Trade and Development Monitor

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Disappointment at mid-year UNFCCC meet

The annual mid-year meeting of the United Nations Framework Convention on Climate Change (UNFCCC), held in Bonn, Germany from 31 May to 11 June, ended in disappointment as lack of progress beset controversial issues such as how to increase mitigation by developed countries, how to support upscaled mitigation in developing countries, and how to manage new financing and get more technology on the ground.

Developing countries sharply criticized a new draft text of a global climate deal presented on the final day of the Bonn climate talks by the Chair of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). The G77 and China expressed “dismay” over the imbalanced new paper and called for a rebalancing in the next draft, while a wide range of individual developing countries and their groupings attacked the text, including for its implied killing of the Kyoto Protocol, eliminating of equity considerations, obliging developing countries to “peak” their emissions by 2020, and blurring the distinction between developed and developing countries in their requirements to register and report on mitigation actions. However, most developed countries welcomed the draft or gave cautious support, indicating a large North-South divide.

The parties to the UNFCCC agreed to not mandate the holding of a ministerial meeting before the next climate change conference in Mexico at the end of this year. The controversial proposal, made by Papua New Guinea, aimed at taking decision-making to a political level, a matter that causes concern among the majority of developing countries as the climate negotiations involve many complex technical issues

Adapted from Third World Network, Bonn News Update, No. 20 and No. 22, 14.06.10; Bridges Trade BioRes, Vol. 10, No. 11, 11.06.10.

G20 renews vow against protectionism

Leaders from the world's biggest economies, at the G20 summit in Toronto on 26−27 June, agreed to a timeline for reducing their budget deficits and debt levels, and renewed their vow to avoid protectionist measures.

Developed-country members of the G20 agreed to halve deficits by 2013 and stabilize or reduce government debt-to-gross domestic product ratios by 2016. But they also agreed that how governments pursue fiscal consolidation should depend on their national circumstances.

While system-wide mercantilist pressures may be growing, the G20 pledged to avoid specific protectionist policies, renewing for a further three years their earlier commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO)-inconsistent measures to stimulate exports, and to rectify such measures as they arise.

G20 leaders also expressed support for bringing the Doha Round to “a balanced and ambitious conclusion as soon as possible,” although they dropped last year's call to do so by the end of 2010. They are to “discuss the status of the negotiations and the way forward” at their next summit, scheduled for November in Seoul.

Adapted from Bridges Trade Weekly News Digest, Vol. 14, No. 24, 30.06.10.

UN, OECD: bailouts distort investments, WTO concerned

Emergency bailouts by governments to cope with the financial crisis has distorted investment flows and should be scaled back as soon as it is safe to do so, according to an international report released by the United Nations Conference on Trade and Development (UNCTAD) and Organisation for Economic Cooperation and Development (OECD).

Their joint report, looking at investment measures between November 2009 and May this year, estimates that the total amount of public commitments by G20 states — in the form of equity, loans and guarantees — exceeded US$1 trillion as of May 20.

OECD senior economist Kathryn Gordon said emergency bailouts in G20 states had led governments in the reporting period into one-on-one relationships with hundreds of financial firms and some 20,000 non-financial firms — the "ultimate discrimination" against those without such ties. "This is a source of great concern to us... that governments continue to engage in these one-on-one relationships," she told a news conference in Geneva. "We recognise it may be necessary when dealing with the crisis but it is a source of concern for international investment."

The UNCTAD/OECD study, the third such review, was commissioned by the G20 group of rich and emerging nations for their summit in Toronto at the end of June.

Sources: Reuters, http://www.theedgemalaysia.com, 15.06.10.

Russia closer to WTO entry

The date of Russia joining the World Trade Organization (WTO) is getting closer. Russian President Dmitry Medvedev and his American counterpart, Barack Obama, agreed that all consultations on outstanding issues for should for Russia's entry into the World Trade Organization (WTO) must be completed before 30 September 2010. Relevant decisions were adopted at the meeting of the two presidents in Washington. They discussed economic cooperation and, in particular, Russia's entry into the WTO.

"Recently we have taken good steps towards building trust between our countries. We have taken steps designed to create more stable relationship. We have, to some extent, made our world a safer place. But so far we have not done the same to change our bilateral economic relations. And this visit is basically aimed at achieving these goals. We are ready for it and our U.S. partners are ready as well," Medvedev said.

"The point is that there are virtually no substantial issues. We have advanced on all fronts, starting with cryptography and intellectual property, and ending with the state structures and some other topics, such as synchronized changes in Russian legislation as we join the WTO. Yesterday's negotiations in Silicon Valley, as well as the economic forum held in St. Petersburg, along with the decision of major companies to come to Russia with such investments are an inspiration and show that we are able to negotiate not only with regard to missiles and the most complex issues on the international agenda," continued the president of Russia.

