

# ECONOMIQUITY

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## Cop Flop: Civil Society Must Step In

With the end of Copenhagen talks and delegates returning home nearly empty-handed, one can safely say that this much-touted summit was, alas, a failure. Without going into the numbers game that was played at the summit, let us understand clearly that countries the world over, both rich and poor, still define their aspirations in terms of economic growth. Proactive measures to mitigate climate change impacts based on reduction in emissions, however, require tempering of growth aspirations which no country is yet willing to undertake.

While it is natural for the developing world to promote economic growth, the reasons for rich countries pursuing the same are more subtle. While all rich countries enjoy a very high level of per-capita income, by definition, incomes are still unevenly distributed and unemployment is rampant.

The present circumstances are not ideal for rich countries offering to make sacrifices at the world stage for the sake of global welfare. For emerging and developing economies, even the levels of per-capita income do not correspond to a satisfactory quality of life.

At Copenhagen, it was envisaged that a consortium of global representatives could persuade individual countries to get producers operating within their boundaries to reduce their emissions. However, this plan underestimated the lobbying power that big businesses and the electorates have with national governments. Thus, Copenhagen outcomes turned out to be more a reflection of what powerful domestic stakeholders wanted rather than unencumbered opinion of national representatives open to influence at the world stage.

Given that the top-down signalling mechanism has failed at Copenhagen and promises to do so again and again in near future, what are the options? The obvious one pertains to the use of bottom-up processes for influencing consumer and, in turn, business preferences. The nerve-centre of this mechanism should be located in a coalition of civil society organisations (CSOs). Many reputed CSOs work in countries other than their own and empathise with the interests of the poor and vulnerable, regardless of their national identity. It is, hence, natural for the civil society to be the flagbearer of the processes of mitigation/adaptation to climate change.

How then should the civil society go about this task to exploit its characterised privileged position? The process should start with a broad-based demystification of the causes and impacts of climate change.

The goal should be to convince the international community that climate change is a likely outcome of the unscrupulous growth initiatives that are being witnessed all over the world and show no signs of abating; that the outcomes of climate change are bound to be catastrophic and would almost immediately affect two-thirds of humanity and all of the rest within the next 50 years.

Such an advocacy agenda when pursued by a global coalition of CSOs is likely to generate a response from consumers in terms of higher demand for green goods and services. In this way, stimuli applied at the grassroots will generate a whole cycle of responses leading to a cleaner and more harmonious global environment without a total negation of the economic aspirations of individual economic actors, whether on the consumption or the production side.



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**WTO to Sketch Vietnam's Roadmap**

The WTO is willing to lend Vietnam a helping hand in designing roadmap for each specific phase of its integration into the world economy.

Lamy urged Vietnam to continue to perfect its legal system to meet WTO standards. Three years since its WTO admission, Vietnam has attained hordes of economic achievements especially GDP growth, and those in trade, foreign direct investment (FDI) attraction, and tourism, Lamy said.

Regarding the Doha talks, the WTO official emphasised that once the round of negotiations succeeds, it will work to both stimulate the global economy and speed up the world's financial reform.

<http://www.bernama.com/bernama/v5/newsworld.php?id=471259>

**Trade Barriers A Worry**

"We need to remain vigilant. With unemployment remaining high, protectionist pressures remain a worry", World Trade Organisation (WTO) Director General Pascal Lamy said. He said the international trade body will continue to keep a close watch on protectionist measures that impede international free trade.

India and several emerging economies like Brazil have raised concern over the protectionist

measures in the West, especially after the global financial crisis. The stance against protectionism got support from South Korea with its President Lee Myung-bak saying that "G-20 summit had played a pivotal role in resisting protectionist pressures and we need to reaffirm the importance of continuing our stance against protectionism".

On the possibility of concluding the Doha Development Round of trade talks, Lamy said reaching the agreement is "doable in 2010" but "we now need to see it done".

<http://www.deccanherald.com/content/49421/trade-barriers-worry-says-wto.html>

**Doha Round Deal Unlikely in 2010**

US business groups expect slow progress in world trade talks in 2010 despite a goal set by President Barack Obama and other leaders to finish the long-running negotiations in 2010. Countries launched the Doha Round of world trade talks in the capital city of Qatar in late 2001 with the goal of helping poor countries prosper through trade.

However, the talks have been stalled on US demands that advanced developing countries like China, Brazil and India open their markets more in exchange for cuts in farm subsidies and agricultural and manufactured good

tariffs that the US is being asked to make.

In 2009, Obama agreed with other G-20 leaders to set a goal of finishing the round in 2010.

[http://www.moneycontrol.com/news/world-news/wto-doha-round-deal-unlikely2010\\_435615.html](http://www.moneycontrol.com/news/world-news/wto-doha-round-deal-unlikely2010_435615.html)

**WCP at 14 Universities**

The WTO Chairs Programme (WCP) will assist national academic institutions in providing students with a deeper understanding of trade policy issues. The WCP will help strengthen the participation of the beneficiary countries in international trade.

The WCP streamlines academic cooperation activities of the WTO by providing dedicated support to beneficiary institutions in their specific priority areas in the field of trade policy, international trade, international relations and international economic law.

The WCP will provide up to US\$47,021 per annum per school for a period of up to four years. At the end of this period it is intended that programmes of activity be consolidated and continued as appropriate, possibly with financial support from other resources.

[http://www.wto.org/english/news\\_e/pres10\\_e/pr593\\_e.htm](http://www.wto.org/english/news_e/pres10_e/pr593_e.htm)

**Europe Upset by Delay in WTO Boeing Case**

The European Commission (EC) has expressed its dissatisfaction that a WTO hearing regarding US aircraft manufacturer Boeing is to be delayed until June 2010. The EU executive body filed the complaint several years ago, claiming tax credits received by Boeing from US federal and state governments amounted to illegal trade subsidies.

A draft report published by the WTO in September 2009 on a similar complaint brought by Boeing against the European plane manufacturer, Airbus (EADSY), ruled European government subsidies to the firm were in violation of international trade rules.

The commission is now perturbed that the increasing time gap between the two decisions could complicate EU and US efforts to negotiate a settlement.

