Trade, Climate Change and Development Monitor

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CONTENTS

OPINION IN LEAD

Global economic prospects: What for South Asia ?

Economic growth in South Asia weakened considerably in 2012 to an estimated 5.4 percent, from 7.4 percent the previous year according to the *Global Economic Prospects: Assuring Growth over the Medium Term* report of the World Bank. At a global level, the report says, the world economy continues to struggle four years after the onset of the global financial crisis. Developing economies, although their output has slowed, are still reported as the main driver of global growth and are suggested to once again emphasize on their internal productivity-enhancing policies in order to regain pre-crisis growth rates. Meanwhile, in the high-income countries, the persistence of headwinds from restructuring and fiscal consolidation are projected to become less intense, allowing for a slow acceleration in growth over the next several years.

At the South Asian country level, growth measured in factor cost terms for India—the largest economy in the region—is projected to decelerate to 5.4 percent in the 2012 fiscal year (ending in March 2013) from 6.5 percent in the 2011 fiscal year. The second largest economy in the region, Pakistan, experienced a little growth at a projected rate of 3.8 percent in 2012-13 compared with 3.7 percent in 2011-12. For Bangladesh and Nepal, growth is projected to slow down to 5.8 percent (6.3 percent in 2011-12) and 3.8 percent (4.6 percent in 2011-12), respectively in 2012-13. Likewise, the Sri Lankan GDP growth slowed to an estimated 6.1 percent in 2012 from 8.3 percent in 2011. Afghanistan, at the same time, grew robustly by about 11 percent, mostly due to the good harvest.

The subdued economic activity in the South Asia region is attributed to the factors like delayed monsoon, electricity shortages, macroeconomic imbalances (including large fiscal deficits and high inflation), and policy and security uncertainties. The region is also reported to have faced negative impacts from the Euro Area debt crisis and a weak global economy.

The report highlights that industrial production in South Asia was sluggish until the third quarter of 2012 because of the domestic difficulties as well as weak external demand, which picked up in the fourth quarter. According to the report, the debt crisis in the Euro Area—the largest export market for South Asia—had a severe thud on the export performance of South Asian countries. Agriculture, which accounts for half of South Asia's employment and just under a fifth of its GDP, was hit by weak monsoon that had a negative impact on the growth of the region. However, the 12.5 percent rise in remittances standing at US$109 billion, mainly coming from Arabian Gulf countries that benefited from elevated oil prices, had a positive impact on a number of South Asian economies where remittances constitute a key source of foreign financing. Net private capital flows to the region remained stable at US$72.6 billion in 2012 (US$72.5 billion in 2011) as the increase in portfolio equity inflows offset declines in bank lending and foreign direct investment (FDI).

The report projects a better prospect for the region in 2013 and 2015. The regional GDP growth is projected to rise to 5.7 percent in 2013, firming to 6.7 percent in 2015, mainly inspired by a gradual improvement in global demand for South Asia's exports, policy reforms in India, stronger investment activity, and a return to normal agriculture production. At the country level, India's GDP growth is forecasted to strengthen modestly to 6.4 percent in the 2013 fiscal year, rising to 7.3 percent in 2015. Pakistan's GDP growth is projected to strengthen to 4.0 and 4.2 percent in 2013-14 and 2014-15, respectively. Bangladesh's GDP growth is projected to pick up to 6.2 and 6.5 percent in 2013-14 and 2014-15, respectively, while Sri Lanka's growth is forecasted to rise in 2013 to 6.8 percent, strengthening to 7.2 percent in 2015. Net private capital flows to the region are expected to rise by 20 percent to US$87 billion in 2013 and to US$117 billion by 2015.

The report also cautions about the possible risks and vulnerabilities that can hamper the growth prospects of the region. The report argues that the growth in the region remains vulnerable to an uncertain external environment and country-specific factors. At the forefront are the resumption of financial market tensions in the Euro Area or protracted debt uncertainty in the United States that can affect South Asian countries through both trade and financial channels. The greater volatility in international financial markets could make it difficult for India to finance its widening current account deficit. There are fiscal challenges for the governments across the region to tackle their large subsidy burdens and fiscal deficits as per their commitments, which could get sidetracked by spending pressures, especially with elections scheduled in several countries in the next two years. The report points at the potentially adverse implications for sovereign creditworthiness due to the continuing high budget deficits coupled with weak growth. A poor agriculture harvest is highlighted as the greatest challenge for rural incomes and employment, food prices, inflation, the fiscal burden of subsidies, and overall growth.

