set of actionable recommendations. The report will be shared broadly in a public event.

#### B. Participation in External Conferences and Meetings

- 3-6 June 2019, Vancouver South Centre staff participated in the Women Deliver 2019 Conference in Vancouver and spoke at a side-event on feminist foreign policy sponsored by the Gates Foundation. A few countries are promoting some version of what they have identified as a 'feminist foreign policy' (FFP). There are lots of questions about what a FFP is and how it differs from the traditional approach to foreign policy. The purpose of the side-event was to generate recommendations to governments for an effective FFP.
- 10-12 June 2019, Santiago South Centre staff reviewed (by videolink) the Annotated Index of the Position Document of the Fourteenth Session of the Regional Conference on Women in Latin America and the Caribbean,

"Women's autonomy in changing economic scenarios" (the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), 2019, LC/MDM.58/3), in preparation for participation in the dialogue of specialists: the challenges of the economy from a gender perspective.

#### 13. WTO Reform

# 13.1. Special and Differential Treatment at the WTO

## A. Recent Developments

Despite the progress made by developing countries over the past 25 years, major socio-economic gaps continue to divide developed and developing countries. During the reporting period, the US continued to question the modalities under which Special and Differential Treatment (S&D) has been recognized under the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) rules. It included again on the agenda of the WTO's May General Council its submissions aiming at significantly narrowing down and diluting the coverage of S&D (WT/GC/W/757, 16 January 2019; WT/GC/W7764, 15 February 2019). These submissions suggest, in particular, that developing countries that are Members of the Group of Twenty (G20) or that are classified as 'high income' by the World Bank should no longer have access to S&D treatment in future WTO agreements. Unity among developing countries and LDCs will be crucial to preserve S&D as a pillar of the WTO system.

While the objectives and contours of a possible WTO reform remain undefined, some Members have continued to express their views and make submissions on the subject (see, e.g. <u>SouthNews No. 239: Development Perspectives on WTO Reform</u>). China submitted on 13 May 2019 'China's proposal on WTO reform' (WT/GC/W/773)<sup>2</sup>. It notes the "unprecedented existential crisis of the WTO" and expresses China's support to "the efforts to make the necessary reform to the WTO, in order to help it tackle the current crisis, respond to the needs of our times, safeguard the multilateral trading system and promote the building of an open world economy." The document identifies 'areas for action' with a brief description of the 'issue and problem', 'objective of the task', and 'action and proposal'. It states that "the reform shall follow the practice of decision-making by consensus. The specific issues subject to reform, work agenda and final results should be agreed upon after extensive consultations, on the basis of mutual respect, broad participation and dialogues on an equal footing".

The areas discussed in the China's submission include the impasse regarding the WTO Appellate Body, disciplines to curb WTO-inconsistent unilateral measures, addressing inequity in rules on agriculture, trade remedies, fisheries subsidies, ecommerce, investment facilitation, improving several aspects relating to the operational efficiency of the WTO, respecting the S&D treatment and adhering to the principle of fair competition in trade and investment.

The declaration issued upon conclusion of the G20 meeting held in Japan confirmed the determination of the members of this group to pursue a reform of the WTO, without expressing any agreement on its possible content. The G20 Osaka leaders' declaration of June 29, 2019 reaffirmed the Group's "support for the necessary reform of the World Trade Organization (WTO) to improve its functions" and agreed that "action is necessary regarding the functioning of the dispute settlement system consistent with the rules as negotiated by WTO members". The Group also affirmed "the importance of the interface between trade and digital economy", noted "the ongoing discussion under the Joint Statement Initiative on electronic commerce", and reaffirmed "the importance of the Work Programme on electronic commerce at the WTO". A majority of the G20 countries signed off an overarching framework promoting free cross-border data flow (and excluding data localization) named as the "Osaka track". Significantly, India, South Africa and Indonesia did not support this document.

<sup>&</sup>lt;sup>1</sup> See e.g. United Nations Conference on Trade and Development (UNCTAD), "From Development to Differentiation: Just how much has the world changed?", Research Paper No. 33 (June 2019). Available from <a href="https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2488">https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2488</a>.

