

ECONOMIQUITY

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Doha Round at Crossroads

2010 is a make or break year for the Doha Round. The initial euphoria of many members was dampened as far back as August 2003 when the US and the EU brought forward a small package on agriculture to take to Cancun. It has further waned since the Hong Kong Ministerial Conference in 2005 and the stalemate after the July 2008 package. Countries need to put in significant political capital to conclude it even if the gains at the end are modest.

However, despite the anxiety of nations about the sustainability of negotiations, some significant technical work has been accomplished in the last few years. 'Geographical indications' is an example on which there has been forward movement. In the area of non-tariff barriers, which will be the major agenda in the future, there is a good hope of progress with the Chairman of the Negotiating Group on Market Access for industrial goods, identifying several common issues across proposals regarding non-tariff barriers on the table. In the same vein, scheduling of agricultural tariffs is progressing while even on the extremely contentious issues of 'cotton' and special safeguard mechanisms in agriculture there are forward movements. A similar story of dynamism emerges in the matter of service sector negotiations.

Such progress on technical issues could not have been possible without the investment of significant political capital by nations and the leveraging of collaborative synergies. The moot question is why countries have not been able to utilise this readiness to invest political capital to conclude the Doha Round and take the world economy to higher levels of well-being and productivity.

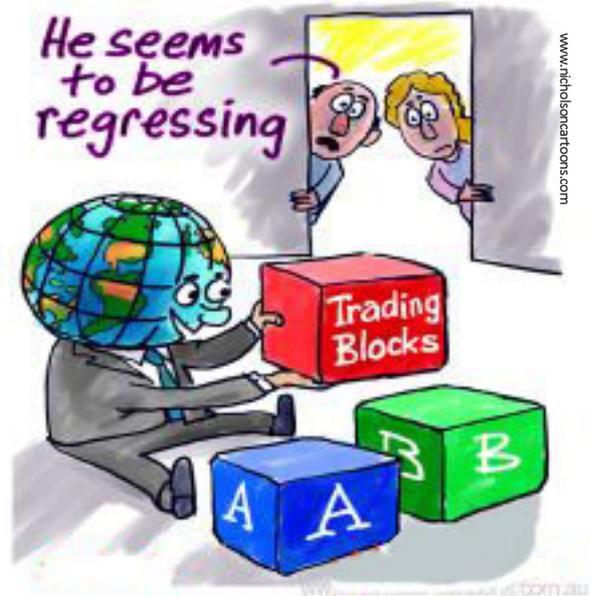
The answer to this puzzle lies in the greed of nations overriding the option of bringing about a win-win situation with modest gains. The Doha Round if concluded would produce a miniscule increase in exports, far short of the US administration's target of doubling exports over the next five years. Other countries trying to recover from financial crisis and its recessionary effects have resorted to protectionism to rule out the import of adverse influences from the rest of the world.

Protectionism is clearly not the cure for recession; rather it can trigger the collapse of economic recovery that many countries (including some rich countries) have started experiencing since the last quarter of 2009.

Multilateralism clearly has to prevail over knee jerk protectionism if the world has to achieve sustained economic progress and not get tied up in knots. Conclusion of the Doha Round thus marks the end of a new beginning instead of the beginning of the end.

Positive developments are afoot in all major capitals except Washington where Obama has unfortunately but temporarily exhausted his finite political capital in successfully pushing through a historic initiative on healthcare reforms. However, Obama's tenacity signals good times for multilateralism.

The conclusion of the Doha Round in 2010 is imperative for success on many fronts – global welfare reaching a new high through better exploitation of comparative advantages of countries and the reversal of decline in faith in trade as an engine of growth. It will herald a new era of multilateralism which might see the appreciation of new linkages – between trade and finance; trade and climate change etc.



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Light at the End of Tunnel

After the sharpest decline in more than 70 years, world trade is set to rebound in 2010 by growing at 9.5 percent, according to World Trade Organisation (WTO) economists. Exports from developed economies are expected to increase by 7.5 percent over the course of the year while shipments from the rest of the world should rise by around 11 percent as the world emerges from recession.

WTO rules and principles have assisted governments in keeping markets open and they now provide a platform from where trade can grow as the global economy improves. There is light at the end of the tunnel and trade promises to be an important part of the recovery, said WTO Director-General, Pascal Lamy.

http://www.wto.org/english/news_e/pres10_e/pr598_e.htm

In Pursuit of the End – Doha Round

WTO members will continue to seek a deal in the long-running Doha Round despite big gaps, but no agreement is likely in 2010, said the trade diplomats. While negotiations will continue, it seems clear the call by leaders of the G20 and other groupings for a deal on food, industrial goods and services will go unfulfilled in 2010.

“People are fed up and want to make a frontal effort to deal with the key substantive issues which have been

kept on the sidelines for the past six months,” said the WTO ambassador of a major emerging economy.

http://news.yahoo.com/s/nm/20100326/india_nm/india472323

WTO to Assess State of Play

WTO opened a series of meetings aimed at assessing the current state of the Doha Round trade negotiations, which still show no signs of conclusion more than eight years after its launch. The “stocktaking” process will be attended by senior officials and representatives from the world body’s 153 members, following various formats such as bilateral consultations, small group discussions as well as full-member meetings.

WTO Director-General expressed hope that after the exchange of views, WTO members would be able to “send a strong signal to the outside world and focus the political energy that is needed to move the Doha Round into the concluding phase.”

<http://english.peopledaily.com.cn/90001/90777/90856/6927137.html>

US to Move First to Jump-Start Doha

The European Union (EU) cannot restart the stalled world trade talks. The US should make the first move, said the Trade Commissioner, Karel de Gucht. “In the negotiations in 2008, we have put on the table quite some breakthroughs with respect to agriculture. We cannot

go further. We simply will not have political backing to go further, certainly not for market access,” he said.

World leaders have called for a Doha agreement in 2010 but De Gucht said there was a “complete contradiction” between leaders’ public statements and what happened around the negotiating table. Primarily US should make an opening and at least say what they want,” he said.

http://news.yahoo.com/s/nm/20100322/pl_nm/us_trade_eu

Brazil Retaliates

The Brazilian government has announced trade sanctions against a variety of American goods in retaliation of illegal US subsidies to cotton farmers. WTO approved the sanctions in a rare move. Brazil published a list of 100 US goods that would be subject to import tariffs in 30 days, unless the two governments reach a last-minute accord. Brazil would raise tariffs on US products worth US\$591mn – from cars to milk powder.