The report does not include Afghanistan, Bhutan and the Maldives to estimate and forecast the South Asia regional aggregates, as it says, due to insufficient reliable historical data on national income accounts and balance of payments components.

Based on Global Economic Prospects: Assuring Growth over the Medium Term, Volume 6, January 2013, The World Bank.

ANALYSIS

Doha deliverables for 2013

It has been a year since the Doha Round of trade talks was formally declared at an impasse and the need for new negotiating approaches were prescribed at the eighth World Trade Organization (WTO) Ministerial Conference (MC8) in Geneva. The WTO Member States, on 7 December 2012, at a meeting of the WTO Trade Negotiations Committee (TNC) Chaired by Pascal Lamy, the Director-General of the WTO, urged for progress in the Doha negotiations for some results to be delivered by, or at, the ninth WTO Ministerial Conference (MC9) due to take place in Bali, Indonesia, in the first week of December 2013. Mr Lamy himself has opined that the Members remain committed to re-energising the WTO talks in a pragmatic and practical manner; thus ensuring that 2013 is a productive year for the WTO.

This, however, is easier said than done. While the ever prolonging Doha Round has put the confidence of Members as well as the broader credibility of the WTO at stake, the Chairs of the various Doha negotiating groups entitled to take care of all negotiating aspects of the Doha Round, stated during the meeting that the topics such as trade facilitation, agriculture, special and different treatment (S&DT), least-developed country (LDC) issues, and dispute settlement have advanced over the past twelve months. But others,such as the negotiations on services, have not shown any progress, and are seen as topics not likely to move forward anytime soon.

Experts are of the view that the time from MC8 until now has been spent mostly removing brackets in the draft text of the Doha negotiations on trade facilitation, and to some degree reviewing proposals on a few components of the agriculture and S&DT topics. In fact, MC9 is merely being viewed as a chance to move some of the less controversial elements of the Doha Development Agenda (DDA).

On the positive side, as discussed during the TNC meeting, the talks on trade facilitation deal that calls for easing customs procedures and other border restrictions by the end of 2013 has gained increased prominence over the past several months. The topic of S&DT, one of the major areas of focus during the TNC meeting, is expected to feature prominently in the days ahead.

On the agriculture front, there are two proposals from the G-20 coalition of developing countries, and one from the G-33 developing country group, which have been debated as possible components to pair with a trade facilitation deal, and has earned a cautious welcome from fellow WTO Members. The issue of food security and livelihood security for developing countries, coupled with the need for delivering on the Doha-2001 and Hong Kong-2005 mandates in agriculture, is likely to make agriculture a contentious topic for future negotiations. The WTO has to deliver on all of the agreed agenda relating to the development dimension guaranteed at the end of the Uruguay Round.

On the topic related to LDCs, efforts at building an LDC-focused "package" on time for the MC8 ultimately fell apart because of the lack of agreement on which issues to include in such a deal. Therefore, LDC-specific issues such as S&DT, extension of the exemption of the LDCs from the Agreement on Trade-related Aspects of Intellectual Property Rights, duty-free quota-free market access for LDC products, trade-related technical assistance and capacity-building, among others, that were agreed in principle at MC8 but are yet to be delivered, remain an enormous challenge for the MC9 negotiations.

In addition, there remains a daunting challenge for the MC9 to incorporate topics related to the so-called 21st century issues such as investment, competition, energy and climate change, to name a few, in the DDA.

Against this backdrop, it is high time for the Members to start working towards a common understanding to identify doable targets to ensure that the Doha process runs as smoothly as possible before and during MC9, hence delivering some tangible outcomes. The credibility of the global trading system necessitates a balanced outcome at Bali that is in the interest of developing countries. This calls developed countries to remember once again that the long-term interest of developed countries is in the development of developing countries. Back in 2001, developing countries, otherwise sceptical, on-boarded the DDA just because it had a development dimension.