<sup>&</sup>lt;sup>2</sup> Available at http://images.mofcom.gov.cn/sms/201905/20190514094326217.pdf.

The process, objectives and possible elements of a WTO reform remain to be key challenges for developing countries as a group. Discussions about such a reform takes place in the context of a continued US blockade to appointments of members of the WTO's Appellate Body, and of the 'trade war' exacerbated by a new increase in tariffs against China decided by the US following the failure to reach an agreement between the two countries. In a White Paper by the State Council Information Office<sup>3</sup>, China provides a picture of the China-US economic and trade consultations and of China's policy position on these consultations. It highlights, inter alia, the progress made in R&D so as to become the 2nd largest country in the world in respect of R&D investment and the 1st one by the number of patent applications. The White Paper notes the disruption in global value chains caused by US actions which "damages the interests of both countries and of the wider world".

Actions against China raise systemic concerns as they do not mainly aim at redressing a trade imbalance but to undermine the technological catching up and industrial development, notably in high-tech areas, that China is pursuing in accordance with its own development model.<sup>4</sup>

# 13.2. Some developing members of WTO discuss issues of importance to them

#### A. Recent Developments

Ministers and high-level representatives from a range of developing countries met in New Delhi on 13-14 May to discuss what a developing country agenda for strengthening the WTO would be. The outcome document, entitled 'Working Collectively to Strengthen the WTO to Promote Development and Inclusivity', endorsed by 17 WTO Members included the following highlights:

"Multilateral avenues, based on consensus, remain the most effective means to achieve inclusive developmentoriented outcomes.

"The outcomes of ...(plurilateral) initiatives should be conducive to strengthening the multilateral trading system and be consistent with WTO rules.

"Special and Differential Treatment provisions are rights of developing Members that must be preserved and strengthened in both current and future WTO agreements, with priority attention to outstanding LDC issues.

"WTO notification obligations must consider the capacity constraints and implementation related challenges faced by many developing Members, particularly LDCs. In the WTO, a more cooperative and gradual approach is the best way in dealing with the issue of transparency, where many developing Members struggle to comply with their notification obligations.

"Some WTO agreements, for example the Agreement on Agriculture, contain imbalances and inequities that prejudice the trade and development interests of developing Members. There is a need to provide adequate policy space to the developing Members to support their farmers through correcting the asymmetries and imbalances in this Agreement on priority."

A follow-up meeting after Delhi was organized by the Chinese mission to the WTO on 19 June. Over 40 developing Members participated in the meeting, which addressed developing countries' views about WTO reform, as well as Transparency and other matters.

<sup>&</sup>lt;sup>3</sup> The State Council Information Office, China's Position on the China-US Economic and Trade Consultations, June 2019. Available from <a href="https://www.china.org.cn/china/2019-06/02/content-74846957.htm">www.china.org.cn/china/2019-06/02/content-74846957.htm</a>.

<sup>&</sup>lt;sup>4</sup> See Aileen Kwa and Peter Lunenborg, "US' Section 301 Actions: Why They Are Illegitimate and Misguided", South Centre Research Paper No. 86 (September 2018). Available from <a href="https://www.southcentre.int/research-paper-86-september-2018/">https://www.southcentre.int/research-paper-86-september-2018/</a>.

# 13.3. Notification and transparency

# A. Recent Developments

Transparency is an important principle in the WTO system which needs to be implemented taking the different capabilities of developed, developing and least developed countries into account. The US led a group to introduce in November 2018 an ambitious and problematic proposal (JOB/GC/204) suggesting, however, measures for the enhanced enforcement of notification obligations for all Members - such as including allowing counter notifications in all areas (i.e. a Member could submit a notification about another Member even when this possibility may not be provided for in some agreements) and administrative punitive measures should Members miss out on their current as well as past notification obligations.<sup>5</sup> In April 2019, a revised version of the proposal was circulated to Members (JOB/GC/204/Rev.1) which, despite the expectation of many Members, did not take on board the comments received from the membership on the original proposal.

