

Quarterly Report of Activities

1 October to 31 December 2018



**SOUTH
CENTRE**

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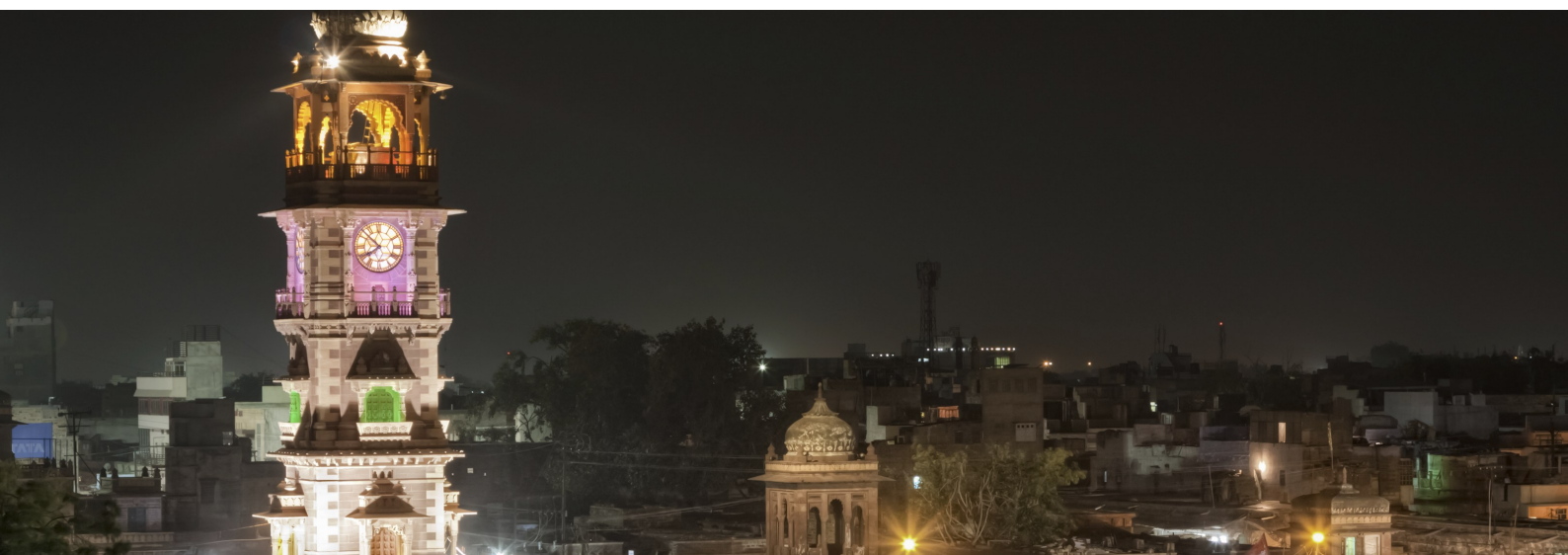
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Introduction

This report summarizes the programmatic activities^{*} of the South Centre during the period 1st October to 31 December 2018. It is intended to provide information, organized by Program and themes, about recent developments in the areas covered by the South Centre's Work Program and 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 Special and Senior Advisers and presentations made by the Executive Director.





Section I: Development, Innovation and Intellectual Property Programme (DIIP)

1. Intellectual Property

1.1. Intellectual property and biodiversity, traditional knowledge and access and benefit sharing

A. Recent Developments

Developing countries continue to seek a coherent progressive development of international rules on biodiversity conservation, access and benefit sharing, and intellectual property (IP) protection. An important process is the negotiations at the World Intellectual Property Organization (WIPO) Intergovernmental Committee on genetic resources, traditional knowledge and traditional cultural expressions (IGC). Negotiations continue in the IGC for an international instrument to prevent misappropriation of genetic resources (GRs), traditional knowledge (TK) and traditional cultural expressions (TCEs), a longstanding aspiration of developing countries. A key objective for these countries is to establish a mandatory requirement for patent applicants to disclose the origin and source of the GRs on which the invention is based, so as to ensure that national access and benefit sharing regulations have been complied with and avoid patents from being granted when the criteria for patentability are not met (for example when TK related to the GR is part of the prior art). The 2018 WIPO General Assembly called upon the IGC to expedite its work. The 38th session of the IGC held in December 2018 focused on a draft text on TK and TCEs. This work follows the “International Conference on TRIPS-CBD (Agreement on Trade Related Aspects of Intellectual Property Rights - Convention on Biological Diversity) Linkage: Issues and Way Forward” that the South Centre co-organized in 7-8 June 2018 on the sides of the World Trade Organization (WTO) TRIPS Council in Geneva that brought together experts and wide political support for a solution in both the WTO and WIPO.

B. External Conferences and Meetings Attended

- 10-14 December, Thirty-Eighth session of the WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC), held at the WIPO Headquarters in Geneva. DIIP staff participated.





1.2. World Intellectual Property Organization

A. Recent Developments

WIPO remains the most active international forum for negotiations on intellectual property rights. In the reporting period the following meetings of WIPO bodies took place: 40th session of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT); 22nd session of the Committee on Development and Intellectual Property (CDIP); 37th session of the Standing Committee on Copyright and Related Rights (SCCR); 29th session of the Standing Committee on the Law of Patents (SCP); and 38th session of the Intergovernmental Committee on Genetic Resources, Traditional Knowledge and Folklore (IGC). In the SCT, the main issue on the agenda included decision on whether to move towards treaty negotiations on design rights in the form of a Design Law Treaty (DLT). The South Centre prepared a background note analyzing the issues on the agenda of the SCT. In the CDIP the main issue for discussion related to some of the recommendations of the independent review of the implementation of the WIPO Development Agenda. The South Centre prepared a background note analysing the issues on the agenda of the CDIP. The SCCR discussions have focused on reaching agreement on a treaty for extending the protection of broadcasting organizations. Developing countries also continue to seek normative instruments for copyright exceptions and limitations for libraries and archives, as well as educational and research institutions. The South Centre had organized on 5 October at the South Centre a workshop in preparation for WIPO SCCR/37 “Copyright Exceptions and Limitations for Educational and Research Activities in collaboration with academics and civil society organizations to advance options for a treaty on educational and research activities. In the SCP, issues of interest to developing countries included exceptions and limitations to patent rights, patents and public health, patent opposition systems and transfer of technology. The South Centre also provided an analysis of the proposals for the session.

B. Publications

Background Notes (meeting documents)

- Background Note to the Fortieth Session of the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT), November 2018.
- Background Note on the Twenty-Second Session of the WIPO Committee of Development and Intellectual Property (CDIP), November 2018.
- Background Note on the Twenty-Ninth session of the WIPO Standing Committee on the Law of Patents (SCP), November 2018.

SouthNews

- **SouthNews No. 229 (4 October 2018): “South Centre Statement to the WIPO Assemblies 2018”**

The need for an enhanced representation of developing countries in all World Intellectual Property Organization (WIPO) bodies, and for progress in establishing new international norms on traditional knowledge, genetic resources and cultural expressions as well as on copyright exceptions and limitations, was highlighted in the South Centre statement delivered to the 2018 session of the Assemblies of Member States of WIPO. It also noted that WIPO should support developing countries and least developed countries (LDCs) in preserving their policy space to craft national intellectual property regimes that are suitable to their contexts, needs and priorities through the use of greater flexibilities. The South Centre offers expert advisory services to developing country governments to provide national tailor-made advice and trainings on the use of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) flexibilities for public health.

C. Conferences and Meetings Organized—Support to negotiations

- 5 October, Workshop at the South Centre in preparation of WIPO SCCR/37 “Copyright Exceptions and Limitations for Educational and Research Activities”.
- 27 November, Working Lunch Meeting at the South Centre in preparation for the 29th session of the WIPO Standing Committee on the Law of Patents (SCP).

D. External Conferences and Meetings Attended

- 3-4 October, Seminar on Appraising the WIPO Broadcast Treaty and its Implications on Access to Culture, organized by Knowledge Ecology International (KEI) at the Graduate Institute, Geneva. DIIP Coordinator made presentations in the session on the context and history of the negotiations and in the final session on closing reflections.
- 12-16 November, Fortieth session of the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT), held at WIPO Headquarters in Geneva. DIIP staff participated.
- 19-23 November, Twenty-Second session of the WIPO Committee on Development and Intellectual Property (CDIP), held at WIPO Headquarters in Geneva. DIIP staff participated.
- 3-6 December, Twenty-Ninth session of the WIPO Standing Committee on the Law of Patents (SCP), held at the WIPO Headquarters in Geneva. DIIP staff participated.
- 10-14 December, Thirty-Eighth session of the WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC), held at the WIPO Headquarters in Geneva. DIIP staff participated.

1.3. WTO Council for TRIPS

A. Recent Developments

A regular session of the WTO Council for TRIPS was held in November 2018. The *status quo* continued on all standing agenda items of the Council including 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. The TRIPS Council undertook an annual review of ratifications of article 31bis establishing a special compulsory licensing system allowing compulsory licenses for export of medicines to countries with no or insufficient manufacturing capacity under certain conditions. However, there has been no discussion on the limitations of the special compulsory licensing system. 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 in 2019. A major issue for developing countries is to assess the implications of non-extension of the moratorium. The Council for TRIPS also discussed reports from developed countries on incentives for transfer of technology to LDCs under Article 66.2 and on technical assistance for TRIPS implementation under Article 67. The reports under Article 66.2 continue to lack specificity on policy incentives targeted towards enterprises and industries in developed countries to encourage transfer of technology to LDCs. The TRIPS Council also held a discussion on the use of competition law and policy in relation to use of IP rights for promoting public health, under an ad hoc agenda item on IP and the public interest. The South Centre organized a working lunch meeting on 30 October and presented an analysis of issues on the agenda of the TRIPS Council prior to the November 2018 session.

B. Publications

Background Notes (meeting documents)

- Matrix of Key Issues in the WTO TRIPS Council, October 2018.

C. Conferences and Meetings Organized – Support to negotiations

- 19 October, South Centre visit of Indian Trade Service officers from the Department of Commerce. DIIP Coordinator and Senior Programme Officer gave a briefing on intellectual property rights and trade.
- 30 October, Working Lunch meeting at the South Centre in preparation for the Regular Session of the WTO TRIPS Council.

