The Daily Star

FOUNDER EDITOR
Late S. M. Ali

DHAKA MONDAY NOVEMBER 22, 2021, AGRAHAYAN 7, 1428 BS

Pandemic-time tours go against govt's own rules

Why fly halfway across the world when most meetings can be conducted online?

SINCE March last year, the government has saved Tk 2,500 crore in funds that would otherwise have been spent on foreign trips taken by government officials. While certain overseas meetings and training can be very useful, questions had been raised, prior to the pandemic, on the logic behind spending taxpayers' money for frequent tours—especially since many such trips end up yielding no noteworthy results. In some cases, officials had gone on foreign tours with projects they did not even have any involvement with, and the prime minister herself had spoken out against such practices.

In this context, we are confused as to why officials of Bangladesh Railway and the railways ministry have now planned four different trips to Europe, the US and India over the next three months. This is despite the fact that the government withheld 50 percent of this fiscal year's allocation for foreign trips, and asked officials to cancel routine tours. According to a finance ministry circular from July 1, the remaining funds can only be spent during emergencies and unavoidable circumstances.

So far, the reasons given for the scheduled trips are studies, training and visiting factories. None of these can hardly be considered an emergency, or an unavoidable circumstance. From Tuesday, Railways Minister Nurul Islam Sujan will lead an eight-member delegation on a 13-day trip to four European countries. According to the railways minister, its purpose is to observe developed railway systems and hold talks with different stakeholders. We wonder why there is this sudden need to travel to hold such talks when, during the pandemic, all the biggest government agencies and businesses across the world shifted to videoconferencing for most discussions.

It has also not been made clear how much money will be spent on the planned tours. Why the mystery surrounding these visits? Given that Europe is the only place in the world where coronavirus cases are continuing to rise, and that many states in the US are also in precarious situations, the people of this country have every right to be concerned about our officials travelling there. We would also like to know: Will the officials going to these countries quarantine on their return?

Now that the Covid-19 situation has finally come under control in Bangladesh, it is careless of railway officials to plan trips to high-risk countries—that, too, at the public's expense, and for reasons that the government's own directives would not consider essential. It is high time that the authorities dealt with the issue of different ministries and departments failing to follow the rules that are set by their own administration. In Digital Bangladesh, there is really no reason to waste precious resources and contribute to the climate emergency by flying across the world, if the purpose of such tours could be served online just as easily instead.

Reforms are good only when they are fully enforced

Govt has to make sure its plans don't fall apart midway through

IT is good to see the government planning to merge the development and revenue budgets, amend income tax laws and establish a procurement authority in the next three years, as part of a set of reforms aimed at boosting revenue collection and ensuring transparency in expenditure. On the one hand, revenue generation in Bangladesh is one of the lowest in the world because of tax avoidance, a long list of exemptions, lower taxpayer base, and weak enforcement. On the other hand, public expenditures face leakages and are not efficient. Therefore, there is no doubt that the tax system and other revenue policies need significant reforms, and that government expenditure has to be more efficient. What we are concerned about, however, is how serious the government is when it comes to implementing such highly ambitious reforms.

The government has planned the aforementioned reforms in an attempt to satisfy its development partners, and the timeline set is also a part of that. But this is not the first time we have heard the government prepare such reformation plans. For example, we have been hearing the government talk about restructuring the tax laws since 2010. But we have yet to see the government get anything done in that regard. To some extent, the same applies when it comes to reorganising the VAT laws, where the government's execution failed to match its promises.

The main objectives of its latest reform plans have to be to streamline expenditure—by reducing the huge leakages that usually occur—and increasing the government's earnings—by ensuring that tax avoidance is cut out. And to that end, although such reformation plans are welcome, what is more necessary is their proper and timely execution. It is in the latter department that the government has failed time and again. And, because of that, we cannot help but remain somewhat cautious in regards to our expectations from the government's recent proposal.

Just forming laws is not going to lead to reforms in and of themselves; the government has to execute them properly as well. And to figure out how to best implement them, we believe the government should involve experts in its planning process. To generate enough revenue for the various infrastructure projects that Bangladesh so badly needs for its development, there is no substitute to carrying out such reforms. What the government must do is ensure that these reforms are fully implemented, instead of falling midway through, as they have done previously.

