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Mega Regional Trade Agreements and the Indian Economy

Due to a multitude of factors, not least the stagnation in multilateral trade negotiations under the aegis of the World Trade Organisation, mega regional trade agreements (RTAs) are gaining momentum. The three main mega RTAs concerning India are the Trans-Pacific Partnership (TPP), TransatlanticTrade and Investment Partnership (TTIP), and the free trade agreement (FTA) between the EU and the Association of Southeast Asian Nations (ASEAN).

The TTIP accounts for about 60 per cent of global trade where about 30 per cent is global trade in goods and 40 per cent is global trade in services. TPP will encompass 40 per cent of GDP with a population of 800 million. Both agreements intend to emphasise greater trade openness, high '21st century standards', and regulatory harmonisation that provides a competitive trade and investment environment for deeper economic and trade linkages.

These mega RTAs create opportunities and challenges for excluded countries like India. As noted in both India's Economic Survey 2014-2015 and new Foreign Trade Policy 2015-2020, it must recognise the emerging challenges from mega RTAs. Potential effects that India may sustain stem from loss in market access due to exclusion from preferential treatment and unattainable higher trade standards.

India can take these challenges and transform them into opportunities for serious economic growth and development. India will have the opportunity to update and upgrade its domestic regulations on tariffs and non-tariff issues, reach out to new markets and perhaps benefit from an increase in global economic growth. For India to gain the greatest benefit from these opportunities, it will require a balanced approach between market liberalisation and support for domestic industries.

There is abundant space for new and alternative markets in Latin America, Central Asia and Eastern Europe, and Africa. Domestic reforms can address gaps in specific trade regulations where there is potential for streamlining and stimulating trade competitiveness. Its encouraged role as a rule-setter in the Regional Comprehensive Economic Partnership (RCEP) of Asia and the Pacific would provide India a stepping stone to strategically craft trade rules in preparation for possible pressure from mega RTA members and even higher standards placed at the multilateral level.

Indian industry can be encouraged to integrate deeper into value chains both in mega RTA regions, particularly in ASEAN, and elsewhere by producing high-value products that, with the assistance of domestic reforms and more comprehensive trade agreements, will satisfy the increasingly high standards based on mega RTAs. Importantly, India needs to assess the advantages that accrue from participation at the technology intensive, highly profiting top end of the value chain as well as the labour-intensive, small and medium enterprise (SME) mobilising, job-generating bottom end of the value chain.

Accordingly, India needs to optimise its tariffs and arrive at a balanced policy while engaging in future bilateral and regional trade agreements. Similarly, domestic policy tools, such as the 'Make in India' programme, can assist India in broadening its portfolio at both ends of the value chain.

Excerpts from the World Commerce Review September 2015 edition. The article is based on a CUTS International study on external preferential trade agreements and the Indian economy, supported by IPE Global Pvt Ltd and the Department for International Development (DFID), UK.

Articles

Highlights

CUTS® International

The Relative Unease of Doing Business in India

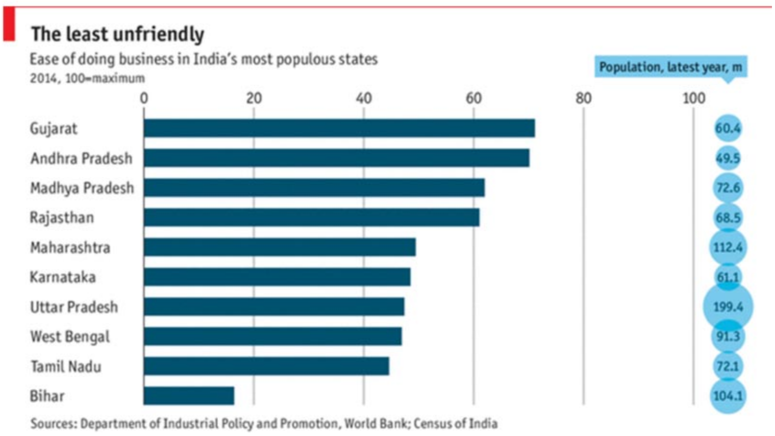
The idea behind the report is that naming and shaming low-ranking states will push them to make changes, that they may be awarded higher scores in future years

Mahatma Gandhi believed it was difficult to conduct business in a strictly honest way. In India it has become hard to conduct business any way at all. It sits a lowly 142nd out of 189 countries in the World Bank's ease-of-doing-business rankings. The country's present-day boosters say a huge market of 1.25 billion people, half of them under 27, will continue to draw big companies to invest there, whatever the difficulties. Yet though India is a big market, it is not a uniform one. Each of its 29 states has its own rules on land purchase, employment, tax and the environment. And some states are friendlier to enterprise than are others.

India's biggest states have more people living and earning in them than do most countries. For instance, Uttar Pradesh has a population of 200 million, as many as in all of Brazil. But the World Bank rankings give no guide as to where it is easiest to set up shop in India. Its ranking for India is based only on business regulation in Delhi and Mumbai, the two largest cities.

Reforming Business Regulation

To plug this gap in knowledge, India's Commerce Department has just published it first-ever ranking of India's 29 states according to the ease of doing business in



each place. (The report also covers three enclaves run by the Central Government from Delhi.) The scores are based on progress made in reforming business regulations in eight separate areas, including tax and employment. Gujarat, a state of 60 million renowned for its business-friendliness, tops the list. Uttar Pradesh, the most populous state, is ranked tenth. Bihar, a largely rural state with 104 million people that goes to the polls in October, is ranked a dismal 21st. Maharashtra, the state that encompasses Mumbai, is ranked a respectable eighth.

Naming low-ranking states

The idea behind the report is that naming and shaming low-ranking states will push them to make changes, that they may be awarded higher scores in future years. The best states might use their high ranking to pitch for more foreign-direct investment. State-led deregulation may even prove to be the best way to improve India's overall lure to business.

The Government of Narendra Modi, who won an election last year on a pledge to revive the economy, has been thwarted by the most recent session of Parliament in its efforts to change the national land-purchase law and to harmonise taxes across India. It has since indicated that it will allow state-level reforms to supersede national law, as a way around the gridlock. It has already blessed a labour reform by this back-door route in Rajasthan, a northern state. More states might now follow Rajasthan's lead.

The news item appeared in The Economist, on September 17, 2015.

Cut-down in Global Commodity Prices

Except gold, all major commodities were cut down in intraday trade of global economy in August 2015. It was really a worst fall for fulfilling the desire of raw material to world's largest commodity consumer China.

Chinese manufacturing sector further facing these worries within almost six-and-a-half years. Crude oil prices and copper were fall for consecutive eight and seven weeks respectively. For crude oil prices it was longest losing streak in 29 years.

While Gold added from its safe-haven status to regain some of its lost lustre, marking its best week since mid-January after a torrid July. However, gold prices gained on more uncertainties about the Chinese economy and its resultant impact on the global growth story. *(FE, 22.08.15)*

A Gloom in US Farm Incomes

US government is worried due to fall in grain prices as it may cut US farm incomes by more than half from their peak. It will surely affect land values and pressuring fertiliser and equipment makers.

A forecast by US Department of Agriculture (USDA) shows Net income on US farms will total US$58.3bn in 2015, the lowest since 2002 when it adjusted for inflation and down nearly 53 per cent from a record high of US$123.7bn in 2013. It is a deep cost-cutting period for US farmers, their bankers and investors in land and food production.

According to USDA, land in the fertile Corn Belt region encompassing Illinois, Indiana, Iowa, Missouri and Ohio is down 0.3 per cent this year to US$6,350 per acre. Corn and soya beans, the two most widely planted crops in the US, have plunged as another large crop is anticipated this autumn. *(FT, 26.08.15)*

Resolution on Sovereign Debt Principles

India supported a draft resolution on 'Basic Principles on Sovereign Debt Restructuring Processes' in the UN General Assembly with the comment that 'fair and balanced' resolution of sovereign debt issues can help in continued inclusive growth and sustainable development of debtor countries and also promote global macro-economic stability.