[http://www.businessweek.com/globalbiz/content/jan2010/gb20100126\\_129388.htm](http://www.businessweek.com/globalbiz/content/jan2010/gb20100126_129388.htm)



**Summit to Push for Doha Deal**

Brazil has suggested that world leaders meet to give a final push to long-stalled negotiations for a global trade pact, WTO chief Pascal Lamy said. During the course of the discussion, Brazilian Foreign Minister, Celso Amorim put this option on the table.

"Nobody said no, but we all said during the course of the discussion that if that was to happen, what remains to be done – which is a list of 12-13 fairly technical questions – will need to be simplified," he added.

Some 17 ministers representing countries including Australia, China and India, as well as the European Union attended the mini-ministerial meeting on the sidelines of the World Economic Forum annual meeting in Davos.

<http://www.arabnews.com/?page=6&section=0&article=132169&d=31&m=1&y=2010>

### Trade Deal Faces Sceptical US

The US is scrambling to drum up support from a sceptical public for a regional trade deal that can boost exports and create jobs. President Barack Obama wants the Trans-Pacific Partnership (TPP) linking the US with an initial group of seven nations – Australia, Brunei, Chile, New Zealand, Peru, Singapore and Vietnam – to be the engine for a “high-standard, broad-based” regional trade agreement.

Three free trade pacts that were signed with South Korea, Panama and Colombia under Obama’s predecessor George W. Bush remain in limbo as lawmakers from Obama’s Democratic party attempt to reopen talks for more concessions.

More than one third of Americans feel trade agreements are bad for America, and more than 40 percent believe such pacts have hurt their personal financial situation, according to polls cited by the office of the US Trade Representative (USTR).

[http://www.channelnewsasia.com/stories/afp\\_asiapacific\\_business/view/1034302/1.html](http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1034302/1.html)

### GCC to Push for FTA with China

Hundreds of officials and businessmen from Gulf oil producers and China will gather in Bahrain on March 23-24, 2010 for their biggest conference that will focus on the need to finalise a free trade agreement (FTA) between the two sides.

The symposium in Manama follows recurrent calls by Gulf officials to turn East after reaching a deadlock in their long-standing FTA negotiations with their main economic partner, the European Union (EU).

The conference will be followed by another major meeting between the six-nation Gulf Co-operation Council (GCC) and India in Saudi Arabia to discuss a similar pact, joint investments and expansion of trade exchange.

[http://www.business24-7.ae/Articles/2010/1/Pages/30012010/01312010\\_6dd9c6a43ff14835adca930878be93bc.aspx](http://www.business24-7.ae/Articles/2010/1/Pages/30012010/01312010_6dd9c6a43ff14835adca930878be93bc.aspx)

### Pak-China Trade May Rise by 2012

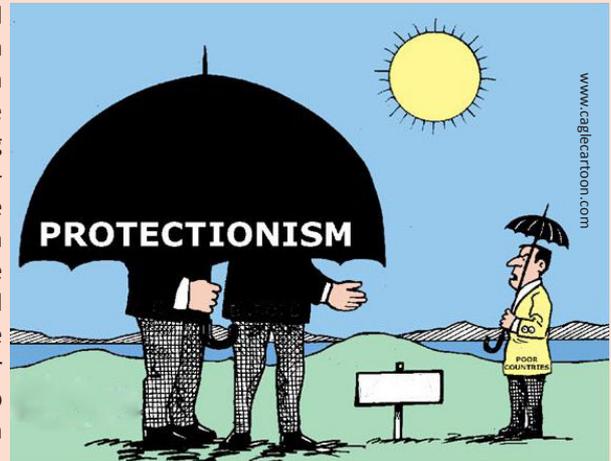
“Pak-China bilateral trade may reach US\$15bn by the end of 2012 provided coordinated efforts at public-private sector level are executed and

## Protectionism is Vicious

A world economy cannot afford to be enmeshed in trade protectionism measures, whether it is bogged down in a financial recession or showing signs of recovery. While the World Bank warned that the global economic recovery is fragile, the US government announced it will be investigating charges that Chinese companies are selling oil-well drill pipes in the US at unfairly low prices.

The United Steelworkers union and a group of companies from Texas and Illinois have asked for anti-dumping tariffs ranging from 429-496 percent on Chinese exports. These high tariffs, if approved, are based on unfounded guesses that Chinese producers sell their products at prices up to 80 percent lower than normal market prices, according to industrial experts.

[http://www.chinadaily.com.cn/opinion/2010-01/25/content\\_9369509.htm](http://www.chinadaily.com.cn/opinion/2010-01/25/content_9369509.htm)



bilateral agreements are implemented in true spirit”, Tariq Sayeed, Former President FPCCI and Patron in Chief Pak-China Business Council said.

While appreciating the quantum leap in Chinese economy particularly during last two decades, he said Pakistan has a natural proximity to the 3<sup>rd</sup> largest economy of the world with GDP size of US\$4.90tr, the country, which formed the 3<sup>rd</sup> largest import market of the world; Pakistan should take advantages in terms of export promotion with China.

[http://www.dailytimes.com.pk/default.asp?page=2010%5C01%5C29%5Cstory\\_29-1-2010\\_pg5\\_8](http://www.dailytimes.com.pk/default.asp?page=2010%5C01%5C29%5Cstory_29-1-2010_pg5_8)

### Iran, Pakistan to Import Power

Pakistan and Iran have agreed to expedite the process of importing 1000 MW power by Pakistan from Iran on fast track basis for its early completion. The agreement between Iranian Ambassador Masha’Allah Shakeri and Pakistan Minister for Water and Power, Raja Pervez Ashraf also discussed matters of mutual interest, bilateral relations to further boost economic ties between the two countries, the Ministry of Water and Power said.

The current status of transmission line for import of 100 MW power for

Gawadar from Iran was also discussed. The Minister informed that a Pakistani delegation is leaving for Iran tonight to discuss matters relating to import of power from Iran within the shortest possible time frame.

<http://www.today.az/news/iran/60480.html>

### EU Boosts Sugar Exports

The EU plans to export an extra 500,000 tonnes of sugar because world sugar prices have soared and European beet farmers have surpluses. The EC says the export of extra, unsubsidised sugar will not violate international trade rules. The EU’s annual limit for subsidised sugar exports is 1.37 million tonnes, under WTO agreements.

