Trade and Development Monitor

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OPINION IN LEAD

Making SAARC "action-oriented"

The 16th Summit of the South Asian Association for Regional Cooperation (SAARC) held in Thimpu from 28-29 April 2010, marking the 25th anniversary of the regional body, was refreshing in that there was a candid admission that SAARC has not been action-oriented, with gaps galore between commitments and their fulfillment.

The Thimpu Declaration states that the "Silver Jubilee Year should be commemorated by making SAARC truly action oriented by fulfilling commitments, implementing declarations and decisions and operationalizing instruments and living up to the hopes and aspirations of one-fifth of humanity". In an acknowledgement of national policies and programmes not keeping up with regional decisions, it highlights the need for more efficient, focused, time-bound and people-centric activities and calls for appropriate reflection of all the SAARC decisions in the national policies and programmes of member states.

In Thimpu's first SAARC Summit, the leaders of the eight member states agreed to form a South Asia Forum for the generation of debate, discussion and the exchange of ideas on South Asia and its future development. The Forum is to be composed of eminent personalities from diverse backgrounds representing all member states. This decision is likely to strengthen dialogue among the South Asian civil society and enhance the role of its inputs in the SAARC process.

The Summit also decided to convene a "Conclave of SAARC Parliamentarians" in line with the SAARC Charter. This will help build and consolidate trust at the political level among the member states.

The SAARC leaders called for the expeditious mainstreaming of the SAARC Development Goals (SDGs) in the national processes and completion of the Mid-term Review of the SDGs as scheduled. They welcomed the ratification of the SAARC Development Fund (SDF) Charter as well as the inauguration and operationalization of the Permanent Secretariat of the SDF including the appointment of its first Chief Executive Officer. Effective operationalization of the SDF, with special considerations for least-developed countries (LDCs), is the challenge ahead.

The leaders reiterated their commitment to implement the Agreement on South Asian Free Trade Area (SAFTA) in letter and spirit. They directed the SAFTA Ministerial Council to work in earnest in a time-bound manner in the areas of reducing in the size of the sensitive lists, accelerating trade facilitation measures, and removing non-tariff, para-tariff and other barriers, so as to realize the potential of SAFTA, with intra-regional trade standing at less than 5 percent. A time-bound roadmap for removing the barriers must be prepared without further ado. The leaders also recognized the importance of the development of communication systems, transport infrastructure, and transit facilities, especially for the landlocked countries, to promote intra-SAARC trade. What is now required is an agreement among member states to create a regional transit agreement, which will help boost intra-regional trade as well as the extra-regional trade of its landlocked members, which are also LDCs.

The Summit saw the signing of the SAARC Agreement on Trade in Services that the leaders hoped will open up new vistas of trade cooperation and further deepen the integration of the regional economies. They called for the early ratification of the Agreement, and the early conclusion of negotiations on the specific schedule of commitments under the Agreement. It is essential that special and differential treatment for LDCs be maintained during further negotiations on the Agreement.

The leaders noted with appreciation that SAARC Commerce Ministers had coordinated SAARC position on WTO Issues and Doha Development Agenda during the Seventh WTO Ministerial Conference and agreed on the SAARC Ministerial Communiqué. They directed the Commerce Ministers to continue the process. This is essential to avoid a repeat of the bitter experience in the 2005 Hong Kong Ministerial when some South Asian countries torpedoed the proposals of LDCs, including South Asian ones, relating to duty-free and quota-free market access.

The leaders called for collaborative efforts to achieve greater intra-regional connectivity and endorsed the recommendation to declare 2010-2020 as the "Decade of Intra-regional Connectivity in SAARC". They agreed on the need to expedite negotiations with a view to finalizing the two agreements on Motor Vehicles and Railways. This decision, if implemented, can have a positive impact on intra-regional trade, which is constrained by, among others, poor intra-regional connectivity, causing high trade costs.