While some big economies such as Canada, Germany, Israel, Japan, UK and the US voted against this resolution. India's UN representative Mukerji stated that this issue is directly linked to the issue of inclusive development and macro-economic and political stability of countries and the welfare of their people. *(FE, 11.09.15)*

G20 Opposes Global Economic Plunge

A two day meeting was held at Turkey with the representatives of G20 nations to discuss about the unexpected fall in global growth. G20 nations claimed that their finance ministries has tried to chase global economic drop due to bending growth and market turmoil so that there is no fear for global economy with China slowdown.

European representatives had supported to China and also convinced many G20 officials that its devaluation and new currency management arrangements constituted a step towards a more market-determined exchange rate rather than a ploy to boost exports. At the meeting on September 16-17 officials were tracing the possible China-linked risks ahead in future. *(FT, 07.09.15)*

India Looking for Global Safety Nets

Devaluation of Chinese currency yuan has made India to create global safety nets to tackle volatility in the currency movements and markets.

Finance Minister of India Arun Jaitley is also looking for well-designed and quickly-triggered safety nets under International Monetary Fund (IMF), such as strengthening of liquidity arrangements via multilateral swap arrangements between member countries.

He said that "I strongly believe that ad hoc, individual, reactionary measures can contain the adverse impact of such events only for a limited period. These cannot provide a sustainable solution which can happen only by global policy coordination."

During his presentation in G20 countries meeting of finance ministers and central bank governors he said if the USP of G20 is collective and coordinated action, then G20 should seek policies which do not place the burden of tackling the impact of negative spillovers of domestic policy actions solely on affected countries. *(TH, 05.09.15)*

China-India had Cut Buys due to Coal Price Fall

China and India, two big consumers of coal made a big slowdown in global buying of coal. According to API2 2016 a benchmark of coal future prospects last settled at US52.85 a tonne. This level not has been seen since November 2003.

The contract is now over 75 per cent below its 2008 peak. Due to price fall a rise in output from exporters like Australia because of simultaneous slowdown in overseas orders from major importers like the US, China and India.

Big mining companies like BHP Billiton, Glencore and Rio Tinto facing a big fall in their shares. This is increasing share of renewable energy instead of power generation through different types of coal in European countries. *(BS, 19.08.15)*

www.smh.com.au

Vietnam's Trade Deficit with China

A devaluation of the Chinese yuan forced Vietnam to devalue its currency dong for the third time this year to boost export sector. This is also due to rise in rates of US Federal Reserve stated by the State Bank of Vietnam.

This widened the difference of dollar and dong and could intensify the trade deficit of Vietnam with China due to weakening of yuan. The closed economy of Vietnam has tied with China having three quarters of its bilateral trade worth US$60bn of imports.

Vietnam lowered the official mid-point rate by 0.99 per cent to 21,890 dong per dollar and widened the trading band twice in a week to 3 per cent from 2 per cent. *(BL, 19.08.15)*

Asian Economy Tumbled

Again two per cent devaluation in yuan shows strong evidence that Chinese economy is struggling. Due to global economic slowdown Asian economy has pushed badly to devalue its currencies.

Currencies and stock markets in the region have since tumbled to multi-year lows, pulling global markets in their wake, as worries about China played into broader concerns about global growth, a collapse in commodity prices and the timing of a rise in U.S. interest rates.

Central banks of all Asian countries adopting different measures to make economies less affected. Central banks from South Korea to Thailand have deferred rate cuts, Bank Indonesia kept its main interest rate unchanged, Citibank has already cut its Asian growth forecast for 2015 to 6 percent from 6.1 percent etc. *(BL, 26.08.15)*

Dairy Drags Food Prices

Food prices fell to the lowest in almost six years, led by plentiful supplies of dairy products and palm and soyabean oil, according to the UN Food and Agriculture Organisation (FAO).

The FAO's food price index for July fell to the lowest level since September 2009, declining almost 20 per cent from a year before and 1 per cent from June. Dairy prices plunged 35 per cent from a year earlier, hit by subdued import demand from China, the Middle East and North Africa.

European milk production was also running ahead of last year's levels. Prices for milk powders were the most affected, followed by cheese and butter. Vegetable oil fell to its cheapest since July 2009, dragged down by palm and soyabean oil markets. *(FT, 07.08.15)*

Retail Slumps in Emerging Economies

Retail sales growth in commodity-rich developing countries has slipped to its lowest level for six years, underlining how broader economic malaise has hit consumers' pockets.

The slowdown in consumer spending shows how the impact of lacklustre commodity exports is weighing increasingly heavily upon shopping habits in the developing world. The commodity slump has delivered a big hit to incomes in commodity producing countries, and that is keeping people from being able to go out and spend.

Retail sales growth in developing countries that are net exporters of commodities slipped to 2.6 per cent in May from 2.7 per cent in April. It marked the lowest level since October 2009, when retail sales growth averaged 2.2 per cent and was well off the 6.8 per cent growth registered in May 2014. *(FT, 27.07.15)*

Kazakhstan-Vietnam's Currencies Fall

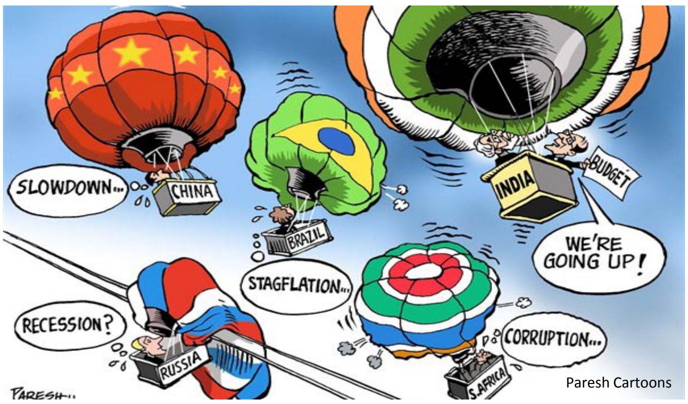
Kazakhstan and Vietnam allowed their currencies to fall, fuelling expectations of further depreciations among emerging market countries that could trigger financial solvency problems.

The tenge dropped 4.7 per cent, close to the upper limit of the new trading range set by the Kazakh central bank. The oil-dependent central Asian country, which trades heavily with Russia and China, is being buffeted by the fall in the rouble and crude prices.

Kazakhstan rejoined international debt markets for the first time in more than a decade in October 2014 and within nine months moved to tap the market again, issuing a record US$4bn of 10-year and 30-year bonds during a period of relative market calm in July. *(FT, 20.08.15)*

Worry of Instability among BRICS

BRICS has warned of the threat of financial instability and volatile commodity prices following the Greek crisis and acute market turbulence in China. European equity and bond markets also rallied as Greece prepared to submit a new reform plan to its creditors ahead of a weekend deadline for a bailout deal to avert Greek exit from the euro.



The break from the rout followed another raft of measures from Chinese authorities aimed at halting a share slide that has wiped trillions of dollars off the value of the country's equity markets.

China's banking regulator said it would allow lenders to ease margin requirements for some wealth management clients, and encouraged banks to offer financing to companies seeking to buy their own shares. Chinese police also vowed to 'punch back' against allegedly illegal market activities and would investigate 'malicious' short selling, state media reported. *(FT, 10.07.15)*

Indian IT to be Affected by Outsourcing

Global corporates such as US retailer Lowe's are now bringing back software projects to their own centres, potentially depriving home-grown software exporters of millions of dollars of business.

Lowe's Chief Information Officer Paul D Ramsay said the company was completely revamping its traditional outsourcing strategy and would start shifting a lot of its software development and maintenance into its own centres.