There is a need for developed countries to take into consideration the macroeconomic implications while putting forward their proposals. Such considerations will necessitate the countries with a trade surplus in providing the necessary increase in world demand that can help boost international trade, thus increasing imports from developing countries. Likewise, all the negotiations should be based on the developmental impacts of trade in developing countries.

At the same time, it is instrumental for developing countries to understand the practical limitations of developed economies amid the economic crisis.

Developed countries' strong persuasion to go for the initiative on trade facilitation as "early harvest" can marginalize the rest of the Doha mandate. A consensus decision on early harvest can upset the overall "single undertaking" nature of the negotiations, thereby creating serious step back in the overall DDA and MC9.

Additionally, the last-minute proposals that have not been discussed in the appropriate bodies can jeopardize the Ministerial Conference itself and, hence, dent the credibility of the WTO.

While a small package of Doha deliverables for next December now appears to be the Members' current goal, Members are modest in that they are clear that the Bali event would not mark the end of the WTO's efforts to conclude the entire Round.

Based on Bridges Weekly, Volume 16, Issue 43, 12.12.12., Kanaga Raja's and Kinda Mohamadieh's articles in TWN published respectively in SUNS No.7499, 12.12.12. and SUNS No.7522, 11.02.13.

NEWS

Garments boost Bangladesh exports

Bangladesh's exports rose 18.81 percent in January, gaining for a seventh straight month from a year earlier thanks to improved garment sales, the Export Promotion Bureau said on 11 February.

From March through June, Bangladesh's monthly exports fell year on year as the global slowdown weighed on demand. But overseas sales have since picked up, with a 8.83 percent rise in the July-January period, bureau data showed. Exports in the first seven months of Bangladesh's July-June financial year totalled US$15.15 billion compared with US$13.92 billion over the same period of last year.

In January, exports of ready-made garments rose almost 23 percent to US$2.09 billion from US$1.70 billion in the same month of 2012. For the seven months ended in January, garment exports totalled US$12.04 billion, 9.9 percent more than a year earlier.

In recent years, Bangladesh's economy and exports have been boosted by a dramatic shift in global garment orders from China to lower-cost Bangladesh. The government set an export target of US$28 billion for the current fiscal year, up from last year's total earnings of US$24.3 billion. "We are hopeful of achieving the target if the current trend of growth continues," bureau head Shubhashish Bose said. Garment orders had been rising from new markets such as Japan, Russia and South Africa, he added.

Garments account for 80 percent of Bangladesh's exports. The industry employs 3.6 million people and more than four times that number are dependent on the sector for their livelihoods.

The garments trade has been in the spotlight since a factory fire that killed at least 112 people in November. Working conditions in the factories are notoriously poor, with little enforcement of safety laws. Overcrowding and locked fire doors are not uncommon.

The central bank cut its key policy rates this month for the first time since 2009, by half a percentage point, as it shifted its focus to encouraging growth. The central bank cut its growth forecast for the current fiscal year to 6.4 percent, down from 7.2 percent targeted earlier.

Source: www.thedailystar.net, 12.02.13.

Sri Lankan garments losing market share in US, UK

Despite an increase in earnings from garment exports to the US and EU, Sri Lanka is losing market share to competitor countries Bangladesh, India, Vietnam, Pakistan and Cambodia, according to a report.

"Despite considerable increases in absolute export earnings to both US and EU markets, it is of concern to note that Sri Lanka's relative market share in garment exports has been losing ground. The increase in export earnings over the years has been due largely to a shift in Sri Lankan garment exports from the US to EU," the Institute of Policy Studies (IPS), a Sri Lanka based think-tank, said in its recent flagship publication 'Sri Lanka: State of the Economy 2012'.

"Sri Lanka has been seeing a steady decline in its market share in the US from 2.3 percent in 2005 to 1.8 percent in 2011. Sri Lanka has been losing out to countries such as Pakistan, Vietnam, Bangladesh, Indonesia and Cambodia. Pakistan's share in the US apparel market was significantly below that of Sri Lanka in 2005 at 1.8 percent, but is now ahead at 2.1 percent. Diversification of its product range, marketing and large investments in value-added sectors including sewing machines, stitching, knitting, finishing and knitting processing have contributed towards Pakistan's progress," the IPS said.