Acknowledging the enormity of the challenges related to food insecurity and poverty, the leaders directed the SAARC Agriculture Ministers to vigorously pursue regional cooperation in agriculture covering all sub-sectors to enhance overall agricultural productivity. They called for regional efforts on increased sharing of best practices, technologies, techniques, and materials. Given the importance of quality seeds in enhancing productivity, they further directed early consideration of the concept of a regional seed bank, regional testing and certification of seeds, and a framework for transfer of plant genetic material and seeds.

Statement on climate change

The Summit also issued a separate statement on climate change. It reiterated the principles of equity, and common but differentiated responsibilities and respective capabilities as enshrined in the UN Framework Convention on Climate Change to be the basis for an agreed outcome in the global negotiations on climate change. This timely reiteration comes amid attempts by the developed world to ditch the principles.

The statement also underlined that an agreed outcome of the global negotiations must emerge from an inclusive, transparent, open and democratic process of negotiations. The importance of a transparent and democratic negotiation process cannot be overstated, especially in the light of the way the Copenhagen Accord was hammered out by a select group of countries meeting in secret.

Among other things, the Summit decided to review the implementation of the Dhaka Declaration and SAARC Action Plan on Climate Change and ensure its timely implementation; establish an Inter-governmental Expert Group on Climate Change to develop clear policy direction and guidance for regional cooperation as envisaged in the SAARC Plan of Action on Climate Change; commission a study for presentation to the 17th SAARC Summit on ‘Climate Risks in the Region: ways to comprehensively address the related social, economic and environmental challenges’; commission a study to explore the feasibility of establishing a SAARC mechanism which would provide capital for projects that promote low-carbon technology and renewable energy, and a Low-carbon Research and Development Institute in South Asian University; and commission a SAARC Inter-governmental Mountain Initiative on mountain ecosystems, particularly glaciers and their contribution to sustainable development and livelihoods to be supported by SAARC Forestry Center.

Only time will tell whether the commitments made in the Summit, including the one to fulfil all commitments, will be fulfilled so that SAARC actions match SAARC talks. While national-level political will is crucial in this regard, a strategy should be worked out to obtain assistance from the SAARC observers for the implementation of SAARC decisions. In the 25 years of its existence, SAARC has made many decisions that have either not been implemented or been implemented incompletely and ineffectually. SAARC needs financial and technical assistance from its observers for implementing many of the decisions taken so far and to be taken in future. After all, the rationale for SAARC having observers is for them to be partners in the development of the South Asian region.

ANALYSIS

Climate finance risks being empty promise

The Copenhagen Accord contains, *inter alia*, a pledge by developed countries to provide “new and additional” resources amounting to US$30 billion to developing and least-developed countries between 2010-2012, with a balanced allocation between adaptation and mitigation.

Speedy fulfilment of that commitment would mark a substantive, positive step towards North-South cooperation on climate change, and the implementation of the Bali Action Plan**.** It may also help rebuild trust that was severely dented in the Copenhagen conference late last year where principles of democracy and transparency were thrown to the winds to produce the Copenhagen Accord.

Unfortunately, according to UNFCCC Executive Secretary Yvo de Boer, although, based on publicly available data, current pledges of public financing for 2010-2012 to developing countries add up to approximately US$30 billion, these funds are not new and additional in all cases, “meaning that some industrialized countries are beginning to climate-wash the funds”. In an address to the Petersberg Climate Dialogue in Bonn, de Boer lamented that in many cases, significant finance has not come forward. Many assessments, such as National Adaptation Programmes of Action, or Technology Needs Assessments, have not been as adequately funded as promised.

This calls into question developed countries' sincerity about genuinely helping poor countries mitigate and adapt to climate change, whose impacts fall disproportionately on the latter despite their having negligible historical responsibility for global warming.

Indeed, if industrialized nations cannot live up to their promise of short-term funding up to 2010, it needs quite a stretching of imagination to believe they will mobilize US$100 billion a year for long-term mitigation finance for poor countries by 2020, as pledged in the Copenhagen Accord.