In a year in which global IT spending is expected to drop by as much as 5.5 per cent and amid rising concerns of a slowdown in China triggering a global meltdown, customers cutting back on bread-and-butter outsourcing is the last thing India's US$146bn IT industry needs. *(ET, 26.08.15)*

China's Economic Slowdown

In a paper, four economists have examined productivity and growth rates in China at the height of the Maoist period and extrapolated those to predict how the country would grow between now and 2050 had it returned to those policies.

They concluded that the abolition of the private sector in China and the return to a command economy would yield an annual average gross domestic product growth rate of 4 to 5 per cent between now and 2050.

That was only about a percentage point less than the average growth rate they predict China will achieve if it continues with market-based reforms that began in the late 1970s and are credited with lifting hundreds of millions out of poverty in only a few decades. *(FT, 10.08.15)*

Speedy Reforms in G20 Countries

Financial leaders from the world's 20 biggest economies agreed to step up reform efforts to boost disappointingly slow growth, saying reliance on ultra-low interest rates would not be enough to accelerate economic expansion.

But they also said they were confident growth would pick up and, as a result, interest rates in 'some advanced economies' would have to rise.

Concern about the turbulence that might be caused by a possible Fed rate hike was amplified by investor worries over an economic slowdown in China, the world's second biggest economy.

G20 officials discussed the devaluation by China of its renminbi currency in August, a move some may see as realignment to market rates rather than a move to help exports. *(Reuters, 06.09.15)*

Call for New UN Arm for Tax Norms

Over 5,000 delegates representing governments, multilateral institutions and civil society organisations discussed how to find the money to fund the ambitious Sustainable Development Goals (SDGs), aimed at eradicating global poverty and hunger, combating climate change and driving equity by 2030. They gathered at 3rd International Conference on Finance for Development: who will control international fund flows and who will get to set the rules.

The SDGs are supposed to replace the equally ambitious Millennium Development Goals (MDGs), which were set in 2000 and were meant to be – but largely have not – achieved by this year.

The call was led by civil society organisations, for the creation of a new UN body to set new norms for accounting and taxation. While such a forum exists, it can only discuss and suggest – the actual powers to make the rules are controlled by the OECD. *(BL, 14.07.15)*

Strings to China's Global Ambitions

While China has been important to the world economy for decades, the country is now wielding its financial heft with the confidence and purpose of a global superpower.

With the centre of financial gravity shifting, China is aggressively asserting its economic clout to win diplomatic allies, invest its vast wealth, promote its currency and secure much-needed natural resources.

It represents a new phase in China's evolution. As the country's wealth has swelled and its needs have evolved, President Xi Jinping and the rest of the leadership have pushed to extend China's reach on a global scale. *(NYT, 26.07.15)*

Plan for Financial Reforms in Sri Lanka

Sri Lanka plans to push forward with a range of 'big bang' reforms to open up its financial system and liberalise the rupee. Sri Lanka is one the world's fast-growing frontier markets, boosted by billions of dollars' worth of infrastructure investment from China.

Sri Lanka is the latest Asian nation to consider currency liberalisation. Its government plans to build up its foreign reserves over the longer term by encouraging global companies to use the island as a base for high-value manufacturing

exports, targeting neighbouring India's sizeable market in particular.

Sri Lanka's Central Bank Governor said that they are also planning to strike new trade deals with both India and China. They are open to further infrastructure deals from Beijing.

They are also remained open to the idea of becoming the first country outside China to issue a renminbi-denominated 'dim sum' bond, a step that would help China's drive to establish the renminbi as a global currency. *(FT, 20.08.15)*

Obama Takes on the States Over Climate Change

The Obama administration has vowed to override states that refuse to accept its new climate goals by mandating how they should achieve emissions cuts, a further incitement to state governments that say their rights are being trampled.

President Barack Obama unveiled a bold initiative to set state-specific targets for cuts in greenhouse gas emissions from the power sector, but it is triggering fierce opposition and a spate of legal challenges from states and industry.

Among more than a dozen states opposed to the plan, six Republican governors and one Democrat have said they will or may refuse to submit a compliance plan — including Scott Walker of Wisconsin and Bobby Jindal of Louisiana, both GOP candidates for president. *(FT, 05.08.15)*

New Emissions Test Still Falls Short

A new study, commissioned by the UK Committee on Climate Change (CCC) and published says that while worldwide harmonised light vehicles test procedure (WLTP) bans certain practices, other loopholes will persist, meaning that the gap will only fall to 23 per cent by 2020 under the new regime.

Between 2002 and 2014, the gap between official and real-world CO2 emissions for new passenger cars increased from about 10 per cent to about 35 per cent. This was according to the CCC report, carried out by researchers at British consultancy Element Energy and the International Council on Clean Transportation.

The CCC report claimed that on-the-road testing would reduce the gap to 5 per cent by 2025. *(FT, 07.09.15)*

Climate Negotiators Meet in Bonn

The United Nations Framework Convention on Climate Change (UNFCCC) Bonn Climate Change Conference took place in Bonn, Germany, during August 31-September 04, 2015.

The meeting brought together over 2,000 participants, representing governments, observer organisations and the media.

The Bonn Conference was the penultimate of several meetings under the UNFCCC in preparation for the Paris Climate Change Conference scheduled to take place in France in November-December 2015.

The Paris Conference is mandated to adopt 'a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties,' which is to come into force in 2020.

The body tasked with developing the Paris agreement is the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). In Bonn, the ADP held the tenth part of its second session (ADP 2-10). *(www.iisd.ca, 04.09.15)*

Rich Could Risk Worse Flooding

It has long been thought that wealthy countries, bolstered with more money for infrastructure investment, face lower risks of flooding.

But new research found that rich countries face major risks as climate change and human activity render coastal populations increasingly vulnerable to devastating river delta floods.

Though wealthy nations have greater resources to protect against flooding such as dams, climate change could increase the frequency and severity of floods and storms to a level that those nations may be challenged to keep pace with due to costs, according to a study in the US journal Science. *(DNA, 07.08.15)*

Businesses' Acting on Climate Change

Goldman Sachs and Bank of America have joined 11 other large US companies to make a series of climate change pledges that the White House says could lead to at least US$140bn in new green investments.

Apple, Google and Berkshire Hathaway are among the groups backing an Obama administration initiative to highlight business support for efforts to seal a global climate deal at a UN meeting in December 2015.

The move is part of the administration's ongoing push to deliver a lasting legacy on climate change in the final stretch of Barack Obama's presidency.

Among other measures, Bank of America is to increase an environmental business initiative by US$75bn over the next decade, while Apple and Google will boost their renewable energy investments in the US and abroad. *(FT, 28.07.15)*

Earth has Three Trillion Trees

A study led by researchers at Yale University in the US has revealed that there are more than three trillion trees on Earth which is seven and a half times more than was estimated earlier.

Two years ago when the lead author was approached for an estimate of tree population on earth, the existing global estimate was just over 400 billion trees worldwide, or about 61 trees for every person on Earth.

The new study with a new set of approaches to reveal that there are 3.04 trillion trees, which comes down to 422 trees per person. *(Livemint, 04.08.15)*

Air Pollution Kills 4,000 People a Day

Air pollution is killing an average of 4,000 people a day in China, according to researchers who cited coal-burning as the likely principal cause.

Deaths related to the main pollutant, tiny particles known as PM2.5s that can trigger heart attacks, strokes, lung cancer and asthma, total 1.6 million a year, or 17 percent of China's mortality level, according to the study by Berkeley Earth, an independent research group funded largely by educational grants. It was published in the online peer-reviewed journal PLOS One from the Public Library of Science.

The Berkeley Earth researchers also examined where the pollutants were detected and concluded that the sources of PM2.5s matching those for sulphur-di-oxide suggests most of the pollution comes from burning coal.