While Sri Lanka has been successful in penetrating the EU market, 2010 and 2011 have seen a marginal decline in the share compared to 2009. Moreover, Sri Lanka is bound to lose its foothold further as the EU generalised system of preferences (GSP) plus concessions eroded. Sri Lanka garment exports will face higher tariffs under the new reforms that would come into effect from 2014.

Whereas China and Turkey still account for over half of the garment export share in the EU, Sri Lanka has been losing its market share to competitor countries such as Bangladesh, India, Vietnam, Pakistan and Cambodia. Bangladesh has been particularly successful in penetrating the EU market, with an increase of 6.2 percent in 2009 to 11.2 percent in 2011.

Bangladesh is already a beneficiary of GSP plus concessions, and Pakistan will also become eligible under the new reforms. Additionally, India is scheduled to sign a free trade agreement with the EU in 2014 which would guarantee benefits to Indian garment imports through tariff preferences.

"With competitor countries gaining from such tariff concessions, securing market share in the EU would be a challenging task for Sri Lanka in 2014 and beyond. Therefore, it is imperative that market diversification takes place in Sri Lankan garment exports. In this respect, Sri Lanka has made rapid inroads into new markets such as Turkey and the United Arab Emirates," the IPS said.

According to the latest data available, export earnings from apparel fell 4.6 percent year-on-year to US$ 3,633.3 million during the period January to November 2012.

Source: www.island.lk.com, 05.02.13.

Study pitches for treaty to promote investment in India and Pakistan

Estimating the India-Pakistan trade potential at US$19.8 billion, the Indian Council for Research on International Economic Relations (ICRIER) has called for an investment treaty to promote economic engagement and improve the confidence of businesses to invest in each other's country. A study 'Enhancing India-Pakistan Trade,' by Nisha Taneja of the ICRIER, has found that investment flows are important for trade links to become deeper and stronger. India has permitted investments in and from Pakistan. "If a bilateral investment treaty is put in place, it will improve business confidence," it says. The study assesses trade possibilities, examines the physical and regulatory impediments to realising the trade potential and suggests measures to tap into the potential, Dr. Taneja says.

According to the study, the trade potential is estimated at US$19.8 billion, 10 times larger than the current US$1.97 billion in official trade. Of this, export potential accounts for US$16 billion and import US$3.8 billion. The potential in the trade of mineral fuels is another US$10.7 billion (export US$9.4 billion and import US$1.3 billion).

The three categories with the largest export potential (54 percent) from India are machinery, mechanical appliances, electrical equipment, chemicals and textiles. The largest potential items among these categories are cell phones, cotton, vehicle components, polypropylene, xylene, tea, textured yarn, synthetic fibre and polyethylene.

The three categories with the largest import potential from Pakistan are textiles, jewellery and precious metals and base metals, accounting for 45 percent. The items with the largest import potential are jewellery, medical instruments and appliances, cotton, tubes and pipes of iron and steel, polyethylene terephthalate, copper waste and scrap, structures and parts of structures, terephthalic acid and its salts, medicines and sports equipment.

Interestingly, the study points out that a substantial proportion of India's export potential, around 58 percent, is in products that are on Pakistan's negative list for India or on the sensitive list applicable to India under the South Asian Free Trade Area (SAFTA). Likewise, 32 percent of India's import potential is in items on the sensitive list for Pakistan under the agreement.

There are also opportunities in the services sectors such as information technology and business process outsourcing, health care, and entertainment.

Source: The Hindu, 31.01.13.

India to Bangladesh: allow smaller ships between Vizag, Chittagong

India on January 29 asked Bangladesh to allow smaller ships to operate between Vizag and Chittagong for faster movement of goods and reduction in shipment costs. The issue came up for discussion during the bilateral talks between India's Commerce and Industry Minister Anand Sharma and Bangladesh's Commerce Minister, Ghulam Mohammad Quader in Agra.