D. External Conferences and Meetings Attended

- 8-9 October, WTO/WIPO/ International Training Centre of the International Labour Organization (ITCILO) Master Course on Intellectual Property in Turin. South Centre made presentations on TRIPS flexibilities.
- 16-17 October, Workshop on Global Trends in Patenting of Seeds organized by Oxfam Novib in The Hague. Discussions focused on the situation of plant patents in developing countries and policy options, as well as possible further collaboration between Oxfam Novib and South Centre. Currently, only 40% of developing countries fully utilize the flexibility under the TRIPS Agreement allowing not to grant patents on plants, 43% only exclude plant varieties while 17% seem to accept patents for both plants and plant varieties. Notably, Europe is more advanced than developing countries regarding the recognition of exceptions for saving seeds and breeding under patent law.

1.4. Unilateral measures – Section 301 of the US Trade Act

A. Recent Developments

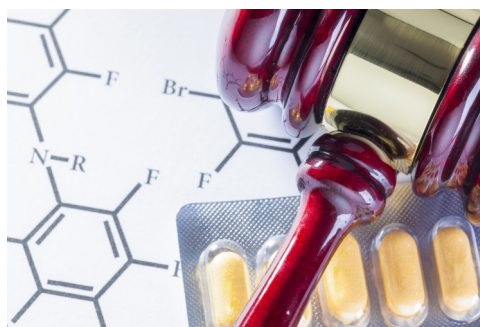
The South Centre continues to monitor the use of unilateral measures by developed countries, in particular measures by the United States based on the US Trade Act of 1974. The United States Trade Representative (USTR) Special Section 301 Report has placed several developing countries in a “priority watch list” for allegedly failing to provide adequate protection for intellectual property rights of US holders, even when the country may be fully in compliance with its international obligations under the WTO TRIPS Agreement and other international IP agreements. The unilateral trade retaliation imposed by the US on China based on the USTR report is of particular concern, as it not only aims to weaken the Chinese economy and its industrial development but also raises systemic concerns that any country may be victim of the intimidation and economic effects of the measures based on the US Trade Act of 1974. The South Centre has been discussing these developments with delegations and produced a policy brief calling on developing countries in the WTO to unite and take a decisive action to prevent economic and political intimidation as a tool to push reform of intellectual property policies, which undermines the multilateral trading system and the credibility of WTO as a ruled-based institution.

2. Use of TRIPS Flexibilities for Public Health

A. Recent Developments

Access to medicines and the impact of IP on the market dynamics continues to be an issue of great relevance for developing countries, particularly in cases where high prices of newly introduced medicines make treatments unaffordable. There are also cases in which secondary patents (e.g. on formulations, salts, polymorphs, isomers) acquired in relation to existing medicines that are off-patent, unduly block generic competition and access to lower-cost medicines. While the use of ‘evergreening’ strategies became common in relation to drugs produced through chemical synthesis, they are also apparent in relation to biologicals, which often face additional regulatory constraints to enter the market. The timely introduction of biosimilars is critical to ensure access to treatment. Many countries are adopting policies to facilitate access to biosimilars, but a concerted effort is still necessary to counter actions that delay or block their commercialization (see section III.3 below).

The South Centre has provided technical expert advice and negotiation assistance to developing countries in the area of use of intellectual property flexibilities to promote public health as part of its regular programs. In July 2018 the South Centre launched a project to scale up this work, including technical assistance, research and publications as well as trainings at regional and national level to policy makers, judges and patent examiners and authorities (for more information, see <https://ipaccessmeds.southcentre.int/>). Various project activities have already begun to be implemented. In October the South Centre held a training of patent examiners in South Africa. A national meeting for policymakers from relevant government departments and agencies was held in December 2018 in Colombia. Further national and regional meetings for patent examiners, judges and policymakers are planned in 2019. The Centre has also established an expert advisory service to provide technical advice to developing countries relating to the use of TRIPS flexibilities for ensuring access to medicines. Technical assistance requests have been received from several countries in this quarter. Exploratory missions have been undertaken in some countries.



B. Publications

Research Papers

- **Research Paper 90, December 2018: “Compulsory Licensing Jurisprudence in South Africa: Do We Have Our Priorities Right?” by Yousuf A Vawda**

Compulsory licences are generally available on a variety of grounds, most notably on patents where the patentee is found to have abused its rights in one manner or another. This research paper attempts to review South African case law on applications for compulsory licences since the inception of the current legislation, analyse the interpretations placed on the relevant sections, and draw conclusions about judicial reasoning, impediments to the grant of such licences, and generally the courts’ approach to disputes relating to patents.

Policy Briefs

- **Policy Brief, October 2018: “The Use of TRIPS Flexibilities for the Access to Hepatitis C Treatment,” by Germán Velásquez**

In late 2013, a new Hepatitis C treatment called direct-acting antivirals (DAAs) was introduced in the market at unaffordable prices. The eradication of the disease is possible if medicines can be purchased at affordable prices within health budgets. If this is not the case, governments should consider the use of the TRIPS flexibilities to facilitate access to the treatment.

SouthNews

- **SouthNews No. 232 (19 October 2018): “The UN adopts first resolution on tuberculosis: the G77 and China statement calls for increasing resources and expanding affordable access to medicines,” by Viviana Munoz Tellez and Mirza Alas**

On September 26, the United Nations General Assembly adopted a political declaration of the high-level meeting of the General Assembly on the fight against tuberculosis (TB), as resolution A/RES/73/3. The Group of 77 and China delivered a statement supporting the new commitments and calling for increased resources and means of implementation by the international community towards developing countries in most need, as well as increasing affordable access to medicines, diagnostics, vaccines and other medical tools, scaling up investments in research and development and delinking its costs from the price and sales volumes of new medical tools.

C. Conferences and Meetings Organized

- 2 October, South Centre Event at the WTO Public Forum: “Intellectual Property and Health: The Use of TRIPS Flexibilities to Achieve Sustainable Development Goals”.



- 29-30 October, South Africa Training on Patents and Public Health, held at the Department of Trade and Industry Campus, Pretoria, with the support of South Africa's Companies and Intellectual Property Commission (CIPC). Trainers were Executive Director, Prof. Carlos Correa, Special Adviser, Policy and Health, Dr. Germán Velásquez and three other facilitators were part of the trainers. DIIP Researcher also participated in this training. The workshop provided a comprehensive analysis of the importance of rigorous patent examinations for achieving public health, provided a number of specific examples and briefings about the South African case, and discussed typical claims on pharmaceutical patents.



- 9 November, South Centre Breakfast Meeting for the Group of 77 (G77) and China to launch the project on access to medicines, Geneva. The main objective was to brief ambassadors of the G77 and China about the activities of the project and the opportunities to design tailor-made capacity building activities for individual countries and regions.



- 17-18 December, National Dialogue for Policymakers in Colombia. The purpose of the meeting is to facilitate a dialogue between different actors related to access to medicines, including the Ministry of Health, Ministry of Commerce, Ministry of Foreign Affairs, National Planning Department, Colciencias, INVIMA, National Institute of Health, and Superintendence of Industry and Commerce, to ensure that health and intellectual property policies are mutually supportive.

D. External Conferences and Meetings Attended

- 18 October, Civil Society Open Debate on The Role of Transnational Corporations and the Right to Health in Geneva.
- 24 October, Bogota, *Foro Propiedad Intelectual, Aplicación de Flexibilidades y Acceso a Medicamentos*, which took place in the context of the *XXVI Reunión del Comité Andino de Acceso a Medicamentos* held from 24 to 26 October.
- 31 October, Complutense University of Madrid Annual Meeting to plan the activities of 2019 under the theme "the right to health and access to medicines".
- 14-16 November, Latin American and Caribbean Congress of Global Health, "Global Policies and their Impact on Health: the Latin American Perspective" organized by the National Faculty of Public Health (FNSP) of the University of Antioquia (UdeA) and the Latin American Alliance of Global Health (ALASAG), in Medellin, Colombia. South Centre made a presentation on "Over patenting of pharmaceuticals, extension of monopolies and high prices of medicines".
- 17-18 December, Bogota, *Diálogo entre Entidades del Gobierno y la Academia: Propiedad Intelectual y Acceso a Medicamentos*.



3. Health

3.1. World Health Organization

A. Recent Developments

Some of the critical issues in the World Health Organization (WHO) for developing countries are the development of a roadmap on access to medicines, antimicrobial resistance, and engagement of the WHO with non-State actors. For the last year the WHO has been involved in the process of drafting a roadmap on access to medicines that would include current activities that the WHO is carrying out as well as outlining key priorities for the organization on this important issue. During this reporting period the South Centre has been following the development of the roadmap which will be further discussed at the Executive Board (EB) meeting of the WHO in January 2019. The WHO member States are expected to provide recommendations on the way forward on the roadmap. Other key items that will also be discussed at the EB include universal health coverage, antimicrobial resistance and WHO reforms, including engagement with non-State actors.

B. Conferences and Meetings Organized – Support to negotiations

- The South Centre held a briefing at the end of September in preparation for the WHO consultation on the Stewardship and Development Framework on Antimicrobial Resistance (AMR). The Centre also held individual meetings with delegates to brief them on AMR issues.

3.2. Antimicrobial Resistance (AMR)

A. Recent Developments

AMR poses a major global challenge and international action to address it in a multifaceted manner is urgent. This will require measures to promote the development of new and effective antibiotics, and to monitor and control the use of current and future antibiotics in human medicine as well as in food production. A coordinated work of the international agencies with mandates in those fields (WHO, the World Organisation for Animal Health (OIE), the Food and Agriculture Organization (FAO), the United Nations Environment Programme (UNEP)), the design of a future governance structure and appropriate financing of national, regional and international actions are key to articulate an effective and global action on AMR. Various events have taken place during the reporting period that addressed these issues and in which the South Centre has actively participated. Thus, during this period the South Centre was involved in various global and regional discussions on AMR which included the design of a Development and Stewardship Framework by WHO, review of national action plans, global governance of AMR and linkage of AMR with the sustainable development goals (SDGs).

The South Centre will continue to monitor discussions on AMR at the global level and participate in events and regional meetings on AMR as well as support the Antibiotic Resistance Coalition (ARC)'s work and continue to monitor the work of the Interagency Coordination Group (IACG) as it enters into the final stages of drafting the recommendations that will be submitted to the United Nations (UN) Secretary General and presented at the United Nations General Assembly (UNGA) in September 2019.