(BS, 15.07.15)

Australia Opts for Lower Goal

Australia has outlined plans to cut carbon emissions by at least 26 per cent by 2030 from 2005 levels — towards the lower end of pledges made by developed nations ahead of a United Nations Climate Change conference in December 2015.

The policy could create tension with the US, UK and Germany, which are pressing other developed countries to lay out ambitious plans to tackle global warming at the Paris meeting.

Since being elected in 2013 the Liberal-National coalition has steadily unpicked Australia's climate and energy policies.

It has repealed carbon and mining taxes, scaled back renewable energy targets and attempted to abolish the Clean Energy Finance Corporation — a state lender to the renewable sector.

(FT, 12.08.15)

Norway Fund Excludes Asian Groups

Norway's US$870bn oil fund excluded four of Asia's biggest companies because of concerns over severe environmental damage at Indonesian palm oil plantations.

In the first use of a new procedure, Norway's central bank decided the world's largest sovereign wealth fund should not be able to invest in Daewoo International and Posco of South Korea, and Genting and IJM of Malaysia.

The four Asian companies join more than 50 companies that are excluded by the oil fund, including Boeing, British American Tobacco, Rio Tinto and Walmart.

The central bank acted on recommendations from the council of ethics, which over the past year issued warnings on all four companies.

(FT, 18.08.15)

Minimalist Offer to Slow GHG

Moving away from its earlier intention of submitting a comprehensive climate action plan ahead of the Paris climate meet, India is preparing to make a minimalist offer indicating a single target for slowing down the growth of its greenhouse gas emissions.

Ahead of the 2009 climate summit in Copenhagen, the previous time the world had taken a shot at finalising a climate treaty, India announced that it would cut its emission intensity — emissions per unit of GDP — by 20-25 per cent by the year 2020 as compared to 2005 levels.

India is on way to achieve this target and its INDC, which is a plan for the post 2020 period, is likely to be an extension of this.

(IE, 26.07.15)

Japan Revives Nuclear Industry

On August 11, 2015, Japan took what appeared to be a decisive step toward resurrecting the nuclear industry and ending a de facto freeze on the use of atomic power, as an electric utility restarted one of dozens of reactors that were taken offline after the Fukushima disaster.

The reactor at the Sendai Nuclear Power Plant, in Kagoshima Prefecture, was the first to return to service since government regulators introduced upgraded safety standards two years ago. Most of Japan's 48 operable commercial nuclear reactors were shut down soon after the meltdowns at Fukushima, and none have operated since 2013.

The government of Prime Minister Shinzo Abe supports restarting idled reactors that meet the enhanced safety standards, arguing that Japan's economy depends on the low-cost power they provide.

(NYT, 11.08.15)

Solar Dispute: Setback for India at WTO

A World Trade Organisation (WTO) panel has ruled against India in a dispute raised by the US over the country's solar power programme, requiring the government to offer a level playing field to both foreign and domestic manufacturers of solar panels.

India is likely to appeal against the dispute settlement panel's ruling, which could give it a two-year breather to implement the programme. In May 2014, the

WTO set up a dispute settlement panel to examine a complaint by the US against India's domestic content requirements under the country's solar power programme.

The panel also struck down the Indian government's incentive policies, especially subsidies provided for domestic solar companies for manufacturing solar cells and solar modules.

(Livemint, 27.08.15)

The Heat is on to Ensure Sustainable Development in Asia's Swelling Cities

Lord Julian Hunt* and Yuguo Li**

As countries make final preparations for UN summit in New York to agree the post-2015 development agenda, there is a growing need for policies that take an integrated approach to climate change and urban crises. Ground zero is Asia, where 60 per cent of the world's population live.

Integrated approach

Asia's conurbations are transforming faster than ever, with their geographies and populations doubling in less than 10 years. As the continent consumes ever-greater natural resources and discharges more waste, cities are generally not able to keep air pollution levels within international health standards. There is now a greater incidence of illness and death among the elderly and vulnerable, including young children.

Furthermore, many Asian – and also African – cities are losing the vital contribution that green spaces make to public health, despite studies showing that parks and roadside trees are cost-effective measures against high temperatures, pollution and flooding. In Nigeria, Lagos has lost most of its central green areas, but in China, Beijing is now planting huge tree belts alongside major arteries.

As urban areas expand, data and computer models confirm how their environmental effects, including rainfall and air pollution, extend hundreds of kilometres further away. Moreover, with energy use by transport, housing and industry in urban areas responsible for more than half the global consumption of carbon-based fuels, large cities are driving greenhouse gas emissions and consequent rises in global average temperatures.

Urban areas affecting climate change

Asia's growing urban areas are increasingly affecting the climate and environment of the whole world, with serious consequences for the long-term wellbeing of populations everywhere.

With growth in Asia driving up greenhouse gas emissions, the development agenda must take an integrated approach to urban crises and climate change

Within Asian cities near the equator, wind speeds are generally low, and they are steadily decreasing as urban areas expand, so that as global temperatures rise, they do so even faster in high-rise city developments, as studied in Hong Kong. However, climate change and urbanisation also increase the risk of very cold weather, as well as more extended periods of great heat.

Extraordinary phenomena are already being observed in inland urban areas in winter months. For instance, high concentrations of urban and rural aerosols are increasingly preventing the sun's rays reaching the ground, even causing small rivers to freeze in Delhi in 2014. This is affecting the economy as winter transport is sometimes severely disrupted – not only aircraft, but even trains and road traffic.

Future planning has to factor in trends showing how 100-year peak rainfall rates have doubled, while their frequency has also increased. In Malaysia, Kuala Lumpur has unique, dual-use vehicle tunnels, which are converted to huge drains when floods occur. With global warming making the atmosphere more humid, the severity and frequency of these floods is only likely to increase.

Technology is helping people to prepare for intense urban rainfall, with radar systems tracking clouds and forecasting hours in advance.

Policies to reduce emissions

Some far-sighted planning policies also aim to reduce the growth of large cities by creating separate new towns from between 50km and 100km away. China has just commenced its plan for integrated development of the Beijing-Tianjin-Hebei, and neighbouring areas will take over many administrative functions from Beijing.

These, and other planning policies, could reduce emissions and pollution in these satellite cities as commuting distances for car drivers are reduced. Limiting mega-city growth should also moderate the rise of peak urban temperatures.

'Bottom-up' advocacy

The take-up of practical policies across Asia depends on high-level advocacy for integrated policies tackling urban crises and climate change. This needs to be combined with "bottom-up" advocacy for mitigating measures such as the preservation of green areas; greener construction with less concrete; and enhanced public transport.

Coordinating global and regional policies should be a major theme not only at the New York conference on development issues, but at the UN's landmark climate change summit in Paris in December. Specifically, the critical issues in cities have to be dealt with through regional collaboration so that effective energy and environmental measures are implemented in both urban areas and the surrounding regions.

Collaboration and joined-up thinking are critical to ensure that Asia is able to reduce carbon emissions, raise standards of global health and achieve economic sustainability.

** Visiting Professor, Delft University   ** Professor, University of Hong Kong*
Excerpts from an article appeared in The Guardian, on September 15, 2015.

Destruction of US Credibility at WTO

Timothy A. Wise* and Biraj Patnaik**

It is hypocritical of the US to give price support to its farmers while denying it to the world's poorest farmers

The tenth ministerial conference of the World Trade Organisation (WTO), to be held in Nairobi on December 15-18, 2015 , is already mired in discord, with negotiators unable to agree on a mandated post-Bali work programme.

At issue are US and EU proposals to scrap the texts agreed to thus far in this interminable round of trade negotiations. Yet again, the developed world led by the US and the EU are pitched against developing countries led by India, China and Indonesia, who have over the past two years tried unsuccessfully to move towards the promise of a permanent solution to the public stock-holding issue in food security, while advancing the stalled Doha development round.