Cotton and cotton products would be charged 100 percent import tariff, the highest on the list. The Office of the US Trade Representative said it was “disappointed” by Brazil’s decision and called for a negotiated settlement.

<http://www.commondreams.org/headline/2010/03/09-3>

US Moves WTO on Textile Export Sops

In yet another demonstration of its protectionist tendencies, US has asked the WTO to examine whether India still qualifies for concessions which allow it to give export subsidies to the textiles and clothing sector.

US, in a recent submission to the WTO committee on subsidies and countervailing measures (SCM), stated that it has reason to believe that India has met the definition of ‘export competitiveness’, as defined in the SCM Agreement for certain products. The agreement exempts developing country members from prohibition on export subsidies, as long as exports of individual products are lower than 3.25 percent of world trade for two consecutive years.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/US-moves-WTO-on-textile-export-sops/articleshow/5635339.cms>

WTO Rules Against Airbus

WTO ruled that European government’s unfairly financed planemaker Airbus’ battle against US rival Boeing, even as the France-based Airbus claimed the decision as a victory. The WTO panel found that Europe was, in some cases, unfairly subsidising Airbus through “launch aid” because the planemaker only repays the loans as new planes are sold. For some planes, however, US failed to demonstrate that the subsidies actually harmed Boeing, a key requirement for proving wrongdoing.

While the WTO’s report will not halt European subsidies for Airbus, the two disputes could provide tighter guidelines for how far governments can go in supporting companies in a market worth more than US\$3tn over the next two decades.

<http://www.allbusiness.com/legal/international-trade-law-export-import/14176273-1.html>



Power Exports Exceed Imports

Azerbaijan, maintaining its net power exporter position achieved in July 2008 for the first time a new record when country's power export exceeded import. For January-February, 2010 power export of the country exceeded import in both volume and value terms. In 2009 the country also observed substantial rise of import in both volume and value terms.

Over 2008 export exceeded import 3.03 fold in volume and 2.6 fold in value terms. In 2007 power import exceeded export in volume 1.75 fold and was less in value terms 2.42 fold. The State Customs Committee reports that for Jan-Feb, 2010 the country exported 12.5 million kWh of power for US\$493,100 and imported 600,000 kWh for US\$22,500.

<http://www.news.az/articles/12081>

Strengthening Trade

Two new direct flights by Emirates and Etihad from United Arab Emirates (UAE) to Japan are set to boost trade between the two countries, which traditionally have had strong relations. "The direct flights will significantly boost trade and economic relations and contribute to broadening mutual understanding in various fields," said the Japanese Ambassador to UAE.

Japan is one of the biggest export market for UAE, mostly for crude oil, gas and aluminium. UAE exports 62 percent of its crude oil to Japan, making it UAE's largest customer. Gas exports are almost entirely to Japan, with UAE supplying almost one-eighth of Japan's requirements.

http://www.zawya.com/Story.cfm/sidGN_29032010_300329/UAE%20trade%20with%20Japan%20begins%20to%20recover%20after%20downturn/

More Regional Trade to End Crisis

African Union (AU) finance ministers and central bank governors are pushing for increased regional trade in the continent after the global financial crisis cut jobs and pushed more people into poverty. African nations must "pursue and accelerate" the process of integrating their economies to boost development, said chairman of the AU Commission.

He urged the AU member countries to sign and ratify protocols to set up the African Investment Bank, which will fund regional infrastructure projects. The global recession slashed demand for commodities such as platinum, copper and oil, crimping growth in Africa and causing per-capita income to fall.

http://www.bloomberg.com/apps/news?pid=20601116&sid=ab37D5_sN01Y

Surge in Imports

Indonesia's footwear and toy imports from China jumped after the full implementation of the Asean-China Free Trade Agreement (ACFTA). In January 2010, footwear imports from China rose significantly, said the Secretary General of the Industry Ministry.

He said the surge in footwear and toy imports had yet to adversely affect the domestic industries. As a matter of fact, the national footwear industry was making investment to revitalise its machinery in the face of ACFTA. Earlier Indonesia's imports from China were mostly made up of raw materials and auxiliary materials.

<http://www.antara.co.id/en/news/1269771402/ris-footwear-imports-from-china-jump>

Need to Liberalise Services Sector

The government must liberalise more services sub-sectors to boost Malaysia's attractiveness in wooing foreign direct investments (FDI). The

move would not only enable the country to further attract foreign businesses and make Malaysia their regional hub, but more importantly, create jobs.

The biggest sector in the Malaysian economy is the services sector where employment opportunities can be created. Liberalisation is aimed to widen opportunity for new businesses and for existing businesses to expand within the country and outside. There is a need to improve the investment environment.

http://www.nst.com.my/Current_News/NST/articles/20100328104631/Article/index_html

Mercosur-Israel FTA

The free trade agreement (FTA) between Mercosur and Israel, the first out of the region for the South American block, has become effective. For the rest of Mercosur members, Argentina, Brazil and Uruguay the official date is April 01, 2010.

The agreement will help boost bilateral trade with Israel in a ten-year period, through concession of tariff preferences for a universe of approximately 8,000 products, mainly manufactured goods. The Mercosur-Israel agreement also contemplates animal and plant health measures, customs cooperation, safeguards and mechanisms to solve disputes, plus cooperation and technology transfer.

<http://en.mercopress.com/2010/03/25/mercosur-israel-free-trade-agreement-becomes-effective>

Herbal Medicines Go Global

A Thai academic institution has teamed up with the Ministry of Commerce, Thailand to develop herbal medicine products for export to compete with foreign products as a result of market liberalisation under regional free trade pact. The pilot herb is Phlai, used for bruises and aches is mostly planted in Thailand. The herb will be promoted and sold in the world market in modern, good quality and easy to consume packaging, while Fah Talai Jone, or Kariyat, used as cough supplement, will follow suit.

According to Herbal Supply Chain Development Strategy on ASEAN's Free Trade Area Impact Reduction under National Drug Lists, the project aims to educate entrepreneurs for their better understanding in production processes of herbal medicines in accordance with international standards.