Brazil’s sugarcane group Unica has told the EU not to exceed 1.37 million tonnes. But the Commission’s agriculture spokesman Michael Mann said that “the export limit does not apply” to the extra 500,000 tonnes, because this extra is unsubsidised sugar. He said that if sugar production costs were higher than the sale price, global competitors might argue that this amounted to an indirect EU subsidy.

<http://news.bbc.co.uk/2/hi/europe/8484826.stm>

**Global Business Pleads for Trade Deal**

Global business leaders appealed to governments to make good on their commitment to conclude stalled trade liberalisation talks in 2010 and boost a world economic recovery. But trade negotiators were sceptical of the political will to overcome disputes between the US and key emerging nations that thwarted a deal in 2008, before the financial crisis plunged much of the world into recession.

The International Business Council called at the World Economic Forum in the Swiss resort of Davos for world leaders to follow through on their pledge made at last September's Pittsburgh G20 summit to clinch a trade deal in 2010.

This is a time for governments around the world to show commitment to the system which has helped create growth and development in the last 60 years.

[http://uk.finance.yahoo.com/news/business-pleads-for-2010-trade-deal-amid-scepticism-reuters\\_molt-0bdab012ca5f.html?x=0](http://uk.finance.yahoo.com/news/business-pleads-for-2010-trade-deal-amid-scepticism-reuters_molt-0bdab012ca5f.html?x=0)

**ICCI To Promote Trade**

"The South Asian countries should step up their efforts for regional integration to create new economic opportunities, foster markets and promote trade and exports which will usher in prosperity and stability in the region", said Zahid Maqbool, President Islamabad Chamber of Commerce & Industry (ICCI).

He said South Asian countries including Pakistan are endowed with plenty of natural and human resources. However, they need greater regional integration to exploit these resources for achieving better economic development.

He said other countries are strengthening their economies by promoting regional integration and South Asia should also focus on this pattern to tackle the problems of poverty, unemployment and many other ills connected with underdevelopment.

<http://dailymailnews.com/0110/25/CityPage/CityPages8.php>

**Argentina Trade Surplus Rises**

Argentina's trade surplus grew 35 percent in 2009 as imports fell more than exports, while soaring car sales to Brazil helped industrial output rise more than twice as much as expected by economists in December 2009.

Argentina's factory output jumped 10.4 percent in December 2009 from December 2008 and rose 0.4 percent in 2009 despite a dramatic slowdown caused by the global economic crisis. The December figure came in above economists' expectations.

A jump in auto production is seen as one of the main drivers of the strong industrial performance. Argentina is Latin America's third-largest car maker and in December 2009 its auto production nearly doubled in December 2008.

<http://www.reuters.com/article/idUSN2213154120100122>

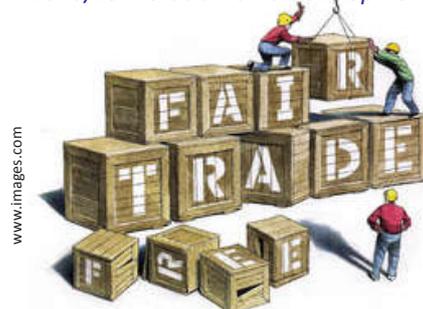
**Asia to Boost Cross-Border Trade**

The Asian Development Bank (ADB) is funding a study of market and finance barriers to boost cross-border trade by small and medium sized enterprises (SMEs), which could help pave the way for an increase in trade and a reduction in poverty in poor border areas.

ADB is providing a US\$1.5mn technical assistance grant, sourced from the Regional Cooperation and Integration Financing Partnership Facility, which will be used to carry out a survey of border traders, financiers, and border posts and to recommend policy and regulatory changes which are needed to improve SME traders' access to finance.

It will also provide suggestions on new financial products for SME traders and will help address changes needed in non-financial areas to enhance trade efficiency and information access for SMEs.

<http://www.adb.org/Media/Articles/2010/13143-asian-sme-developments/>



**Developed World to Meet Trade Commitments**

Least developed countries (LDCs) of the Asia and Pacific region renewed their demand that developed nations fulfil commitments to allow duty-free market access along with other trade-related assistance.

"They must honour their promises to help LDCs to overcome the curse of unending poverty", said Noeleen Heyzer, a UN Under Secretary and Executive Secretary of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) at the end of a three-day conference of the LDCs in Dhaka.

The representatives want disbursement of additional resources pledged by the developed countries and for official development assistance to be aligned with LDC national development priorities.

<http://in.reuters.com/article/businessNews/idINIndia-45550820100120>

**Global Trade Logistics Improving**

The capacity of countries to efficiently move goods and connect manufacturers and consumers with international markets is improving around the world, but much more progress is needed to spur faster economic growth and help firms benefit from trade recovery.

Germany is the top performer among the 155 economies ranked in the Logistics Performance Indicators (LPI), which are included in the report *Connecting to Compete 2010: Trade Logistics in the Global Economy*. The study is based on the most comprehensive world survey of international freight forwarders and express carriers.

"Economic competitiveness is relentlessly driving countries to strengthen performance, and improving trade logistics is a smart way to deliver more efficiencies, lower costs and added economic growth," said World Bank Group President Robert B Zoellick.

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22442591~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>

**Eurozone Trade Surplus Falls**

The 16-nation eurozone's trade surplus with the rest of the world fell to US\$6.9bn in November 2009. The narrowing – the October surplus was a revised US\$9bn – came as exports edged down 0.4 percent month-on-month.

Analyst Howard Archer of IHS Global Insight opined the latest data “reinforces concerns that the eurozone is having trouble developing recovery after exiting recession in the third quarter of 2009”.

He said the European Central Bank may even have to wait until into 2011 before raising interest rates, and reiterated that “hopefully, eurozone exporters will gain some help from the retreat in the euro” after it hit a 15-month high of US\$1.5145 in November 2009.

[http://www.channelnewsasia.com/stories/afp\\_world\\_business/view/1031002/1/.html](http://www.channelnewsasia.com/stories/afp_world_business/view/1031002/1/.html)

**Georgia: A Medical Tourism Destination**

Estimated at US\$20bn annually, the medical tourism market is projected to double over the next two years. Despite Georgia's sketchy history of medical reforms and a dilapidated medical infrastructure, some Georgian doctors believe the country can compete for international patients.

