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OPINION IN LEAD

Leveraging migration and remittances for development

Officially recorded remittances to developing countries are estimated at US$401 billion in 2012, growing by 5.3 percent compared with 2011, according to the latest World Bank Migration and Development Brief. The flows of remittances are expected to grow at an average rate of 8.8 percent annually during 2013-2015 to about US$515 billion in 2015. Growth in remittances to low income countries is projected to be even faster at 12.3 percent during 2013-2015, as economic conditions strengthen in remittance sending countries.

Remittances flow far exceeds official development assistance as well as private debt and portfolio equity. India, China, the Philippines and Mexico remain the largest recipients of migrant remittances though smaller developing countries, such as Tajikistan, Liberia, Kyrgyz Republic, Lesotho and Moldova receive the most as a share of gross domestic product (GDP).

Remittances to South Asia are estimated to have increased sharply in 2012, growing by 12.3 percent to reach US$109 billion. This is a growth averaging 13.8 percent as compared to the previous two years. India remains the largest recipient country not only in South Asia but in the whole world, receiving almost US$70 billion in remittances in 2012. Flows to Bangladesh, Pakistan and Nepal have been particularly robust, helped by strong economic growth in the Gulf Cooperation Council (GCC) countries.

The average remittance prices were broadly unchanged at just above nine percent over the last year, while the weighted average dropped in the first quarter of 2013 to an all-time low of 6.9 percent, according to the brief. There has been progress in reducing prices in high volume remittance corridors, but the prices continue to remain high in smaller corridors, affecting countries that have greater dependence on remittances.

While the impacts of migration and remittances are becoming intensely profound on growth and development, there remain several issues that are to be addressed to leverage migration and remittances more effectively into the development process, especially in the low-income countries. There is a grave need to improve data on migration and remittance flows. The issue of facilitating and easing skilled and low-skilled labour migration, and the integration of migrants in host communities and home communities when they return, remains very important. There are other topics to be taken care of that range from the need for coherence in policy and between the institutions, to the rights of the migrants; social aspects of migration and demographic changes; access to finance and capital markets; mobilizing diaspora resources; environmental change and migration; and internal migration and urbanization. There is also a need for addressing several crosscutting themes, such as gender, monitoring and evaluation, capacity building, and public perceptions and communication.

Against this backdrop, efforts to feature migration and remittances in the Post-2015 development agenda are gaining traction with migration and remittances being viewed as important instruments supporting the achievement of the Millennium Development Goals (MDGs) goals. Given that there are more than 215 million international migrants and over 700 million internal migrants in the world today, and that migration—both international and within national borders—is likely to continue in the years ahead, the Post-2015 development agenda will need to reflect further on the critical impact of migration and remittances in development.

The Post-2015 development agenda is likely to result in a host of measurable targets similar to the MDGs. There have been proposals to include migration related indicators in the Post-2015 agenda such as the remittance transfer costs, the proportion of remittances that flow through formal channels, proportion of international migrants lacking legal authorization that reside in destination countries, adoption of various migration laws, steps taken to eliminate discrimination against legal migrants, and cost of migration. Of these, reducing the costs of documentation (visa, passport, work authorization and residency) and recruitment costs borne by migrants seem to be gaining general support among migration experts.

As the World Bank's Chief Economist Kaushik Basu puts it, migration and remittances offer a vital lifeline for millions of people and can play a major role in an economy's take-off. They enable people to partake in the global labour market and create resources that can be leveraged for development and growth. There is no doubt that migration is a defining issue for global development says Dilip Ratha at the World Bank's Migration and Remittances Unit. Therefore it is high time, migration and remittances be given a due consideration that they deserve so as to leverage them into the development process, especially in the global South.

Based on Migration and Remittances Brief #20, The World Bank, 19.04.2013.

ANALYSIS

Can Bali Ministerial deliver on Multilateral Trade Facilitation Agreement?