Better alignment of trade and climate policies is crucial

MACRO MIRROR

Fahmida Khatun

FOLLOWING the conclusion of the high-level 26th Conference of Parties (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC), the world is set to observe another international conference at the ministerial level. This is the 12th meeting of the trade ministers of the member countries (MC12) of the World Trade Organization (WTO) to be held in Geneva from November 30 to December 3. As opposed to the much-hyped climate meeting held in Glasgow, MC12 apparently seems to be a quiet and low-profile meeting. But in effect, MC12 is no less important for the world as trade is crucial for economic prosperity and has a multiplier impact. Of course, there is evidence of the differential impact of trade on various economies, and trade justice has been an issue of debate in the whole discussion of multilateral trade regimes. However, trade has also impacted economies positively through higher export, import, investment, job creation, and so on. Benefits of trade depend on how the rules are designed and how cross-cutting issues are considered, and how challenges related to those issues are addressed.

One such issue is the impact of climate and environmental change. The links between trade and climate change are now clear and recognised. While trade can be a source of climate change-related challenges, it can also help reduce climate and environmental challenges and achieve climate ambitions. However, with growing awareness on climate change, countries are resorting to various climate measures, which have potential negative implications for trading nations. Poor countries will particularly be affected if such climate-related trade policies are pursued, since those will result in trade protectionism. Therefore, the WTO has an important role to play in helping countries reap benefits of trade while addressing their climate and environmental challenges.

Within the WTO, environmental issues are dealt with at the Committee on Trade and Environment (CTE). The CTE aims to promote the understanding of the nexus between trade and the environment. It also discusses how trade and environmental policies together can work for sustainability. The work on trade and environment received momentum with the new initiative with the WTO, namely "Trade and Environmental Sustainability Structured Discussions (TESSD), which was launched on November 17, 2020. Currently, 57 WTO members are part of this initiative. The objective of the TESSD is to complement the existing work of the CTE and other relevant WTO committees and bodies on climate and environmental issues. All members can join TESSD. Another objective of the TESSD is to provide technical assistance and capacity-building support to countries—particularly to least developed countries.

Environmental goods are needed for adapting to the impact of climate-induced extreme weather events, and transitioning to low-carbon production. Climate-friendly technologies are crucial for these countries. Reduction or elimination of tariff and non-tariff barriers (NTBs) to environmental goods is expected to reduce the cost of such goods and make them affordable to poor countries. These countries need technologies for wastewater management and potable water treatment, renewable energy generation, and solid and hazardous waste management and recycling systems.

The upcoming MC12 meeting of World Trade Organization (WTO) is crucial for economic prosperity and pandemic recovery. FILE PHOTO: REUTERS

While the objective of CTE and other environment-related WTO rules require countries to pursue their environmental objectives, a major task is also to monitor protectionism due to climate goals. However, a number of issues which are being discussed in the WTO may have negative implications for both developing and least developed countries (LDCs). Since the launch of the TESSD, discussions are taking place on issues such as liberalising trade in environmental goods and services (EGS), reforming environmentally harmful subsidies, carbon border adjustment mechanism and climate actions, and circular economy and biodiversity.

Each of these issues have implications for LDCs and developing countries. The focus of today's discussion is liberalisation of environmental goods. Liberalisation of EGS through reduction or elimination of tariffs on EGS is a part of a single undertaking of the Doha Ministerial Declaration of the WTO in 2001. This is a critical trade and climate change agenda for these countries.

However, the current discussions on liberalisation of environmental goods in the WTO has become difficult, since many countries have submitted several proposals in line with their trade interests and specialisations. Developing countries are not interested in the negotiation either, since the list is dominated by goods produced by developed countries. The share of export of environmental goods from developing countries (including LDCs) is insignificant. They are net importers of environmental goods. The top exporters and importers of environmental goods are countries with higher gross domestic product and trade. According to the "Trade and Development Report 2021" of the United Nations Conference on Trade and Development (UNCTAD), the top 10 environmental goods exporting countries in 2019 were the EU, China, the US, Japan, the Republic of Korea, the UK, Hong Kong SAR, Singapore, Canada, and Switzerland. Together, these countries exported 88 percent of global exports of environmentally related goods.