<http://www.mcot.net/content/38629>



Free Trade And Regional Grouping

Kuwait's 2007 decision to abandon the dollar peg, to which all six Gulf Cooperation Council (GCC) members were committed, has proved a serious stumbling block to the aspirations for a greater union. In turn, Kuwait would follow a monetary policy suited to its specific national interests.

Analysts said that with Kuwait – usually a core GCC player – breaking ranks, confirmation had been made of the difficulties facing certain aspects of economic integration, particularly a feeling that some of the Gulf states lacked the political will to take the common steps required to move towards a viable single currency.

[http://](http://www.english.globalarabnetwork.com/201003245270/Economics/gulf-co-operation-council-free-trade-and-regional-grouping.html)

www.english.globalarabnetwork.com/201003245270/Economics/gulf-co-operation-council-free-trade-and-regional-grouping.html

Major AFTA Export Boost

The value of Thai bleached and dyed textile product exports is expected to grow 20 percent, thanks to the Asean Free Trade Agreement (AFTA). This sharp growth is attributed to the strong performance of Thai operators in the intermediate and downstream textile industry, compared to those in other Asean countries.

Since AFTA has come into effect since January 01, 2010, many garment producers in Southeast Asia have placed orders for bleaching and dyeing products from Thailand. The import duties on bleaching and dyeing products have been reduced to zero.

<http://www.nationmultimedia.com/home/2010/03/22/business/Major-Afta-export-boost-30125209.html>

No to Trade Protectionism

China has voiced its support for liberalisation of global trade and opposition to trade protectionism in all its forms in order to pave way for economic recovery in the world at large. China supports liberalisation and facilitation of global trade, and opposes trade protectionism in all its forms. With the outbreak of financial crisis, trade protectionism has substantively increased and the developing nations are the biggest victim of this.

There is a need to conclude Doha Round negotiations in 2010 to bring about comprehensive and balanced results. There is also a need to redouble the efforts of the WTO to promote aid for trade, and help developing countries strengthen capacity building, since trade is the key driver for world economic recovery.

<http://english.peopledaily.com.cn/90001/90776/90883/6924244.html>

Bangladesh Inches Closer to China

Beijing has assured Dhaka of extending duty-free access of its products to the Chinese market. Bangladesh is supposed to have duty-free access of around 90 products to China under the Bangkok Agreement.

Asia's Drive for Free Trade

East-West trade tensions are rising, and a new global FTA seems a distant dream. Yet here's the paradox: the drive for free trade within Asia, where the world's greatest concentration of economic growth now resides, has never been stronger.

Fears of rising protectionism in the West are inspiring a newfound Asian enthusiasm to promote intraregional trade. With talks for the Doha Round of global trade stalled indefinitely, "we have to deal with the new normal, where politicians in the leading countries are running scared of free trade," said a



veteran Singaporean diplomat and policy advisor. As a result, bilateral FTAs and trade within the region are growing by leap and bounds.

http://online.wsj.com/article/SB10001424052748704454004575135633609958248.html?mod=WSJ_Markets_LEFTSecondNews

But the 90 items do not include Bangladesh's main export items.

During their talks, the two countries hope to enhance cooperation for safeguarding peace, stability and development of South Asia. Bangladesh has requested China to extend financial support for development projects, cooperation in power and agricultural sector, and technical assistance in achieving the development targets.

[http://](http://bangladesheconomy.wordpress.com/2010/03/18/bangladesh-products-to-get-duty-free-access-to-china/)

bangladesheconomy.wordpress.com/2010/03/18/bangladesh-products-to-get-duty-free-access-to-china/

Partners Do Well

Trade volume between Qatar and Italy is expected to reach US\$2.74bn. Italy is an important trade partner for Qatar, mutual trade exchange develops strongly and the recently opened Qatar gas receiving station in Rome will contribute in strengthening sustainable cooperation between the two.

Nine percent of Italy's local demand for natural gas will be secured by starting the operation of Rovigo gas receiving station in Qatar. Rome cooperates with Doha in many fields including gas, and a number of Italian medium and small-size firms are working in Qatar in different fields as décor, lighting and mechanics.

<http://www.zawya.com/Story.cfm/sidZAWYA20100317050021/Qatar-Italy%20trade%20volume%20expected%20to%20reach%20QR10bn/>

Agreement on Trade in Services

South Asia Agreement on Trade in Services among seven South Asian countries including Pakistan and India is expected to end by the end of 2010. Technically, the South Asia Agreement on Trade in Services would cover four aspects.

They are – cross border supply of services like telecommunication services, consumption of services, medical facilities abroad, commercial presence in the form of opening bank branches and the most important movement of natural persons to be a part of the agreement.

http://www.dailytimes.com.pk/default.asp?page=2010%5C03%5C17%5Cstory_17-3-2010_pg5_7

Increased Trade in Jordan

Jordan's national exports have increased by 4.6 percent in January 2010, while imports increased by three percent. The Kingdom's exports reached US\$457.60mn in January 2010 compared with US\$437.32mn in January 2009, the foreign trade data by the Department of Statistics revealed.

The volume of total exports, including national exports and re-exports dropped by 4.9 percent in January 2010 compared to January 2009. Jordan's imports increased by three percent in January 2010 compared to January 2009.

<http://www.zawya.com/Story.cfm/sidZAWYA20100316052517/Jordan's%20exports%20up%204.6%20pc%20in%20January/>

EAC Strikes Deal With EU

The East African Community (EAC) moved closer to striking a deal on Economic Partnership Agreement (EPA) negotiations with the EU after Brussels softened its stand on development support – a key demand of African states that has stalled the talks for nearly three years.

EU has reportedly agreed to finance priority development programmes in East Africa, removing a major obstacle to conclusion of the deal. The European Commission has asked East African states to prepare a list of priority projects and programmes that require EU funding. There is also an agreement to work towards defining and

addressing the development needs associated with EPAs to promote sustained growth, strengthen regional integration, foster structural transformation and competitiveness that will increase production in the concerned countries.

<http://www.businessdailyafrica.com/Company%20Industry/-/539550/874478/-/view/printVersion/-/ide1ayz/-/index.html>

Asia Largest Pak Export Destination

Expo Pakistan 2010 has succeeded in obtaining orders worth US\$80mn for export of Pakistani products while negotiations for another US\$30mn export of products are in progress. Pakistan has diversified in its exports and foreign buyers are fully satisfied with the quality of Pakistani products.