Trade facilitation became a topic of discussion at the WTO Singapore Ministerial in 1996, becoming known – along with investment, competition and government procurement – as one of the 'Singapore Issues'. But, trade facilitation was the only Singapore issue that was retained in the Doha Round. After years of exploratory work, WTO Members agreed to launch negotiations on trade facilitation in July 2004, on the basis of modalities contained in Annex D of the so-called "July package".

While developed countries like the European Union (EU) were in favour of negotiating binding rules on trade facilitation, many developing countries initially opposed the inclusion of trade facilitation on the Doha agenda. Developing countries like India and Brazil opposed the setting of new binding rules at the WTO on trade facilitation. They argued that binding trade facilitation standards would be an additional cost to developing countries, while others were concerned that they did not possess sufficient capacity to implement such commitments. Despite initial scepticism of developing countries towards trade facilitation issue, developing countries have now realised the potential gains from trade facilitation reforms.

Trade facilitation reforms aim to streamline the movement of goods and services across national borders. Reforms such as the simplification and harmonization of customs procedures, improvement of border infrastructure and the removal of other trade barriers reduce transaction costs of international trade and help countries become competitive in the global supply market. A trade facilitation agreement at the WTO could bring down the cost of moving trade today from roughly 10 percent [of trade value] to five percent. Globally, removing these barriers could stimulate the US$22 trillion dollar world economy by more than one trillion.

The negotiations for a multilateral trade facilitation agreement are on-going at the WTO. This is seen by many WTO members as a concrete deliverable for the upcoming 9^{th} WTO Ministerial Conference (MC9) in Bali. But despite a widespread consensus on the desirability of Trade Facilitation Agreement, MC9 is unlikely to yield a conclusion on the Trade Facilitation Agreement since different proposals on agriculture from the G-20 and the G-33 country groups have been debated as possible components to be paired with a trade facilitation deal.

In response to G-20 proposal which demands for easy export of agricultural goods overseas to countries that use import quotas, the G-10 group of countries with highly-protected farm sectors are willing to engage in discussions.

On the other hand, G-33 countries, mainly China and India, are strongly in favour of the G-33 agriculture proposal which would exempt subsidies given as part of the procurement done for public stockholding for poor and marginal farmers from current WTO ceiling. In fact, India has decided to go along with the agreement on trade facilitation only if there is an accord on subsidies to poor farmers. But the G-33 proposal is fiercely opposited by Australia, USA and the EU. Thus, the negotiation on the Trade Facilitation Agreement apprears to be at a stand still over a disagreement over the issue of public stockholding for food security.

While many Members are voicing their concerns regarding the agriculture proposal, some developing countries pointed out that the major economies are demanding high levels of ambition and binding commitments on trade facilitation negotiations.

Against this backdrop, it is high time for the Members to start working towards a common understanding to ensure that an agreement on Trade Facilitation is reached in MC9, hence delivering some tangible outcomes. The success of the Bali Ministerial at the end of the year is essential to restore the confidence of Members on the credibility of the WTO. But there is broad convergence of view that the negotiation as it stands now is not on course to lead to a successful outcome at MC9. The big question is: Will the member countries come to an agreement on the agriculture proposal issue and give way to the much awaited Trade Facilitation Agreement?

Source: www.ictsd.org, 20.12.2013; www.twnside.org.sg, 07.05.2013; www.business-standard.com, 09.04.2013; www.tralac.org, 06.02.2013; and www.wto.org, 20.03.2013.

NEWS

Nepal exports set to flow more freely to Bangladesh

Diplomats and merchants in Nepal are cheering the Bangladesh's decision to remove import duties on 108 agricultural products including vegetables, fruits and lentils from Nepal. Currently, Nepal exports lentils, vegetables, cereals, wheat flour, fruits, juice, dairy products, poultry feeds and handmade papers, among others, to Bangladesh. Nepal imports pharmaceuticals, textiles, electric goods, fish products, garments and jute fabric from Bangladesh.

