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Lead Article

Promoting South-South Trade : Recent Developments and Options

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Over the years, developing countries, commonly referred to as “the South”², have emerged as an important player in the world economy as manifested in terms of global GDP, investment, savings, trade, foreign exchange or manufacturing capability. With the increase in the overall growth of the South and its decreasing dependence on trade with developed countries, also referred to as “the North”, trade among countries of the South, also known as

“South-South trade”, can provide resources for meeting the developmental goals of the South.

Indeed, the volume of total exports from the South in 2005 showed a threefold increase from 1995. Total exports from the South amounted to US\$4.5 trillion in 2006 - 37 percent of world exports - and rose to US\$5.2 trillion in 2007³. While South-South exports rose from 40 to 45⁴ percent of the South's total exports from 1995 to 2005, the share of South-North exports declined from 56 percent to 48 percent of the South's total exports during the same period. UNCTAD⁵ has pointed out that the South-South trade flows reveal a pattern of a “hub-and-spoke” network, where Asia plays the role of the hub, being both the largest exporter and importer. The intra Asian trade accounted for about 90 percent of total South-South trade and trade among East-Asian and SouthEast Asian countries accounted for more than half of South-South trade.



D. K. Mittal
 New Additional Secretary
 for WTO Affairs

On 12 March 2009, Mr. D.K.Mittal joined as the new Additional Secretary in charge of the Trade Policy Division of the Department of Commerce, Ministry of Commerce and Industry, Government of India. He has the crucial responsibility of leading India in WTO negotiations along with the Commerce Secretary and the Commerce Minister. A UP Cadre IAS officer of 1977 batch, he has earlier served as a Joint Secretary in the Department of Commerce from 1998 to 2004. During his previous stint in the Commerce Ministry, he played a stellar role in formulating the SEZ policy of India. Besides serving in various capacities in his home cadre of Uttar Pradesh, he has also served for four years as Managing Director, IL&FS Infrastructure Development Corporation, where he was instrumental in developing projects on Public-Private Partnership mode in various sectors such as Special Economic Zones and Free Trade Warehousing Zones.

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¹The views expressed in this paper are that of the author and may not necessarily reflect the views of the Institute. The author is thankful to Mia Mikic and Yann Duval for their inputs in developing this paper.

²The term “South” includes all Developing Countries, including Least Developed Countries, as such terms are defined by UN.

³UNCTAD Handbook of Statistics 2008

⁴This does not include the exports to the nations which are Economies in Transition.

⁵Development and Globalization: Facts & Figures, UNCTAD(2008)

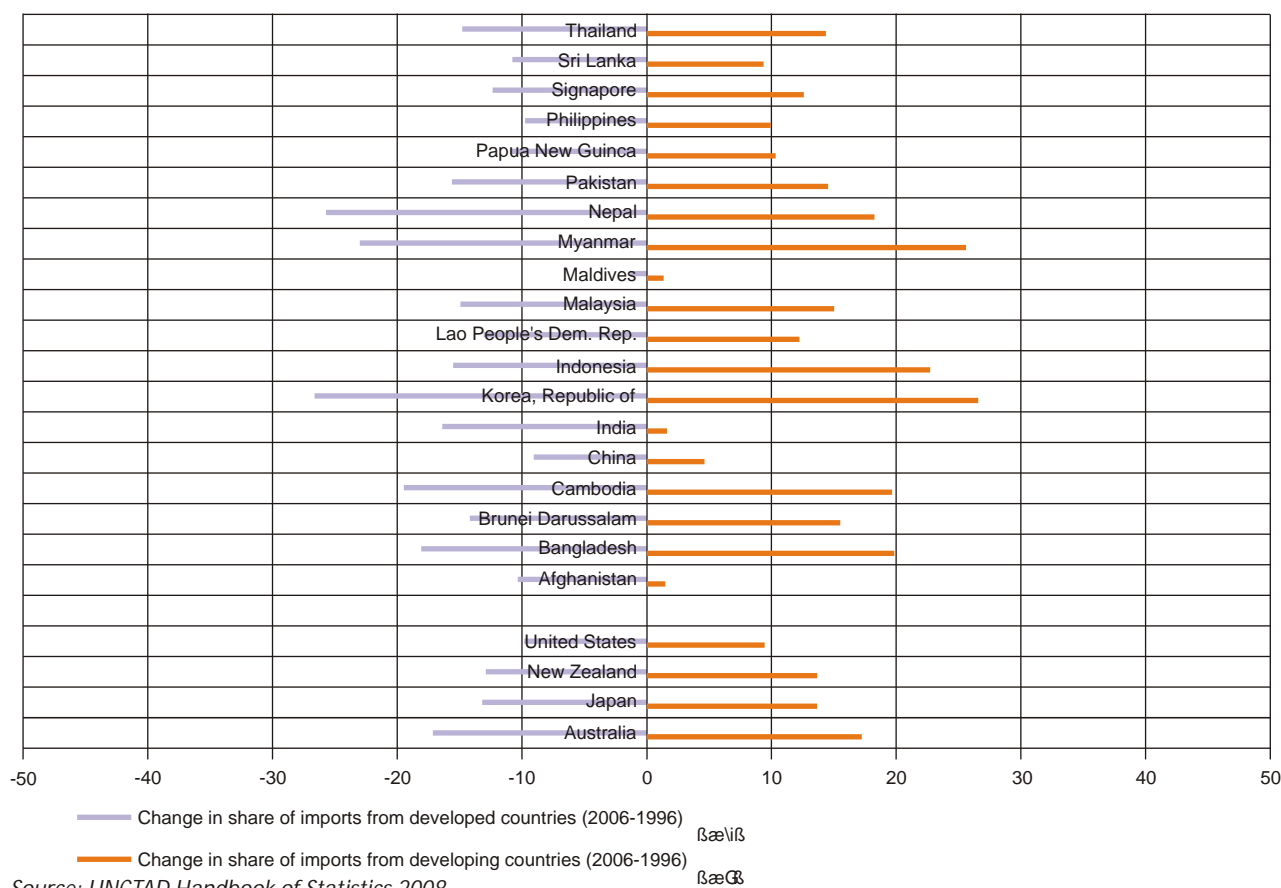
As shown in Figure 1, total imports from developing countries to the United States, New Zealand, Japan and Australia, as well as other developing countries in the Asia-Pacific region increased during the period of 1990 to 2006. Developing countries in Asia are the major beneficiaries of the changing patterns due to increased exports from China, Republic of Korea and India.