Most developing Members have continued to oppose this proposal. The Africa Group at the 11th April Council for Trade in Goods (CTG) meeting, for example, highlighted the capacity constraints of developing countries as the cause when there is incomplete fulfilment of notification obligations:

"The extremity of the proposal which seeks to regularize counter-notifications in paragraph 5 and introduces administrative measures in paragraph 11 – is reminiscent of an era best left in the past. This proposal sits uncomfortably in a multilateral context, and we cannot support a submission that negatively impacts all Members in the African Group.

"The obligations proposed far exceed existing commitments and is in fact extreme in terms of the severity of punishment by relegating non-complying Members to a humiliating exercise of naming and shaming. This is not the WTO we signed up to and it is not the WTO we want in the future.

"Members should take careful note that the inability of many developing countries and LDCs in fulfilling their notification obligations does not and should not translate into a willful neglect of non-compliance - but rather, non-compliance is attributed to other factors. For example, some notifications require detailed data, which exceeds the capabilities of Members due to the lack of central databases containing all the legislation, statistics and data for different government agencies. The lack of proper institutional coordination is the primary reason why our Members continue to struggle with non-compliance. This reality needs to be appreciated and understood in the context of what is being proposed.

"Another reason is the lack of institutional memory in Ministries. No matter how many workshops the WTO may provide, if there is not enough institutional memory or succession plans, or sufficient qualified human resources trained to study and analyse data according to the requirements of different notifications, a punitive measures approach will not help to address these challenges. In fact, it will result in further marginalization of developing and least developed countries.

"Chair, we believe that a more cooperative approach is required, where Members are incentivized for complying, rather than punished. This will go a long way in building trust that this organisation so desperately needs. "6"

<sup>&</sup>lt;sup>5</sup> See Aileen Kwa and Peter Lunenborg, "Notification and Transparency Issues in The WTO and The US' November 2018 Communication", South Centre Research Paper 92 (March 2019). Available from <a href="https://www.southcentre.int/research-paper-92-march-2019/">https://www.southcentre.int/research-paper-92-march-2019/</a>.

<sup>&</sup>lt;sup>6</sup> Africa Group Final Statement, Council for Trade in Goods (CTG), 11 April 2019.

# 13.4. Strengthening the WTO's deliberative function on "trade concerns"

## Recent Developments

On 17 June, Singapore released a proposal on trade concerns putting forward the suggestion that all regular committees could follow the 'good practices' of the WTO's Technical Barriers to Trade (TBT) Committee in pursuing 'trade concerns'.

This proposal is possibly leading towards or is a precursor to the kinds of suggestions that were in a draft European Union (EU) proposal that was circulated

earlier this year, where EU proposed an intensified process of bilateral meetings, written responses, and mediation, when trade concerns are raised. There are no limits to the number of trade concerns that can be raised to a Member. There are various problems with these proposals:

a) There is no acknowledgement in these proposals about the capacity constraints of small delegations (the majority of developing countries) to the WTO. It would be impossible for delegations with 1 or 2 persons dealing with all WTO matters (sometimes all international organizations in Geneva) to follow intensive processes in all the regular committees and be committed to responding in an elaborate manner to all trade concerns in respect of their policies and regulations in any committee.

In reality, today, only a minority of developing countries attend all regular committees, namely due to lack of personnel.

- b) Using regular committees to pursue in an intensified manner trade concerns that may affect a particular Member's interests works in favor of those with large capacities in capitals (i.e. large delegations as well as those with business communities that provide them with detailed information about the trade barriers they face).
- c) Some trade concerns in the past have been raised on issues which are not even within the scope of the WTO Agreements, or whether or not they are maybe a matter for dispute resolution in the Dispute Settlement Body (DSB). Yet these proposals would force countries to spend precious time on issues which should not even be raised.