There is also another challenge for the LDCs related to liberalisation of environmental goods. With liberalisation, imports of environmental goods are likely to be cheaper as tariffs will be eliminated from imports. Hence, developing countries may continue to remain net importers of environmental goods instead of building their own technologies. Such dependency will restrict their capacity development. There are also apprehensions that the choice for imported advanced technologies could undermine innovation of simple, local and cost-effective technologies. Being apprehensive about becoming a dumping ground for obsolete technology from advanced countries is also prevalent among developing countries.

The other concern is about preference erosion due to tariff reduction of these goods. Many environmental goods may fall under various preferential programmes offered to the LDCs. In that case, tariffs imposed on those goods will be reduced at a faster pace when liberalised. This will erode LDCs' preferences in those markets and reduce their competitiveness. It has been estimated that 99 developing countries could lose USD 15 billion in tariff revenue annually if tariffs are removed on imports of environmental goods. Bangladesh's tariff revenue loss will be about USD 187.2 million per year.

In the run-up to the MC12, discussions on liberalisation of environmental goods and other trade and climate change-related issues have drawn attention of developing countries as their concerns are often neglected in the multilateral negotiations. These issues could very well become trade prohibitive, rather than trade enhancing, for developing countries. Therefore, while setting global rules for a clean and green trade regime, it must be accompanied by technology transfer and adequate climate finance for developing countries. Technology should be modern, efficient and cost-effective, and should come along with capacity development for the users in developing countries. A new financial mechanism in the form of Trade and Environment Fund, as proposed by some countries back in April 2011, could help the developing countries in pursuing their green and sustainable growth. Green aid for trade should be another source of finance. These are the central issues if the development dimension is to be upheld in the trade and climate negotiations.

Dr Fahmida Khatun is executive director at the Centre for Policy Dialogue (CPD).

WTO finished without TRIPS waiver

Anis Chowdhury *and* Jomo Kwame Sundaram

QUICKLY enabling greater and more affordable production of and access to Covid-19 medical needs are urgently needed in the South. Such progress will also foster much needed goodwill for international cooperation, multilateralism and sustainable development.

The World Trade Organization (WTO) will soon decide on a conditional temporary waiver of Trade-Related Intellectual Property Rights (TRIPS). The waiver was proposed by South Africa and India on October 2, 2020. Two-thirds of the 164 WTO members—mainly developing countries—support it.

But sustained European efforts—of Switzerland, the UK and the EU, led by Germany—have blocked progress ahead of the WTO ministerial meeting starting on November 30. Meanwhile, ongoing text-based discussions seem to be leading nowhere.

IP not needed for innovation

Affordable vaccines and drugs have been crucial for eliminating infectious diseases such as tuberculosis, HIV-AIDS, polio and smallpox. But despite strong evidence to the contrary, advocates insist that intellectual property rights (IPRs) are needed to incentivise innovation.

The development of Covid-19 vaccines and other therapeutics have been accelerated by considerable government financing. Only six major vaccine developers received over USD 12 billion in public funding. Projected revenue from their IP monopolies will exceed tens of billions.

Supply shortages have disrupted vaccine supplies. IP monopolies block competition, making it hard to quickly increase supplies. Thanks to patent protection, for example, only four companies produce plastic bioreactor bags needed to make vaccines.

Cross-border IP enforcement was enhanced by TRIPS in 1995. The African walkout from the 1999 Seattle ministerial highlighted the WTO's rich country bias. As part of the compromise to revive WTO talks, TRIPS has included a "public health exception" since 2001.

Subject to onerous conditions and paying fair compensation, "compulsory licensing" allows making patented products using processes without patent holder consent. Yet, European negotiators still insist that voluntary licensing provisions are enough.

All licensing requires case-by-case, patent-holder-by-patent-holder, country-by-country negotiations. But licensing is only limited to patents, without requiring sharing "industrial secrets" needed to make complex biochemical compounds.

Time-consuming, onerous and costly, such negotiations are beyond the means of poorest countries. Worse, some high-income country (HIC) governments have blocked such licensing, even when agreed to by companies.

