Trade and Development Monitor

Monthly E-Newsletter of South Asia Watch on Trade, Economics and Environment (SAWTEE)

Volume 8, Issue 3, March-April 2011

CONTENTS

OPINION IN LEAD

Saving the Doha in 2011

Even after almost a decade since its launch, the Doha Round of trade negotiations is not anywhere near completion. The uncertainty is so high that now trade negotiators are looking at possible options if Doha fails to materialize (ICTSD 2011). Some even argue that instead of wasting time to revive the "moribund Doha talks, it's time to breathe new life into the wider multilateral system". But if the US and China come together and agree to a mutually agreeable deal, the Doha Round is still doable by then end of this year (Guardian 2011). Looking beyond 2013 would mean the derailment of Doha or additional years of protracted negotiations, possibly extending beyond 2020 (Baldwin and Evenett 2011). The Director-General of the World Trade Organization (WTO), Pascal Lamy, has asked members to "focus constructively" on the way forward for Doha (Lamy 2011). But, the latest meeting held at the end of April this year failed to resolve any issue.

The global interest right now is to conclude Doha as soon as possible and definitely not tread toward 2013, when the United States (US) would see growing political partisanship and China a new leadership, making it difficult to reach consensus. Meanwhile, other countries will also see a change in leadership, who might backtrack on already made commitments in the Doha draft to just please their constituents. Worse, the current US concessions on agriculture would be viewed as inadequate by both India and China, who will be inclined to sign a more broad-based agreement that might not be agreeable to the US leadership. As of now the US is not going to agree to any deal without a much larger tariff cuts (especially on industrial goods) by emerging economies, especially China, India and Brazil. But, these countries and other developing countries are not willing to offer greater cuts.

A failed Doha Round would mean weakening the WTO and erosion of belief in a multilateral system. Instead, countries might seek more regional or bilateral agreements, which have been on the rise. Though some see regionalism as complementary (Freund and Ornelas 2010) to the multilateral trade system, others argue that it will reinforce rather than contain protectionist forces.

The completion of Doha would require political concessions and the highest-level attention from heads of state, who must authorize or personally negotiate the last trade-offs framed by the draft agreement. Else, the confidence in the WTO's centricity in global trade governance will slowly erode. This also includes erosion of members' respect for verdicts of the WTO's Dispute Settlement Mechanism. Additionally, a failed or delayed Doha means that the least-developed countries would be deprived of the already promised, in principle, duty-free and quota-free access to developed-country markets. Completing Doha by the end of this year is an imperative to save the existing face of the multilateral trading system and also to help developing countries tackle their development challenges with the advancement in trading activities.

Notes

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ANALYSIS

More trade, less hunger

The recent sharp spike in food prices and growing concerns about food security have sparked anxiety worldwide. The possibility of being unable to put food on the table fills parents with a deep sense of foreboding. And because the world's poorest people spend a higher proportion of their income on food, they are the worst affected, raising the risk that years of progress in reducing poverty could be reversed.

The seemingly unalterable factors generating these record-setting rises in food prices — a shift to higher protein diets in many countries, growing populations, greater use of biofuels and climate change — suggest that elevated food prices are here to stay. In the absence of solutions that alleviate growing pressure on supplies, hunger and malnutrition will increase.

Clearly, investment in food production must be increased in the medium and longer term. But there is a policy prescription available to leaders today that could help remove supply-side obstacles: more trade. This proposal may puzzle some, but the logic is straightforward and irrefutable.

Trade is the transmission belt through which supply adjusts to demand. It allows food to travel from lands of plenty to lands of little. It allows countries that can produce food efficiently to ship it to those who face resource limitations that hinder food production. For example, access to international food supplies allowed Saudi Arabia to abandon its 30-year programme of subsidies for domestic wheat production. Given the financial burden of the programme, and, more importantly, the cost in scarce water, the Saudis decided to phase out the subsidies entirely by 2016.

When the transmission belt of international trade that underlies such decisions is disrupted, the result is market turbulence. This is why Indonesia, one of the world's largest producers of rice and maize, recently decided to reduce trade barriers to agriculture imports. Today, trade in agricultural products is exposed to far greater distortion than is trade in other goods. Trade-distorting subsidies, high import tariffs, and export restrictions act as sand in the gears of the transmission belt and make it more difficult and expensive to bring food to the market — and thus to the family table.

Export restrictions, for example, play a direct role in aggravating food crises. Indeed, some analysts believe that such restrictions were a principal cause of food-price rises in 2008. According to the United Nations Food and Agriculture Organization, they were the single most important reason behind the skyrocketing price of rice in 2008, when international trade in rice declined by about 7 percent (to 2 million tons) from its record in 2007. Similarly, the 2010-2011 price rise for cereals is closely linked to the export restrictions imposed by Russia and Ukraine after both countries were hit by severe drought.