An official said Sharma requested Quader "that smaller ships be allowed to operate between Chittagong and Vizag to help faster movement of goods and also reduce the transshipment cost as most of the present trade through sea happens via Singapore inflating the transshipment cost". The visiting minister was also informed that India is in favour of increased exports from Bangladesh to correct the trade imbalance. "We are constantly working on not only reducing the tariff and non-tariff barriers but also on how to increase imports from Bangladesh in India," the official added. On the border trade facilitation, Sharma informed that work on up gradation of infrastructure at Petropole, Dawki and Akhaura Land Customs Stations to Integrated Checks Posts has already begun on the Indian side. Work on upgradation of warehouses in Petrapole and Dawki, as requested by Bangladesh, will be taken up on priority basis, the official added.

Sharma also said the Department of Border Management under the Home Ministry was developing seven integrated check posts (ICP) on India-Bangladesh Border–Petrapole, Agartala, Dawki, Hili, Chandrabangha, Sutarkhandi and Kawarpuchiah. The ICP at Agartala is likely to be completed by the middle of next year and Dawki by the end of 2013 or early 2014. Further, eight Land Custom Stations are being developed along the Indo-Bangladesh-Borosora, Dalu, Ghasupara, Mahadipur, Hilli, Phullbari, Srimantpur and Gojadanga. Sharma also sought removal of port restrictions on items like yarn, milk powder, fish, sugar, potatoes. Referring to the revised rules of origin by the EU, Sharma said there is an opportunity for Bangladesh to expand its product basket by notifying India as input for items, and add value for export under the relevant Rules of Origin, the official said.

Source: PTI, 29.01.13.

Sri Lanka sees 58 percent increase in Chinese tourists in 2012

Chinese tourists to Sri Lanka ended the year up by 58.1 percent at 25,781 with December alone seeing 3,605 arrivals, which is an impressive 213.8 percent rise from December 2011. The data was released by the Sri Lanka Tourism Development Authority on 22 January.
Overall, East Asia provided the third largest cache of tourists with 132,730 people. Despite the comparatively smaller number, the region still had one of the best performance rates increasing by 38 percent from last year. Despite the economic downturn, Western Europe still provided the highest number of tourists with the UK (114,218), Germany (71,642) and France (56,863) pulling in large crowds of tourists. In total the region was responsible for 373,063 travellers, an 18.4 percent increase from 2011. In total Sri Lanka attracted 1,005,605 arrivals in 2012, which is a 17.5 percent increase.

Sri Lanka's Economic Development Ministry has focused on promoting the island country in China. During December, the tourism board sponsored a dozen journalists and TV crews from China to visit the scenic island and increase its exposure to Chinese audiences. The country's national carrier SriLankan Airlines has also increased flights to major Chinese cities and opened up services in Mandarin as well as launching tourism pages on social media in an attempt to bump up arrivals. Despite its high value, Sri Lanka is consistently overshadowed by its neighbour the Maldives that gets almost a quarter of its tourists from China. In 2012 the Maldives received 229,551 Chinese tourists, which was a 15.6 percent increase from 2011.

Since the end of a three-decade war in 2009, Sri Lanka's tourism industry has become a top foreign exchange earner . According to the country's central bank, earnings from tourism are expected to have increased to US$1 billion, a 24 percent increase in 2012. The government has set a target of 2.5 million tourists by 2016 that will almost triple earnings and employ half a million locals in another three years.

Source: http://www.wantchinatimes.com, 25.01.13.

For poor countries, other poor countries matter more than rich ones

Another milestone in the long shift of economic power from rich, industrial economies to middle-income and developing ones has been passed. According to new figures from the World Bank, the value of exports from developing countries to other developing countries ("South-South" trade) now exceeds exports from poor countries to rich ones ("South-North" trade). In 2002 developing countries bought only 40 percent of total developing-country exports; the rest went to rich nations. In 2010 the share was split evenly. Now the developing-country share is larger.

The change is hardly a surprise. Developing countries have been increasing their role in everything—world output, bank loans, you name it. Their share of world trade doubled from 16 percent in 1991 to 32 percent in 2011, increasing by an average of 0.8 percentage points a year. The global recession accelerated things. Since 2008 the rise has been twice as fast, at 1.5 percentage points a year.