Medical tourism among Americans and Europeans is experiencing steady growth. For example, according to a 2008 report by the Deloitte Centre for Health Solutions, the number of Americans traveling abroad for medical care is projected to reach 1.6 million by 2012. Countries as varied as India, Turkey, Jordan and Costa Rica have established themselves as treatment destinations, offering affordable medical procedures ranging from dental care to plastic surgery.

<http://www.today.az/news/georgia/59445.html>

**Chinese Rebound Challenges Germany**

China unveiled a 17.7 percent rise in exports in December 2009 as compared to 2008. The figures provided some cheer to Chinese factories, which have been struggling against the global downturn. The key markets of the US and Europe, which together form the destination for more than half of

China's exports, both picked up strongly.

Overall, the value of China's exports fell by 16 percent in 2009 to US\$1.2tr. Germany exported goods worth US\$1.03tr in the first 11 months of 2009 – down a steep 19.9 percent on the same period in 2008.

Global Trade Information Services showed that China shipped products worth US\$957.7bn in the first 10 months of 2009, while Germany sold goods worth US\$917.7bn.

<http://www.telegraph.co.uk/finance/china-business/6966150/Chinese-rebound-challenges-Germany-as-worlds-biggest-exporter.html>

**Rise in German Exports**

German exports rose more than economists forecast in November 2009 as Europe's largest economy benefited from the recovery in global trade. Exports may rise as much as 10 percent in 2010 after an 18 percent slump in 2009.

The trade balance reflects a sharp drop in imports, which tells the story of very slow and moderate recovery of domestic demand. Imports fell 5.9 percent in November 2009 from October 2009, when they declined 2.9 percent. The trade surplus widened to US\$25bn

from a revised US\$18.1bn in October 2009. That's the widest since June 2008, when it was US\$27.2bn.

<http://www.businessweek.com/news/2010-01-08/german-exports-rise-more-than-economists-forecast-update2-.html>

**Malaysia's Trade with China Exceeds**

China is now Malaysia's second largest trading partner, export market and source of imports. “For the first 10 months of 2009, Malaysia's total trade with China was US\$28.4bn, with exports amounting to US\$15.1bn”, said Malaysia's Deputy Minister of International Trade and Industry Datuk Mukhriz Tun Dr Mahathir at the Central American Free Trade Agreement (CAFTA) Forum 2010.

He said that Malaysian companies were increasingly using the preferential market access under CAFTA to export to China. However, Mukriz said trade using preferential market access was still only a small fraction of the overall trade, therefore, awareness of this preferential trade facility under the Association of Southeast Asian Nations (ASEAN)-China FTA must be intensified among Malaysian businessmen.

<http://www.bernama.com.my/bernama/v5/newsbusiness.php?id=466867>

**Japan Fears Push for Tuna Export Ban**

Seafood-loving Japan – having faced years of international pressure to stop whaling – finds itself with a potentially bigger fight over a highly prized type of tuna that conservation groups say is being fished to extinction.

A proposal to ban the export of Atlantic blue fin tuna – vaunted for its succulent red and pink meat – could slash supplies and drive up prices in Japan, the world's biggest consumer and importer of the fish. The fish is often served as sushi, the iconic Japanese dish.



But environmentalists say the Atlantic bluefin is a vanishing species and insist a ban on its export by the world body that governs wildlife trade is the last chance to save it in the face of skyrocketing global demand and a failure by governments to abide by existing quotas.

<http://abcnews.com/Business/wireStory?id=9574031>

## China to Become 2nd Largest Economy

China's economy rose by 10.7 percent in fourth quarter compared to 2008, as the country continued to surge forward even as many other nations are still trying to punch through the global recession. That was up from a revised growth rate of 9.1 percent in the third quarter.

In 2009, the Chinese GDP grew 8.7 percent; surpassing the 8 percent growth-rate benchmark that Chinese leaders assert is necessary to maintain social stability. If China keeps up that growth rate, it will very likely replace Japan as the world's second-largest economy by the end of 2010.

The National Bureau of Statistics also announced that industrial production in December 2009 increased by 18.5 percent and retail sales rose by 17.5 percent.

<http://www.nytimes.com/2010/01/21/business/global/21chinaecon.html>



### Euro Zone Unemployment Hits 10%

Unemployment in the 16 countries that use the euro reached 10 percent in November 2009 for the first time since the currency was adopted in 1999, with sharp differences in individual countries' jobless rates underlining the stress the recession has put on Europe's monetary union.

Over the past year, it has risen by two percentage points as the global recession took its toll, particularly on high-value exports from countries like Germany.

Such sharp divergences mean the European Central Bank, which conducts monetary policy for the euro countries, may face a difficult path ahead in finding one interest rate policy that spurs growth in lagging countries while restraining inflation in stronger ones.

<http://economictimes.indiatimes.com/news/international-business/Eurozone-unemployment-hits-10-percent/articleshow/5424379.cms>

### Africa Needs English Remittance Men

African countries locked out of international capital markets for most of the past five decades have largely been spared the financial turmoil and economic downturn. Their economies experienced a slowdown, not a recession.

Several African countries have now received ratings from credit agencies, which has opened up global financial centres to them. Stock exchanges are being established across the continent.

Countries such as China, India, and Brazil have provided a platform for increased exports, and a model of c-

operation based on trade, investment and technology transfer, rather than "aid". China-Africa trade alone increased from US\$10bn in 2000 to US\$107bn in 2008.

<http://news.scotsman.com/news/Barriers-on-cash-sent-home.6016040.jp>

### Global Crisis Affect Remittances

The global economic downturn is hurting Africans in the Diaspora. It is harder for them to send money home, and that leads to problems for those who depend on the funds. Remittances to developing countries are expected to fall from US\$305bn in 2008 to US\$208bn for 2009.

Millions of Africans depend on their relatives in the Diaspora to send them funds for their daily livelihood, including food and other essential commodities. Many of them do not know about the intricacies of global finance.

Few African economists foresaw the downturn. Rwandan finance minister James Musoni said he was optimistic that his country and indeed the whole East African economic bloc were sheltered from the pitfalls of any global crisis.