#### 14. E-Commerce

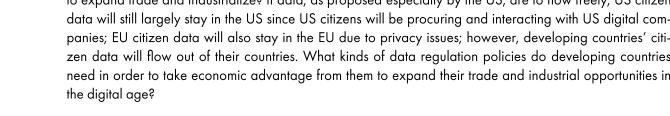
#### Recent Developments

Since the launching of the informal plurilateral negotiations in Davos in January 2019, many Members of these negotiations have put forward proposals that have been discussed in the plurilateral meetings held in WTO.7

While some developing countries are participating in such negotiations, there are several issues that remain a matter of concern for many developing coun-

tries. The following are some of the issues that have been raised in some of the meetings addressing E-commerce that the South Centre has convened this quarter:

What are the implications of the US model of E-Commerce rules on developing countries and their ability to expand trade and industrialize? If data, as proposed especially by the US, are to flow freely, US citizen data will still largely stay in the US since US citizens will be procuring and interacting with US digital companies; EU citizen data will also stay in the EU due to privacy issues; however, developing countries' citizen data will flow out of their countries. What kinds of data regulation policies do developing countries need in order to take economic advantage from them to expand their trade and industrial opportunities in the digital age?





Vitor Ido, "Intellectual Property and Electronic Commerce: Proposals in the WTO and Policy Implications for Developing Countries", South Centre Policy Brief No. 62 (June 2019). Available from <a href="https://www.southcentre.int/policy-brief-62-june-2019/">https://www.southcentre.int/policy-brief-62-june-2019/</a>.

- What is the relationship between the multilateral and plurilateral E-Commerce tracks? The Multilateral 1998 E-Commerce Work Programme mandates discussion on many critical and urgent issues such as whether General Agreement on Trade in Services (GATS) schedules are technologically neutral, classification of new services etc. These issues have not yet been resolved. How will those participating in the plurilateral negotiations treat these issues? What would be the impact on all Members' multilateral GATS schedules?
- The issue of the E-commerce customs duties moratorium is discussed both in the multilateral as well as plurilateral tracks. In the multilateral track, India and South Africa submitted another paper on this issue (see below), discussed on June 17th at the WTO. They raised the issue of tariff revenues losses for developing countries, as well as the loss of policy space if the moratorium continues. In the plurilateral negotiations, there were also discussions developed Members aim at making permanent this moratorium. In this context, Brazil raised an issue regarding the scope of the moratorium does it cover transmissions or also the content of those transmissions? Brazil noted in their proposal to the plurilateral group that the moratorium should not cover the content of the digital transmissions.
- Another outstanding issue is how the plurilateral outcomes, if reached, could be incorporated into the WTO in the light of Article X of the Marrakesh Agreement which provides for the process to be adhered to when there are modifications or additions to WTO Agreements.

#### B. Publications

#### SouthNews

• SOUTHNEWS No. 260, 13 June 2019: Work Programme on Electronic Commerce. The E-commerce Moratorium and Implications for Developing Countries. Communication from India and South Africa.

Tariff revenue losses and the need to improve local capacities to attain competitiveness and economies of scale are two main reasons why the moratorium on customs duties on e-commerce should be revisited, argues a submission by India and South Africa made in the context of the WTO Work Programme on Electronic Commerce. The text of the submission is found here.

# 15. Agriculture

#### A. Recent Developments

The main issues on agriculture in WTO which have been stalemated for some time now continue to be so – particularly the key issue of Domestic Supports. Some are asking for all Members to contribute whilst developing Members with 0 Final Bound Aggregate Measures of Support (AMS, which is the 'trade-distorting' agriculture support) continue to hold the position that those with Final Bound AMS



should first reduce and eliminate their AMS. Their rationale is that there should be a level playing field before further negotiations such as on the de minimis can be undertaken.

# B. Participation in External Conferences and Meetings

• 23-24 April 2019, Geneva – South Centre staff attended the International Forum on Food Safety and Trade jointly organized by the Food and Agriculture Organization (FAO), the World Health Organization (WHO) and the

#### 16. Fisheries Subsidies

#### A. Recent Developments

Several proposals have been submitted including by the US and also a proposal by China. Both are suggesting a form of capping.

Overall, developing countries would like the fisheries subsidies negotiations to deliver on two areas:

- Reduce overfishing and unsustainable fishing practices,
- Allow developing countries to support their small scale fisheries.