This problem in the fulfilment of short-term financing promise comes at a time when unresolved issues related to finance remain. There is a lack of clarity on the long-term finance (beyond 2012), and the financial architecture to manage the finances—placed among the key unresolved issues by de Boer. The Copenhagen Accord does not specify any target for long-term funding for adaptation, though it does so for mitigation. It is not clear how the long-term mitigation finance is to be secured. The Accord leaves open the possibility of channeling the finances through multilateral lending agencies like the World Bank, an idea that developing countries are vehemently opposed to on justifiable grounds.

With formal UNFCCC negotiations having begun after the interregnum following the 15th Conference of the Parties (COP) in Copenhagen and the 16th COP in Cancun no more than seven months away, credible moves by developed countries in fulfilment of their short-term finance pledge are long overdue. The other unresolved issues relating to finance must also be seriously tackled if an effective and equitable global climate regime is to come to fruition.

OTHER NEWS

WTO chief rejects changing Doha agenda

The head of the World Trade Organization (WTO) has rejected proposals to revise the Doha trade agenda, saying it was unacceptable to developing nations seeking to open up world commerce. He was responding to European Union trade chief Karel de Gucht's remark that the goal of the long-running Doha Round should be revised to either seek a “Doha light” deal or aim for a more ambitious outcome.

WTO Director-General Pascal Lamy on 20 April said that revising the agenda would be "horribly complex, plus probably politically unpalatable for developing countries who want this round to resolve a fairer system of rules for them".

Lamy said none of the WTO's 153 members had suggested revising the Doha agenda during a stock-taking exercise in March during which they tacitly dropped a deadline for a trade liberalization agreement. Lamy was in Uruguay for a meeting of the Cairns Group of agricultural exporting countries.

He reiterated that a deal to end the nine-year old round is technically possible as long as world leaders show the political will to do so: "It has a lot to do with politics. That's the question mark." Lamy estimates nearly 80 percent of the issues in the negotiations have been resolved.

But the slow progress in bridging the remaining differences has fuelled suggestions the talks be paused for a while or scrapped altogether to focus on other trade areas. Much of the impasse comes from United States' (US) demand that major developing countries make better offers to open their farm, manufacturing and services markets in exchange for US cuts in farm subsidies and politically sensitive tariffs.

Source: www.moneycontrol.com, 21.04.10.

Russia looking to join WTO at year-end

Russia is looking to join the World Trade Organization (WTO) by the end of 2010, when it would agree to lower its customs duties.

Deputy Prime Minister Igor Shuvalov, on a visit to Brussels to meet members of the European Commission on 21 April, said he had discussed measures to speed up Russian accession to the global trade rules body and would soon meet United States (US) officials. “We're looking to the end of the year," he said, adding that if possible, Russia would ratify the accession document and immediately lower customs duties.

Russian export taxes on wood, which have risen sharply in the last few years in order to encourage European paper makers to invest in the country, have been a key stumbling block in Moscow's bid to join the WTO. Russia in late 2008 also raised import duties on a range of goods, notably cars, to shield its economy from the global downturn.

Shuvalov said that Russia had made it clear that the 2008 increases amounted to an anti-crisis measure that would be rolled back when the economy recovered. He said the government had recently decided to leave the higher duties in place for now, as the Russian economy, though has begun to grow, is still not stable.

Russia, which opened negotiations to join the WTO in 1993, is the only major world economy that is not part of the Geneva-based body.

Source: Agence France Presse, 14.04.10.

Developing countries launch new coalition at WIPO

Nineteen developing countries have created a new coalition to push the World Intellectual Property Organization (WIPO) to make its work more development-friendly. The announcement of the new bloc, dubbed the WIPO Development Agenda Group (DAG), came during the April meeting of WIPO’s Committee on Development and Intellectual Property (CDIP).