<http://www1.voanews.com/english/news/africa/Global-Financial-Crisis-Affects-Remittances-to-Africa-82600787.html>

### Turkey on Track of Economic Recovery

The World Bank's Country Director for Turkey, Ulrich Zachau said Turkish economy was on recovery track. Zachau underlined that improvements in employment lagged behind economic

growth, noting that a slight improvement could be expected in 2010. He said a strong implementation of 2010 budget and 2010-2012 mid-term programme was key to improvement in employment.

He said a new stand-by agreement with the International Monetary Fund (IMF) could bring external financing and lower the government's dependence domestic borrowing. Potential risks for Turkish economy was mostly external noting once again that a strong implementation of the midterm economic programme was key to mitigation of these risks.

<http://www.turkishweekly.net/news/96151/turkey-is-on-the-track-of-economic-recovery.html>

### Global Economic Recovery in SA

The UN is predicting a mild global economic recovery in 2010 with Asia leading growth. But the UN warns if governments withdraw stimulus measures too early, the global economy could slump again.

In its 2010 economic report, the UN says East and South Asian economies will lead the world recovery. The report says the global economy is recovering and if supportive policies continue the world should see about 2.4 percent growth in 2010. East Asia is expected to see average GDP grow by 6.7 percent, the highest rate in the world, followed by South Asia at 5.5 percent.

<http://www.turkishweekly.net/news/96161/-un-says-east-south-asia-leading-mild-global-economic-recovery.html>

### Gulf Economic Boom Has Finally Ended

The global financial crisis has finally hit the economies of the Gulf countries and the boom cycle in the region has ended. The latest research report of Gulf Finance House (GFH), a leading Islamic investment bank of the region, says that the steep fall in crude oil prices from their peak last summer, output contraction across other key economic sectors, tight liquidity conditions and the fall in asset prices will make 2009 a challenging year for the GCC region.

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) comprise the GCC. There are over 4.8 million Indians in these six countries, the largest expatriate community in the region, and their remittances contribute significantly to the Indian economy.

[http://www.thaindian.com/newsportal/world-news/gulf-economic-boom-has-finally-ended\\_100144722.html](http://www.thaindian.com/newsportal/world-news/gulf-economic-boom-has-finally-ended_100144722.html)

### UK Unemployment Dips Since 2008

The number of unemployed has fallen to 2.46 million, the first decline in unemployment since the three months to May 2008. This leaves the jobless rate at 7.8 percent. There has also been an overall drop in the number of young people unemployed, which fell by 16,000 to 927,000 in the three months to November 2008.

Although there has been a marked rise in unemployment figures among young, black people aged between 16 and 24, which has leapt 13 percent since the recession began. The figures also show a larger than anticipated fall in the number of people claiming jobseekers allowance, which fell by 15,200 in December to 1.61 million.

<http://www.ifaonline.co.uk/ifaonline/news/1587864/uk-unemployment-dips-2008>

### Hong Kong Unemployment Rate Fell

Job creation in the construction, import-export and hotel sectors drove Hong Kong's unemployment rate below five percent for the first time since late 2008. The city's jobless rate fell to 4.9 percent between October-December 2008, which was also the fourth

consecutive decline since the start of the global financial crisis.

The seasonally adjusted jobless rate fell from 5.1 percent in September-November 2008. Hong Kong recorded a jobless rate below five percent in the period between November 2008 and January 2009.

In the most recent period, the number of jobless declined by 8,200 to 172,800, while the overall workforce fell slightly from 3,678,600 to 3,669,900 in the three months ending December 2008, the government said.

<http://www.asiaone.com/News/Latest+News/Business/Story/A1Story20100119-192956.html>

### Foreign Investment Flows Plunged

The United Nations Conference on Trade and Development (UNCTAD) says global flows in FDI fell by about 40 percent to US\$1.0tr in 2009 from US\$1.7tr in 2008. UNCTAD noted that FDI flows remained relatively stable during the third quarter of 2009 but at a low level. No pick-up in FDI was detected in the fourth quarter, it added.

According to UNCTAD, FDI flows to developing and transition economies, which rose in 2008, declined by 39 percent in 2009 as the global financial and economic crisis continued to

unfold. It added that in terms of the mode of entry of FDIs, cross-border mergers and acquisitions (M&A) were the most affected, as they decreased by 66 percent in 2009 compared with 2008.

<http://news.brunei.fm/2010/01/20/unctad-says-global-foreign-investment-flows-plunged-40-pct-in-2009/>

### Morocco to Shine in Mega Solar Project

Morocco has launched what it claims is the biggest solar-thermal energy project in a single country, aiming to produce nearly 40 percent of its electricity needs – 2,000 megawatts (MW) – by 2020.

The project will span an area of 10,000 hectares – just under half the size of Cairo, Egypt – at five different locations in the country and use concentrated solar-thermal power (CSP), which focuses a large area of sunlight onto a small area using lenses, to produce electricity.

Morocco hopes that the plant will supply 38 percent of the country's electricity needs by 2020. The government has pledged US\$9bn from public and private funds for the project.

<http://www.scidev.net/en/news/morocco-hopes-to-shine-in-mega-solar-project.html>

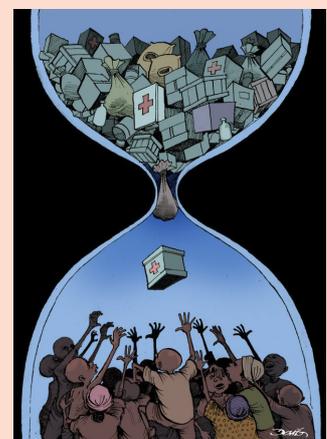
## Haiti Earthquake Statistics

As with the international aid community, Haitians living overseas are seeking ways to help from a distance after a devastating earthquake struck Port-au-Prince. Many migrants already send significant proportions of their earnings in the form of remittances. Rather than foreign assistance from governments, they may provide the most important and steady rebuilding effort over the coming years.

The Haitian diaspora now numbers around 1.5 to 2 million, meaning that as many as one in six persons live outside the country. Most reside in the Dominican Republic, the US, Canada, and France. US cities with the greatest population of Haitian immigrants are New York, Miami and Boston.