Benefits of South-South Trade

Because the barriers to trade in the South are higher, the liberalisation of South-South trade has a greater potential of welfare gains for the South than the liberalisation of North-South Trade⁶. South-South trade liberalization can have the effect of lowering the price of intermediate imports and eventually allowing South exporters to serve international markets⁷. It has

also been pointed out that promoting South-South trade has become a necessity for reducing global imbalances: as the United States and other developed countries are reducing their net imports from the South as a result of the recession, the South must find alternative sources of demand, much of which will have to come from the South itself. Promoting South-South trade has thus become a global public good, necessary for the North as well as the South since they have moved away from the resource based exports to the manufacturing industry. The global manufacturing capabilities of South not only provides better and cheaper goods to the consumers of North, but the South's stronger economic growth has created many backward-forward linkages among the industries. The promotion of South-South trade could be instrumental in the sustainable industrialisation of the economies of the South⁸.

Figure 1 : Change in percentage share of imports from 1990 to 2006



⁶Fugazza, Marco & David Vanzanetti (2006): "A South-South survival strategy: the potential for trade among developing countries," UNCTAD/ITCD/TAB/34.

⁷Fugazza, Marco & F. Robert Nicoud (2006): "Can South-South Trade Liberalization Stimulate North-South Trade?" Journal of Economic Integration, 21(2), pp. 62-90.

⁸"Seizing New Opportunities for South-South Cooperation", RIS Policy Brief No. 27, August 2006

Increasing Number of South-South Preferential Trade Agreements

South-South trade has been facilitated by various bilateral, regional and inter-regional preferential trade agreements. In the Asia-Pacific region, a total of 137 regional trade agreements have been identified; of these, 79 were entered into between developing countries or economies in transition (As per the Wikipedia, these are economies which are changing from a centrally planned economy to a free market. Countries like Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, the former Yugoslav Republic of Macedonia, Turkmenistan and Uzbekistan are classified as Economies in Transition as they are neither classified as developed nor developing countries as per the UNCTAD Handbook of Statistics)⁹. More than half of these 137 regional trade agreements have entered into force since 2004. Developing countries in different regions have also established their own schemes of regional economic integration such as the Southern Cone Common Market (MERCOSUR), the Association of South East Asian Nations Free Trade Area (ASEAN FTA), the South Asia Free Trade Area (SAFTA) and the Asia-Pacific Trade Agreement (APTA) (among many others). In addition, interregional integration agreements are also taking shape in the form of India Brazil South Africa (IBSA), India MERCOSUR, and the Asia Africa sub-regional Organisation Conference (AASROC). The Global System of Trade Preference is another example of a South-South preferential trade arrangement with a global perspective as it is open to all developing countries.

Concerns and Options for Enhancing South-South Trade in the Asia-Pacific Region

South-South cooperation to promote trade and investment flows is mutually beneficial. However,

there are major disparities among its members and addressing them is a real challenge. Mikic (2007)¹⁰ has observed that preferential trade agreements in Asia and the Pacific leave much to be wished for in terms of meeting established criteria for 'best practice' or model agreements so as to be consistent with the requirements of GATT Article XXIV. A concern has rightly been raised on the number of countries signing multiple agreements with the same partners. It has also been noted that in the Asia Pacific region, these agreements are either in the form of framework agreements lacking operational details or follow a limited scope or partial reduction in tariffs through preferential trade agreements (APTA, SAPTA) or provide a very long timeframe for tariff liberalisation (10-15 years), thereby delaying the regional integration¹¹.