The DAG is “an open and inclusive group consisting of WIPO Member States that are likeminded in their support for a development-oriented perspective on intellectual property issues, and the mainstreaming of the Development Agenda across all areas of WIPO’s work,” according to the statement made by Egypt on behalf of the group.

The DAG may be seen as a successor to the Group of Friends of Development (FOD), which played an active role in advancing the initial stages of the WIPO Development Agenda since its launch in 2004 until the adoption, in 2007, of 45 recommendations that aim to integrate the development dimension in all of WIPO’s activities.

Eighteen countries are founding members of the DAG: Algeria, Brazil, Cuba, Djibouti, Ecuador, Egypt, Guatemala, India, Indonesia, Iran, Malaysia, Pakistan, the Philippines, South Africa, Sri Lanka, Sudan, Syria, Uruguay and Yemen.

Source: Bridges Weekly Trade News Digest, Vol. 14, No. 15, 28.04.10.

Intensified UNFCCC negotiating schedule agreed for 2010

The first round of United Nations (UN) climate change talks since the UN Climate Change Conference in Copenhagen in December 2009 concluded in April in Bonn with an agreement to intensify the negotiating schedule in order to achieve a strong outcome in Mexico at the end of the year.

In addition to the negotiating sessions already scheduled for 2010, governments decided at the Bonn meeting to hold two additional sessions of at least one week each. The additional sessions will take place between the 32nd session of the United Nations Framework Convention on Climate Change (UNFCCC) subsidiary bodies from 31 May to 11 June 2010 and the UN Climate Change Conference in Mexico from 29 November to 10 December 2010.

The Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) invited its chair to prepare, under her own responsibility, a text to facilitate negotiations among parties, in time for the May/June sessions in Bonn.

UNFCCC Executive Secretary Yvo de Boer called on governments to overcome differences, and work for greater clarity on what can be decided in the course of 2010 in the negotiations. According to de Boer, negotiators must tackle three categories of issues in the course of this year: issues which were close to completion in Copenhagen and can be finalized at the Cancún conference at the end of the year; issues where there are still considerable differences, but on which the Copenhagen Accord can provide important political guidance; and issues where governments are still far from agreement.

Meanwhile, environment ministers of the BASIC countries—Brazil, South Africa, India and China—meeting in Brazil in April said that a legally binding global agreement to limit climate change needed to be completed by 2011 at the latest, noting that the world could not wait indefinitely for the US to finalize its legislation on the issue.

Source: United Nations Environment Programme (UNEP), 15.04.10; Press Trust of India, 25.04.10.

EU defends food as fuel

The European Union's (EU) anti-poverty chief has refused to concede that the EU's promotion of biofuels is helping exacerbate global hunger, despite growing evidence that it is.

Andris Piebalgs, the EU's commissioner for development aid, published a paper on 21 April committing him to ensuring that work aimed at reducing poverty is not undermined by the Union's activities in other policy areas such as trade, agriculture and fisheries. While the paper states that EU officials have an "obligation" to monitor the effects of biofuel production on the world's poor, Piebalgs would not accept he was wrong to support the use of food crops for power generation during his previous role as the EU's energy commissioner.

"I can clearly state today that biofuel policy has done no damage in the developing world," Piebalgs said. "The focus is right."

Holding the energy portfolio in the European Commission from 2004 until last year, Piebalgs was one of the most zealous defenders of an EU strategy that at least 10 percent of all journeys undertaken on the bloc's roads by 2020 should be powered by biofuels.

Since that goal was set in 2007, it has encountered stiff opposition from environmental campaigners and food policy analysts. The World Food Programme has held the greater use of biofuels at least partly responsible for a spike in the prices of basic groceries that has pushed the number of people who suffer from chronic hunger and malnutrition beyond a billion. Food crops used for cars and trucks include wheat, maize, soy, sugar and palm oil.