For political or economic reasons, these migrants moved overseas to seek a better life. Their thoughts, however, often remain with family and friends who remain in Haiti. The sending of remittances to Haiti occurred long before the massive earthquake focused international attention on the country's plight, and enables many recipients to survive day-to-day.

<http://migration.foreignpolicyblogs.com/2010/01/15/long-term-response-to-haiti-earthquake-in-haiti-may-depend-on-remittances/>



### Foreigners to Invest in Iran's Oil, Gas

"Foreign investment in the oil and gas sector could surpass that level, should we agree with interested companies," said Masoud Mir-Kazemi, Iranian Oil Minister. He added that foreign companies would invest via finance or the buyback method.

In November 2009, Iran had announced that an investment of US\$40bn would be needed to develop the remaining phases of the giant South Pars gas field within 10 years. In December 2009, a senior Iranian energy official said that the country's gas sector needed to attract about US\$85bn in investments within 10 years in order to maintain its export capacity.

"For the development of the country's gas exports in the next decade, about US\$85bn need to be invested", said Seyyed Reza Kasaeizadeh, Managing Director, National Iranian Gas export company.

<http://www.today.az/news/iran/59749.html>

### Abu Dhabi's Dubai Aid Shrinks

Abu Dhabi's US\$10bn December bailout to Dubai included US\$5bn already committed by two banks controlled by the emirate, signaling Abu Dhabi's cautious approach to helping its debt-laden neighbour.

Analysts opine that Abu Dhabi had directly lent less than previously thought also indicated the wealthy emirate wanted more evidence of Dubai's fiscal probity, after helping it avert an embarrassing default on a state-linked bond.

Dubai rocked global markets that same day when it requested a standstill

on US\$26bn in debt linked to its flagship conglomerate Dubai World and its two main property developers, Nakheel and Limitless World.

<http://www.reuters.com/article/idUSTRE60H23K20100118>

### Plan for Electricity Rationing

Venezuelan Electricity Minister Angel Rodriguez announced a plan for nationwide electricity rationing to combat a crisis in the electricity sector. Many regions of the country have been experiencing unplanned power outages for months as a record drought combined with poor planning and structural problems in the electricity sector affected production and distribution capacity.

Rodriguez contended the rationing is necessary to prevent water levels in the Guri hydro-electric dam – which provides 70 percent of the country's power needs – from dropping to critical lows. The electricity cuts of four hours duration every other day will continue until May 2010 when seasonal rains are expected to increase water levels in the Guri Dam.

<http://www.venezuelanalysis.com/news/5066>

### Bangladeshis at Home as Jobs Plunge

The number of workers leaving Bangladesh to find jobs overseas nearly halved in 2009 as the global slowdown hit employment prospects in the Middle East and Asia. Only 475,278 Bangladesh labourers found jobs abroad in 2009, down from 875,055 in 2008, according to data released by the government's Bureau of Manpower and Employment Training (BMET).

According to the BMET, the UAE was the top recruiter of Bangladeshis in 2009, accounting for more than 50 percent of new overseas jobs for the impoverished South Asian nation. The minister expects to see a turnaround in 2010 with war-torn Iraq now recruiting thousands of Bangladeshi construction workers and new opportunities emerging in traditional markets.

[http://www.google.com/hostednews/afp/article/ALeqM5hO\\_NGIzG2q-oizV27WeHOuKV\\_7rg](http://www.google.com/hostednews/afp/article/ALeqM5hO_NGIzG2q-oizV27WeHOuKV_7rg)

### Japan Bank Stocks May See Return

Years of tumult and wealth destruction may give way to a period of stabilisation for Japanese banking stocks in 2010, even as expectations of capital raising remain firmly in place. Weakness in Japanese banking stocks has been a defining factor for the Tokyo stock market's underperformance over the past few years, with the nation's three largest lenders – Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Financial Group – delivering negative returns for four straight calendar years starting in 2006.

At their respective closing prices of 2009, shares of the three mega banks had lost at least two-thirds of their value from their closing levels of 2005, having charted an extremely volatile path along the way. While shares of several global banks staged a sharp rebound, concerns about more stringent capital rules and a resulting equity dilution kept Japanese lenders under pressure in 2009.

<http://www.marketwatch.com/story/japan-bank-stocks-may-return-to-normal-in-2010-2010-01-03>

## EU to Plan 10 Years of Growth



The EU leaders are to hold a special summit to prepare a 10-year programme aimed at boosting Europe's competitiveness and economic growth, after the failure of a similarly ambitious strategy for the decade that ended in December 2009.

The meeting will be chaired by Herman Van Rompuy, the EU's first full-time President who has made clear since his appointment in November 2009 that he wants EU summits to be tightly focused meetings, with fewer officials around the table and leaders delivering results that European citizens can easily grasp.

He has identified economic reform as a priority, saying the EU must at least double its average annual growth rate of one percent if it wants a generously funded welfare state and high living standards fuelled by a free enterprise system.

<http://www.ft.com/cms/s/0/54857c98-fa27-11de-beed-00144feab49a.html>

### Water Vapour Caused Global Warming

The research, led by one of the world's top climate scientists, suggests that almost one-third of the global warming recorded during the 1990s was due to an increase in water vapour in the high atmosphere, not human emissions of greenhouse gases.

Experts opine their research does not undermine the scientific consensus that emissions of greenhouse gases (GHGs) from human activity drive global warming, but they call for "closer examination" of the way climate computer models consider water vapour.

The new research comes at a difficult time for climate scientists, who have been forced to defend their predictions in the face of an embarrassing mistake in the 2007 report of the Intergovernmental Panel on Climate Change (IPCC), which included false claims that Himalayan glaciers could melt away by 2035.

<http://www.guardian.co.uk/environment/2010/jan/29/water-vapour-climate-change>

### BASIC Pledge 'Climate Aid' for Poor

Four rapidly developing countries – Brazil, South Africa, India and China (known as BASIC) – have vowed to boost climate science cooperation among themselves and other developing countries.

The countries' environmental ministers said their countries will develop a framework for permanent scientific cooperation on climate change and extend technological support to other developing nations, especially LDCs, in areas such as forestry and adaptation.

This resolve to help the countries most vulnerable to climate change is a "slap in the face of rich countries that are in a better position to do so", said Carlos Minc, Brazil's environment minister.