A bilateral technical committee meeting in late-February in Dhaka finalised the list of Nepali products to be granted duty-free access. The agreement is expected to go into force after a joint commerce secretary-level meeting in Kathmandu in July. Nepal and Bangladesh have enjoyed excellent ties since establishment of diplomatic relations in 1972. A Nepal-Bangladesh Joint Economic Commission was set up in 1978 to promote trade relations between the two countries. Bangladesh has permitted Nepal to use port facilities at Mongla since September 1997, following the opening of the Kakarbhitta-Phulbari-Banglabandha transit route. Bangladesh is Nepal's second-largest trade partner in South Asia. According to the Trade and Export Promotion Centre, Nepal exported goods worth NRs 2.57 billion (US$29.6 million) to Bangladesh in fiscal year 2011-12 and imported NRs 8.09 billion (US$92.1 million) Bangladeshi products in the same period.

"The agreement will help further deepen the ties that exist between the two friendly countries," said Ministry of Trade and Commerce spokesman Naindra Prasad Upadhyaya. He expects the duty-free access agreement to sharply increase exports from Nepal.

Source: www.khabarsouthasia.com, 09.04.2013.

Pakistan likely to grant MFN status to India by June 2013

Pakistan industry council today said that Pakistan is expected to grant the much-awaited Most Favoured Nation (MFN) status to India by June, a move which would further normalise trade ties between the two countries."Within a month from the general elections, MFN should be granted by June," Bashir Ali Mohommad, a member of the Pakistan-India Joint Business Council said at a function jointly organised by the Research and Information System for

Developing Countries and Commonwealth Secretariat. The council was formed following a decision by the two countries to create the body to boost commerce and economic ties.

India granted MFN-status to Pakistan in 1996. However, Pakistan has been postponing implementation of its decision to grant MFN treatment to India with several deadlines missed believed to be due to its domestic political compulsions. Since then, several Pakistani federal ministers have said that the move to grant MFN status had been delayed so that the government could hold consultations with its domestic industries that have expressed reservations about the move. Pakistan has already missed a December 31, 2012 deadline to end a negative list regime for trade and give MFN status to India.

Further, Mohommad asked the Indian government to share the list of items which have been removed from the sensitive list, under the South Asia Free Trade Agreement (SAFTA). India has agreed to reduce its sensitive list, maintained under the SAFTA, to only 100 items from present list of 614 items by April 2013.

However, Director in the Indian Commerce Ministry, Indira Murthy, said Indian government will not notify the list till the neighbouring country grants the MFN status to India."It is specially specified in the 7th Round of talks held between secretaries of India and Pakistan in September 2012 that India will cut down its list of 100 items and notify it only when Pakistan gives MFN status and removes the land restrictions on Attari-Wagah border," she said.

Source: PTI, 02.05.2013.

India under pressure at WTO to phase out textile export sops

Pressure is mounting on India at the World Trade Organisation (WTO) to pare subsidies and incentives given to its textiles sector. The European Union and Japan have joined hands with the US and Turkey to demand that India stop giving fresh subsidies and gradually phase out the existing ones since India's textiles sector has already achieved export competitiveness. The issue came up for discussion at a recent meeting of the WTO Committee on Subsidies and Countervailing Measures.

India, however, maintains that many of the subsidies identified by the US and others are not subsidies and merely a reimbursement of input duties. It said before the phasing out happens, there has to be a common understanding on what the subsidies are.

Textile export is important for India's economy as the sector is the largest job provider in the country. With the downturn in global trade reducing demand for exports, the Government has been providing several incentives to exporters. India's garments exports in 2012-13 declined 12.23 percent to US$8.4 billion while exports of cotton yarn, fabrics and made-ups increased 10 percent to US$7.5 billion.

The WTO allows countries with per capita income below US$1,000 to give export subsidies till exports are lower than 3.25 percent of world trade in that particular commodity. India's share in the global market for textiles crossed the limit in 2007, according to WTO records, and is almost four percent at the moment. Since countries are given eight years to remove the subsidies, India has time till 2015 to do so.

Source: www.thehindubusinessline.com, 16.05.2013.