B. Publications

South Centre News on AMR

- **South Centre News on AMR No. 26 (22 October 2018): “The UN adopts first resolution on tuberculosis: the G77 and China statement calls for increasing resources and expanding affordable access to medicines,” by Viviana Muñoz Tellez and Mirza Alas**

On September 26, the United Nations General Assembly adopted a political declaration of the high-level meeting of the General Assembly on the fight against tuberculosis (TB), as resolution A/RES/73/3. The Group of 77 and China delivered a statement supporting the new commitments and calling for increased resources and means of implementation by the international community towards developing countries in most need, as well as increasing affordable access to medicines, diagnostics, vaccines and other medical tools, scaling up investments in research and development and delinking its costs from the price and sales volumes of new medical tools.

- **South Centre News on AMR No. 27 (6 December 2018): “Combating Antimicrobial Resistance to Achieve the 2030 Agenda in Africa,” by Mirza Alas**

Guidance from the global level on funding opportunities and technical assistance are critical components to successfully combat antimicrobial resistance (AMR) in Africa and achieve the Sustainable Development Goals (SDGs). This is one of the conclusions of the conference organized by the South Centre, in partnership with ReAct Africa and the Ecumenical Pharmaceutical Network (EPN), in Nairobi, Kenya on 5-7 November 2018 to analyze the interlinkages between the SDGs and AMR.

SouthNews

- **SouthNews No. 237 (3 December 2018): “Combating Antimicrobial Resistance to Achieve the 2030 Agenda in Africa,” by Mirza Alas**

Guidance from the global level on funding opportunities and technical assistance are critical components to successfully combat antimicrobial resistance (AMR) in Africa and achieve the Sustainable Development Goals (SDGs). This is one of the conclusions of the conference organized by the South Centre, in partnership with ReAct Africa and the Ecumenical Pharmaceutical Network (EPN), in Nairobi, Kenya on 5-7 November 2018 to analyze the interlinkages between the SDGs and AMR.

C. Conferences and Meetings Organized

- 4-7 November, Regional Conference on Combating Antimicrobial Resistance in Africa to Achieve the 2030 Agenda, Nairobi, Kenya. This was jointly organized with ReAct Africa and the Ecumenical Pharmaceutical Network (EPN). The three-day meeting looked at how antimicrobial resistance (AMR) relates to the sustainable development goals as well as identifying progress, challenges and opportunities in implementing National Action Plans to combat AMR and governance issues. The conference brought together 67 participants from 22 African countries representing a One Health approach with almost equal representation from the human health, animal health, agriculture and environment sectors.



- 15-17 November, Innovate4AMR capacity building workshop for students, held at the Graduate Institute in Geneva and jointly organized by ReAct – Action on Antibiotic Resistance, the International Federation of Medical Students' Associations, the IDEA Initiative at the Johns Hopkins Bloomberg School of Public Health, the World Health Organization and South Centre. Innovate4AMR is a global online competition inviting student teams from around the world to design innovative solutions for antimicrobial stewardship in resource-limited, healthcare settings.



D. External Conferences and Meetings Attended

- 1-2 October, Second Consultation of Member States and Partners on the Global Framework for Development & Stewardship to Combat Antimicrobial Resistance, held at the WHO Headquarters in Geneva. The South Centre provided comments to the WHO Secretariat. The WHO will need to have a final framework to submit to the UNGA in 2019 as part of the implementation of the political declaration on AMR.
- 23 October, Conference on Fostering Investment in the Development of New Antibacterial Treatments, held during the Investment Forum 2018 held at the Palais des Nations in Geneva from 22 to 26 October 2018.
- 1-2 November, War: The beginning and end of antibiotics? Organized by the Graduate Institute and held at Fondation Brocher, Switzerland.
- 11-14 November, Fleming Fund Delivery Partners Event, Dar es Salaam, Tanzania. This event was organized by the UK Fleming Fund and aimed at strengthening the working relationship of the different partners (grantees) as well as share success and challenges on the implementation of the Fleming Fund grant.

- 19-21 November, Call to Action on AMR jointly organized by the governments of Ghana, Thailand and the United Kingdom, with the World Bank, the United Nations Foundation, and the Wellcome Trust and held in Accra, Ghana. South Centre made two presentations focused on the future governance for AMR emphasizing that, while various stakeholders should participate in the process, the mechanism to be developed (within UN) should be State-led and able to guide and supplement actions at the national level. Innovative solutions may be found in relation to funding rather than institutional models.
- 19 November, High-level AMR roundtable meeting at Call to Action, Accra (attended by the Executive Director).



- 4-5 December, AMR and Sustainable Development - Addressing Funding and Financing workshop, organized by The Dag Hammarskjöld Foundation and ReAct – Action on Antibiotic Resistance in Uppsala. This workshop aimed to initiate thinking on options for the mobilisation and design of new and existing funding streams to support investments beneficial for addressing AMR. The outcomes of the workshop will feed into the ongoing discussions on future global governance for AMR.

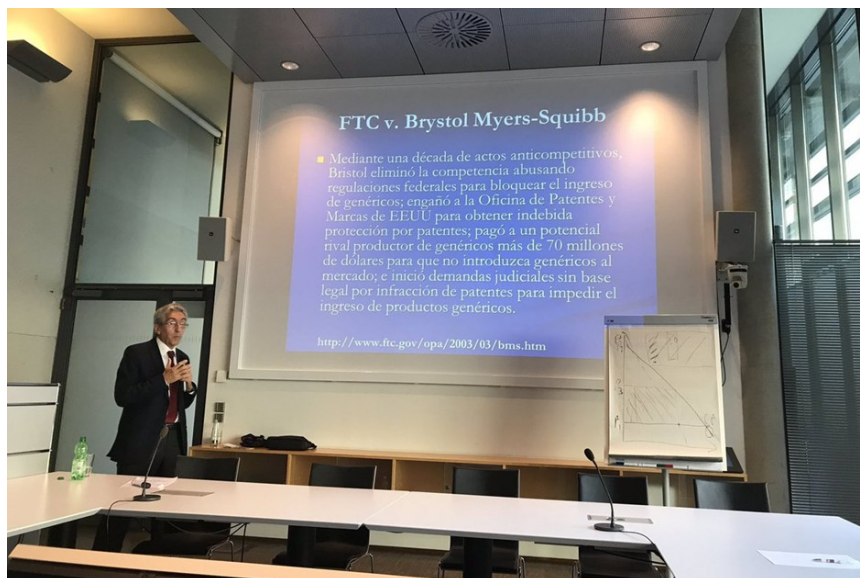
3.3. Biosimilars

A. Recent Developments

Bio-therapeutics offer new possibilities to treat many diseases, yet access to bio-therapeutics is highly constrained, largely due to their high cost. Thus, interventions to increase access to bio-therapeutics, in particular their equivalent generic versions, biosimilars, are important. Generic biosimilars are not widely available or more affordable than originator biologicals, mainly due to the complex and costly requirements (some of them unnecessary from a public health perspective) of the regulatory framework and, in some cases, intellectual property barriers. The South Centre continues to support countries to ensure that the WHO can deliver on its 2014 resolution WHA 67.21 that urged "to work to ensure that the introduction of new national regulations, where appropriate, does not constitute a barrier to access to quality, safe, efficacious and affordable bio-therapeutic products, including similar bio-therapeutic products." A related process is to ensure that WHO gives proper guidance, and in this regard the South Centre is supporting the revision of the WHO guidelines on evaluation of similar bio-therapeutic products. The South Centre is also conducting research on the scope of patent protection in biotechnology and the use of TRIPS flexibilities in this area by developing countries.

B. External Conferences and Meetings Attended

- 5-7 November, Munich. Training for judges organized by Max Planck Institute on Intellectual Property and Competition. South Centre made presentations on TRIPS flexibilities and access to biological products.



3.4. Biomedical research and development

A. Recent Developments

The South Centre's work in the area of pharmaceutical innovation focuses on promoting research and development (R&D) that deliver affordable, quality medical products for all. In this regard, attention is given to systemic issues as to how the R&D is operating as an area for intervention to tackle excessive high pricing and monopoly control, and remedy gaps in R&D for diseases that disproportionately affect developing countries, shortages of essential medicines, and lack of innovation in new antibiotics. The South Centre is also leading work in understanding capacities for R&D in developing countries. In this regard, the South Centre organized a national consultation in India on bio-medical R&D with participation and co-sponsorship of domestic industry, as well as high level policy makers, academia and civil society in August 2018. A paper on the state of the Indian pharmaceutical industry with regard to new drug R&D to address public health needs will be published in the next quarter.

4. Technology and Innovation

A. Recent Developments

The South Centre has been following issues relating to technology and innovation in various forums, including the role of information and communication technologies (ICTs) for sustainable industrial development in the context of the so-called 'fourth industrial revolution', and the adoption of ecologically sustainable agricultural technologies for achieving the SDGs related to food security, health, environmental safety and sustainable farming practices.

B. External Conferences and Meetings Attended

- 1st October, Special session on Technology and Innovation Powering Connectivity for Inclusive and Sustainable Industrial Development organized by the Global Manufacturing and Industrialization Summit (GMIS), the United Nations Industrial Development Organization (UNIDO) and the International Telecommunication Union (ITU) to discuss the role of ICTs for the promotion of sustainable industrial development in the context of the 4th industrial revolution and SDGs. This was a multi-stakeholder discussion with various views on what should be done to foster innovation in the new digital context. Issues for developing countries, particularly the digital divide, the impact for the world of labour, etc. were also mentioned by some speakers. DIIP Researcher participated.
- 9 October-12 December, Diplo Foundation Course: Introduction to Digital Policy and Diplomacy, Geneva.
- 28-29 November, Annual 2018 Global Sustainable Technology and Innovation Conference (G-STIC) held in Brussels, Belgium. The objective of the G-STIC is to provide a forum for science, technology and innovation communities, including the private sector, to review, discuss and identify internationally relevant technological innovations that can contribute to achieving the Sustainable Development Goals (SDGs). The South Centre was a lead partner for the theme on agroecology. Agroecology is a conceptual framing of the agricultural system based on principles of health, environmental safety, and sustainable farming practices. DIIP Senior Programme Officer participated.

Section II: Global Governance for Development Programme (GGDP)

1. Climate Change and Sustainable Development

A. Recent Developments

Climate change negotiations continued to be undertaken during this quarter in relation to the crafting of the modalities for the implementation of the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC). These negotiations were mandated after the adoption of the Paris Agreement in December 2015, and are focused on the development of modalities, procedures, and guidance on how the obligations assumed by governments under the Paris Agreement should be implemented.