Asia has taken number one position for export of Pakistani products, followed by Europe and US. This has happened because of diversification of exports due to recession in the western countries.

<http://pakobserver.net/detailnews.asp?id=18033>

Ban on Bluefin Tuna Trade

The US government has announced that it supports prohibiting international trade of Atlantic bluefin tuna, a move that could lead to the most sweeping trade restrictions ever imposed on the highly prized fish.

Bluefin Tuna has been consumed for decades, causing the fish population

to plummet. Representatives from 175 countries will convene in Doha to determine whether to restrict the trade of bluefin tuna – valued for its rich, buttery taste – and an array of other imperiled species under the Convention on International Trade in Endangered Species. Over the past 40 years, the adult population of eastern Atlantic and Mediterranean bluefin tuna has declined 72 percent and in western Atlantic, it has dropped 82 percent.

http://www.boston.com/news/nation/washington/articles/2010/03/04/us_backs_ban_on_bluefin_tuna_trade/

China Shadows Export Market

The China ASEAN FTA seemingly has brought a negative impact to the export-import climate in Jakarta, which is clear from the decline in the city's export value by US\$2.828bn in January 2010, from that of December 2009 reaching US\$2.968. But, it is higher than the export value in the same period of 2009 by 20.50 percent.

Jakarta Central Statistic Agency reveals that the import value in January 2010 is also down by 19.85 percent, at US\$ 4.423bn, compared to that of December 2009 reaching US\$5.242bn. Since the agreement came into effect, the import of Chinese goods through Jakarta capital city has been the highest among other countries, reaching 60.32 percent.

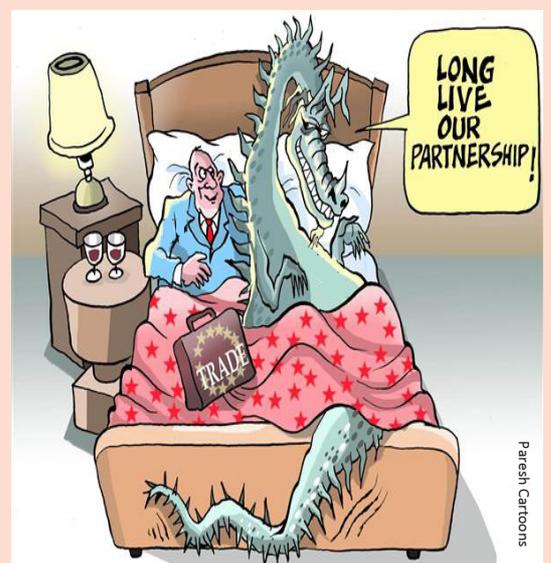
<http://www.beritajakarta.com/2008/en/newsview.aspx?idwil=0&id=13972>

ASEAN-China FTA

30 percent of Indonesian exports to China are carried out using a tariff reduction facility provided in the Association of Southeast Asian Nations (ASEAN) China Free Trade Agreement (ACFTA), said the Indonesian Deputy Trade Minister. Based on the trade ministry's records, in 2009 Indonesia issued 16,606 Form E certificates of origin (SKA) for exports to China. The value of the exports in the year reached US\$2.6bn.

Indonesia's biggest exports to China that used SKA Form E are fuel products/mineral oils reaching 480 with a total volume of US\$12.9 bn tons worth US\$1.01bn. A lot of exports of fat and animal oil or vegetable oil which is 90 percent crude palm oil also used SKA Form E. The value of the exports in 2009 using the facility reached 223.2 million tons worth US\$425.5mn.

<http://www.antara.co.id/en/news/1268445384/over-one-third-of-ri-exports-to-china-using-fta-facility>



Safety for Migrant Workers

The government should take precautions before sending migrant workers to greener pastures so that they do not end up getting exploited. Nepal, one of the largest remittance receiving economies in the world — receives about US\$1.6bn remittance annually. Thus, it is the government's obligation to protect its migrant workers in foreign countries.

There is a need of proper cooperation between Nepal and host countries in accordance with a Memorandum of Understanding that guarantees minimum wage rate, maximum working hours, safety provisions, insurance and monitoring of recruitment agencies. The government should ensure that the prospective workers are given the correct information regarding salary, working hours and job responsibility and penalise any agency involved in cheating.

<http://www.thehimalayantimes.com/fullNews.php?headline=Govt+urged+to+ensure+migrant+workers+safety&NewsID=235045>

Goodies for Spanish Economy

The automotive sector continues to give good news to the Spanish economy. According to the latest figures published by National Statistics Institute in January 2010, the automotive sector is the largest contributor to the recovery of the economy both for its contribution to consumption for their contribution to industrial activity.

In particular, this industry has a greater positive impact on the overall index of capital equipment. There is an increase by 8.5 percent in this sector over the Spanish global industry.

<http://www.auto-car-shop.com/2010/03/the-automotive-sector-is-the-largest-contributor-to-economic-recovery-in-spain/>

Swiss Franc Rises to the Strongest

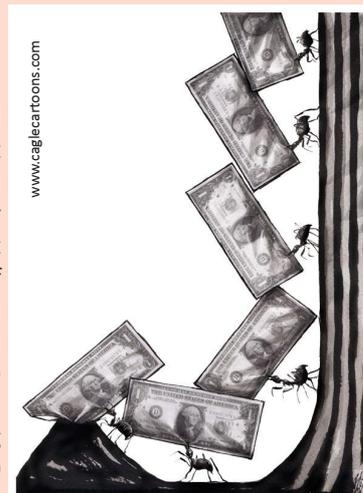
The Swiss franc strengthened to the highest level since, before the introduction of Euro in 1999. The franc appreciated to 1.4309 per Euro, surpassing its previous record of 1.4315 per Euro reached in October

Remittances to Bangladesh Rise Up

Bangladesh expatriates sent home a record US\$7.329bn in remittances during the first eight months of this fiscal year, marking a more than 19 percent growth over the same period a year ago. Remittances were estimated at US\$844.07mn in February 2010, a fall of US\$108.32mn from the previous month. In January, 2010 remittances were worth US\$952.39mn, according to statistics from the central bank of Bangladesh.