<http://www.scidev.net/en/news/top-emerging-nations-pledge-climate-aid-for-poor-states.html>

### Green Tech is Big Biz, not Threat

BASIC "expressed their intention" to communicate information on their voluntary mitigation action to the United Nations Framework Convention on Climate Change (UNFCCC) by January 31

2010, a joint statement issued after the conclusion of the second meeting of Ministers of BASIC group states.

"All of us are unanimously of the view that the value of the accord lies not as a stand-alone document but as part of the two-track negotiating process", Jairam Ramesh, Indian Minister for Environment and Forests said.

He said that BASIC had sent a powerful signal to the rest of the world of the "intentions and continued desire" to work towards a successful conclusion of the two-track negotiating process under the UNFCCC.

<http://www.thehindubusinessline.com/2010/01/25/stories/2010012553060400.htm>

### Climate Deal 'Reachable in 2010'

Countries could reach a binding agreement on climate change in Mexico in 2010 after failing to do so in Copenhagen, the chairman of the IPCC said. "I think we have a very short period of time in which the world has to get its act together. And if that happens, then certainly Mexico could produce a binding agreement", said Rajendra Pachauri.

"It is a daunting, but certainly a doable, prospect", he said, referring to the next summit, planned in later 2010 in the Mexican capital. Climate talks in Copenhagen in December 2009 ended with a non-binding agreement to reduce rises in global temperatures.

[http://news.yahoo.com/s/afp/20100119/sc\\_afp/unclimateuaeforum](http://news.yahoo.com/s/afp/20100119/sc_afp/unclimateuaeforum)

### EU Pushes for Carbon Emissions Cuts

The EU stood by its offer to move to a 30 percent cut in carbon dioxide emissions by 2020 despite the failure of UN climate summit to secure a legally-binding deal. European environment ministers said keeping the proposal on the table would inject momentum into the deflated international climate talks after the failure of December's Copenhagen summit.

The EU had agreed ahead of the climate talks in Denmark to cut carbon dioxide emissions by 20 percent over the next decade from 1990 levels and to deepen those cuts to 30 percent if other nations followed suit.

<http://www.eubusiness.com/news-eu/spain-climate.2ao>

## Climate Panel's Glacier Melts Away

The controversy over the findings of a report by the IPCC on Himalayan glaciers refuses to die with more errors, including what is possibly a glaring typographical one coming to light. However, several scientists said IPCC's entire report couldn't be trashed on the basis of this,



and that the panel's review process remains transparent.

Still, separate parts of the panel's report, which forms basis for talks between governments on climate change, bear an uncanny resemblance to a 10-year-old report published by Delhi-based activist group Centre for Science and Environment and a 1996 paper published by a Russian scientist.

The controversy began after a report in the *Sunday Times* said the IPCC's statement on Himalayan glaciers vanishing by 2035, was scientifically baseless. A draft of IPCC's report, published in 2007 and circulated to governments across the world, says: "Its (Himalayan glaciers') total area will shrink from the present 500,000 sq. km to 100,000 sq. km by 2035".

<http://www.livemint.com/2010/01/19235225/Climate-panel8217s-glacier.html>

**China to Boost Consumer Spending**

Consumption in China is unusually low and has continued to decline as a share of GDP over the past decade. A key policy question is how to reverse this trend, and rebalance growth away from reliance on exports and investment and toward consumption.

This paper investigates whether the sizable increase in government social spending in recent years lowered precautionary saving and increased consumption.

The main findings are that spending on health, but not education, had an impact on household behavior. The impact, moreover, is large. A one Yuan increase in government health spending is associated with a two Yuan increase in urban household consumption.

<http://www.imf.org/external/pubs/ft/wp/2010/wp1016.pdf>

**Dynamics of Remittance Utilisation**

This paper examines the impacts of international remittances on household consumption expenditure and poverty in Bangladesh using computable general equilibrium modeling of the Bangladesh economy and micro econometric analysis at the household level.

The first results show that

remittances have positive effects on the economy and reduce poverty. It is estimated that 1.7 out of the 9 percentage point reduction in the headcount ratio during 2000-2005 was due to the growth in remittances. A closer look at the household level further reveals the positive and significant impacts of remittances on the household's food and housing-related expenditures.

The impacts on education and health expenditures are also positive but insignificant. Moreover, the logic regression results suggest that the probability of the household becoming poor decreases by 5.9 percent if it receives remittances, which further confirms the positive impact of remittances.

Given that migration and remittances also bring costs to the society, the study findings call for policies to maximize their benefits. This includes attracting more remittances through formal channels and increasing their productive use.

<http://www.adb.org/Documents/Working-Papers/2009/Economics-WP189.pdf>

**Impact of P4P in Rwanda**

This paper evaluates the impact of paying for performance (P4P) on the use

and quality of prenatal, institutional delivery, and child preventive care using data produced from a prospective quasi-experimental evaluation nested into the national rollout of P4P in Rwanda.

The data were collected from 166 facilities and a random sample of 2158 households. P4P had a large and significant positive impact on institutional deliveries and preventive care visits by young children, and improved quality of prenatal care.

The authors find no effect on the number of prenatal care visits or on immunisation rates. P4P had the greatest effect on those services that had the highest payment rates and needed the lowest provider effort. P4P financial performance incentives can improve both the use of and the quality of health services.

Because the analysis isolates the incentive effect from the resource effect in P4P, the results indicate that an equal amount of financial resources without the incentives would not have achieved the same gain in outcomes.

[http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/01/26/000158349\\_20100126092240/Rendered/PDF/WPS5190.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/01/26/000158349_20100126092240/Rendered/PDF/WPS5190.pdf)

**Unemployment Challenges in Ghana**

Ghana is experiencing tremendous human migration both internally and across international boundaries. Rural-urban migration has assumed uncontrollable dimensions in the sub-region and the social consequences have become major development challenge. In Ghana, the mining communities have been at the receiving end for some time now.

This study on the Obuasi Municipal Assembly (OMA) in the Ashanti region of Ghana explores the tremendous socioeconomic changes, especially demographic patterns as a result of the inflows of migrants into the Obuasi Township and its catchment area in search of non existing jobs especially in mining.