A key highlight of the climate change negotiations during this quarter was the holding of the 24th Conference of the Parties (COP24) in Katowice, Poland. COP 24 focused on the negotiation and adoption of the various modalities, procedures and guidance that Parties would follow in order to implement the Paris Agreement, in particular Parties' nationally determined contributions (NDCs) beginning in 2021. The Conference saw clear differences in perspectives between developed and developing countries, especially over the extent to which there would be differentiation between developed and developing countries with respect to their implementation of the Paris Agreement. Compromise solutions were eventually agreed upon for virtually all the issues under negotiation at COP24, with developed-developing country differentiation and the provision of some flexibility for developing countries being reflected as important features of these solutions.

During the period covered under this report, as well as intersessionally, the South Centre (SC) supported developing countries in the negotiations through its analytical and technical negotiating support work. This involved the preparation of various analytical material for the use of developing country delegations, the conduct of or participation in various workshops, trainings, and other meetings to build the capacity of developing country climate change negotiators, and other support activities, including working directly to support developing country groups in the climate change negotiations such as the Group of 77 (G77) and China, on, *inter alia*, issues relating to transparency, nationally determined contributions, gender and climate, global stocktake, climate finance and response measures.

The work of the South Centre, together with partner organizations, in support of developing countries in the climate change negotiations is a prime example of the role of the South Centre in fostering greater developing country unity, solidarity, and effective engagement in multilateral negotiations.

In the area of sustainable development, the Second Committee of the United Nations General Assembly (UNGA) commenced its work in September 2018 on the various resolutions regarding global finance and economic matters for adoption by the 73rd session of the General Assembly. The work of the Second Committee includes the crafting and adoption of General Assembly resolutions on the following topics:

- Agricultural development, food security and nutrition
- Operational activities for development of the United Nations system
- Industrial development cooperation
- External debt sustainability and development



- Follow-up to and implementation of the Small Island Developing States (SIDS) Accelerated Modalities of Action (SAMOA) Pathway and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States
- Disaster risk reduction
- Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development
- Promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development
- International trade and development
- South-South cooperation
- International migration and development

The negotiations of UNGA resolutions were expected to end in early December 2018. During these negotiations, developing countries had sought to ensure that any gains made in relation to macroeconomics in relation to the recognition of policy space, the right to development, the fulfillment of long-standing developed country commitments in relation to official development assistance (ODA), having a multilateral and rules-based global economic system, the provision of the means of implementation to developing countries, and other such issues, were not reduced.

B. Publications

During this period, more than thirty informal research or analytical products, including presentation materials, were developed and provided by the South Centre on issues including in relation to the climate change negotiations, climate finance in the climate change negotiations, gender and climate change, national climate finance readiness, systemic issues relating to climate change and sustainable development, renewable energy initiatives for least-developed countries, gender and energy, climate change science under the Intergovernmental Panel on Climate Change (IPCC), climate change response measures, sustainability science in relation to the sustainable development goals (SDGs), and issues under negotiation in the UNGA in New York.

Research Papers

- **South Centre Research Paper 89, November 2018: “History and Politics of Climate Change Adaptation at the United Nations Framework Convention on Climate Change,” by Harjeet Singh and Indrajit Bose**

This research paper provides a perspective on how climate change adaptation has progressed in the multilateral space, under the United Nations Framework Convention on Climate Change (UNFCCC). It describes adaptation and financial institutions under the climate regime and the current scope of their activities. The paper highlights the challenges that lie ahead, particularly around financing, for developing countries to adapt to a rapidly warming world and presents recommendations for the governments to accord higher priority to adaptation.

SouthNews

- **SouthNews No. 236 (15 November 2018) : “South Centre participates at ENERGIA Gender and Energy Research Programme annual meeting,” by Youba Sokona**

Both men and women can benefit substantially from energy interventions if their differential needs and differing ability to access energy services are properly understood. Dr. Youba Sokona, South Centre Senior Adviser on Sustainable Development, participated as a member of the Technical Advisory Group (TAG) at the ENERGIA Gender and Energy Research Programme’s final annual meeting held on 21-26 October 2018 in Nyamata, Rwanda.



C. Conferences and Meetings Organized

- The South Centre supported and co-facilitated preparatory meetings for developing countries in relation to the 24th UNFCCC Conference of the Parties (COP24) on 31 August-1 September 2018 in Bangkok, 28-29 November in Katowice, and a stocktaking meeting midway through the COP24 on 9 December 2018 in Katowice.



- 9-10 December 2018, New York – The South Centre co-organized with the Friedrich Ebert Stiftung a retreat for developing countries on “Advancing the Financing for Development Agenda in 2019: the FfD Forum, High-level Dialogue on Financing for Development.”

D. External Conferences and Meetings Attended

During this quarter, the following meetings or conferences were participated in or attended by South Centre staff in order to provide presentations or inputs in relation to climate change and sustainable development issues:

- 2-5 October 2018, Nairobi - South Centre staff made a presentation at the Gender Equality and Climate Change Training Workshop of the African Group of Negotiators.

- 10 October 2018, Geneva – South Centre staff made a presentation on human rights, sustainable development and climate change, at the Graduate Institute.
- 17-19 October 2018, Bonn - South Centre staff made a presentation at the United Nations (UN) Catalytic Support to South-South & Triangular Cooperation in Implementing the 2030 Agenda, organized by the United Nations System Staff College (UNSSC)/United Nations Office on South-South Cooperation (UNOSSC), including participation in a webinar on the Paris Agreement and South-South cooperation.
- 22 October 2018, Geneva – South Centre staff made a presentation on environmental diplomacy, at the School for International Training – Geneva.
- 1-2 November 2018, New Delhi – South Centre staff made a presentation at a preparatory meeting of developing countries for the UNFCCC COP24 organized by the Ministry of Environment, Forest and Climate Change of India.
- 8 – 10 November, Hanoi – The South Centre senior adviser for climate change and sustainable development participated and made a keynote address at the International Conference “Hanoi Forum 2018” jointly convened by Vietnam National University and Korea Foundation for Advanced Studies.
- 9-11 November 2018, Cairo – South Centre staff participated and gave presentations on nationally determined contributions (NDCs) and global stocktake (GST) at the G77 and China coordination meeting on climate change.
- 13-14 November 2018, Cairo – South Centre staff participated and gave presentations on NDCs, Art. 6, response measures, and GST during the 11th Arab Training Workshop on Climate Change organized jointly by the United Nations Economic and Social Commission for Western Asia (UNESCWA), United Nations Environment Programme (UNEP), League of Arab States (LAS), and United Nations Educational, Scientific and Cultural Organization (UNESCO).
- 14-17 November 2018, Cebu - South Centre staff participated in the Green Climate Fund (GCF) International Technical Workshop on Adaptation Rationale in GCF Project Pipelines.
- 22 November 2018, video conference - South Centre staff participated in the IPCC webinar for chapter writers of the 6th Assessment Report (AR6).
- 23 November 2018, Geneva – South Centre staff made a presentation on international cooperation mechanisms and lessons learned, at the expert meeting of the Biological Weapons Convention.
- 28-29 November 2018, Beirut – South Centre staff made a presentation at the UNESCWA International Conference on Financing Sustainable Development: Curbing Illicit Financial Flows.
- 2-15 December 2018, Katowice – The 24th session of the UNFCCC Conference of the Parties in Katowice, Poland.
- 3–4 December, Venice – “Festival for the Earth”



2. Finance for Development

A. Recent Developments

This thematic area focuses on the work of the Centre in relation to finance for development issues, including in the area of tax cooperation, illicit financial flows, and capital controls. There is a global consensus that the international tax regime is broken and is in need of thoroughgoing reform. The question is: Will the direction of change go in the “right direction” and result in equitable taxing rights and burdens, reduce inequality, and result in public authorities recovering the resources needed for development?

To ensure adequate participation of developing countries in the reform process the South Centre is running a tax cooperation initiative for developing countries. The South Centre’s Tax Initiative has secured a stable presence among tax officials, academics and professionals, and civil society actors as an independent and critical player to develop alternatives to the Organisation for Economic Co-operation and Development (OECD) standards and policies and to ensure compliance with tax laws by multinationals.

The annual meeting of the Independent Commission on the Reform of International Corporate Taxation reviewed progress on advocacy on the proposals for unitary taxation of multinationals and proposals on a global asset registry. The discussions included analysis of the OECD Base Erosion and Profit Shifting Program which have put developing country standards at a disadvantage.

B. Publications

Research Papers

- **South Centre Research Paper No. 87, November 2018: “Stemming ‘Commercial’ Illicit Financial Flows & Developing Country Innovations in the Global Tax Reform Agenda,” by Manuel F. Montes, Danish, and Daniel Uribe**

Illicit Financial Flows generated due to the commercial activities of multinational enterprises are quantitatively the most important challenge faced by developing countries in achieving the Sustainable Development Goals. Current efforts for stemming these illicit flows and reforming the international tax system are however being led by developed countries, with developing country interests poorly reflected in the reform agenda. This research paper highlights the tax issues of great priority for developing countries and how international tax cooperation can contribute to preventing such illicit flows.

Policy Briefs

- **Tax Cooperation Policy Brief 5, December 2018 : “The Definition and Treatment of Tax Havens in Brazilian Tax Law between 1995 and 20,” by Alexandre Akio Lage Martins**

Over the years, a number of ‘tax haven lists’ have been created at the national and international level, with varying definitions and criteria used to identify jurisdictions falling under their scope. This policy brief presents the experi-



ence of Brazil in compiling their national list of tax havens, the road map they followed for its implementation, and the impact that it has had on their foreign investment flows. It also provides the lessons learnt from this experience, which can be positively utilized by other developing countries.

SouthNews

- **SouthNews No. 231 (18 October 2018): “100th meeting of the G24,” by Manuel F. Montes**

The importance of revitalizing and strengthening multilateralism was emphasized by finance ministers and central bank governors from developing country members of the International Monetary Fund (IMF) and the World Bank at the 100th Ministerial meeting of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G24) held in Bali, Indonesia on 11 October 2018. A communiqué was published following the meeting.

- **SouthNews No. 233 (23 October 2018): “Leading or following: shaping the fight for tax justice,” by Manuel F. Montes**

Conceptual and administrative changes are urgently needed if the global tax system will truly be reformed to combat illicit financial flows, prevent further deterioration in inequality among populations and nations, and achieve the sustainable development goals. The South Centre, the Independent Commission to Reform International Corporate Taxation (ICRICT), Oxfam and the Financial Transparency Coalition (FTC) organized a side event during the annual Bretton Woods Institutions meeting on “Leading or following: shaping the fight for tax justice” held on 11 October 2018 in Bali, Indonesia.