2014 US Farm Bill

The 2014 US farm bill is one of the main reasons the US government is walking away from the post-Bali agriculture negotiations. Studies show that the US is likely to exceed the subsidy limits agreed in Doha negotiations in 2008, and it will probably exceed even current WTO limits.

The 2014 farm bill, which takes effect this crop year and will be in effect for five years, is decidedly more trade-distorting than its predecessor. It eliminates direct payments to producers, which were considered less trade-distorting than price or production-based programmes. It replaces them with production and price-based programmes that offer producers of supported commodities a choice between payments to compensate for low prices (price loss coverage or PLC) or payments to compensate for revenues lower than the recent five-year revenue average (agricultural risk coverage or ARC). On top of that, producers get subsidised crop insurance from the federal government, and special or different programmes support dairy, cotton and other crops.

Provisions and implications

Why does the 2014 farm bill limit the US government's negotiating room in the WTO? According to projections from researchers at the University of Missouri, farm supports are likely to remain at or above current levels, leaving the US little room to agree to proposed cuts. Projected outlays for 2014 crops are around US$12bn.

More important, virtually none of the US support under these new programmes would fall in the Green Box, exempted from limits based on the assumption that they are minimally trade distorting. Both programmes are, indeed, tied to specific crops, prices, or levels of production, so they will be disciplined as Amber Box support subject to reductions under the current WTO agreement.

Under the proposed Doha agreement, based on the texts agreed in 2008, the new programmes will likely fall in the Blue Box, which will be subject to new caps. University of Missouri research found that the US agrees to the 2008 Doha text on agriculture, it is virtually assured to be in violation of its commitments because of the 2014 farm bill.

US intransigence in following through on the commitment in Bali to negotiate a permanent outcome on India's programme of administered prices and stockholding for food security looks all the more hypocritical in light of the 2014 farm bill. University of California professor Colin A. Carter wrote in a 2014 commentary, "The provisions of the 2014 Farm Bill... may well have cost the US any credibility in future agricultural trade negotiations in the Doha Round."

US stance on India

The US hypocritically holds India to that archaic calculation of its subsidies while not having to do the same for its far larger and more trade-distorting farm supports.

The Narendra Modi government successfully called the bluff of the developed world after Bali by threatening not to ratify the trade facilitation agreement unless the "constructive ambiguity" of the peace clause, which left India and other developing countries vulnerable to being dragged to the dispute settlement mechanism at the WTO, was clarified.

India rightly recognises the temporary gains from the Bali agreement and is clear-eyed that the DDA can only be concluded by addressing all issues of the 2008 Doha Framework. Since Bali, India has gained strong allies, with backing from China and Indonesia. Brazil, too, is insisting on respect for the 2008 negotiated texts.

The developed world certainly dominates the global market for hypocrisy, and the US Farm Bill, passed by a Congress unconcerned with the rest of the world, is a case in point. Hopefully, the developing world can hold firm to join India in defending public stockholding programmes for food security and in reviving the promise of development embodied in the Doha Development Round.

** Director, Research and Policy Programme, Global Development and Environment Institute, Tufts University*

*** Principal Adviser to commissioners of the Supreme Court in the Right to Food case*

Excerpts from an article appeared in Livemint, on September 08, 2015.

US Calls for Simplified Tax Regime

The US administration has openly called for a simplified tax regime and ease of doing business in India to attract global investments, including from the US.

US Assistant Secretary of State for South Asian Affairs Nisha Desai Biswal said that India must assure global markets and investors that it is open for business for it to achieve its goals of economic growth and development.

Prime Minister Modi visited the US to seek investments. Concern has been expressed over the slow pace of reform. However, movement on areas such as intellectual property rights would show investors the government's commitment to reform. *(ET, 19.09.15)*

Demand for a 'No Contamination'

After the largest mills in Thailand expressed interest in purchasing cotton from India and samples were approved, a demand for a 'no contamination' certificate was made.

According to top officials of Cotton Corporation of India (CCI), it will be difficult for the organisation to ensure zero contamination. India has been attempting to sell cotton to Thailand, which consumes 5-6 lakh bales of the fibre.

Despite fears of initial droughts, erratic monsoons, and pest attacks in India, good cotton crops help the CCI sell around 52 lakh bales with stocks of around 34 lakh bales remaining with the state-run body. *(FE, 24.09.15)*

Indian BPO Sector Faces Competition

A study finds that Indian healthcare business processing outsourcing (BPO) face strong competition from their Filipino and American counterparts. Challenges from low-cost competitors include specialisation and increased services as well as international data security standards.

Another challenge is the fact that global and local service providers with information technology and outsourcing capabilities and providing integrated solutions, with big data/analytics capabilities and high investment in this area are likely to have an advantage over pure-play BPO vendors.

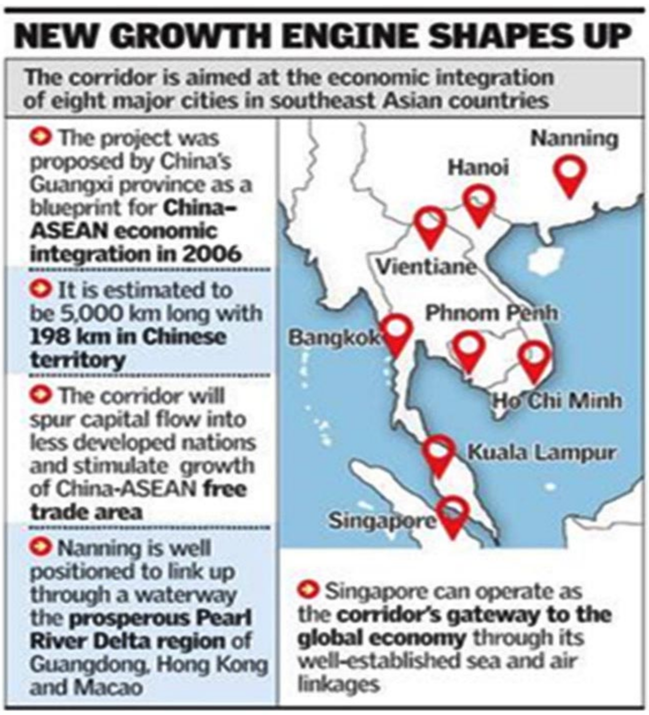
While India enjoys a position as a preferred outsourcing destination for healthcare BPO, domestic reforms are still needed in tax laws, data privacy laws, intellectual property protection laws and clinical trial laws. *(TH, 13.09.15)*

China-ASEAN Economic Integration

China called for greater economic integration with the Association of Southeast Asian Nations (ASEAN), steered by the Nanning - Singapore Economic Corridor under the framework of the Maritime Silk Road (MSR).

The core initiative aimed at economic integration, would connect eight major cities — Singapore, Kuala Lampur, Bangkok, Phnom Penh, Ho Chi Minh City, Vientiane, Hanoi and Nanning.

Observers point out that the corridor is being structured to help China, which wishes to revamp its economy to a more developed 'new normal' plain, shift its excess manufacturing capacity to the less developed zones in the ASEAN. *(TH, 19.09.15)*



Import Hike Raises Red Flag at WTO

The WTO may have some issues with the recent review findings that India's average applied customs duty rate went up to 13 per cent in 2014-15, compared to 12% at the time of the last review in 2010-11.

Applied rates were found to be higher at 10 and 300 per cent for farm products and up to 150 per cent for industrial goods. The average applied customs tariff was around 9.5 per cent for non-farm goods.

Tariff hikes were focused on farm goods as well as items such as gold, silver and even crude oil. WTO countries from Argentina, South Korea, Oman and the US are demanding lowering of tariff barriers. *(ToI, 23.07.15)*

Warning Signs of Trade Stagnation

With the global spotlight on Greece and US interest rates, investors seem unconcerned with the stagnation in world trade in 2015. The World Trade Monitor showed the volume of trade falling in May 2015 by 1.2 per cent.