Bangladesh received \$7.329 billion during the July-February period of fiscal 2009-10 against \$6.148 billion of the corresponding period of the previous fiscal, bank data showed. The latest figure shows that despite the slowdown of overseas jobs, inflow of remittances has maintained a robust trend.

http://www.thefinancialexpress-bd.com/more.php?news_id=96915&date=2010-04-05



2008, even after the Swiss National Bank (SNB) said that will continue to "act decisively" to prevent an "excessive" appreciation of the currency if needed.

Its strength is fuelling concern that deflation will take hold after prices fell in two straight months for the first time in a year.

<http://www.businessweek.com/news/2010-03-22/swiss-franc-rises-to-strongest-since-before-euro-s-1999-debut.html>

Remittance on the Rise

Remittances sent home by Philippine citizens abroad climbed in January 2010, aiding domestic consumption and supporting economic recovery. Money sent back to the Philippines increased by 8.5 percent. It helped the economy avoid recession in 2009 as it sustained domestic demand for homes and mobile phones.

Peso has climbed more than six percent against dollar in 2009 as regional recovery attracts investors to Asian assets. Net inflows are helping support the peso's gains. Economic expansion accelerated to a one-year high of 1.8 percent in last quarter of 2009 from a decade-low 0.4 percent in the first quarter of 2010.

<http://www.businessweek.com/news/2010-03-15/philippine-remittances-rise-boosting-growth-outlook-update1-.html>

Less Repatriation in Korea

Koreans are transferring more assets overseas and repatriating less money. According to international balance of payments statistics released by the Bank of Korea, the amount Koreans transferred overseas in January 2010 increased 4.2 times from US\$31mn to US\$130.6 mn.

The central bank said the amount of property being transferred overseas began soaring when Won began strengthening, suggesting that many people made overseas investments and sent money abroad. But remittances from abroad by Koreans decreased 12 percent in January 2010.

http://english.chosun.com/site/data/html_dir/2010/03/15/2010031500358.html

Remittances Decline in Pakistan

The remittances sent by overseas Pakistani declined by 8.19 percent or US\$52.44mn in February 2010, as the central bank has received an amount of US\$588.78mn, compared with US\$641.32 mn in February 2009.

However, the remittances sent home by overseas Pakistanis continued to show a rising trend as an amount of US\$5.787bn was received in July-February 2009-10, showing an increase of US\$868.26mn over the same period of the 2009 fiscal year.

http://www.dailytimes.com.pk/default.asp?page=2010%5C03%5C11%5Cstory_11-3-2010_pg5_4

US Seeks New Pact in Asia

The US, fearful of being sidelined as China and other fast-growing Asian economies, is banking on a new trade pact to shore up its Pacific influence. US Trade Representative said that it will push for greater access for American companies to operate in countries under the Trans-Pacific deal, and centre on export opportunities for small and medium-sized businesses.

The proposed Trans-Pacific Partnership negotiations are set to link the US market with Australia, Brunei, Chile, New Zealand, Peru, Singapore and Vietnam. With comprehensive export push, the US government wants to help create two million jobs in bids to save the economy from further reeling from near double-digit unemployment that threatens to dampen its recovery.

<http://business.globaltimes.cn/world/2010-03/511723.html>

Remittance Growth May Decline

Nepal is unlikely to see the robust growth from remittances in the near future. This has been revealed by the International Monetary Fund (IMF)'s Consultation Mission. IMF's Mission has also suggested the government to make policy changes in view of slowdown in remittances.

The Mission's report shows remittance growth in Nepal will hover at just over 10 percent in the next two fiscal years. The slowdown in remittance growth, along with surge in import are major concerns for the economy in the recent times.

<http://www.istockanalyst.com/article/view/StockNews/articleid/3930503>

African Economies 'Set to Grow'

African economies south of the Sahara are set to grow by 4.5 percent in 2010 as they are recovering faster than expected from the global slowdown, the managing director of the IMF said.

The IMF chief attributed the swift upturn to the ability of many countries to raise their budget deficits and increase expenditure, having introduced more disciplined fiscal policies in the years before the global downturn, when Africa was growing annually by five-seven percent. For the first time in history maybe Africa was able to implement very effectively the same kind of policies that IMF had advised for the rest of the world.

<http://www.ft.com/cms/s/0/58040c80-2a20-11df-b940-00144feabdc0.html>

EU Looks East

With the economic world tilting towards China, India and other emerging Asian countries, EU should look towards the east to expand trade opportunities that could help ensure growth and prosperity for future generations, said the EU's new trade chief.

He said that while the 480 million population EU is the world's largest economic grouping, and it has not yet managed to convert that wealth into political influence, making European leaders keen to strengthen their international clout.

EU's trade policy should "mark ... a shift to economically important markets, particularly in Asia.... India, Canada, Ukraine, Latin America, the (Mediterranean area) are likely to dominate our agenda over the next two

years," he said, calling for a "higher level" of cooperation with China on matters of trade and investment.

<http://www.neurope.eu/articles/The-EU-looks-east-hot-on-the-trail-of-Asian-money-business-/99466.php>

Money Transfers to Stabilise

According to the latest report from the Inter-American Development Bank's Multilateral Investment Fund stabilisation is expected after a 15 percent drop in 2009. The report noted that remittance flows to Latin America and the Caribbean, taken as a whole, started to stabilise in the last quarter of 2009.

Year 2009 marked the first time in which the volume of remittances was lower than the amount sent in 2008. Remittances to the Caribbean and Latin American region fell to US\$58.8 bn in 2009, below the level reached in 2006.

<http://www.caribworldnews.com/>

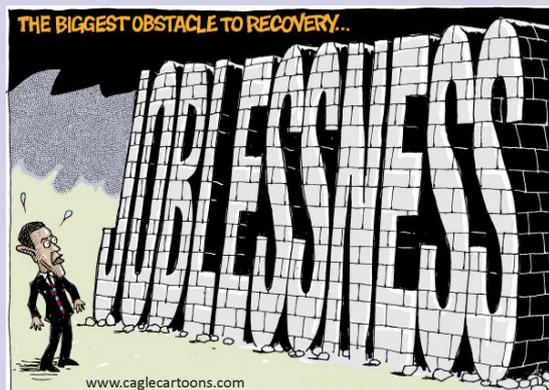
Joint Call for Social Reforms

13 Chinese newspapers launched a highly unusual joint appeal for social reforms, attacking the country's household registration system, which limits the access of rural migrant workers to basic services in cities of China.

