

MC12 OVER, IT'S 'GAINS' FOR THE DEVELOPED WORLD

Relevant for: International Relations | Topic: World Trade, WTO and issues involved

'Overall, the path ahead for India at the WTO is difficult' | Photo Credit: AP

Global trade negotiations are about striking bargains. You lose some and win some. So, who were the main winners and losers in the recently concluded 12th Ministerial Conference (MC12) of the World Trade Organization (WTO)? Even a cursory examination of the outcomes of the meeting leaves us in no doubt that the European Union (EU) and some other developed countries are the overwhelming winners, while India finds itself on the losing side.

The ministerial outcome on the so-called TRIPS waiver represents the biggest gain for the EU. It is relevant to recall the sequence of events. In October 2020, India and South Africa put forth a proposal seeking to temporarily suspend the protection of intellectual property rights such as patents, copyrights, industrial designs and trade secrets, so that the production of vaccines, therapeutics and diagnostics could be ramped up to help overcome the crisis and fight the COVID-19 pandemic. The proposal garnered the support of almost 100 countries at the WTO. It also caught the imagination of many Nobel laureates, academicians, civil society organisations, former Prime Ministers of many developed countries, the former Secretary General of the United Nations and even Hollywood celebrities.

The opponents of the proposal, i.e., Germany, the United Kingdom, Japan, Switzerland and the United States, found themselves on the wrong side of the global opinion on this issue. In a guileful move, in June-July 2021, the U.S. gave its support to the proposal, but limited it to vaccines. In the process, it bought peace with its domestic constituents, including Bernie Sanders and Elizabeth Warren. Other developed countries, particularly Germany and the U.K., found themselves at the receiving end of the ire of their civil society organisations and prominent opinion makers.

Pushed into a corner, the European Union (EU) unleashed its masterstroke. It made a counter-proposal to undermine the proposal made by India and South Africa. This counter proposal provided a cosmetic simplification in certain procedural aspects of compulsory licensing in patent rules. With the active support of the WTO's Director-General, it also launched a process in December 2021 to reach a compromise. In a completely opaque process, by March 2022, India and South Africa were corralled into accepting the EU's proposal. This formed the basis of the final outcome at the MC12. The ministerial outcome adds very little to what already exists in the WTO rulebook. To make matters worse for developing countries, it adds stringent conditions that are not in the WTO rulebook.

The outcome of the TRIPS waiver has provided a facesaver to the EU, as it can now look in the eye of its civil society organisations and confidently say that it has done its bit to save the world from COVID-19. The final outcome is almost unworkable; a big public relations victory for the EU.

The EU has also scored important gains in two other areas — WTO reform and environment issues. In the name of WTO reform, the EU sought to make fundamental changes to the institutional architecture of the WTO. It also sought to give a formal role to the private sector in WTO processes. And, it has secured both these objectives in the ministerial outcome. The EU has also managed to create a window to pursue negotiations on issues related to trade and

environment at the WTO, an issue of concern for many developing countries.

Turning to India, the issue of a permanent solution to public stockholding was identified by the Indian Minister of Commerce and Industry, Piyush Goyal, as being its top most priority and nothing more important than it for the world. Despite having the support of more than 80 developing countries, this issue has not found mention anywhere in the ministerial outcome. Instead, the WTO members have succeeded in diverting attention from India's interest by agreeing that food security is multi-dimensional, requiring a comprehensive solution.

India has also failed in many of its other objectives, such as securing the right to raise revenues by taxing electronic transmissions. In the area of fisheries subsidies, it gets two years to have suitable regulatory mechanisms in place to monitor fish catch and reporting. Otherwise, subsidies to traditional fishermen will be prohibited. Although it has secured a temporary reprieve to provide subsidies for enhancing its fishing fleets, it will have to fight an uphill battle on this issue in future negotiations. Further, the outcome on the TRIPS waiver bears no resemblance to its proposals.

Overall, the path ahead for India at the WTO is difficult. India's negotiators need to undertake soul searching to learn lessons from the dynamics at the MC12, and make course corrections.

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