Most people are surprised to learn how shallow international grain markets truly are. Only 7 percent of global rice production is traded internationally, while only 18 percent of wheat production and 13 percent of maize is exported. Additional restraints on trade are a serious threat to net-food-importing countries, where governments worry that such measures could lead to starvation.

Those who impose these restrictions follow a shared logic: They do not wish to see their own populations starve. So the question is: Which alternative policies could allow them to meet this goal? The answer to that question consists in more food production globally, more and stronger social safety nets, more food aid, and, possibly, larger food reserves.

(Adapted from Pascal Lamy's op-ed in Project Syndicate, 21.02.11)

OTHER NEWS

Bangladesh takes up US$7.98b food security plan

The Bangladesh government will invest US$7.98 billion to ensure food security in the next five years under a Country Investment Plan (CIP).

Of the financing gap, US$3.3 billion has been identified as first priority requirements through a participatory prioritization process, and of the total investment plan, US$3.04 billion will come from already allocated budget resources and contributions by development partners. The first version of the CIP was approved by the government in June last year. The CIP is a country-led planning, fund mobilization and alignment tool in support of increased and effective public investment in agriculture, food security and nutrition.

The five-year comprehensive plan aims to ensure sustainable food security, and provides a coherent set of 12 priority investment programmes to improve food security and nutrition in an integrated way. Finance Minister AMA Muhith said the CIP would substantially increase employment opportunities in animal, fisheries, forestry, environment, and water resources development.

“They will provide for substantial employment to overcome poverty problem over a period of next 10 to 13 years,” he said, while addressing the inaugural session of a "National Forum on Improving the Bangladesh Country Investment Plan (CIP) for Agriculture, Food Security and Nutrition" at Sheraton Hotel in Dhaka.

The food minister said adaptation to climate change would be the biggest challenge for the government in the coming days.

Source: The Daily Star, 21.03.11, http://www.dailystar.net/

Asia rice output threatened by pesticide overuse

The unbridled manufacture and use of pesticides in Asia is raising the spectre of "pest storms" devastating the region's rice farms and threatening food security, scientists have warned.

Increased production of cheap pesticides in China and India, lax regulation and inadequate farmer education are destroying ecosystems around paddies, allowing pests to thrive and multiply, they said. The problem has emerged over the last decade and, if left unchecked, pests could lay waste to vast tracts of Asia's rice farms, according to scientists who took part in a workshop in Singapore last week.

"There is increasing concern that the more we use pesticides in rice fields, it is actually making the pest problem worse," Australian scientist George Lukacs told AFP in an interview.
Under pressure to raise yields to meet growing demand, poorly trained farmers tend to be over-reliant on the chemicals. "There are big outbreaks of pests or what they are calling in China 'pest storms' as a result of the over-application of pesticides," Lukacs said.

Rice is a staple throughout much of Asia, including the world's two most populous countries China and India, making the region vulnerable to soaring food prices and supply problems, economists say.

Lukacs said Asia's rice supply was made more vulnerable by the reliance on a small number of varieties, meaning if a particular pest gets a foothold in a crop, it could spread rapidly.
"In some countries, the majority of rice production is based around two or three varieties of rice, so that actually increases the risk to international food security if there is a big disease out there," he said.

"The predator pressure is gone and the pests don't respond (to pesticides) because they develop resistance very quickly," Lukacs said.

Lukacs, senior principal research scientist with the Australian Centre for Tropical Freshwater Research at James Cook University, said responsibility lies with the pesticide companies, governments and local communities. Once a pesticide is registered with a country's national authority, there is no monitoring of how it is used, he said.

"(The industry is) remarkably unregulated. Beyond the registration, it's the Wild, Wild West," said Lukacs, who is also the expert on agriculture for the Ramsar Convention's Scientific and Technical Review Panel. Lukacs and his fellow scientists are calling for closer cooperation among pesticide manufacturers, government regulators and local communities to come up with "best practices" in the production and use of the chemicals.

Source: AFP, 21.03.11, http://www.afp.org

India needs US$24b for food security

Indian agriculture needs Indian rupees 1,080 billion (US$24 billion approx) to fight climate change in the next five years to ensure food for all at a reasonable price by 2020. To prevent food catastrophe, the agriculture ministry has asked the funds for implementing National Mission for Sustainable Agriculture under the Prime Minister's National Action Plan on Climate Change.

Over 60 percent of the money will be spent on developing new technologies, crop varieties and new practices to fight climate change.