Hundreds of millions of Chinese workers have flocked from the countryside to cities since economic reforms began three decades ago, driving the country's staggering growth. But critics say the *hukou* system (household registration) has created second-class citizens who often struggle to gain access to basic services such as health and education.

<http://www.guardian.co.uk/world/2010/mar/01/chinese-newspapers-migrant-workers-rights>

Unemployment Soars in US



Unemployment rose in 30 states in January 2010, according to the Labour Department. The data is somewhat better than December 2009, when 43 states reported higher unemployment rates, but worse than November, when rates fell in most states.

Five states reported record-high joblessness in January 2010: California, at 12.5 percent; South Carolina, 12.6 percent; Florida, 11.9 percent; North Carolina, 11.1 percent; and Georgia, 10.4 percent.

Michigan's unemployment rate is still the nation's highest, at 14.3 percent, followed by Nevada, with 13 percent and Rhode Island at 12.7 percent. There were some signs of job creation. 31 states added jobs in January, up from only 11 in the previous month. But the job gains were not enough, in many cases, to lower the unemployment rate.

<http://www.usnews.com/news/articles/2010/03/10/unemployment-rises-in-30-states-in-january.html>

EU's Cap-and-Trade Emissions Fall

Carbon dioxide output from about 11,000 factories and power stations in EU's emissions-trading programme fell 10 percent in 2009. Emissions in the programme probably fell to 1.903 billion metric tons of carbon dioxide from 2.118 billion tons in 2008, according to a survey.

Industrial production in the 27-nation bloc dropped 13 percent in 2009, while power generation fell five percent and oil and natural gas production declined 6.4 percent. EU programme, the world's biggest carbon-trading market, may face an oversupply of 405 million tons of carbon allowances in the five years through 2012 as European emitters use United Nations emissions credits as well as EU allowances for compliance.

<http://www.bloomberg.com/apps/news?sid=a5PWfGpgsIH0&pid=20601087>

Carbon Tax Proposal

EU's proposal to impose carbon tax is not against any specific country but would target those not committed to fight climate change. The proposal, mooted by EC, involves imposition of a tax on goods, which are made from processes not considered to be environment friendly.

Environment Minister for India, said that India would contest any move to impose carbon tax by EU at the WTO. He said that barriers like anti-emission tax would not be compatible with the WTO rules. India exports merchandise worth around US\$40bn – mostly garments, machines, chemicals, leather goods and handicraft, to EU.

(BS, 29.03.10)

Growing Global Solar Power Capacity

The global industry added a record 6.4 gigawatts (GWs) new capacity, bringing total capacity to more than 20GWs, said the European Photovoltaic Industry Association (EPIA). The increase was thanks to subsidies including a price premium for solar-powered electricity called a feed-in tariff.

"This is particularly impressive in light of the difficult financial and economical circumstances during the past year," said EPIA. Germany was the largest demand market in 2009, adding

Internet Giants Powered by Coal

The "cloud" of data that is becoming the heart of the internet is creating an all-too-real cloud of pollution as Facebook, Apple and others build data centres powered by coal. Study reveals a Facebook facility being built in Oregon in the US will rely on a utility whose main fuel is coal, while Apple Inc is building a data warehouse in a North Carolina region that relies mostly on coal.

The organisation argues that web companies should be more careful about where they build and should lobby more for clean energy. The growing mass of business data, home movies and pictures has ballooned beyond the capabilities of many corporate data centres and personal computers, spurring the creation of massive server farms that make up a "cloud".

<http://www.abc.net.au/news/stories/2010/03/30/2860566.htm?site=news>

3 GWs, followed by Italy, Japan and the US. Germany would likely remain the biggest demand market in 2010, the EPIA said. Despite strong growth, solar power still provides only about 0.5 percent of global installed electricity capacity.

<http://planetark.org/ark/57375>

Wafting Pollution

The economic growth across much of Asia comes with a troubling side effect: pollutants from the region are being wafted up to the stratosphere during monsoon season. The new finding, in a study provides additional evidence of the global nature of air pollution and its effects far above Earth's surface.

Using satellite observations and computer models, the research team determined that vigorous summertime circulation patterns associated with the Asian monsoon rapidly transport air upward from the Earth's surface. Those vertical movements provide a pathway for black carbon, sulfur dioxide, nitrogen oxides, and other pollutants to ascend into the stratosphere, about 20-25 miles above the earth's surface.

<http://earthobservatory.nasa.gov/Newsroom/view.php?id=43307>

Polluting Ships Favouring Climate

In July 2010, the world's shipping lines will begin to apply pollution-cutting rules that will save tens of thousands of lives a year. Yet these very measures – which will radically cut sulphur emissions from ships – have a downside: they will also increase global warming.

Sulphur dioxide emissions will diminish by as much as 90 percent, and with them the resulting haze of sulphate

particles. By shading the planet, the haze partially masks the warming effects of greenhouse gases such as carbon dioxide also produced by the world's fleet of 100,000 ships.

<http://www.newscientist.com/article/mg20527522.500-polluting-ships-have-been-doing-the-climate-a-favour.html>

Affected by Effects of Climate Change

The panic caused by the present unusual weather condition in Nigeria indicates the low level of preparedness of Nigerians to appropriately respond to the challenges of global climate change. The strange weather, a dusty haze from the Sahara Desert has left behind, physical mishap, unquantifiable emotional trauma and significant economic losses.



The negative effects of the inclement weather first came to the fore with some fatal road accidents directly blamed on "windy, humid weather", which severely "reduced visibility". Also, increased cases of diseases like meningitis, skin rashes, etc, were blamed on excessive heat. The unusual weather is becoming pronounced in the southern parts of the country, causing panic and widespread fear that it would culminate in a dangerous acid rain.

<http://allafrica.com/stories/201003290481.html>

The Art of the Possible in Sectoral Reform

What does the battle for the US health reform bill tell us about wider political processes in the development arena? This Opinion argues that it highlights three key approaches: concession, persuasion and (when all else fails) the need for confrontation.