It has slid in four out of five months and risen just 1.5 per cent in the past 12 months — less than the growth in global output and far below the long-term average of about 7 per cent a year. While structural explanations may explain why trade is growing slower, it cannot explain why trade is barely growing at all.

Explanations for poor trade growth include global investment demand continues to fall short, the recovery in domestic demand in the US and Europe in 2015 is not being seen elsewhere, and governments trying to reflate their economies on the back of a weak currency alone. *(FT, 28.07.15)*

Public Food Stockholding Deal Essential

India expresses concern over the lack of 'meaningful' engagement by the WTO members. India is pushing for a 'permanent' solution for public stockholding programmes for food security, saying it is an 'essential deliverable' at the upcoming WTO ministerial meeting in Nairobi in December.

Differences over demands for changing the existing parameters for reducing domestic farm subsidies by major industrialised countries, particularly the US, have placed doubt on the work programme for the Doha Round.

India, along with other members of the G-33 farm coalition led by Indonesia, made detailed proposals on how a permanent solution can be finalized by including subsidy payments for public stockholding programmes in the so-called 'green box' disciplines that are exempted from reduction commitments. But the US and other major industrialized countries rejected the G-33 alternative proposals on the ground that the 'green box' disciplines are meant to be non-distorting. *(Livemint, 03.08.15)*


The Economist

ITA Unlikely to Generate Meaning

The Information Technology Agreement (ITA) that includes 201 products from core WTO members, while 'systematically' important, is believed unlikely to generate commercially meaningful results.

This could be due to the exclusion of such IT products as LCD terminals and hardware items in mobile telephones. Also, many sub-categorise of tariff lines will not be covered.

WTO chief Robert Azevedo touts the agreement as "landmark", but several trade officials contest the projections of anticipated gains. *(Livemint, 25.07.15)*

India Opens Up Services Market to LDCs

India's decision to provide preferential treatment in services trade to least developed countries (LDCs) comes ahead of the WTO ministerial in Nairobi in December. India opened up its services market to LDCs by waiving business and employment visa fees for applicants from such countries.

It will also provide market access, technical assistance and capacity building. Market access for services, such as independent professionals, tourist guides, engineering, computer services, and consulting, would be subject to requisite visa, entry regulations and other requirements such as educational requirements and duration of temporary entry stay that would be inscribed in the commitments.

India already provided duty free market access in about 96 per cent of traded goods and preferential duties to another 2.2 per cent, for a total of about 98.2 per cent. *(Livemint, 09.09.15)*

Progress on India-Iran-Russia Corridor

The International North South Transport Corridor (INSTC) through Iran has been set in motion, with New Delhi, Tehran, Moscow and 10 other nations approved draft transit and customs agreements.

It will provide the legal framework for moving freight on ship-rail-road route linking India, Iran, Russia, Central Asia and Europe.

The INSTC transit and customs agreement will provide the legal framework necessary for addressing logistical issues and facilitate smooth movement of freight through the corridor. The current corridor for India to transport goods to Eurasia and Europe is via Suez Canal. *(ET, 02.09.15)*

EU Concludes Trade Deal with Vietnam

While negotiators were forced to address human rights concerns and fears that China would use Vietnam as a backdoor for cheap textile imports into the EU, European companies gained greater access to more than 90m consumer population.

The IMF has predicted Vietnam's economy to grow 6 per cent in 2015 and 82 per cent in dollar terms between 2013 and 2020.

The trade deal will remove 99 per cent of tariffs between Europe and Vietnam over the next decade. European clothing, footwear and sportswear companies will look to take advantage of the Vietnam market.

Strict 'rules of origin' safeguards pushed by the EU are intended to ensure that raw materials from China must undergo sufficient workmanship in Vietnam before they can be re-exported to Europe.

The EU said that the Vietnam agreement would allow European companies to bid for big public contracts such as roads and ports in the country. It will also open up the service sector in spheres such as banking and insurance. *(FT, 04.08.15)*

India Prefers Multilateral Pacts

Many of the extant free trade agreements have been skewed in favour of the partner countries. Despite many bilateral agreements being negotiated by India, Commerce Ministry said it would give preference to trade liberalisation via multilateral arrangements.

Commerce Secretary Rita Teaotia was of the view that multilateral arrangements were better suited to help the exporters to get the much-needed level playing field, while competing with their counterparts globally.

The Ministry is holding talks with various stakeholders. Some of the major issues raised by the stakeholders include infrastructure bottlenecks including high transaction cost, port and airport access, traffic management, integration of software with various agencies and specific concern like interest subvention. *(FE, 05.09.15)*

EU Ban to Impact Indian Pharma

Estimates from the Pharmaceutical Export Promotion Council (Pharmexcil) show a potential loss of US$1-1.2bn from the decision by the EU to ban of 700 generic drugs from India.

The ban is based on alleged manipulation of clinical trials conducted by the Hyderabad-based pharmaceutical research company GVK Biosciences. While the Ministry of Commerce is expected to review the implications, medicines affected by the sales ban lost their validity for use in the EU from August 21, 2015.

They should no longer be distributed or sold by pharmaceutical companies, wholesale dealers, drugs stores and other outlets. *(BL, 28.07.15)*

Russia's Stance on Indian Dairy Imports

Russia is ready to let in products from plants with small cattle farms or no cattle, including cooperatives such as Amul. Russia indicated it is ready to reconsider the condition if India gives a comprehensive report on how its safety concerns would be addressed.

The Export Inspection Council of India (EIC), a government body for quality control and inspection of items for export, has prepared the report. It specifies the measures that will be taken to ensure that dairy products exported to Russia are free of contaminants and disease-causing germs.

Russia's annual imports of food items from Western countries are worth about US$40bn. Due to the Ukrainian crisis it has banned imports of most food products from that region, and New Delhi has been making efforts to grab a part of the business. *(BL, 15.08.15)*

WTO is not Just a Trade Forum

The Union Minister of State for Commerce and Industries Nirmala Sitharaman said in an exclusive interview with *The Hindu* that the WTO could not just be a trade forum and it had to keep development in mind.

Between now and when the 10th Ministerial conference convenes in Nairobi in December, the WTO must attend to trade issues and fulfill its development agenda.

In reference to the proliferation of regional free trade agreements, Sitharaman noted that the WTO was the best forum for negotiating and settling differences.

Sitharaman also spoke on topics including the devaluation of the yuan, deferral of free trade talks with the European Union (EU) and matters of international trade. *(TH, 23.08.15)*

Australia-China Trade Deal Face Hurdles

China-Australia Free Trade Agreement (FTA) could be derailed by an Australian trade union campaign. The trade deal was signed in June, but requires each country' legislation to come into force.

The agreement would cut tariffs and remove other impediments to exports while relaxing rules on Chinese inward investment. However, opposition to the deal is causing difficulties in passing legislation in the senate before the end of the year.

Trade unions, including Construction, Forestry, Mining and Energy Union, have organised nationwide protests and have financed an advertising campaign against the deal.

The Labour party, which helped negotiate the agreement while in power between 2007-2013, has said in support of the unions that the deal failed to ensure that skilled foreign workers were only employed when there were insufficient local labourers. The Australian administration stepped up attacks against the opposition. *(FT, 21.08.15)*

Emerging Markets' Capital Hit Growth

A surge of capital gushing out of emerging markets has risen toward US$1tn over the past 13 months, roughly double the amount that fled during the financial crisis amid slumping confidence in the world's developing economies.

Analysts say the flow may accelerate following China's currency devaluation this month and nervousness over an expected rate hike by the US Federal Reserve.

Total net capital outflows from the 19 largest emerging market economies reached US$940.2bn in the 13 months to the end of July, almost double the net $480bn that flowed out during three quarters during the 2008-09 financial crisis, according to a compilation of official data and estimates by NN Investment Partners, an investment bank. *(FT, 19.08.15)*

RCEP Seals Modalities for Tariff Liberalisation

After China agreed to accept India's initial offer of 42.5 per cent market access in the recently concluded RCEP ministerial in Kuala Lumpur, the Asia-Pacific block made a significant breakthrough in negotiations on tariff cuts. India will follow a three-tier approach to tariff liberalisation.