Russia has been trying to become a WTO member since 1993, and finally, some specific dates have been announced. The negotiations have stalled due to the fact that the main Moscow's negotiation partners, Brussels and Washington, created new requirements. The requirements were with regard to forest fees, charges for Siberian flights, and the level of state support for the Russian agricultural sector and standards for phytosanitary and veterinary control.

Source: Pravda.ru, 27.06.10.

India likely to get MFN status from Pakistan

In what could bolster the trade and economic relations between India and Pakistan, Islamabad is considering giving India most-favoured nation (MFN) treatment. In the foreign secretary-level talks between the two countries, held in Islamabad in June, Pakistani officials indicated their willingness to replace the policy of keeping a restricted “positive” list of goods for India-Pakistan trade with a more accommodative “negative-list” approach.

This change is policy stance would inevitably lead to India becoming an MFN partner for Pakistan. Although India has accorded Pakistan MFN status for many years, Islamabad has been unwilling to reciprocate. Senior Indian officials said the measure could open up the Pakistani market for a variety of Indian goods. The two countries have agreed to resume commerce secretary-level talks for enhancing their trade relations.

Currently, Pakistan maintains a positive list of 934 tariff lines for India. This means that in all items except these, no trade can take place between the two countries. Pakistan’s Planning Commission recently estimated India-Pakistan trade potential at US$10 billion. The proposed policy liberalization would help realize a large part of this untapped potential. Under the Agreement on South Asian Free Trade Area, to which both countries are signatories, tariffs on all items except those on the negative list would be eliminated or brought down to 0−5 percent

Source: www.financialexpress.com, 28.06.10.

SAARC sales outlet reopened

The South Asian Association for Regional Cooperation (SAARC) Chamber Crafts Village (SCCV) has reopened its sales outlet at Pulchowk, Lalitpur, Nepal with a new name We-Empowering Women.

The sales outlet is focused towards promoting and selling products and handicrafts made by women artisans and farmers from the eight SAARC member countries—Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

We-Empowering Women’s aims to provide greater market access to South Asian women farmers and artisans with the aspiration to improve the lives of women and their families.

The products range from handloom bags from Afghanistan, wall hangings from Bhutan, kantha bed covers from Bangladesh, beaded jewellery from India, shell jewellery from the Maldives and hand-embroidered carpets from Pakistan to natural fibre purses from Sri Lanka.

The SAARC Chamber Crafts Village has been recently acquired and managed by Fair Trade Group-Nepal (FTG-Nepal), a consortium of 17 Nepali fair trade organizations.

The SCCV, an affiliation of SAARC Chamber of Commerce and Industry, was initiated in 2006 a platform for exchange of trade information and entrepreneurial skills between women entrepreneurs of South Asian region and to promote and market the goods produced by women in the region.

Source: www.nepalnews.com, 28.06.10.

'Border haats' for Bangladesh-India trade

India and Bangladesh will soon set up 'haats' (markets) along their international border in the northeast to boost local business and trade between the two neighbours.

Two 'border haats' would be set up along the Indo-Bangla border in Meghalaya while eight such 'haats' would be established along Tripura's border with Bangladesh, senior officials and traders said at a summit on India-Bangladesh trade.

'The first 'border haat' is expected to be opened in the next two months along the Meghalaya border in West Garo Hills would operate within 1.5 km radius of both sides of the border,' said India-Bangladesh Chamber of Commerce and Industry (IBCCI) president Abdul Matlub Ahmad.

Addressing the summit, Tripura Chief Minister Manik Sarkar said that Northeast India with a population of 43 million and market size of about US$20 billion offers an attractive opportunity to Bangladesh.

The commodities to be traded in these 'haats' would include locally produced agriculture and horticulture products, spices, minor forest products excluding timber, fresh and dry fish, dairy, fishery and poultry products, products of cottage industries, wooden furniture and cane products, handloom and handicraft items besides materials useful for farmers.

These 'border haats,' which came to a halt post-partition, resumed after a few years and stopped again after the 1971 Bangladesh liberation war.
Four northeastern states - Tripura, Meghalaya, Mizoram and Assam - share a 1,880 km border with Bangladesh.

Most important cities of Bangladesh, including Dhaka, Chittagong, Sylhet and Comilla, are within 15 km of the northeast borders and towns.

The summit was organized by the Rajasthan-based Consumer Unity and Trust Society (CUTS) to boost and highlight the opportunities of increasing trade between India and Bangladesh focusing the northeast.

Source: http://www.calcuttanews.net, 21.06.10.

ACTIVITIES

CGE modelling training

SAWTEE and the South Asian Network on Economic Modeling (SANEM), Dhaka are organizing the "Third South Asian Training Programme on CGE Modelling" from 2-6 August 2010 in Kathmandu.

The objective of the training programme is to help build the capacity of researchers in South Asia providing them with basic knowledge of CGE modelling using GAMS software so that they are able to contribute to informed trade policy making and implementation in South Asia, and help the region in its pursuit of an effective and meaningful integration into the global economy, not least the rules-based multilateral trading system, espoused by the WTO.

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