Piebalgs' stance contrasts with the findings of several studies undertaken at the Commission's request. A recent environmental impact assessment on the EU's biofuels policy cast doubts on whether it will help slow down the pace of climate change. The assessment calculated that raising the proportion of biofuels used for road transport above 5 percent in the next decade would do more harm than good to the global environment as many forests would be sacrificed to create room for biofuel plantations. The Commission has so far refused to make public a series of other documents relating to the biofuels target.

Earlier this year, ActionAid predicted that an additional 600 million people would join the ranks of the world's hungry by 2020 unless the EU scraps its biofuels target. Anne Catherine Claude, a campaigner with the organization, said that Piebalgs is "probably afraid" of admitting the impact of biofuels because he does not wish to upset the large energy and agribusiness companies who have a vested interest in keeping the target. The Union's objective was originally set after EU officials consulted an advisory panel comprising representatives of such firms as Shell, Abengoa, Total, British Sugar, Nestlé and Volvo.

Source: www.ipsnews.net,22.04.10.

India under pressure to open up dairy sector

India is facing strong pressure to open up its markets to cheese and other dairy produce from Europe, even though the New Delhi government has expressed fears about how small farmers could be forced into deeper poverty as a result. Because its dairy sector employs 90 million people, India has advocated that milk and cheese be excluded from the scope of the free trade agreement under negotiation with the European Union (EU).

EU officials nonetheless stepped up their efforts to have India's agricultural markets liberalized during the latest round of talks, which took place in the last week of April. A Brussels source said that moves to open up all agricultural sectors are under discussion, though it has not yet been decided which products will be liberalized. Anti-poverty activists complain, however, that the EU has displayed scant concern for the plight of India's rural poor until now.

While India's dairy sector is of critical importance in providing work and income to farmers, particularly those who do not own land, Europe's cheese-makers have been adamant that protections offered to India's poor should be dismantled.

In 2007—the year that talks aimed at reaching an EU-India free trade agreement were launched—the European Dairy Association contended that the taxes levied by the Delhi authorities on imported food were "unrealistically high." But critics of the EU's trade strategies argue that scrapping such tariffs would leave India's farmers unable to withstand competition from European imports. Often those imports have been highly subsidized and can be sold at lower prices than domestically produced food.

Both the EU and India have set themselves an objective of removing 90 percent of the tariffs they apply to trade in goods between them in an eventual agreement. Negotiators are seeking to have this accord completed in time for a high-level EU-India meeting in October.

A 2009 study by the Centre for Trade and Development, found that women would bear the brunt of any moves to expose India's dairy sector to outside competition. Women comprise 75 million of the employees in that sector.

Despite being one of the world's most populous countries, India absorbs less than 0.5 percent of the EU's total agricultural exports. Europe's dairy companies have identified the high tariffs as the main obstacle to expanding their commercial ties with India. The country's burgeoning middle class is also regarded as offering great potential as buyers of the gourmet cheeses more readily available in European shops.

Trade analysts say that EU officials have stepped up their efforts to include dairy within the scope of an agreement with India because of the crisis facing Europe's milk farmers, who have been badly hurt by a decrease in the prices they are being paid in the past few years.

Source: www.ipsnews.net, 03.05.10.

ACTIVITIES

Third South Asia Forum held

SAWTEE collaborated with Imagine a new South Asia Alliance (INSA), Climate Action Network South Asia (CANSA), South Asia Centre for Economic Journalists (SACEJ), NGO Federation of Nepal, ActionAid, Oxfam and WaterAid to organize the “Third South Asia Policy Forum” on 25-27 April 2010 in Kathmandu.

The forum, a coordinated effort of South Asian civil society networks, provided a platform to a range of multi-stakeholders' groups for a consultative dialogue on the region's challenges and opportunities in different areas such as climate change, natural resources management, biodiversity, trade, agriculture and food security. The forum's outcomes are being fed into, among others, the process of negotiations and decisions at the South Asian Association for Regional Cooperation (SAARC) level.

A cross section of policy and research organizations, academicians, parliamentarians, policy makers, journalists and civil society organizations from various South Asian countries participated in the policy forum.

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