- **SouthNews No. 238 (6 December 2018): “The Beirut Consensus on Financing for Development”**

The evaluation of the Financing for Development process from the First International Conference on Financing Sustainable Development indicates that the international financial system is not generating the volume of long-term financing needed to meet the sustainable development goals because of inadequate reforms and cooperation at the international level. This is the Beirut Consensus on Financing for Development delivered by Mr. Mounir Tabet, Acting Executive Secretary, United Nations Economic and Social Commission for Western Asia (UNESCWA) at the conclusion of the conference organized by UNESCWA in Beirut on 28-29 November 2018.

- **SouthNews No. 238 (6 December 2018): “Business and Human Rights and the Global System of Allocating Taxing Rights,” by Manuel F. Montes**

As duty holders of human rights with the responsibility to protect these rights, states have the obligation to vigorously defend their taxing rights. Developing country states, in particular, should avoid tax standards and practices which legitimize and facilitate the shifting of their tax base to beyond the reach of their domestic authorities. Well-meaning voluntary efforts in the international arena by private companies often reinforce the Organisation for Economic Co-operation and Development (OECD)’s norms to the detriment of the interests of developing country tax jurisdictions.

SouthViews

- **SouthViews No. 171 (5 October 2018): “A Human Rights Based Approach to International Financial Regulatory Standards,” by Daniel D. Bradlow**

Globalization and information and communication technologies pushed national financial regulators to establish international standard setting bodies (SSBs) which promote non-binding international financial regulatory standards. However, finance inevitably has social and human rights impacts and the SSBs and their members are not meeting their responsibility to account for these impacts in their international standards. This failure means that financial regulators and institutions may under-estimate the risks associated with their operations leading to misallocations of credit, less safe financial institutions and less efficient and transparent financial markets. To avoid this problem, SSBs should adopt a human rights approach to standard setting. The benefits of doing so will exceed the costs.

- Draft Chapter submitted to African Union as a chapter in a future volume entitled “The Role of South-South Cooperation in Combatting Illicit Financial Flows,” 30 October 2018, by Manuel F. Montes

C. Conferences and Meetings Organized

- 11 October 2018, Bali – Side event of the South Centre at the annual International Monetary Fund (IMF)-World Bank (WB) meetings in Bali, Indonesia entitled “Leading or following: shaping the fight for tax justice” co-organized with the Independent Commission to Reform International Corporate Taxation (ICRICT), OXFAM, and Financial Transparency Coalition (FTC).



- 14 October 2018, Geneva – The South Centre organized the first meeting of the steering group of the South Centre Tax Initiative. The meeting identified the possible themes and topics for the Third Annual Tax Forum. The South Centre is in consultation with the West African Tax Administrators Forum to hold a peer exchange meeting in early 2019.

3. Debt

A. Recent Developments

This thematic area focuses on the work of the Centre in relation to monitoring the debt burdens of developing countries and the signs for an emerging financial crisis out of such debt burdens, the continuation of systemic gaps and deficiencies that give rise to resource constraints and growing debt in developing countries.

This is a key area of concern for developing countries in light of emerging signs of a new global financial crisis happening. Interest rate hikes in key developed countries can trigger financial crises in developing countries as a result of increasing volatility and turmoil on global markets and the ability of developing countries to finance their debt burden. Fiscal risks arising from global financial instability include increased capital flight from developing to developed countries, asset price fluctuations in developing countries, and currency devaluations.

These risks have become manifest during this fourth quarter of 2018 in many developing countries in Asia, Africa, and Latin America, particularly those countries that had accumulated large amounts of dollar-denominated debt over the past few years. A new debt crisis in developing countries will have devastating impacts on their economies and their populations, many of whom are already living in poverty. A recent IMF report from May 2018 has pointed out that of the 59 developing countries classified by the IMF as “low-income”, 24 are now either in a debt crisis or at high risk of falling into such a crisis; with a few having already defaulted and others now in debt distress.

In this context, the South Centre continues to follow multilateral debt issues as part of its work.

B. Publications

- Yuefen LI, Debt Vulnerabilities in Developing Countries: A New Debt Trap? (UNCTAD/GDS/MDP/2017/4 (Vol I)), 10 Oct. 2018. (one chapter of the book)

C. External Conferences and Meetings Attended

- 7 November 2018, Geneva - Presentation on debt issues at the United Nations Conference on Trade and Development (UNCTAD) Intergovernmental Expert Meeting on Finance for Development.



4. Investment Policy

A. Recent Developments

The South Centre has continued to follow-up the discussions at the United Nations Commission on International Trade Law Working Group III (UNCITRAL WG III) pertaining to reform of investor-state dispute settlement (ISDS).

On 1 March 2018, the Council of the European Union (EU) issued the negotiating directives for a convention establishing a multilateral court for the settlement of investment disputes. The EU's push for the creation of a multilateral investment court has informed discussions relating to reforms at UNCITRAL and other discussions in international forums regarding international investment policy reform, particularly in relation to the issue of investor-state dispute settlement.

After successfully co-organizing with the G77 Secretariat a number of briefings for G77 delegates in Vienna, New York and Geneva, the Centre prepared to work with the G77 in preparation for the next meeting of UNCITRAL WG III which was held in Vienna, between 29 October and 2 November. Similarly, the South Centre has followed the European Union proposal on the establishment of a multilateral court for the settlement of investment disputes.

B. Publications

Policy Briefs

- **Investment Policy Brief, December 2018: “Investor-State Dispute Settlement: An Anachronism Whose Time Has Gone,” by Johannes Schwarzer**

Investor-State Dispute Settlement (ISDS) – a mechanism that allows foreign investors to bring claims against host governments to an international arbitral tribunal – is a relic that should be abolished. Its alleged benefits have not materialized and its costs – monetary and other – can represent a formidable obstacle to good economic governance. We recommend policymakers to terminate ISDS provisions in existing agreements and eschew them in future trade and investment treaties.

- **Investment Policy Brief, December 2018: “IP Licence, Trademarks and ISDS: Bridgestone v. Panama,” by Pratyush Nath Upreti**

Can an intellectual property right or a license authorizing its use be deemed an ‘investment’ under bilateral investment treaties? This policy brief discusses the arguments submitted by the parties in the *Bridgestone Licensing Services, Inc. and Bridgestone Americas, Inc. v. Republic of Panama* case on questions regarding a trademark license agreement. Bridgestone Licensing Services, Inc. (BSLS) and Bridgestone Americas, Inc. (BSAM) together initiated arbitration proceedings on the grounds that Panama’s Supreme Court decision was unjust and arbitrary, violated Panama’s obligations under the United States-Panama Trade Promotion Agreement (TPA), expropriated their investments, and violated the requirement of fair and equitable treatment (FET) to BSLS’s and BSAM’s investments.

SouthNews

- **SouthNews No. 235 (13 November 2018): “South Centre makes statement at UNCTAD IIA High-Level Experts Meeting during WIF 2018”**

Vicente Paolo Yu, Coordinator of the Global Governance for Development (GGDP) of the South Centre, made a statement during the UNCTAD International Investment Agreement (IIA) High-Level Experts Meeting during the World Investment Forum (WIF 2018).

C. Conferences and Meetings Organized

- 1 October 2018, Vienna - A briefing was held with delegates from the G77 and China missions in Vienna. The meeting was organized by the G77 secretariat in Vienna and a presentation was delivered by the South Centre via video link. The briefing focused on preparations towards the UNCITRAL Working Group III meeting that was going to be held between 29 November and 2 December in Vienna.
- 23 October 2018, Geneva - The South Centre organized a side-event during the WIF 2018 to hear views and share good practices on the future of the international investment regime, particularly on the concerns developing and developed countries have raised on the need for reform. The main aim of the event was to provide reflections on the way forward in rethinking the international investment treaty regime. The event was attended by almost 36 representatives of States and civil society organizations, including the Republic of Korea, Netherlands, Viet Nam, Germany, Indonesia, Brazil, Iran, Japan, France, and others.
- 30 October 2018, Vienna - A lunch-time briefing with the G77 and China was held during the meeting of UNCITRAL Working Group III. The G77 secretariat organized the briefing. The meeting focused on deliberations pertaining to ISDS reform, which are being undertaken by UNCITRAL’s WGIII.

D. External Conferences and Meetings Attended

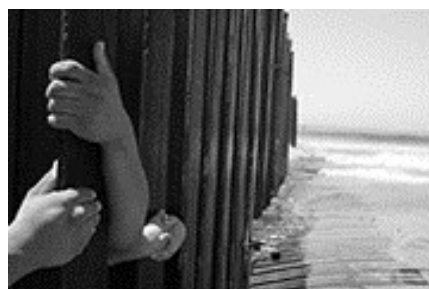
- 26 October 2018, London – South Centre staff took part in the British Institute on International and Comparative Law (BIICL) Investment Treaty Forum entitled “Human Rights in International Investment Law” and made a presentation on “Non-investment obligations in international investment law”.
- 28 October 2018, Vienna – South Centre staff attended a training organized by the Columbia Centre on Sustainable Investment (CCSI) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The mini-training and discussion among government officials was held in advance of the 36th session of UNCITRAL’s Working Group III (WGIII) and aimed at reviewing the mandate and process of UNCITRAL’s WGIII, taking stock of its discussions, identifying issues that fall within the WGIII mandate that may or may not have been raised in prior sessions, and review and discuss various reform approaches that may be proposed.
- 28 October 2018, Vienna – South Centre staff participated in a meeting organized by the International Institute for Sustainable Development (IISD) and CCSI. The meeting convened developing countries, and included discussions on ISDS reform deliberated at UNCITRAL WGIII, including an assessment of the documents of the UNCITRAL Secretariat, and identifying issues that developing countries are concerned with.
- 29 October – 2 November 2018, Vienna – South Centre staff attended the UNCITRAL discussions on ISDS reform in Working Group III. These discussions have moved from phase I regarding identifying concerns with ISDS, to phase II which is about discussing the desirability of reforms. Discussions, as reflected in the UNCITRAL Secretariat’s reports, have focused on 3 categories of issues: costs and duration, arbitrators and decision makers, and consistency and predictability of awards. Some developing countries have been raising the point that several systemic issues, such as the relation of domestic and international remedies, exhaustion of local remedies, counterclaims, and third party funding should be addressed too.

5. Corporate Accountability

A. Recent Developments

The Permanent Mission of Ecuador in Geneva, on behalf of the Chairmanship of the Open-ended Intergovernmental Working Group (OEIGWG) on business and human rights, released the Zero Draft of the Legally Binding Instrument and the draft of an optional protocol as annex to it during July 2018. The first reading of this draft negotiating text was undertaken during the Fourth Session of the OEIGWG that was held from 15 to 19 October 2018.