The most dramatic recent shift came in China. Japanese exports to that country slumped by 12 percent in the year to October, even while China continued to suck in imports. The reason was political: the fall came amid a diplomatic spat. But it symbolises a wider change. As rich economies falter, middle-income ones grab more of their export markets. As middle-income countries move up the chain, poor ones occupy the less-crowded space of low-wage manufacturing.

For all the talk of "decoupling", developing countries are still dependent on the economic health of the rich world. Developing countries' trade was hit hard by the euro crisis: their imports fell at an annualised 6 percent in the second quarter of 2012, the period of sharpest euro-area contraction. In that sense, they depend on the North. But the North also depends on them. Since 2001 trade among industrialised countries has risen by only 7 percent a year and is 15 percent below the high point it reached in 2008 (see chart). Exports from rich to poor countries have risen faster—by 11 percent a year since 2001—and are only a sliver below their peak. Not only is the South more important to the poor; it is more important to the rich, too.

Source: The Economist, 19.01.13.

Pakistan launches first National Climate Change Policy

Pakistan might be in a position to boast its very first National Climate Change Policy but the road to effective implementation is long and arduous. The policy, which was officially launched by the Ministry of Climate Change in Islamabad on Tuesday, provides a framework for coping with the threats of climate change through adaptation and mitigation measures. The policy was approved by the Cabinet in September 2012. The policy focuses on development sectors such as water resources, agriculture and livestock, forestry, human health, disaster preparedness, transport and energy.

"The goal is to ensure that climate change is mainstreamed in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development," Javaid Ali Khan, director-general of climate change and environment at the ministry said during his presentation. Some of the measures include flood forecasting warning systems, local rainwater harvesting, developing new varieties of resilient crops, health impact assessment of changing weather patterns, promotion of renewable energy sources and efficient mass transport systems.

Now that the policy has been launched, the relevant ministries and departments as well as provincial and local governments will come up with their own strategies and plans to get to work. However, implementation is seen as the biggest challenge the policy faces. The ministry plan to form the policy implementation committees at the federal and provincial levels.

There were a variety of financing options available for projects under the climate change policy such as the international Green Climate Fund which aims to raise US$100 billion for environmental projects worldwide by 2020. A National Climate Change Fund will also be formed.

According to the National Economy and Environment Development Study 2011, climate change adaptation measures from now to 2050 will cost around US$6 billion to US$14 billion and mitigation efforts during the same period will cost US$7 billion to US$18 billion.

Source: The Express Tribune, 27.02.13.

Farmers studying climate change effect in Nepal

Farmers in Kanchanpur district in Nepal have started cultivating crops taking into account the adverse impact of climate change. Farmers in Rampur Bilashipur, the southern belt of the district, have set up Agro-Meteorological Centre and begun seasonal farming. The centre was established six months ago to collect information about the temperature, rainfall and humidity after the climate change impact was seen in agro-activities.

A non-government organisation also empowered the local people by forming various groups of 25 persons each in six village development committees running a farmers' school as per the climate adaptation programme for improvement of the rural livelihood. The study has been equipped with various devices to give information about the climate change impact to the farmers.

The centre has various weather measuring devices including a thermometer and rain gauge to measure the climatic condition and the farmers are provided with the necessary training to instruct them about the proper temperature, soil moisture, crops and crop cycle. The leading farmers will instruct the officials of the groups coming to the centre for studying the impact of climate change on agriculture and provide necessary technical support for farming.

The production was not good when the farmers had been cultivating the crops in the traditional way. But the production increased when they were provided with the technical support from the centre. The centre coordinates with the field office of the Department of Hydrology and Meteorology based in Kailali and provides information about weather condition to farmers.

Source: The Himalayan Times, 26.02.13.

Food Security Bill in India must be pushed sensibly: Amartya Sen

Nobel laureate and economist Amartya Sen has laid out his vision for why food security should get top priority in India during a recent public lecture in New Delhi. Sen put forth his views at the time when the National Food Security Bill is being debated publicly in the states and the Parliamentary Standing Committee has just returned the draft Bill with its suggestions.

Sen said it was not just important to meet the needs of the malnourished Indian child "from the point of social justice but also to be able to generate long-term growth and development. He pointed out that with one-third illiteracy, one-half without toilets, one-third with no electricity, 40 percent of children being undernourished, India needs to review if any increase in growth rate was at all sustainable. He added that it is high time for India to get recommitted to developing human capabilities and discovering its broader connection with growth and social justice.