‘Where incentives or ideology push opponents to fight any given reform initiative not because of its content, but simply for the sake of opposition, reformers must stand their ground’.

International community, with the American political system (and in particular a lack of faith in the capacity of its congress), it is understandable that Obama would seek to separate the achievement from ‘the weight of politics’. Yet in doing so, he downplays his own achievements in producing a politically feasible bill that addresses key issues in the health sector. ‘Common sense’ alone is rarely sufficient for reform.

<http://www.odi.org.uk/resources/download/4794.pdf>

Gender Targeted Conditional Cash Transfers

This paper considers the effects of a gender-targeted conditional cash transfer programme for girls in classes 6 to 8. It finds that the programme is successful in increasing the enrollment of girls in classes 6 to 8 as intended. It also finds evidence to suggest that the programme generated positive spillover effects on the enrollment of boys.

This success does, however, appear to be poised to come at a cost. The student-teacher ratio in treated districts is also climbing. This suggests that in the absence of active steps to address these increasing student-teacher ratios, instructional quality is likely to suffer. The success of the programme appears to be driven by enrollment increases in urban schools. This suggests the need for a reassessment of the targeting criteria in rural schools.

http://www-wds.worldbank.org/external/default/WDSContentServer/1W3P/IB/2010/03/31/000158349_20100331132916/Rendered/PDF/WPS5257.pdf

Renewable-Energy Boom in Asia

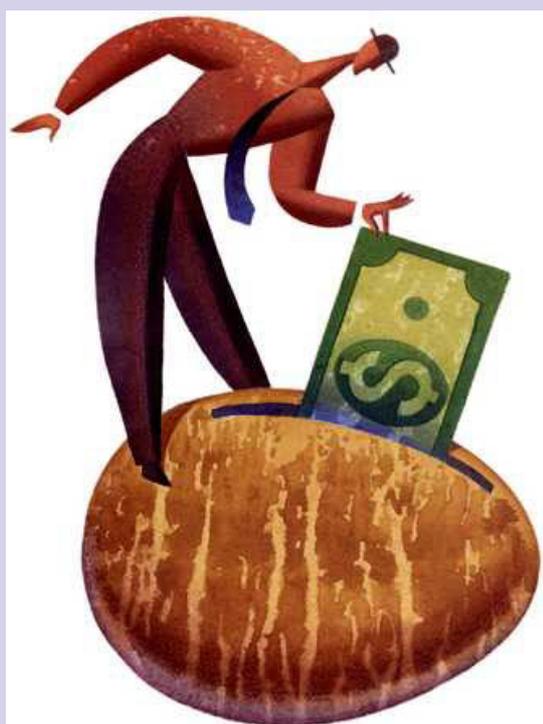
Renewable energy is the way of the future and Asia, as experts agreed, has an opportunity to chart a new course for its energy future—one that uses our abundant natural clean-energy resources to steer us to new economic opportunities and jobs, more robust national security, and a cleaner, healthier environment.

In Asia more and more countries look to renewable energy in the quest to mitigate climate change and demand for energy-storage technologies capable of overcoming its intermittent nature is growing rapidly, according to the World Bank.

And on top of being more vulnerable to climate change, Asian countries, including the Philippines, have a shortage of infrastructure. According to the World Bank, 1.6 billion people in the developing world still do not have access to electricity, and those who do may have only intermittent service.

<http://nation.ittefaq.com/issues/2010/03/22/news0842.htm>

Impact of the Investment Climate on Employment Growth



Using survey data from 86,000 enterprises in 104 countries, including 17,000 enterprises in 31 Sub-Saharan African countries, this paper finds that average enterprise-level employment growth rates are remarkably similar across regions. This is true despite significant differences in the quality of the investment climate in which these enterprises operate.

Objective measures of investment climate conditions (including the number of outages, the share of firms with bank loans, and others) indicate that conditions are most challenging within Sub-Saharan Africa, as well as for smaller enterprises. However, enterprises employment in sub-Saharan Africa (SSA) is less sensitive to changes in access to infrastructure and finance relative to other low-income regions. This can be understood by looking at non-linear effects by firm size — and the finding that these size effects are particularly strong within SSA.

Although employment growth is good news in Sub-Saharan Africa, that much of the expanded employment is in small, labor-intensive, less productive enterprises raises longer-run concerns about the efficiency of the allocation of resources and aggregate productivity growth in the region

http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000158349_20100223151145

Trade and FDI at the Crossroads

This paper summarises the estimates of what Russia will get from WTO accession and why. A key finding is the estimate that Russia will gain about US\$53bn per year in the medium term from WTO accession and US\$177bn per year in the long term, due largely to its own commitments to reform its own business services sectors.

The paper summarises the principal reform commitments that Russia has undertaken as part of its WTO accession negotiations, and compares them with those of other countries that have acceded to the WTO.

The authors discuss the outstanding issues in the Russian WTO accession negotiations, and explain why Russian accession will result in the elimination of the Jackson-Vanik Amendment against Russia. They discuss Russian policies to attract foreign direct investment, including an assessment of the impact of the 2008 law on strategic sectors and the increased role of the state in the economy.

Finally, the authors assess the importance of Russian accession to Russia and to the international trading community, and suggestions for most efficiently meeting the government's diversification objective.

http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/03/31/000158349_20100331125304/Rendered/PDF/WPS5255.pdf

Recoveries Associated with Financial Crises

Recoveries from recessions associated with a financial crisis tend to be sluggish.

In this paper, we present evidence that stressed credit conditions are an important factor constraining the pace of recovery. In particular, using industry-level data, we find that industries relying more on external finance grow more slowly than other industries during recoveries from

recessions associated with financial crises.

Additional tests, based on establishment size, on alternative definitions of financial crises, and on corporate-government interest rate spreads, support the findings. Moreover, for subsets of industries where financial frictions are more severe, we find much stronger differential growth effects.

<http://www.imf.org/external/pubs/ft/wp/2010/wp1083.pdf>

Ethical Problems & Proposed Solutions

The Agreement on Trade-Related Aspects of Intellectual Property Rights (IPRs) negotiated in 1986 under the auspices of the General Agreement on Tariffs and Trade, the institutional predecessor of the WTO, incorporated substantial and uniform protections of intellectual property rights into the international trade system. A large body of contemporary academic literature suggests that IPRs on socially valuable goods such as essential medicines give rise to a number of ethical problems.