In this context, the Centre actively supported the preparations of various developing countries before the 4th session of the open-ended inter-governmental working group discussing the content of a potential legally binding instrument on business and human rights mandated under UN-HRC Resolution 26/9.



B. Publications

Background Notes (meeting documents)

- Background document discussing selected articles from the zero draft of a “legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises” (October 2018).

Policy Briefs

- **Policy Brief 55, October 2018: “Advancing international cooperation in the service of victims of human rights violations in the context of business activities,” by Kinda Mohamadieh**

A zero draft of a legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises, is the subject of discussions in an inter-governmental open-ended working group under the auspices of the Human Rights Council (15-19 October 2018). The zero draft aims at harnessing international cooperation among home and host states of business enterprises in order to address barriers to get remedies to victims of human rights violations in the context of business activities of transnational character. This brief discusses the approach to States’ role and obligations as proposed under the zero draft.

- **Policy Brief 56, October 2018: “Setting the pillars to enforce corporate human rights obligations stemming from international law,” by Daniel Uribe**

The release of the Zero Draft of the Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and other Business Enterprises by the Chairperson of the Open-ended Intergovernmental Working Group on Business and Human Rights (OEIGWG), is likely to revive discussions on the recognition of corporate entities as subjects of international law. The brief examines corporate entities’ human rights obligations in the context of the Zero Draft, taking into account the views and comments presented during the first three sessions of the OEIGWG and the need to advance the discussion on those entities’ obligations under international law.

SouthNews

- **SouthNews No. 238 (6 December 2018): “Business and Human Rights and the Global System of Allocating Taxing Rights,” by Manuel F. Montes**

As duty holders of human rights with the responsibility to protect these rights, states have the obligation to vigorously defend their taxing rights. Developing country states, in particular, should avoid tax standards and practices which legitimize and facilitate the shifting of their tax base to beyond the reach of their domestic authorities. Well-meaning voluntary efforts in the international arena by private companies often reinforce the Organisation for Economic Co-operation and Development (OECD)’s norms to the detriment of the interests of developing country tax jurisdictions.

- Contribution to FDI Perspectives published by the Columbia Centre for Sustainable Investment (December 2018). This short article will give an overview of the latest discussions pertaining to a legally binding instrument on business and human rights (forthcoming).

C. Conferences and Meetings Organized

- 10 October 2018, Geneva - Briefing with a group of developing countries. The South Centre participated in informal meetings convened by Ecuador for a group of like-minded developing countries in preparation for the 4th Session of the OEIGWG.
- 15-19 October 2018, Geneva - Meetings with Civil Society Organizations. The South Centre held meetings with civil society organizations from different regions of the world discussing the Zero Draft and strategies for the fifth session.
- 20 November 2018, Geneva - Session on Multistakeholderism. The South Centre organized a discussion session on the topic of “multistakeholderism” which included the presentation by Mr. Harris Gleckman on issues about “multistakeholder governance” and the role of non-State actors (NSAs) in different institutional and decision-making processes.

D. External Conferences and Meetings Attended

- 17 October 2018, Geneva – South Centre staff participated as a panelist in the OEIGWG on scope and definitions of the draft text of a binding instrument on business and human rights.
- 19 October 2018, Geneva - The South Centre took part in a civil society event on the role of transnational corporations (TNCs) and the right to health and discussed how the Zero Draft could address human rights violations by TNCs, especially as relating to the right to health.
- 26-29 November 2018, Geneva - The South Centre attended several side events held during the 2018 UN Forum on Business and Human Rights that could further enhance the support provided to our Member States and other developing countries during the negotiations of a binding instrument on Business and Human Rights.

6. Global Governance and South-South Cooperation

A. Recent Developments

This thematic area covers the Centre’s work in relation to global governance issues, including in the human rights area (such as the right to development) and on South-South cooperation.

South-South cooperation (SSC) and triangular cooperation have been expanding fast in scope, modalities, actors and scale. SSC is not a substitute for North-South cooperation. Nevertheless, it has been leveraged to contribute to the implementation of the 2030 Agenda for Sustainable Development. Its potential for promoting economic development in the Southern countries has been widely acknowledged.

The UN system, led by the UN Office for South-South Cooperation, has been actively undertaking consultations and activities to prepare for the Second High-level United Nations Conference on South-South Cooperation (40th Anniversary of the Buenos Aires Plan of Action (BAPA+40)) to be held in March 2019.

The SC has sought to assist developing countries in the preparatory process for BAPA+40 through analytical work, offering views regarding the current state of play and the way forward for SSC, identifying common positions and promoting communication among countries and institutions in the preparation for the outcome document.



B. Publications

Research Papers

- **South Centre Research Paper 88, November 2018 : “Assessment of South-South Cooperation and the Global Narrative on the Eve of BAPA+40,” by Yuefen Li**

This research paper gives a brief account of the fast expansion of South-South cooperation (SSC) in volume, modalities and participating countries and institutions. Though SSC is a *de facto* development compact, there is a tendency to overstate the total concessional financial element of SSC compared to Official Development Assistance (ODA), as SSC constitutes only a small portion of the total ODA from traditional donors. North-South cooperation (NSC) is still the dominant pillar of development finance; hence SSC needs to be regarded as a complement to and not a substitute for NSC. In view of its relatively short history of economic and financial cooperation as well as technical assistance projects, SSC is facing many challenges including the lack of soft and hard institutional frameworks. With a realistic assessment of SSC and its global narrative, and taking into account the growing diversity among the Southern countries as providers and users of SSC, the paper makes suggestions on important elements that the coming Second High-Level United Nations Conference on South-South Cooperation may consider to consolidate the Southern ownership of SSC and enhance its impact on achieving the Sustainable Development Goals.

SouthNews

- **SouthNews No. 234 (30 October 2018): “G77 and China – Championing multilateralism and global solidarity to achieve equity, equality and prosperity,” by Adriano José Timossi**

The Group of 77 (G77) and China recalled the important roles it and the Intergovernmental Group of Twenty-four (G24) on International Monetary Affairs and Development played over the past decades at the 100th Ministerial meeting of the G24 on 11 October 2018 in Bali, Indonesia. It stressed the need for even greater unity among developing countries, particularly in today’s turbulent times. The G77 and China highlighted its key objectives of promoting developing countries’ collective economic interests, enhancing their joint negotiating capacity on all major international economic issues within the United Nations system, and promoting international cooperation, including South-South cooperation as a complement to rather than a substitute to North-South cooperation.

SouthViews

- **SouthViews No. 172 (8 November 2018): “South-South Cooperation: Theoretical Perspectives and Empirical Realities” by Sachin Chaturvedi**

Drawing on the heterogeneity and pluralities among the practitioners of South-South Cooperation (SSC), this article argues against any effort to develop a uniform structure of methodological and accounting approaches to capture its nuances. It further elaborates the importance of sectoral interventions in a mission mode that lies at the core of SSC interventions, unlike the project mode approach pursued under the official development assistance (ODA) framework. Underscoring the recent discussions in the literature that the world is moving towards a multiplex that would have no hegemonistic role for any nation, but would simultaneously preserve cultural and political diversity, it calls for moving beyond the idea of “Government to Government” approach to a more democratic process of “people-centric” cooperation. It concludes with the important role that think-tanks from the South are expected to play in strengthening SSC.

C. Conferences and Meetings Organized

- 1 November 2018, Geneva - Informal meeting of the Geneva based agencies in preparation of the Second High-level United Nations Conference on South-South Cooperation (BAPA+40). The South Centre co-organized jointly with the International Labour Organization (ILO) and UNCTAD the round-table discussion which brought together representatives of UN based agencies in Geneva to debate on BAPA+40. A summary of key messages emerging from the informal meeting was prepared as an input for negotiations in New York to start in December 2018 on the upcoming UN Second Conference on SSC. Senior South Centre adviser and staff actively participated in the meeting, including making presentations and participating in the drafting of an agreed text from the meeting from Geneva and Rome-based agencies as an input into the BAPA+40 conference.
- 5-9 November 2018, Geneva - The South Centre co-organized with the Arab NGO Network for Development (ANND) the 6th round of a study week at the South Centre in Geneva bringing together researchers from the Arab Region to discuss and share their experiences on issues dealt with in the multilateral fora, including the SDGs, trade and investment, business and human rights, debt and tax issues and financing for development.
- 15 November 2018, Geneva - South Centre hosted the Chairman of the Research and Information System for Developing Countries (RIS), Ambassador Dr. Mohan Kumar, on 15 November 2018 to hold a launch of his new book *Negotiation Dynamics of the WTO – An Insider's Account*. The book offers a comprehensive account of the negotiation dynamics in the World Trade Organization (WTO) and aims at informing and educating the public at large about the intricacies of the negotiation dynamics at the WTO. The event reaffirmed the Centre's longstanding relations with RIS following the recent signature of a Memorandum of Understanding (MoU) between the two institutions in September 2018 to strengthen mutual cooperation.



D. External Conferences and Meetings Attended

- 10 October 2018, Berlin – South Centre staff participated and gave a presentation at the Gender Equality in EU Trade Agreements: Perspectives from the South Expert Roundtable - A gender equitable trade policy.
- 15-16 October 2018, Manila – South Centre staff served as a resource person and gave a presentation on development challenges facing developing countries at the Workshop on the SDGs, South-South Cooperation, and the BAPA+40, jointly organized with the Philippine Ministry of Foreign Affairs, UNCTAD, and the United Nations Institute for Training and Research (UNITAR).
- 17-19 October 2018, Bonn – South Centre staff participated in the UN Catalytic Support to South-South & Triangular Cooperation in Implementing the 2030 Agenda, organized by UNSSC/UNOSSC, in Bonn, on 17-19 October 2018, with the presentation entitled “The South Centre support for developing countries - South-South Cooperation in the context of the Agenda 2030”, and the webinar on The Paris Agreement on Climate

Change as a Development Agenda, Module 6: Partnerships and means of implementation for sustainable development and climate action (UNSSC, Bonn, 18 October 2018).