A major outcome is the serious unemployment problem in the township with all the attendant social vices. A three-month



socio-economic study of the municipality was carried out to determine the scope of unemployment.

<http://www.bepress.com/cgi/viewcontent.cgi?article=1398&context=feem>

### South Asia: Greater Cooperation Holds the Key

South Asia has attracted global attention because it has experienced rapid GDP growth over the past 29 years, averaging nearly 6.0 percent per annum. Yet, it faces many challenges. There are two faces of South Asia.

The first South Asia is dynamic, growing rapidly, highly urbanised, and is benefiting from global integration. The second South Asia is largely agricultural, land locked, full of poverty, conflict, and lagging. The divergence between the two South Asia's is on the rise. Many policy and institutional constraints contribute to this dichotomy.

One important constraint is regional conflict that has made South Asia one of the least integrated regions of the world. While progress has been made in reducing trade barriers with the rest of the world, intra-regional trade is a mere 5.0 percent of total official trade as compared with 45 percent in East Asia.

[http://www.thefinancialexpress-bd.com/more.php?news\\_id=90618](http://www.thefinancialexpress-bd.com/more.php?news_id=90618)

### Free Trade Shifts to Asia and the Pacific

At first glance, an Asia-Pacific trading zone that excludes Japan, South Korea and China might not seem that important. The Trans-Pacific Partnership (TPP) started small with Singapore, New Zealand, Brunei and Chile in 2006, and now the US, Australia, Peru and Vietnam all want to join it.

Those seven countries are far from being the US' biggest trading partners. Indeed, they account for only five percent of US exports. But it is the TPP's potential for growth that explains why some US lawmakers and economists are enthusiastic about President Obama's decision to take the first step toward joining the trade compact.

The official announcement of US intentions in December 2009 stirred excitement in business circles of the seven countries, which will be represented when trade ministers gather in Australia in March 2010 to talk about expanding the TPP.

[http://media-newswire.com/release\\_1110424.html](http://media-newswire.com/release_1110424.html)

### What Constrains Africa's Exports?

This paper examines the effects of transit, documentation, and ports and customs delays on Africa's exports. The authors find that transit delays have the most economically and statically significant effect on exports.

A one-day reduction in inland travel times leads to a seven percent increase in exports. Put another way, a one-day reduction in inland travel times translates to a 1.5 percentage point decrease in all importing-country tariffs. By contrast, longer delays in the other areas have a far smaller impact on trade.

The analysis controls for the possibility that greater trade leads to shorter delays in three ways. First, it examines the effect of trade times on exports of new products. Second, it evaluates the effect of delays in a transit country on the exports of landlocked countries. Third, it examines whether delays affect time-sensitive goods relatively more. The authors show that large transit delays are relatively more harmful because of high within-country variation.

[http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/01/25/000158349\\_20100125130509/Rendered/PDF/WPS5184.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/01/25/000158349_20100125130509/Rendered/PDF/WPS5184.pdf)

## More Trade 'Noodles'

Little noticed at the beginning of 2010 was the introduction of several more strands into the "noodle bowl" of Asia-Pacific trade agreements. On January 01, 2010 several new FTAs went into effect. These trade deals are



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by no means perfect.

In fact, they represent distinctly second- or even third-best options given their limits and their trade diversion effects. Nevertheless, they also could have profound political consequences.

The biggest deal was the inauguration of the CAFTA on January 01, 2010. When ranked by size, this is, with 1.9 billion people, the world's largest free trade area. Its US\$6tr in combined GDP makes it the world's third largest, trailing North American Free Trade Agreement (NAFTA) and the EU. Negotiated and agreed in 2003, the members have had seven years to prepare.

<http://search.japantimes.co.jp/cgi-bin/ed20100118a1.html>

Recent Event

**Training Programme on Technology Diplomacy**

A Training programme on 'Intellectual Property Rights (IPR) and Related WTO Issues' was organised in Jaipur, during January 11-15, 2009. The Department of Science and Technology, Government of India supported this training programme to fill the vacuum that exists in terms of absence of adequate institutional base in India to offer training/education on issues



related with intellectual property rights and trade under the aegis of Trade Related Aspects of Intellectual Property Rights (TRIPs) Agreement and the related domestic legislation.

The said training programme was well attended by scientists and technologists from various ministries/departments/councils/institutes/research labs of Government of India and the State Government of Rajasthan. The programme brought experts/resource persons together to explore and deliberate various aspects of IPR and related WTO issues. Over the period of five days the participants sharpened their skills on various aspects of IPR and related WTO issues through lectures, real life experiences of resource persons, simulation exercises, group discussions, etc.

For more information, please visit: [www.cuts-citee.org](http://www.cuts-citee.org)

Forthcoming Event

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

CUTS CITEE will organise first of five one-day consultative workshops for the Indian Textiles Industries on 'What', 'Why' and 'How' of Eco-labelling' in New Delhi, on February 09, 2010. 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.

After attending the workshop, participants should:

- have improved understanding of eco-labelling, factors for its effectiveness and opportunities presented to producers and consumers;
- understand the technical adaptation required by industries to meet the eco-label criteria;
- understand and follow the application process for the EU flower certification; and
- understand how to place and market such products.

Publications

**India ASEAN FTA: A Move towards Multilateral Free Trade Agreements? No 1/2010**

The Association of Southeast Asian Nations (ASEAN)-India FTA (AIFTA) was inked on August 13, 2009 in Bangkok after six long years of negotiation which started in 2003 as a part of the Framework Agreement on Comprehensive Economic Cooperation Agreement (CECA) between India and the 10 Southeast Asian countries. The signing of this agreement is an important milestone in India's 'Look East Policy'. This agreement, however, has also created controversies with substantial domestic resistance.

The objectives of this briefing paper are to examine the significance of AIFTA for the existing trading relationships between India and ASEAN countries and the modalities of the Trade in Goods Agreement, and assess the concerns and criticisms emerging from different circles.

[http://www.cuts-citee.org/pdf/Briefing\\_Paper10-India\\_ASEAN\\_FTA-A\\_Move\\_towards\\_Multilateral\\_FTA.pdf](http://www.cuts-citee.org/pdf/Briefing_Paper10-India_ASEAN_FTA-A_Move_towards_Multilateral_FTA.pdf)

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