China's rising transportation costs block trade with Nepal

Trade between China and Nepal has been halted for about a week following a protest by Nepali traders opposed to sharp hikes in transportation costs imposed by Chinese companies. Border traffic has been completely shut down. On May 20, Chinese transportation companies hiked the charge Nepali traders have to pay by 1,500 yuan (US$ 250) per truckload for moving their goods from warehouses in Khasa. This has brought cross-border trade to a standstill.

Nepali traders have set a struggle committee chaired by Nilkantha Chaulagain, president of the Nepal Trans-Himalaya Commerce Association. The latter had decided nothing would come into or leave the country. Goods worth billions of rupees have thus piled at the border."We can no longer handle the situation," said Chief Custom Officer Mimansha Adhikari. "Not only is the country losing revenue, but there is no more room for the goods, which are piled up everywhere, on roads and open ground."

Kodari Immigration Office Chief Jagannath Sharma Paudel said the Chinese authorities had washed their hands of the dispute, saying that for them it was purely a private sector matter.

At the end of 2012, Nepal's Economy Minister announced that the country has increased annual exports fourfold to China, to US$ 11.15 million per year. The road from Khasa to Tatopani is the only route for bilateral trade between China and Nepal and this is the first major stoppage in many years. Krishna Gyawali, chief secretary at Nepal's Industry Planning Ministry, said he was "confident, however, that Beijing would be responsible and open to talks. This [the border shutdown] causes economic losses for both countries."

Source: www.asianews.it, 24.05.2013.

Bangladesh allows transit for foodgrains for Northeast India

In a major policy change, Bangladesh will allow India ferry foodgrains for the mountainous Northeastern states via its territory. According to the Food and Civil Supplies Minister of Tripura, the Bangladesh government has agreed to transport 10,000 tonnes of foodgrains for Tripura through its territory. "The Bangladesh government issued necessary orders earlier this week following a series of diplomatic and other parleys. After some security-related clearance, the carrying of food grains, mainly rice and wheat, is likely to start within a month," he added.

After getting a green signal from Dhaka, FCI (the Food Corporation of India) has initiated the process to transport food grains and essentials using the Bangladeshi river port in eastern Bangladesh and the roadways connected to the Northeastern states. In the first consignment, 10,000 tonnes of rice, wheat and sugar would be ferried to Tripura from West Bengal's Haldia port via the Ashuganj port. "After Tripura, foodgrains would be ferried through Bangladesh for other Northeastern states, including Mizoram, Manipur and southern Assam to save time and costs," a FCI official said.

"Due to shortage of rail wagons, inadequate storage facilities and various other bottlenecks, the Northeastern states have been suffering from poor supply of foodgrains for most part of the year, especially during the monsoon," the minister said. Surface connectivity is a key factor as the hilly region is surrounded by Bangladesh, Myanmar, Bhutan and China, and the only land route to these states from within India is through Assam and West Bengal. During the monsoon season (June to September), road transport becomes very difficult in the mountainous region due to floods and landslides. For ferrying essentials, goods and heavy machinery from abroad and other parts of the country, India has for long been asking Bangladesh for land, sea and rail access to the Northeast.

Agartala via Guwahati, for instance, is 1,650 km from Kolkata and 2,637 km from New Delhi. The distance between the Tripura capital and Kolkata via Bangladesh is just about 350 km.

Bangladesh media meanwhile quoting the country's commerce ministry reported that transhipment under the Protocol on Inland Water Transit and Trade (PIWTT) between Bangladesh and India can be allowed.

Source: www.india.nydailynews.com, 25.05.2013.

Uganda signs trade agreement with Sri Lanka

The East African state of Uganda signed a bilateral trade partnership with the Democratic Socialist Republic of Sri Lanka on May. The Sri Lankan President Mahinda Rajapaksa was in Uganda to hold talks with President Yoweri Museveni and meet a cross section of the business community. He also officially opened the new Sri Lanka High Commission in Kampala. This is expected to strengthen the diplomatic and business relationship between the two countries.