- 5 November 2018, Geneva – South Centre made a presentation on South–South trade and investment and financing at the UNCTAD pre-event to the Second High-level United Nations Conference on South-South Cooperation (BAPA+40).
- 5-9 November 2018, Geneva – Various South Centre staff gave presentations on various issues during the ANND study group week at the South Centre.
- 7 November 2018, Geneva – Presentation on the development context and implications of digital policy for developing countries, at the Diplo Foundation.
- 26-27 November 2018, Buenos Aires – South Centre staff participated and gave presentations at the international seminar, World in Convulsion: Feminist Perspectives on the G20 meeting.
- 27-30 November 2018, New York – The South Centre senior adviser on SSC and debt participated in the South-South Development Expo including the High-level Forum of Directors-General for Development Cooperation whose outcome would be fed into the preparatory process of the BAPA+40.
- 29 November 2018, New York – The South Centre made a presentation at the Validation Workshop on National Ecosystem on South-South Cooperation organized by the Islamic Development Bank.
- 6-7 December 2018, Geneva – South Centre staff participated in the Gender and Trade outreach work on the upcoming WTO/World Bank Conference on Gender and Trade.



Section III: Trade for Development Programme (TDP)

1. WTO Reform

A. Recent Developments

This quarter saw further discussions led by developed countries on World Trade Organization (WTO) reform ideas and proposals. An informal Ministerial meeting amongst 13 WTO Members was held in Ottawa in October. The Asia-Pacific Economic Cooperation (APEC) leaders meeting in Papua New Guinea (18 November) did not end with a declaration. At issue was US' wish to expand WTO disciplines as part of 'WTO Reform', some of which China opposed (e.g. disciplines on state owned enterprises). Leaders at the Group of Twenty (G20) (1 December) agreed to engage in a 'necessary reform' of the WTO. What this means of course remains highly contested amongst Members.

Thus far, papers submitted by WTO Members inside and outside the WTO are listed below. Also cited is a publication by the WTO Secretariat.

Inside the WTO

- 'Strengthening and Modernizing the WTO: Discussion Paper', 24 September 2018, JOB/GC/201, submitted by Canada
- 'Procedures to Enhance Transparency and Strengthen Notification Requirements under WTO Agreements', Communication from US, European Union (EU), Japan, Argentina, Australia, Costa Rica and Chinese Taipei on Notification and Transparency, 1 November, JOB/GC/204
- In end November, three proposals have been submitted addressing the crisis in the Appellate Body: Two proposals have been led by the EU together with other Members, 26 November 2018¹; and one proposal from Australia and Singapore, 30 November 2018, WT/GC/W/754.²

Outside the WTO

- European Commission's Concept Paper, 'WTO Modernisation: Introduction to Future EU Proposals' published on its website, 18 September 2018.³
- Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union, 25 September 2018.⁴

¹ WT/GC/W/752, 'Communication from the European Union, China, Canada, India, Norway, New Zealand, Switzerland, Australia, Republic of Korea, Iceland, Singapore and Mexico to the General Council', 26 November 2018;

WT/GC/W/753, 'Communication from the European Union, China and India to the General Council', 26 November 2018.

² WT/GC/W/754, 'Adjudicative Bodies: Adding to or Diminishing Rights or Obligations Under the WTO Agreement', 30 November 2018.

³ http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157331.pdf

⁴ <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/joint-statement-trilateral>

Secretariat Paper

- Publication by WTO Secretariat, International Monetary Fund (IMF) and World Bank entitled 'Reinvigorating Trade and Inclusive Growth', 30 September 2018.⁵ The paper includes a section on 'A more flexible multilateral trading system' (p. 34-36).

China's statement at the final Trade Negotiations Committee (TNC) of the year at the WTO (10 December) reiterated that 'reform shall respect Members' development models'. They opposed 'discriminatory disciplines against state-owned enterprises in the name of WTO reform'. 'Should any multilateral disciplines be achieved, Members shall follow the practice of decision-making by consensus'.⁶

India noted that the papers on the table on WTO reform 'appear to be lopsided with the potential to increase divergences. If this trend continues, there would be limited chances of possible agreement amongst Members'.⁷

The African Group said that 'Thus far, the papers advance the views only of a select group of Members. They do not represent the views of a large number of delegations both in respect to a diagnosis of the problems or proposed solutions. Already, the proposals on transparency and notification and on changes to scope and application of SDT (Special and Differential Treatment) have encountered strong opposition. We should also expect that proposals could provoke counter-proposals. The chances of convergence seem unlikely at this stage'.⁸

Meanwhile, in Cairo, African Ministers of Trade met (12 – 13 December) and

'Reaffirm(ed) the importance of preserving and adhering to the principles and procedures of the WTO as established in the Marrakech Agreement. This includes: the architecture for Development and Special and Differential Treatment, for developing countries and least developed countries; the procedures and principles governing plurilateral agreements; a multilateral mandate is the necessary prerequisite to advance any negotiating proposal at the WTO; and the WTO Secretariat preserves its international stature and always remains above the partisan position of Members'.⁹

The WTO's Appellate Body (AB) crisis continues – The 7 Member body is now down to the minimum 3 Members due to US' blocking of new appointments. By December 2019, if vacancies have not been filled, the AB would be disabled. According to the Washington Trade Daily, this issue took centre stage at the 10 December TNC meeting. The African Group noted that 'unless and until Members address this core issue, not only existing rules but also any discussion of new WTO rules or reform will be redundant'. The US, which has blocked all efforts to appoint new members of the AB, did not take the floor at this meeting.¹⁰

B. Publications

SouthNews

- **SouthNews No. 239, 18 December 2018 : 'Development Perspectives on WTO Reform'.**

H.E. Mr. Alexandre Parola, Ambassador of the Permanent Mission of Brazil to the World Trade Organization (WTO), emphasizes that in order for discussions on WTO reform to succeed, they need to be inclusive and reflect a balanced agenda comprising issues of interest of developing countries and least developed countries (LDCs). This is his statement at the Third South-South Dialogue on LDCs and Development held in Geneva on 7 December 2018.

⁵ <https://www.worldbank.org/en/topic/trade/publication/reinvigorating-trade-and-inclusive-growth>

⁶ Statement by H.E. Ambassador Dr Zhang Xiangchen at the Informal TNC and HoDs (Heads of Delegation) Meeting, 10 December 2018.

⁷ Statement by India, Informal TNC/HODs, December 10, 2018.

⁸ Final African Group Statement to the Informal TNC/Heads of Delegation Meeting, Geneva, 10 December 2018.

⁹ Final Declaration on WTO Issues adopted at the 7th Meeting of the African Ministers of Trade, Cairo, 12 – 13 December 2018.

¹⁰ Washington Trade Daily, 'Dismal Prospects for AB', 11 December 2018.

C. Conferences and Meetings Organized – Support to negotiators

In light of the above, South Centre has convened several meetings with developing country negotiators to discuss the various issues which might fall under the broad heading of ‘WTO Reform’.

- Working Lunch meeting in Preparation for TNC/General Council (GC), 10 October 2018
- Working Lunch meeting on WTO issues, 15 October 2018
- Working Lunch meeting on US, EU and Japan Transparency Notification Proposal, 5 November 2018
- Working Lunch meeting on US, EU and Japan Transparency Notification Proposal, 7 November 2018
- Working Lunch meeting on WTO Reform, 19 November 2018
- Working Lunch meeting on WTO Reform, 20 November 2018
- Working Lunch meeting on the Appellate Body Issues, 28 November 2018
- Working Lunch meeting on WTO issues – All issues including WTO Reform, plus a special focus on Agriculture, 4 December 2018

D. External Conferences and Meetings Attended

- South Centre participated in a Workshop on Post-WTO Eleventh Ministerial Conference (MC11) for the Organisation of Islamic Cooperation (OIC) Member States in Dubai, 19-21 November 2018, organized by the Islamic Development Bank. Presentations were made about WTO reform discussions and the state of play of negotiations in the various areas (e.g. fisheries subsidies, agriculture).



- 3rd WTO South-South Dialogue on LDCs and Development “WTO Reform: Perspectives from Developing and Least Developed Countries”, Chavannes-De-Bogis, 7 December 2018.
- Attended meeting on ‘Reclaiming Multilateralism for Global Development’, 7-8 December 2018 in Geneva, organized by the United Nations Conference on Trade and Development (UNCTAD), Boston University and Rockefeller Brothers Fund. The meeting was on taking stock of multilateralism seven decades after the original New Deal and what the challenges are today in the 21st century if multilateralism is to be reclaimed.

2. E-Commerce

A. Recent Developments

After the Buenos Aires Ministerial (MC11) in December 2017, developed countries particularly led by the US, and a number of developing countries, have continued to deliberate, through informal discussions (which are not formally part of the work of the WTO), about the possible adoption of new WTO digital rules to support the expansion of that modality of trade. Members promoting new rules on e-commerce may aim at beginning negotiations in 2019. This raises the concern of other WTO Members as new disciplines may constrain their regulatory sovereignty in a trade segment of growing importance broadly dominated by a handful of large companies. In WTO there is a specific multilateral mandate to discuss E-Commerce under the 1998 E-Commerce Work Programme which Ministers reaffirmed in December 2017. The 1998 E-Commerce Work Programme is about examining how E-commerce should be treated within the framework of the existing WTO Agreements – the General Agreement on Tariffs and Trade (GATT), General Agreement on Trade in Services (GATS), and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

The 1998 WTO Ministerial Declaration on Global Electronic Commerce included an undertaking that Members maintain their practice of not imposing customs duties on electronic transmissions. This moratorium usually lasts for two years and is renewed at every WTO Ministerial Conference.

The situation in 1998 on digital transmissions was markedly different from what is today, where digital trade is a growing component of global trade – both for goods and services. The diffusion of new technological tools (based on artificial intelligence, blockchain, 3D printing, 5G technology, etc.) is likely to further accelerate that trend. In this context, several WTO Members are now raising questions regarding this Moratorium. Indonesia raised questions in MC11 itself. India and South Africa made a submission to the WTO on 13 July 2018, asking for further examination of the implications of this moratorium.

A dedicated discussion was held in the General Council on 27 November to address the issues raised. In preparation, the South Centre held a meeting on this issue. Several points were raised by participants:

- Developing countries are losing increasing amounts of tariff revenue since more and more trade is carried out digitally – this will have an impact on government revenue.
- Other government taxation schemes may also be impacted - some governments charge internal taxes and goods and services tax (GST) alongside customs duties.
- The moratorium can have an impact on domestic industries. Developing Members negotiated hard for their tariffs – and they paid a price for them. These tariffs are now slowly but surely being reduced to zero as trade becomes increasingly digitalised. This situation also applies to services, where Members' GATS market access limitations may now be overridden as more and more services are digitally transmitted. Customs duties could in theory be a way to replicate Members' GATS market access limitations.
- This is equivalent to duty-free quota-free (DFQF) market access for developed countries, who are still the main exporters of digital products. Least developed countries (LDCs) have been asking for 100% DFQF since the early days of the Doha Round and are still waiting for this.