This review paper seeks to give an overview of these problems. Moreover, it offers an outline and discussion of a number of proposals as to how these problems might be alleviated. The paper is primarily descriptive in character. This means that although a personal perspective is sometimes offered, the primary ambition of the paper is not to argue for, and defend, a particular solution to the issues discussed.

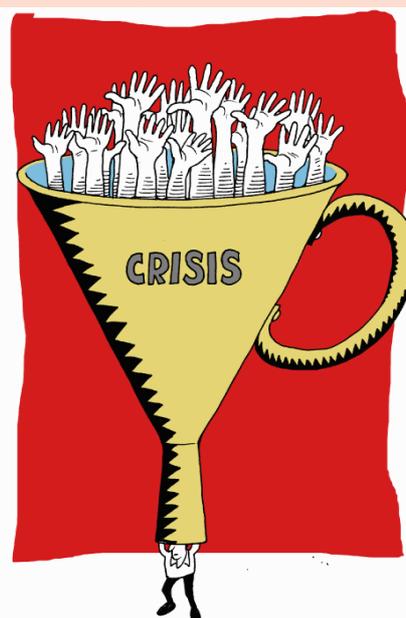
The aim is rather to highlight, explain and put into perspective a number of important arguments in the debate on the ethical nature of intellectual property rights so that policy-makers and other stakeholders are relatively well-equipped to make up their own mind on the issue.

http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/03/02/000158349_20100302132412/Rendered/PDF/WPS5228.pdf

The Global Financial Crisis and Developing Countries

When the global financial crisis broke out in earnest in September 2008, it quickly became clear that developing countries would also be affected, but that the impacts would vary markedly.

The Overseas Development Institute (ODI) coordinated a multi-country study over January-March



2009 involving developing country teams in 10 countries. This showed that, while the transmission mechanisms were similar in each (trade, private capital flows, remittances, aid), the effects varied by country, and much was not yet visible. As such, further country-specific monitoring was required. Most findings suggested that, as a result of time lags, the worst effects were yet to come.

This synthesis of the effects of the global financial crisis on developing countries updates the description of the economic and social situation during the course of the crisis in 11 countries.

The synthesis includes a series of easy-to-read comparative tables of how the 11 countries have been affected.

<http://www.odi.org.uk/resources/download/4784.pdf>

Recent Event

Doha Round Impacts on India

CUTS and Centre for WTO Studies, New Delhi organised a seminar on 'Doha Round Impacts on India: A Study in a Sequential Dynamic CGE Framework' in New Delhi, on March 04, 2010. Siddhartha Mitra of CUTS presenting the research study entitled 'Doha Round Impacts on India'.

The study, conducted by CUTS International, deals with the effects of multilateral trade liberalisation, as envisaged as an outcome of the Doha Round of WTO negotiations covering agriculture, industrial goods and services sectors, on economic growth as well as poverty reduction in India.

More than 30 participants representing academia, media and policy making bodies attended the seminar.

Forthcoming Events

'What', 'Why' and 'How' of Eco-labelling

CUTS CITEE will organise fourth of five one-day consultative workshops for the Indian Textiles Industries on 'What', 'Why' and 'How' of Eco-labelling' in Mumbai, on April 06, 2010.

The overall objective of the workshop is to promote sustainable production and consumption among the Indian textiles companies by encouraging them to increase the amount of eco-labelled textiles exports from India. The main outcomes of the workshop will be companies being informed about advantages presented by eco-labelling, being able to pursue these opportunities to improve their production, increase the supply of environmentally preferable products to both domestic and European markets, and gain access to the growing market of green products in Europe through a competitive advantage of the eco-labelled certified products.

State Level workshop under GRANITE

CUTS CITEE will be organising a State Level Workshop under the Grassroots Reachout & Networking in India on Trade & Economics (GRANITE) Phase 2 project in Kota, Rajasthan on April 20, 2010. It conducted a case study on Kota Doria in Kota. The workshop will provide a platform to share the research findings with stakeholders involved in Kota Doria work. It will also take inputs from the invitees to make further improvements in our future course of action. Since the stakeholders will be in the best position to chalk out strategies which best suit local conditions their inputs will be invaluable for preparing the future roadmap of the project.

For more information, please visit: www.cuts-citee.org

Publication

Discussion Paper

Tapping the Untapped: Renewing the Nation

Focus on renewable sources especially solar energy

This discussion paper addresses various problems caused by the usage of conventional sources of energy, i.e. fossil fuels, and the benefits of increasing dependence on non-conventional/renewable sources for our energy requirements. The paper evaluates economic viability of alternative sources of energy, especially solar energy and comes up with policy explanations on the basis of sound research and analysis.

[http://www.cuts-citee.org/pdf/](http://www.cuts-citee.org/pdf/Discussion_Paper10-Tapping_the_Untapped-Renewing_the_Nation.pdf)

[Discussion_Paper10-Tapping_the_Untapped-Renewing_the_Nation.pdf](http://www.cuts-citee.org/pdf/Discussion_Paper10-Tapping_the_Untapped-Renewing_the_Nation.pdf)

ReguLetter

The quarterly flagship newsletter of CUTS Centre for Competition, Investment & Economic Regulation encapsulates 'Rookies in the Competition Circuit...best among equals' in its cover story, which presents an analysis that in the case of 'young' competition agencies from Pakistan, Mauritius and Egypt strong leadership at the top has facilitated their emergence as confident and intrepid institutions, which are not perturbed by negative forces acting against them.

The lead story is followed by regular sections focusing on news, views and policies related to corporate restructuring, regulations of utilities and finances, corporate governance etc. of different countries in particular, the developing nations. Besides, annual roundup of competition laws, mergers & acquisitions, corporate issues etc. is another highlight of the edition.

This newsletter can be accessed at:
<http://www.cuts-ccier.org/pdf/reguletter.htm>

We want to hear from you...

Please e-mail your comments and suggestions to citee@cuts.org

We put a lot of time and effort in taking out this newsletter and it would mean a lot to us if we could know how far this effort is paying off in terms of utility to the readers. Please take a few seconds and suggest ways for improvement.

- Content
- Number of pages devoted to news stories
- Use as an information base
- Readability (colour, illustrations & layout)