During his three-day stay, Rajapaksa gave the keynote speech to the Commonwealth Local Government Conference. His visit follows a similar one made by President Museveni in 2012 to the island state. Rajapaksa toured the Sugar Corporation of Uganda Limited (SCOUL) operations, pointing out that there are plenty of mutual benefits in increasing business links. He also visited a vocational s school.

In an interview with East African Business Week, the Sri Lankan External Affairs minister said the two countries should concentrate on trade, investment and tourism because the prospects are good. He said Sri Lanka had excelled as an exporter of refined jewellery, certain foods, apparel, tea, and other commodities. He added that promotion of vocational training had helped diversify their economy from a predominantly agricultural country to one relying on textile exports.

Uganda trade minister, Amelia Kyambadde said, "We have requested them to come and add value to our cotton which has reached stalemate. We have not developed it, and we want them to process it up to the market. We now want to develop it to textile level."

Source: http://www.africanbusinessreview.co.za, 29.05.2013.

India readying to take on absolute emission reduction cuts

India is preparing to take on absolute emission reduction cuts under the new global climate compact to be signed in 2015. As part of the preparation, the government is likely to commission four studies including one assessing when India's emissions will peak in absolute terms. The year when India's emissions trajectory peaks before it starts to dip is expected to influence the date from when the government will be ready to take on a cap in absolute terms on greenhouse gases under the 2015 agreement.

The government is also expected to commission a report on how the principle of equity would be embedded as a formula in the way emission reduction targets are distributed between different countries. In a third study, it would look to shape its own version of what the global agreement should look like. On the domestic front, the government is likely to look at what specific actions may be required by different ministries and industries to reduce emissions as part of its voluntary agenda.

The negotiations will conclude a new global regime under the existing UN convention by 2015, which is expected to re-distribute the burden of emission reduction across the 190 plus countries. In the negotiations so far, India has been steadfast that the primary responsibility of emission reductions sits with the developed nations and that the 'burden sharing' should be done on the principle of equity and common but differentiated responsibility.

Upon its insistence and that of other developing countries, the two principles have got enshrined as the basis for negotiations for the 2015 agreement. But the new compact would be expected to operationalise the principles through a formula that is acceptable to all countries.

While these reports are not expected to be the final word on the government's strategy over the next two years, they would provide techno-legal guidance for the negotiations leading up to the final deal in 2015.

Source: The Times of India, 10.04.2013.

Afghanistan joins Kyoto Protocol

Afghanistan has taken another step towards implementing its national climate strategy by ratifying the Kyoto Protocol. The move makes it the 192nd country or regional economic integration organization to sign up to the treaty, which will come into force for Afghanistan on 23 June, 2013. Classed as a developing or Non-Annex I country, it will not have to adopt any binding emission targets, but will be required to draw-up plans to develop a low carbon energy and transport system. Joining Kyoto also allows the country to take part in the UN's international emissions trading programmes; raising the prospect of richer nations investing in renewable energy and similar low carbon schemes in Afghanistan.

Kyoto has had a troubled life since its inception in 1997, with critics arguing that it lacks environmental integrity, given global emissions has increased since its launch. USA shows little sign of ratifying the Protocol, while Canada, Japan and New Zealand withdrew from the agreement at the last round of UN climate talks in Doha. Supporters argue it has led to declining emissions in the developed world—particularly in Europe—and say it will form the basis of the global climate agreement scheduled to be agreed in 2015.

Adaptation rather than mitigation is likely to be the biggest challenge for Afghan policymakers over the coming years. The World Bank reports Afghanistan's per capita emissions as 0.2 tonnes per person; compared to 0.9 in Pakistan and 17.3 in the USA. Afghanistan has suffered more than three decades of varying degrees of conflict, dramatically reducing its resilience to decreasing rainfall and other climatic changes. Climate change and drought are especially serious for the country since 80 percent of the population relies on natural resources for their livelihoods. In October 2012, the government launched a US$6 million initiative largely funded by the Global Environment Facility (GEF) to build resilience amongst vulnerable communities.