B. Conferences and Meetings Organized – Support to negotiations

- South Centre and UNCTAD co-organised a High Level Event on South-South Cooperation and Digital Cooperation in preparation for the 40th Anniversary of the Buenos Aires Plan of Action (BAPA+40,) 1 October 2018. 'A presentation was made by the Executive Director.



- South Centre, the Centre for WTO Studies and UNCTAD organised a joint Workshop for WTO Ambassadors and Experts on E-Commerce, the Digital Economy and WTO, 5 October 2018.
- South Centre and UNCTAD co-organised a Technical Session on South-South Digital Cooperation in UNCTAD in preparation for BAPA+40, 5 October 2018.
- The South Centre co-organized with the Arab NGO Network for Development (ANND) the 6th round of a one-week study week, which brings together researchers from the Arab Region to discuss and share their experiences on issues dealt with in the multilateral fora, including the SDGs, trade and investment, business and human rights, debt and tax issues and financing for development. A presentation on WTO issues and the emerging digital economy was given, 7 November 2018.
- Working Lunch meeting on E-Commerce Moratorium, 22 November 2018
- Several meetings listed in the section under WTO Reform above also dealt with a range of WTO issues including E-Commerce.

C. External Meetings and Conferences Attended

- United Nations Industrial Development Organization (UNIDO) and the International Telecommunication Union (ITU) event entitled “Technology and Innovation Powering Connectivity for Inclusive and Sustainable Industrial Development”- as part of a broader initiative (Global Manufacturing and Industrialization Summit - GMIS) which aims to harness the technologies of the so-called Fourth Industrial Revolution for sustainable development. The objective of the special session was to bring together key stakeholder representatives to shape the future of infrastructure and connectivity for inclusive and sustainable industrial development, and to unlock the secrets of emerging technologies such as artificial intelligence (AI) and internet of things (IoT) to create sustainable smart cities and communities, 1 October 2018, Geneva.
- WTO Public Forum workshop on ‘Competition Issues in the Context of the Digital Economy’ organized by the Centre for WTO Studies, Geneva, 3 October 2018.
- South Centre provided a presentation at the WTO Public Forum on the panel ‘Women and the Digital Economy’, organized by IT for Change, Geneva, 4 October 2018.
- Workshop at the Graduate Institute (Geneva) on Cross-Border E-Commerce, 30 November 2018.

3. Agriculture

A. Recent Developments

From end September till early December, eight proposals in agriculture were submitted covering the overall approach and priorities in the negotiations, domestic support, market access, cotton, export restrictions and the special agricultural safeguard (SSG).

The Chair of the farm trade talks has suggested a very intensive calendar of informal meetings in the beginning of 2019. Many Members, developed and developing, raised issues about the frequency of meetings, which in particular would put developing countries at a disadvantage.¹¹

The same issues which led to a stalemate in agriculture domestic support negotiations prior to MC11 remain on the table. Developed and developing countries in the Cairns Group want to see all Members 'making contributions' to cuts in domestic supports. This is firmly opposed by China and India, supported by the African Group and the ACP (African, Caribbean and Pacific). These countries want to ensure that those who have enjoyed special treatment under the Uruguay Round rules (particularly the developed countries who have larger entitlements in domestic supports) should first make cuts to their entitlements before enlisting all Members to contribute to domestic support cuts.

B. Conferences and Meetings Organized – Support to negotiations

- Working Lunch meeting on Agriculture, 9 November 2018
- Working Lunch meeting on WTO issues – All issues with special focus on Agriculture, 4 December 2018

C. External Meetings and Conferences Attended

- South Centre provided a presentation on agriculture at the WTO Public Forum session 'WTO Rules for Ensuring Sustainable Agriculture and Food Security: An SDG Compatibility Analysis', Geneva, 3 October 2018.



- South Centre provided a presentation at an African Group meeting dedicated to market access issues in agriculture, Geneva, 8 October 2018.
- ACP Group Agriculture Refresher at the WTO. South Centre provided a presentation on the Agriculture Negotiations and ACP's interests, Geneva, 10 October 2018.

¹¹ Washington Trade Daily, 'New Plans for WTO Agriculture Talks', 10 December 2018.



- The Executive Director delivered a speech at the 30th Annual Meeting of the Common Fund for Commodities Governing Council held in The Hague on 5-6 December 2018. The audience consisted of representatives of 101 countries, ambassadors, senior diplomats, ministry officials plus their advisors, industry from developing countries, and also colleagues from UNCTAD, the United Nations Think Tank for Landlocked Developing Countries (LLDCs), INBAR. Issues covered were investment (review of bilateral investment treaties), transfer of technology and the 4th industrial revolution, and diversification of commodity-dependent economies (supply & demand constraints; the example of lithium in Bolivia).

4. Services – Domestic Regulation Negotiations

A. Recent Developments

Since the Buenos Aires Ministerial Conference of December 2017, the key proponents of Domestic Regulation negotiations (Australia, EU, Canada, Switzerland etc) have pursued their text-based Domestic Regulation negotiations in the informal ‘plurilateral’ format (not officially part of the WTO meetings). This text is now nearly clean.

As a result of proponents taking their interests into the plurilateral format, there has been no demand for the WTO’s Working Party on Domestic Regulation (WPDR) to convene in 2018 until India made a submission on 26 November. India proposed a legal text with disciplines targeted at Mode 4 (supply of services through natural persons).¹² The WPDR convened on 5 December to discuss India’s proposal. Many developing countries, given their long-standing interests in Mode 4, welcomed India’s initiative.

B. Conferences and Meetings Organized – Support to negotiations

- Working Lunch meeting on Domestic Regulation (Mode 4), 29 November 2018

C. External Meetings and Conferences Attended

- South Centre attended a WTO workshop on Mode 4 issues, 10 October 2018, Geneva.

5. Fisheries Subsidies

A. Recent Developments

Between July and December 2018, the Rules Negotiating Group held three cluster meetings for a duration of a week. These meetings were preceded by a week with small group discussions (within so-called ‘Incubator Groups’) in an effort to generate ideas and make progress. Yet, progress so far has been limited. By December, a new ‘streamlined’ text was issued by the Chair which contains more brackets than the previous texts. A controversial issue centres on special and differential treatment for developing countries.

South Centre continues to defend the interests of developing countries with respect to subsidies to illegal, unreported, and unregulated fishing; subsidies that exploit overfished stocks; subsidies that lead to overcapacity as well as overfishing; and cross-cutting issues of S&D (special and differential treatment); dispute settlement; and other institutional arrangements. For 2019, South Centre aims to continue to create common understanding among developing countries and to contribute to narrowing gaps in the negotiations.

¹² S/WPDR/W/61, 26 November 2018



B. Conferences and Meetings Organized – Support to negotiations

- Skype Exchange with Professor Daniel Pauly, *SeaAroundUs*, 10 October 2018
- Meeting on Fisheries Subsidies, 2 November 2018
- Meeting on Fisheries Subsidies, 13 November 2018
- Skype Exchange with Professor Daniel Pauly, *SeaAroundUs*, 20 November 2018
- Meeting on Fisheries Subsidies, 23 November 2018
- Skype Exchange with Professor Daniel Pauly, *SeaAroundUs*, 23 November 2018

C. External Meetings and Conferences Attended

- South Centre participated in panel discussion on fisheries at the WTO Public Forum session ‘Caught in a net – Untangling fisheries subsidies and sustainable development’, Geneva, 2 October 2018.



- Attended International Centre for Trade and Sustainable Development (ICTSD) meeting ‘WTO: Paths Forward – Negotiations on Fisheries Subsidies: Legal Issues and the Case of Overfished Stocks’. South Centre made interventions at this meeting, 25 October 2018, Geneva.
- South Centre observed the Negotiating Group on Rules (fisheries subsidies) and provided inputs during the meeting on request by Member States, 25 September & 7 November 2018, Geneva.

6. Brexit and the WTO

A. Recent Developments

The UK has proposed a new WTO goods schedule which would apply once it leaves the EU. At the same time, the EU has proposed a reduction of its tariff rate quotas (TRQs) as its market would be reduced once Brexit takes effect. Further, the UK has the intention to carry over various existing trade remedies and the EU has not yet indicated it would review its existing trade remedies after Brexit. These proposals raise various legal issues and may affect the legitimate export interests of other WTO Members, including developing countries. For 2019, Brexit remains an outstanding issue, including in the area of services and free trade agreements.

B. Support to Negotiators

- Meeting on UK Trade Remedies, 5 October 2018
- Meeting on Brexit and WTO, 15 October 2018
- On request by some Member States of South Centre, provided support to developing countries to respond to UK's and EU's proposed goods schedules

7. African Continental Free Trade Area (AfCFTA)

A. Recent Developments

In March 2018, African Heads of State and Government adopted the Agreement establishing the African Continental Free Trade Area (AfCFTA), which is now being ratified by African countries. However, this agreement does not (yet) contain market access commitments in goods and services, and several other issues also need resolution (e.g. on rules of origin, trade remedies). At the 7th Conference of the African Union Ministers of Trade (AMOT) in December 2018, a Road Map for Finalization of Outstanding Work on Phase I and Conclusion of Phase II (intellectual property rights, competition policy, and investment) was adopted.

B. External Meetings and Conferences Attended

- South Centre attended the event 'AfCFTA and the Future of African Trade' at the Graduate Institute (Geneva), 10 October 2018.
- South Centre provided inputs to a workshop on analysis of AfCFTA held in Tanzania with officials from the Ministry of Trade and Investment, 16-20 October 2018.



- South Centre presented on the AfCFTA issues at the Africa Chamber Leaders Forum held in Nairobi, 22-24 October 2018.
- South Centre participated in a panel discussion 'African Continental Free Trade Area: Making It Work For Africa' in the European Parliament (Brussels), organized as part of the S&D Africa Week, 8 November 2018.
- South Centre attended the 14th Meeting of the African Continental Free Trade Area Negotiating Forum (NF) held from 5 to 8 December 2018 and the 7th Meeting of the Committee of Senior Trade Officials (STO) held on 9 and 10 December 2018, Cairo. A presentation was delivered at the NF.



SOUTH CENTRE

The South Centre is the intergovernmental organization of developing countries that helps developing countries to combine their efforts and expertise to promote their common interests in the international arena. The South Centre was established by an Intergovernmental Agreement which came into force on 31 July 1995. Its headquarters is in Geneva, Switzerland.

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