He said it was "an achievement" of Indians to be able to get the food security legislation on the table of Parliament, and that it must be pushed sensibly, choosing between where cash transfers would work and where they wouldn't. Sen deplored the fact that children's entitlements under the Food Security Bill were so weak.

Amartya Sen recalled, in particular, three advantages of universal coverage when it comes to basic public services and social facilities. First, it makes these facilities a matter of citizens' right, and avoids any exclusion. Second, it ensures that powerful and influential people have a stake in them. Third, universal coverage helps to avoid corruption.

Source: www.indianexpress.com, 16.02.13.

Bhutan set to plough lone furrow as world's first wholly organic country

Bhutan plans to become the first country in the world to turn its agriculture completely organic, banning the sales of pesticides and herbicides and relying on its own animals and farm waste for fertilisers.

This will mean farmers of the small Himalayan kingdom of around 1.2m people (according to Pema Gyamtsho, Bhutan's Minister of agriculture and forests; the World Bank estimates it at around 740,000) will be able to grow less food, the government expects them to be able to grow more and to export increasing amounts of high quality niche foods to neighbouring India, China and other countries.

The decision to go organic was both practical and philosophical, said Gyamtsho, in Delhi for the annual sustainable development conference 31 January - 2 February 2013. "Ours is a mountainous terrain. When we use chemicals they don't stay where we use them, they impact the water and plants. We say that we need to consider all the environment. Most of our farm practices are traditional farming, so we are largely organic anyway."

"But we are Buddhists, too, and we believe in living in harmony with nature. Animals have the right to live, we like to to see plants happy and insects happy," he said.

"Going organic will take time," he said. "We have set no deadline. We cannot do it tomorrow. Instead we will achieve it region by region and crop by crop."

Source: The Guardian, 13.02.13.

Afghanistan will not cope with climate change: Karzai

President Hamid Karzai on 29 January highlighted his grave concerns for Afghanistan's water resources saying that climate change may further complicate the country's situation into a problem it will not cope with. At the third national conference on Afghanistan's development and management of water resources, Karzai criticised the failure of international aid to construct more water dams even as billions of dollars poured into Afghanistan's infrastructure projects.

"The world's climate change will harm Afghanistan more because other countries are capable of restraining the unpleasant effects of climate change but Afghanistan does not have the capability," Karzai said in Kabul.He also made the claim that neighbouring countries are receiving more benefits from Afghan resources than Afghans are. "Our neighbours should know that Afghanistan also has the right to develop. Afghanistan will use this right. But so far, our right has been infringed," he said.

Minister of Energy and Water Mohammad Ismail Khan said that the government needs more serious management of water resources across the country and thereby help reduce poverty.

"The progress and management of water resources should help to reduce poverty in the country," he said.

Afghanistan is a country with comparatively high water resources—an estimated 75 billion cubic meters of flowing water—however three decades of conflict have held progress in its development back.

Source: http://www.tolonews.com, 30.01.13.

Global employment trends 2013, recovering from a second jobs dip: ILO

The year 2011 saw a tapering off of the recovery, followed by a dip in both growth and employment in 2012 according to the *Global Employment Trends report for 2013*, published by the International Labour Organization (ILO). The report says that the employment increased by a further 4 million over the course of 2012.

The report, examining the crisis in labour markets of both advanced economies and developing economies, argues that the epicentre of the crisis has been the advanced economies, accounting for half of the total increase in unemployment of 28 million since the onset of the crisis. The report also mentions that the pronounced double dip in the advanced economies has had significant spillovers into the labour markets of developing economies as well. According to the report, a quarter of the increase of 4 million in global unemployment in 2012 has been in the advanced economies, while three quarters have been in other regions, with marked effects in East Asia, South Asia and Sub-Saharan Africa.