IP deepens inequalities

The World Health Organization (WHO) director-general noted that four-fifths of vaccine doses went to HICs or upper middle-income countries (MICs). Rich countries—with a seventh of the world's population—had bought over half of the first 7.5 billion vaccine doses by November 2020.

Meanwhile, only 1.5 percent in low-income countries (LICs) were vaccinated by August 2021. Much of the variation in infection and death rates is due to unequal access—not only to vaccines, but also diagnostic tests, medical therapies, protective equipment, devices, equipment and other needs.

The private-public COVAX facility had promised to deliver two billion vaccine doses by the end of 2021, and to reach a fifth of the people in 92 LICs. But less than half a billion doses have been delivered so far.

Australian academic Deborah Gleeson warns that even as promising new treatments become available, they will be too costly for most in LICs and many MICs. Diagnostic tests are unequally distributed, with HICs averaging over a hundred times more than LICs.

And even when governments and companies are willing to license others to supply small LICs with low-cost generics, most MICs are excluded. Worse, some high-income country (HIC) governments have blocked such licensing, even when agreed to by companies.

Some HICs have been embarrassed into sharing millions of their unused excess vaccine doses. But of the 1.8 billion doses promised so far, only 14 percent has gone to the LICs. Such donations of funds and other needs undoubtedly help.

But such unpredictable acts of charity—e.g. by HICs who bought far more than they needed—are hardly enough. Manufacturing capacity in the developing world must still be enhanced to meet overall needs. This requires the waiver.

Contrary to the claim that the South lacks manufacturing capacity, vaccines have long been made in over 80 developing countries. Although novel, mRNA vaccine manufacture involves fewer steps, ingredients, and physical capacity than traditional vaccines. MSF has identified many capable producers in the South.

Almost two years after Covid-19 was first recognised, the pandemic continues to threaten the world, with poor countries and people now worse affected. The devastation could be partly mitigated if developing countries could meet their pandemic needs without fear of litigation for IP infringement.

TRIPS waiver urgently needed

TRIPS provides 20-year monopolies for patents. These have often been "evergreened"—i.e. extended, sometimes indefinitely, ostensibly to reward additional innovation. Thus, most developing countries have been prevented from meeting their health needs more affordably.

The temporary waiver would allow companies everywhere to produce the required items and use patented technologies without infringing IP. Supplies would increase and prices fall. Currently, access to Covid-19 needs is very inequitable, deepening the yawning gap between HICs and LICs.

The revised May 21 text clarifies that the proposed waiver is for at least three years from the decision date, subject to annual review. It would cover products and technologies—including vaccines, therapeutics, diagnostics, devices, protective equipment, materials, components, and methods and means of manufacture.

The proposal also covers the application, implementation and enforcement of TRIPS provisions on patents, copyrights, designs and other protected information—e.g. undisclosed manufacturing blueprints and industrial secrets.

Thus, the waiver has long been urgently needed to contain the pandemic worldwide. But rich countries have successfully blocked progress thus far despite the heavy human and economic toll it has taken.

Game changer

Unlike the more flexible arrangements of the General Agreement on Tariffs and Trade, the WTO framework and negotiating priorities have undermined developmental aspirations.

The South has been undermined by rich countries' betrayal of the 2001 Doha compromise. After "softly" killing the "Development Round" promised then, rich countries can now redeem themselves by supporting the waiver.

Almost two years after Covid-19 was first recognised, the pandemic continues to threaten the world, with poor countries and people now worse affected. The devastation could be partly mitigated if developing countries could meet their pandemic needs without fear of litigation for IP infringement.

A TRIPS Council meeting is scheduled for November 16, before the four-day WTO Ministerial Council meeting from November 30. The waiver would also encourage renewed international cooperation, long undermined by destructive rivalry and competition.

By refusing to make concessions, rich countries would not only jeopardise the WTO, but also the world's ability to urgently contain the pandemic. With complementary financial resource transfers, they can restore the goodwill urgently needed for international cooperation and to revive multilateralism.

Anis Chowdhury is adjunct professor at Western Sydney University and the University of New South Wales, Australia.
Jomo Kwame Sundaram is a former economics professor and a former assistant secretary-general for economic development at the United Nations.