In the first tier, which includes members of the ASEAN countries, India offered 80 per cent tariff liberalisation. Out of it, 65 per cent elimination of tariff will come into force immediately as the agreement comes into force and another15 per cent tariff elimination will come over a period of 10 years.

In the second tier, India offered 65 per cent tariff elimination to South Korea and Japan with whom it has FTAs while these two countries will give 80 per cent tariff elimination.

In tier three, India offered 42.5 per cent to China, Australia and New Zealand while each of these countries will offer India 42.5 per cent, 80 per cent and 65 per cent, respectively. *(Livemint, 28.08.15)*

Summit Charts New Era of Development

Jayant Sinha, Minister of Finance, who is leading the Indian delegation to the so-called 'Addis Action Agenda', has listed the 0.7 per cent of GDP commitment from developed nations to official development assistance. The 'Agenda was to outline measures to generate funds to finance the ambitious SDGs, the successor to the MDGs that expire in 2015.

On the tax issue, Sinha said the move to give the current UN body on taxation issues a more governmental representation and 'equitable' geographical representation will greatly strengthen the voice of developing nations.

This agreement is mentioned as a critical step forward in building a sustainable future for all by UN Secretary-General Ban Ki-moon. This agenda contains more than 100 concrete measures addressing a range of issues including technology, science, innovation, trade and capacity building. *(BL, 16.07.15)*

Europe Needs 'Baby Boom'

A demographic crisis is unfolding in many countries in Europe as they desperately need more young people to populate its rural areas and look after its elderly because its societies are no longer self-sustaining, according to a media report.

Spain has one of the lowest fertility rates in the EU. The EU'S Eurostat agency estimates that by 2050 Portugal will be home to the smallest proportion of children with just 11.5 per cent of the population expected to be under the age of 15. In Italy the retired population is soaring. Germany has the lowest birth rate in the world: 8.2 per cent per 1000 population between 2008 and 2013.

For, Southern Europe, migration within the EU has become a grave problem. Coelho has called on the EU to make falling birth rates a priority in the next five years. *(BL, 23.08.15)*

UK Migration: Toil, Trouble & Tension

Exploitation of migrant workers by unscrupulous UK employers is 'on the increase' because of rising demand for cheap produce and the lure of the British economy to those unable to find jobs in their home countries.

Kevin Hyland, a former Scotland Yard detective has witnessed the exploitation in various sectors and has called the plight of such workers 'modern day slavery'.

London launched a crackdown this week on companies that hire illegal migrants. These migrants flow from Africa and the Middle East. An equal acute problem is labour abuse of EU nationals. As the British economy strengthens, increasing numbers are entering the country from crisis hit parts of the EU. *(FT, 13.08.15)*

More Powers to Emerging Markets

A compromise deal on reforms to give emerging markets greater influence at the International Monetary Fund (IMF) is increasingly likely.

Plans agreed in 2010 to give emerging markets more IMF voting power and double the Fund's resources have been delayed by the fact the UC Congress has not approved the change.

Options include increasing the quota for key emerging economies without requiring any change in the US position. Rakesh Mohan, the IMF's Executive Director for Bangladesh, Bhutan, India and Sri Lanka said that the shares of some countries that are most under represented China, India etc., could be increased. *(BS, 05.09.15)*

US Finds No Violation in H-1B Visa Case

The US Department of Labour (DoL) launched a probe against Infosys, India's second largest software exporter by sales, and its rival Tata Consultancy Services Ltd (TCS), along with Southern California Edison for possible violations of skilled worker visa rules.

Sandeep Dadlani, Executive Vice-President and Head of Americas for Infosys, said the company is a 'responsible participant' in the skilled worker programme. He further mentioned that the company does not practice unfair or unethical H-1B visa practices.

The US government's clean chit comes as a breather to Infosys, which has, in the past faced probes for possible violation of the US immigration laws. The US probe into Infosys's visa practices also led to greater scrutiny of the work visa laws in the US.

(Livemint, 09.09.15)

Disputes to be Settled Peacefully

China's vast maritime claims in the South China Sea have caused a great deal of concern. Minister of State for External Affairs V K Singh said at the fifth East Asia Summit that territorial disputes must be settled through peaceful means, as was done by India and Bangladesh recently using the mechanisms provided under UN Convention on the Law of the Sea (UNCLOS).

Justice Antonio T Carpio, Senior Associate Justice, Supreme Court of the Philippines, appreciated New Delhi's acceptance of the UNCLOS judgement that went in favour of Bangladesh which was awarded 76 per cent of the 25,602 sq km area in the Bay of Bengal and a 200-mile exclusive economic zone.

(TH, 07.08.15)

Global Food Prices Drop

Gluts in foods from grains to milk and concern that China's slowing economy will curb demand sent global prices down the most in almost 7 years.

The United Nations Food and Agriculture Organisation's (FAO) food index is at the lowest in more than six years. The organisation's index of global food includes prices for grain, meat, dairy, edible oils and sugar.

Dairy product costs slumped 9.1 per cent to the lowest in six years on limited import demand from China the FAO said. A sugar index fell 10 per cent to the lowest since 2007 as a weaker Brazilian real encouraged more outbound shipments and expectations that India will become a net exporter of the sweetener. *(BL, 10.09.15)*

Greater Mobility of Skilled Labour

The remarks for greater mobility of skilled labour were made by the Indian Finance Minister, Arun Jaitley during his intervention at the G20 Session on framework for strong, sustainable and balanced growth.

"The goods movement and capital liberalisation should be complemented by skilled labour mobility. This will be of considerable help to countries facing demographic challenges due to ageing populations," Jaitley said.

The free movement of skilled professionals to developed nations is sought with a view to boost growth of services sector which contributes about 60 per cent of country's economic growth. *(BS, 05.09.15)*

Educational Services to Foreigners

The Government of India is planning to open its educational and legal services to foreigners. In a country like India, this liberalisation of the services sector is to be slow and should have a calibrated approach. A roadmap has been prepared.

The first step according to her should be to look at our domestic sector and making an environment which allows for the growth of legal services sector.

Multi-professional firms must be permitted to come in, and to allow them to increase size of the firms. The UK and the US have been pushing India to open up the sector to foreign firms. *(BS, 24.08.15)*

Brazil's Jobless Rate Hits 5-Year High

Brazil's unemployment rate is rising sharply, hitting 7.5 per cent, i.e. up from 6.9 per cent in June. Joaquim Levy, Finance Minister, was forced to revise the government's target for balancing the budget in 2015 as a steep downturn crushed tax revenue.

In response, Standard and Poor's cut its outlook on Brazil's credit the country could lose its coveted triple B minus investment grade status. The latest survey of 100 economists published by the Brazilian Central Bank showed that the economy is expected to contract more than two per cent in 2015.

The steady increase in unemployment since the start of 2015 caused by the collapse in the global commodity prices and later exacerbated by the scandal of petrobras. Rising unemployment is expected further to put the brakes on consumer spending. *(FT, 21.08.15)*

Pope Francis and Environment

Pope Francis's encyclical, 'Laudato Si', will ultimately be recognised as one of the most significant events in the modern environmental movement. It takes a big step towards healing a breach between western religions and nature that dates back to the dawn of monotheism.

His encyclical builds on the thinking of the many Christians who mined Biblical texts to support the notion that the creation is sacred. "An unthinking sense of entitlement has given way to an honest struggle to reconcile acknowledgment of our ties to nature with the functioning of modern industrial society", Francis addressed in his encyclical.