"There is a new way to promote use of wheat and rice varieties that consume 30-40 percent less water than traditional varieties. Farmers also need to be educated about early harvesting technologies to check impact of rising temperature," a senior scientist with the Indian Council for Agriculture Research said.

Climate change poses the biggest risk to country's food security as Pune-based Indian Institute for Tropical Meteorology has already shown that global warming was causing erratic monsoon behaviour.

At present, India produces 200 million tonnes of food grain, which is enough to meet its domestic demand. But climate change has adversely impact India's chances of feeding all its people and successfully implementing the National Food Security law. Climate change experts say India will not be able to meet the annual increase in demand of 5-6 percent as climate change will either cause the production to stagnate or fall.

Another major financial component is for creating agriculture infrastructure around the country to cater to emerging needs of farmers including network of cold storages and storing capacity to meet emergency situations.

Source: The Hindustan Times, 14.03.11, http://www.hindustantimes.com

Maldives seeks "smooth transition" for world's poorest nations

When the environmentally-threatened Indian Ocean island of Maldives "graduated" from the ranks of least-developed countries (LDCs) to a middle-income country last January, the graduation was characterized as a milestone in the country's socioeconomic development.

But was it a cause for celebration in the streets of the capital of Male?

"Not really," says Ambassador Abdul Ghafoor Mohamed, permanent representative of Maldives to the United Nations.

The graduation is not without costs, he said, even as the cash-strapped country tries to cope with "staggering" unemployment, a rising debt burden and little or no capital to invest in development programmes.

"We have graduated when we can least afford it," Mohamed told IPS, as the Maldives is still struggling to recover from the 2004 tsunami that wiped out about 60 percent of the island's economy, which is dependent primarily on fishing and tourism.

The major benefits of LDC status include trade preferences—mostly duty-free LDC exports to industrial nations—and increased volume of official development assistance (ODA) from Western donors.

The benefits fall into four main areas, according to the United Nations, and include preferential market access; special treatment regarding World Trade Organization-related obligations; technical cooperation; and financial support for participation of LDC representatives at UN meetings and the General Assembly sessions.

Botswana was the first LDC to graduate back in 1994, and since then only two other countries have graduated: Cape Verde and the Maldives.

The Maldives was originally due to graduate in 2007. But due to the tsunami disaster of December 2004, the General Assembly deferred its graduation by three years through January 2011.

But in a "concept paper" on graduation, the UN admits that despite the "widespread recognition of the importance of smooth transition, a coherent process of the phasing out and eventual cessation of special measures granted to LDCs, identified for graduation, is yet to be established as part of the institutional framework for graduation."

Given the objectives of the proposed Istanbul Programme of Action to make graduation a priority, the paper points out, "the need to address the current inadequacies of the institutional framework and processes related to smooth transition becomes all the more important and urgent."

Addressing delegates at last week's briefing, the Maldivian envoy pointed out his country has met five of the eight Millennium Development Goals (MDGs), with increased expenditures on health and education, with the support of the international community.

Source: IPS, 17.03.11, http://www.ipsnews.net/

Nepal and the US sign TIFA

Nepal signed Trade and Investment Framework Agreement (TIFA) with the United State (US). Visiting Deputy Prime Minister and Finance Minister Bharat Mohan Adhikari and United States Trade Representative (USTR) Ron Kirk inked the agreement amid a function in Washington.

TIFA has replaced the bilateral trade agreement that the two countries signed some 65 years ago. Although negotiations on TIFA were completed a year ago, the signing was delayed due to political instability in Nepal.

Kirk termed the new pact a landmark agreement, particularly as the two sides had not signed any trade agreement since 1947. "The United States looks forward to deepening its relationship with Nepal and breaking down any and all barriers that may prevent our producers, exporters and ranchers from selling their products in Nepal," he stated.

Among others, TIFA provisions a permanent body to hold regular meetings on issues of bilateral trade and investment at least once a year, thereby serving as a forum for bilateral talks to enhance trade and investment and discuss specific trade issues.

It also paves the way for the promotion of more comprehensive trade agreements between Nepal and the US. The new agreement promises preferential entry facility to the Nepali products, however, mere signing of the agreement will not help country increase its exports to the US. “We must have products that can be competitive in the US market to attain the desired trade growth,” said Nepal's Commerce Secretary Purushottam Ojha.

Deputy Prime Minister Adhikari requested the US to support Nepal in expanding its export basket, particularly at a time when the country´s exports has been in wane over the past one decade.

Experts, meanwhile, opined that Nepal can meaningfully take benefits from the new agreement if it signed Treaty on Avoidance of Double Taxation and Investment Protection Agreement with the US.