Source: www.rttc.org, 05.04.2013.

Least developed countries agree to cut greenhouse gas emissions

The world's poorest countries say they are now prepared to commit themselves to binding cuts in their emissions of greenhouse gases. Until now, the Least Developed Countries (LDCs) have insisted that the primary responsibility for tackling climate change through carbon cuts lies with industrialised nations, which emitted most of the carbon dioxide currently in the atmosphere. The LDC group's move has the potential to quicken the pace of UN climate change negotiations, which have for years been trying to agree an effective way to cut emissions in order to avoid runaway global warming. The LDC group is a major negotiating bloc at the UN talks, with its member states including 12 percent of the world's population. Whether its willingness to accept binding cuts will in fact hasten the birth of a new and comprehensive climate agreement will now depend largely on the good faith and commitment of the richer countries.

Quamrul Chowdury, a lead climate negotiator of the LDC group said: "Prakash Mathema, the current chair of the LDCs in the climate negotiations, has a new mantra: 'Follow us'. That means the LDCs under his leadership are set to act in the process as a very pro-active group. Chowdury said that the LDCs now accepted the need for binding emissions cuts by all countries negotiating the international climate treaty and not just by industrialised countries.
"All countries should commit to accepting cuts, but developing countries' National Appropriate Mitigation Actions (NAMAs) should be supported", he said. NAMAs are policies and actions which countries undertake as part of their commitment to reduce emissions. NAMAs do not involve governments making the sort of binding commitments which the LDCs say they will

now accept. They do stress the importance of financial help from developed to developing countries to help them to reduce emissions.

Chowdury's statement that the LDCs now accept that all countries should make binding emissions cuts is a significant diplomatic step forward, going to the heart of one of the most divisive issues in the negotiations: who should move first by cutting emissions? A number of developed countries argue that they will make cuts only when the LDCs do so, despite the fact that it is industrialisation and development that have largely caused the human contribution to climate change. It has been the developing world's refusal to accept that it is also responsible for helping to solve a problem it did not cause that has allowed some industrialised countries, notably the US and Australia, to refuse to commit themselves to internationally-agreed cuts.

Source: www.guardian.co.uk, 03.04.2013.

ACTIVITIES

Interaction programme on Harmonization of Non-Tariff Barriers in South Asia

SAWTEE, in collaboration with the Federation of Nepalese Chamber of Commerce and Industry (FNCCI), organized an interaction programme *Removal/Harmonization of Non-Tariff Barriers (NTBs) in South Asia* on 29 April 2013 in Kathmandu.

The experts put forth their views during the programme that though tariff rates in South Asia have come down as a result of liberalization but intra-regional trade has not expanded as expected because of the prevalence of the non-transparent, discretionary and unpredictable nature of NTBs. They stressed on the need for addressing the problems associated with NTBs to enhance intra-regional trade in South Asia. Participants further stressed on harmonizing standards among SAARC countries by strengthening the regional standard-related bodies like the South Asian Regional Standards Organisation (SARSO) along with developing and strengthening national laboratories, given the fact that most of the trade barriers come in the form of standards.

Over 90 participants, representing the private sector, academia, government and the media participated in the programme.

High-level Dialogue on Linking Istanbul Plan of Action with Post-2015 Development Framework

SAWTEE and Oxfam Novib organized a high-level dialogue on “Linking Istanbul Plan of Action with Post-2015 Development Framework” in Kathmandu on 8 May 2013. The panellists of the high-level dialogue were of the view that the Millennium Development Goals (MDGs) that are due to expire in 2015 have been partly successful in that some of the goals and targets set in them have been met by many countries, including the least-developed countries (LDCs). However, according to the panelists, there are a number of unfinished agendas which the post-2015 development landscape has to carry forward, specifically keeping the LDCs at the centre.

The event was participated by about 100 participants ranging from government officials to representatives of intergovernmental organizations, development partners, international and national non-governmental organizations, private sector, academia, practitioners, and the media, among others.

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