Indeed, there is proof in the encyclical that the Pope is mindful of the conundrum posed by recognising that nature is sacred in modern industrial society. He has acknowledges the humanity must accept its responsibilities without the divination of nature paralysing all economic activity or eclipsing the plight of the poor. *(FT, 03.07.15)*

Target to End Poverty By 2030 is Over Ambitious

World leaders are expected to sign the Sustainable Development Goals (SDGs), a new universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas over the next 15 years. The SDGs follow and expand on the Millennium Development Goals (MDGs).The SDGs have 17 proposed goals and 169 targets.

"The first SDG, i.e. to eradicate poverty by 2030 is unrealistically ambitious said Bjorn Lomborg, Director of the Copenhagen Consensus Centre.

The developed world according to him is expected to spend $2.5 trillion in official development assistance until 2030, and the goals will also influence the spending of trillions of dollars from national budgets from India and other countries. According to him Vocational training has been identified as less profitable than general secondary education. *(HT, 28.07.15)*

Article

Asia-Pacific Impacts of the New Global Development Agenda

Shamshad Akhtar*

The 2030 Agenda has vital implications for Asia and the Pacific

The resounding endorsement by global leaders on 27 September in New York of the groundbreaking and transformational 2030 Agenda for Sustainable Development, more than two years in the making, sparks new hope and optimism for multilateralism. Crafted to be universal, people-centered and inclusive, the 2030 Agenda will promote peace and prosperity, touching all lives through its holistic, rigorous and integrated approach to ending poverty everywhere, in all of its dimensions.

Not only has the design and formulation of the 2030 Agenda been managed through an inclusive, global process on an unprecedented scale, incorporating the priorities and voices of more than 3.5 million people from Asia and the Pacific alone, but in forging the new agenda there has also been a shared recognition by global leaders of the need to save our planet from calamitous challenges such as climate change, disrupted and reversed economic and social progress.

The 2030 Agenda

The 2030 Agenda, based on 17 goals and 169 targets, may seem overly ambitious to some, but poverty eradication cannot be sustained without comprehensive progress in economic growth, social justice and ecological sustainability. This is a bold and inspirational new roadmap that will guide us to more sustainable growth, which is resource-efficient and respects planetary boundaries.

This change is urgently needed in the countries of Asia and the Pacific. Although our region has an impressive track record of economic growth and poverty reduction, more than 1.4 billion people still live in poverty, social disparities are widening and growth remains inefficient and wasteful. Our region has a shared responsibility to lead, which is why mainstreaming the 2030 Agenda in development plans and budgets, and backing them with strong oversight will be critical for successful implementation.

Paving the way for Asia-Pacific

Five conditions must be met to pave the way for Asia-Pacific governments to make this happen:

First, sufficient financial resources are needed. The Economic and Social Commission for Asia and the Pacific (ESCAP) estimates that the Asia-Pacific region will need to invest between US$2.1tn and US$2.5tn per year to fund a comprehensive agenda for sustainable development. We need instead to effectively harness them along with unwavering political commitment to exploit domestic resources for development. Developing economies of our region have, on an average, among the lowest tax-to-GDP ratios in the world. Leveraging the potential of strengthened tax regimes is key; public interest must override the vested interests so that governments can remove tax exemptions and tackle tax evasion practices which are obstacles to investment in better access to basic services.

Second, good governance and inclusion has to be embedded in policy execution and implementation. The capacities of governments to engage multiple interest groups with widely varying perspectives, to effectively regulate excesses, monitor policy impacts and adjust policy responses are now critical. Governments must also become more adept at dealing with the unexpected and unpredictable events – and enabling all groups in society to respond positively to environmental, economic or social shocks.

Third, innovations, new technologies and associated know-how must drive sustainable development across the region, yet innovation gaps in Asia and the Pacific remain very large. Only five Asia-Pacific countries are featured in the top 20 of the 2014 Global Innovation Index. Effective alignment and reinforcement of science, technology and innovation, through the right policies and regulatory frameworks as well as partnerships to facilitate technology transfer, will be mission-critical for successful sustainability.

Fourth, we need to pair innovation with resources, enabling countries to find and adapt the best policy options for sustainability. Partnerships and stronger, more diversified regional platforms for South-South cooperation, such as those provided by ESCAP and its Asia-Pacific Forum on Sustainable Development, provide great opportunities for our region to lead the way in ending poverty, transforming lives and protecting the planet.

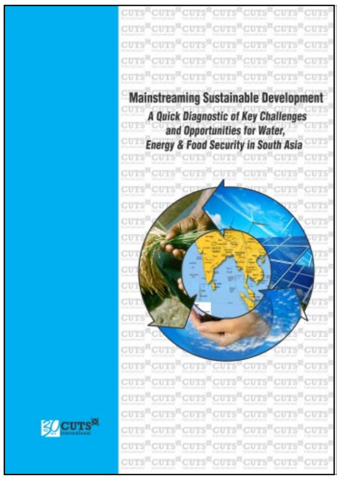
Fifth, climate action must be integrated across all areas of policy and governance. While emissions must be reduced through a focus on low-carbon energy, transportation and buildings and through energy efficiency, we must also build more resilient societies, prepared for frequent and extreme weather events and their impacts, such as changes in food production systems and migration.

- *Under-Secretary-General of the United Nations and Executive Secretary, ESCAP and UN's Sherpa for the G20 and previously served as Governor of the Central Bank of Pakistan and Vice President of the MENA Region of the World Bank; Excerpts from an article appeared in The Diplomat, on September 29, 2015.*

Publications

Mainstreaming Sustainable Development

A Quick Diagnostic of Key Challenges and Opportunities for Water, Energy & Food Security in South Asia



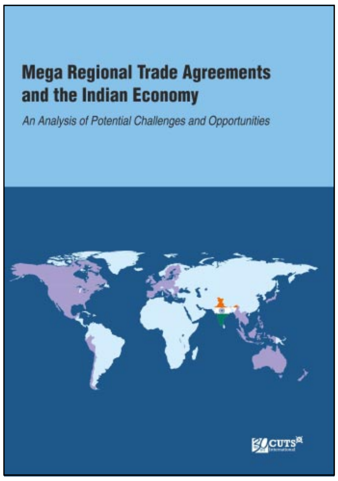
Water, energy and food are interlinked and highly interdependent. This diagnostic study that draws on a range of interviews with key stakeholders, discusses key challenges around water, energy and agriculture in the South Asian subcontinent. It identifies and analyses challenges in access to these resources in three river basins (viz. Indus, Ganges and Brahmaputra) spread across five South Asian countries (viz. Pakistan, India, Nepal, Bhutan and Bangladesh). It also analyses the possible solutions to these challenges from the stakeholders' perspective.

The study finds that water is the most stressed resource across the three river basins and household access to energy has been improving gradually, through both grid-connected and off-grid initiatives, but it requires much more effort to achieve universal energy access.

www.cuts-citee.org/SDIP/pdf/Mainstreaming_Sustainable_Development-A_Quick_Diagnostic_of_Key_Challenges_and_Opportunities_for_Water_Energy_Food_Security_in_South_Asia.pdf

Mega Regional Trade Agreements and the Indian Economy

An Analysis of Potential Challenges and Opportunities



The study assesses the potential impact of the three mega regional trade agreements (RTAs) on the Indian economy, with particular focus on the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). In detailing the forecasted implications, it provides a series of recommendations as to how India should adapt its trade policy and strategy, efficiently embrace the opportunities arising from this new international trade regime and minimise the potential negative impacts.

These recommendations include unilateral measures that India could carry out by changing its own domestic regulations and other bilateral, regional and multilateral measures that will include RTA members but also non-traditional markets which are also excluded from these mega RTAs.

www.cuts-citee.org/EPTAs/pdf/Mega_Regional_Trade_Agreements_and_the_Indian_Economy-An_Analysis_of_Potential_Challenges_and_Opportunities.pdf

We want to hear from you...

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

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