TIFA has seven articles. Of them, article 2 and 3 are important, said Dr Shankar Sharma Nepal's ambassador to the US. Article 2 of the agreement provisions formation of Nepal-US Trade and Investment Council (NUSTIC) led by Commerce Secretary of Nepal and senior official of USTR. The council will meet at least twice a year in Nepal and the US alternatively and work to eliminate trade-related barriers.

Likewise, in Article 3, the US promises to provide support to Nepal to remove trade-related barriers. The agreement also says the two countries will work together with the private sector and civil society to promote bilateral investment. It also has provisions on protection of intellectual property rights and expansion of service trade.

The two sides had formalized the NUSTIC soon after the agreement was signed and convened its first meeting on the day. Nepali Commerce Secretary Ojha and Deputy USTR Demetrios Marantis had led the meeting from the two sides respectively.

Republica, 17.04.11, http://www.myrepublica.com/

Governments pick UN green fund delegates

Governments have agreed on a list of 40 delegates to design a "Green Climate Fund" to channel billions of dollars to poor nations, the United Nations said on Friday, ending disputes that delayed the first talks by a month.

Asian and Latin American groups had been unable to agree who should attend the first meeting, originally due in March and put back until April 28-29 in Mexico City, because of internal rivalries. Other regional groups picked members on time.

Governments "have agreed the selection of the 40 members who will be entrusted with the task of designing the Green Climate Fund," the U.N. Climate Change Secretariat said in a statement. Winning a delegate post may help nations secure early influence over climate finance. Rich nations have promised aid rising to US$100 billion a year from 2020 for measures ranging from solar power to researching drought-resistant crops.

Among developing nations from the Asian group, China, India, Saudi Arabia, South Korea, Pakistan, the Philippines and Singapore secured delegates. The 40 delegates will have to design the fund, including who controls the rising cash flow. suggestions include equal votes for donors and recipients or a majority for developing nations.

The fund was part of a package of measures agreed at the annual UN talks among environment ministers in Cancun, Mexico, in December 2010 that helped get UN negotiations back on track after a 2009 climate summit in Copenhagen failed to agree a treaty.

The Cancun agreements also included a goal of limiting any rise in average temperatures to less than 2 degrees Celsius more than in pre-industrial times and new measures to protect tropical forests that soak up carbon dioxide as they grow.

"The high level of interest among governments in contributing to the design process is a demonstration of the great interest among parties in the Green Climate Fund," UN climate chief Christiana Figueres said in a statement. "Parties have put forward experienced and respected individuals from the fields of finance and climate change," she said.

Reuters, 15.04.11, http://www.reuters.com/

ACTIVITIES

Evaluating development effectiveness of AFT

SAWTEE and International Center for Trade and Sustainable Development (ICTSD) organized "*Dissemination Meeting of the Research on Evaluating Development Effectiveness of Aid for Trade (AFT)*" in Kathmandu on 2 May 2011. The event was organized to disseminate a draft report on the effectiveness of AFT in Nepal. The programme was launched in Kathmandu on 18 January 2011 and completed on 2 May 2011. The project is part of a global project initiated by SAWTEE and ICTSD, in collaboration with several other organizations, in six countries in Africa, Asia and Latin America/Caribbean. More than four dozen representatives and stakeholders participated in the event.

Standardization workshop in Kathmandu

(SAWTEE, in cooperation with the Swedish Standards Institute (SIS) and the Swedish International Development Cooperation Agency (SIDA) organized a regional workshop on "Strengthening Institutional Capacity on Sustainability Criteria for Bioenergy" in Kathmandu, 19-21 April 2011. More than 50 participants from seven countries from South Asia and South East Asia participated in the workshop. Along with discussion on the issue, it featured discussions, presentations and country experiences by the participants.

Interaction programme on UNLDC IV

On 30 March 2011, SAWTEE organized an interaction programme about LDCs' agendas and coordination among them in the preparation for the upcoming UNLDC IV meeting in Istanbul. Permanent Representative of Nepal to the WTO and Permanent Mission to the United Nations Office at Geneva, H.E. Dr. Dinesh Bhattarai highlighted the major agendas of the LDCs. Intellectuals, researchers and journalists from a wide range of background attended the event.

Enhancing capacity of WTO focal points on compliance issues

SAWTEE, in association with the German International Cooperation (GIZ) and the Ministry of Commerce and Supplies (MoCS), Government of Nepal, organized a two day workshop on "Enhancing capacity of WTO focal points on compliance issues" on 4-5 April 2011 in Nagarkot, Bhaktapur, Nepal. Around 30 representatives of different ministries and departments working as WTO focal points participated in the workshop.

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