The report estimates the quantitative and qualitative indicators of global and regional labour markets and discusses the macroeconomic factors affecting the labour markets in order to explore possible policy responses. In examining the impact of macroeconomic developments on labour markets, the report looks at negative feedback loops from households, firms, capital markets and public budgets that have weakened labour markets. It finds that macro imbalances have been passed on to the labour market to a significant degree. Weakened by faltering aggregate demand, the labour market has been further hit by fiscal austerity programmes in a number of countries, which often involved direct cutbacks in employment and wages, directly impacting labour markets, the report argues. Far from the anti-cyclical response to the initial crisis in 2009 and 2010, the policy reaction has been pro-cyclical in many cases in 2011 and 2012, leading to the double dip, according to the report.

The report suggests for a policy rethink in order to achieve a more sustained recovery in 2013 and beyond.

ACTIVITIES

Operationalizing the SAARC Seed Bank and Material Transfer Agreement from community seed banks' perspectives

SAWTEE organized a discussion programme on "Operationalizing SAARC Seed Bank and Material Transfer Agreement from community seed banks' perspectives" on 19 December 2012. During the discussion, the experts highlighted that the relevance of community seed bank is increasing in the context of climate change and deterioration of genetic resources pool globally, and increasing interests of multinational companies in the seed sector.

Experts discussed the challenges and opportunities of community seed banks—which are involved in the conservation and development of local varieties of food crops—and their future areas of work against the backdrop of the signing of the Agreement on SAARC Seed Bank and associated Material Transfer Agreement.

Altogether 17 experts from the Nepal Agriculture Research Council, Ministry of Agriculture Development and the private sector, and independent experts and farmers who are involved in operating community seed banks contributed in the discussion.

Regional consultation on trade, climate change and food security in South Asia

SAWTEE and Oxfam Novib organized a two-day Regional Consultation on “Trade, Climate Change and Food Security in South Asia” in Kathmandu on 20–21 December 2012. Participants from around the region called for policies and strategies to cope with the impacts on agriculture and food production from a highly likely increase in global temperature of about 1.5 to 2.5°C above pre-industrial levels. They also called for simplifying the operational modalities of the SAARC Food Bank and making them more pragmatic for member countries to benefit from it in times of need. They stressed the need for effective enforcement of competition laws in the region to curtail anticompetitive practices that are fuelling food-price inflation, and increased cooperation on trade, technology transfer and climate change adaptation.

About 50 experts from Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka participated in the programme. The discussions during the programme covered issues such as the Doha climate conference and global climate negotiations; SAARC Food Bank; SAARC Seed Bank; liberalization of environmental goods; regional trade in agriculture and food products; climate change adaptation; biofuel and food security; and technology transfer, among others. The event was part of the Regional Programme “Trade, Climate Change and Food Security in South Asia” that SAWTEE is implementing with the support of Oxfam Novib.

Training programme on Competition Promotion and Market Protection Act

SAWTEE organized two four-day training programmes on “Competition law and implementation of the Competition Promotion and Market Protection Act (CPMP) 2007” in association with the Department of Commerce and Supplies Management (DoCSM), Government of Nepal and USAID/ Nepal Economic, Agriculture and Trade (NEAT) Activity.

The trainings were imparted to Market Protection Officers (MPOs) and Assistant Chief District Officers (CDOs) from 26 districts in Nepal. Officials from the Ministry of Commerce and Supplies and the Department of Commerce and Supplies Management also participated in the events. There was also participation of a few consumer rights’ activists. The trainings were organized to sensitize the officials on the importance of competition law, and the procedures of implementing the CPMP Act. The resource persons discussed various facets of fair competition and the CPMP Act, and the roles and responsibilities of the MPOs to promote fair market practices.

The first round of the training programme was held during 7-10 January 2013 and the second round during 21-24 January 2013 with the participation of 21 officials in each training programme.

TradeSift Trade Policy workshop

SAWTEE, in collaboration with the University of Sussex, United Kingdom, organized a workshop on “South Asian trade policy” in Kathmandu on 21-25 January 2013. The workshop provided training on the use of TradeSift (Systematic Integrated Framework for Trade Analysis) software developed by the University of Sussex for the analysis of international trade. The workshop helped trade policy makers better analyse trade policy before and after implementation, and generate negotiating priorities and strategies based on actual trade and economic performances using the freely available datasets from various sources.

The workshop was participated by 10 bureaucrats each from India and Pakistan. There was also participation of a few officials of the Government of Nepal and the SAARC Secretariat.

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