The various approaches that have been put forward may not in fact achieve these objectives. The US 'capping' proposal (TN/RL/GEN/197, 25 March 2019) may ultimately allow subsidies provided by major subsidising Members to continue largely unchanged. Further, it would lock those who only provide minimal subsidies at the moment into continuation of subsidies at low levels. Developing Members who may have more resources in the future for fisheries are likely to find themselves constrained by the subsidy ceilings they could be locked into.

Even the previously discussed approaches on fisheries subsidies are problematic and would seem to have the effect of locking in Members at their current fishing capacities i.e. this would be reverse S&D as developed countries would continue to enjoy their historical advantages. The types of subsidies poorer developing countries would want to provide are being disciplined (e.g. specific fuel subsidies, vessel construction, acquisition of machines, operational costs, etc.), whilst those subsidies which Members that already have substantial fishing fleets could provide are sought to be considered benign for overfishing or outside the scope of the disciplines (horizontal fuel subsidies, subsidies to fulfil regional fisheries management organizations (RFMO) quotas, subsidies for fishery management, subsidies for safety, research, development, equipment for safety, etc.).

Some Members are putting forward the idea of large scale vessels or harmful vessels – since these do the majority of fishing and also receive the majority of subsidies. An approach that could better achieve developing countries' objectives could be disciplines on these large-scale harmful vessels.

Upon demand, South Centre continues to work with countries on these issues.

#### 17. The African Continental Free Trade Agreement (AfCFTA)

# A. Recent Developments

The African Continental Free Trade (AfCFTA) Agreement has now entered into force as of 30 May 2019. South Centre has been active in creating awareness and supporting the operationalization of the AfCFTA, which will be launched at



the African Union (AU) July Summit in Niamey. In these processes, South Centre has been engaged with the African Group in Geneva as well as Brussels, the African Union Commission, the Southern African Customs Union (SACU) Secretariat and several AU Member States. The AfCFTA is ambitious and achievable. In order to sustain momentum and with a view to the AfCFTA reaching its objectives, continued work on various aspects is essential, including those related to rules of origin and the treatment of goods originating from Special Economic Zones, tariff concessions and the design of the tariff negotiations process, among others.

#### B. Publications

#### **Policy Briefs**

Policy Brief No. 63, June 2019 - Phase 1B of the African Continental Free Trade Area by Peter Lunenborg

The African Continental Free Trade Area (AfCFTA), which entered into force on 30 May 2019, represents a unique collaborative effort by African countries to bolster regional and continental economic integration, in a world marked by increasing protectionism and use of unilateral trade measures.

In order to make the agreement operational for trade in goods, negotiations on tariff concessions need to be concluded and negotiating outcomes need to be inserted into the agreement. This policy brief focuses on the expected economic impacts of tariff liberalization under the AfCFTA, the tariff negotiation modalities and discusses some legal and practical issues related to the implementation of these modalities.

#### C. Participation in External Conferences and Meetings

- 22 May 2019, Geneva Meeting with African Group. In collaboration with the AU Commission in Geneva and
  the African Group coordinator, the aim of this meeting was to keep trade officials in Geneva abreast of the African
  Continental Free Trade Area negotiations. The African Group in Geneva requested further follow up meetings.
- 23 May-2 June 2019, Addis Ababa 15th AfCFTA Negotiating Forum and 8th Meeting of the Senior Trade Officials. South Centre provided technical assistance in these negotiations inter alia in rules of origin and identifying the technical issues that need to be answered before tariff offers can be effectively exchanged.
- 27 May 2019, Addis Ababa Workshop with SACU Member States. On the request of South Africa, South Centre
  provided an overview of trade policies of African customs unions in a workshop organized for SACU member
  states.
- 12 June 2019, Brussels Sensitization workshop with African Group of Ambassadors. In collaboration with the AU
  Commission in Brussels, the aim of this meeting was to sensitize ambassadors and experts on the AfCFTA negotiations.
- 24-29 June 2019, Niamey 16th AfCFTA Negotiating Forum and 9th Meeting of the Senior Trade Officials. These
  meetings were held in order to (further) define deliverables for the 12th Extra-Ordinary Summit of July launching
  the AfCFTA. South Centre provided technical assistance in these meetings, working together with AU Member
  States, the AU Commission and the United Nations Economic Commission for Africa (UNECA).