Initial steps towards regional integration have been cautious and did not cover issues such as services, investments, disputes, intellectual property rights, transit etc. The focus was only on goods, even though many complementarities also exist in those other areas. For South-South agreements, therefore, it is essential that the focus be on some combination of full trade liberalization behind low external border protection, greater services deregulation and competition, and proactive trade facilitation measures that together positively affect both intra- and extra-regional trade.

With ASEAN's engagements with China, Republic of Korea, Japan, India, Australia and New Zealand and the accession of China to APTA, the chances of enhancing the trade and investment opportunities have increased. ASEAN's framework agreements with these countries are comprehensive in nature and cover goods, services, investments, intellectual property rights, dispute resolution, trade facilitation etc. Similarly, APTA members are considering the expansion of APTA into services, investments and trade facilitation issues in parallel to the 4th Round of trade negotiations.

⁹ Source: Trade Agreement Database, APTIAD, ESCAP, (<http://www.unescap.org/tid/aptiad/AllAgreementsGrid.aspx>)

¹⁰ Mikic Mia (2007), "Mapping preferential trade in Asia and the Pacific - Introducing the Asia-Pacific Trade and Investment Agreements Database", UNESCAP

¹¹ Bonapace Tiziana & Mikic Mia (2007), "Multilateralising Regionalism: Towards an integrated and outward oriented Asia-Pacific Economic Area", UNESCAP

¹² A significant feature of tariffs of developed countries is that, although their average tariff is low, tariffs imposed on products of export interest to developing countries e.g. clothing, leather & footwear, textiles, fishery and agriculture sectors - are relatively high. Historically, this was due to the fact that the North wanted to protect its domestic labour-intensive industry and that since the South was not much engaged in trade negotiations prior to the Uruguay Round, they could not influence the tariff reduction process in the North on items of their export interest.

South-South Tariffs remain high

The South reduced its tariffs as a result of the Uruguay Round commitments as well as through voluntary liberalization. Though the tariffs have been reduced, in general they are still higher than those of developed countries (see Table 1 below). These higher tariff structures are explained by several factors. First, historically, tariff negotiations began among developed countries before expanding to other countries¹². Second, unlike in developed countries, tariffs were and still are a major source of revenue for Governments in developing countries. Finally, another important reason is that the South needed time to develop its infant industry, attract foreign direct investment inflows as well as provide time for their existing industries to adjust to the challenges of globalisation.

The Special Needs of Least Developed Countries (LDCs)¹³

While South-South trade has increased in recent years, the trade structure of LDCs with both the North¹⁴ and South has been less homogeneous. If one compares LDC export patterns to those of developing and developed countries, one can observe that only Afghanistan, Maldives, Myanmar and Nepal have increased their exports to the South during 1990 to 2006. The remaining LDC countries have seen a decline of exports to the South over that period. It is worth noting that Bangladeshi and Cambodian exports to developed countries have increased, while exports to the South decreased during that period. In the case of Bangladesh, the growth is due to its increased exports to the European Union, while in the case of Cambodia, the increase is due to increased exports to the United States. The possibility of utilising unilateral trade preferences for LDCs may be the main

Table 1 : Applied Most Favoured Nation Duties in 2006 simple average

Country	Simple average	Clothing	Leather & footwear	Textiles	Fish & fish products	Animal products
Australia	3.5	15.4	5.5	6.8	0	0.4
EC	5.2	11.5	4.1	6.6	10.6	25.9
Japan	5.1	9.2	11.2	5.5	5.5	13.9
USA	3.5	11.7	3.9	7.9	1.0	2.7
China	9.9	16.0	13.5	9.7	10.9	14.8
India	14.5	22.2	10.1	20.9	29.6	31.6
Indonesia	6.9	14.4	9.0	9.3	5.8	4.4
Rep. of Korea	12.2	12.6	7.9	9.1	15.8	22.1
Malaysia	8.4	16.0	13.9	10.5	2.2	0.5
Thailand*	10.0	24.5	12.7	8.1	14.5	28.1

(* - data for Thailand is only available for the year 2006)

(Source: World Tariff Profile 2008, WTO)

Over the years, many developing countries were able to reduce their tariffs due to fiscal reforms and alternative tax regimes like Value Added Tax, Income Tax or Service Tax which led to lesser dependence on tariffs for revenue collection.

¹³The establishment of a category of least developed countries (LDCs) was first advocated at UNCTAD in 1964. LDCs are low-income countries which face severe structural handicaps to growth. UN applies a simple set of criteria (per capita GDP, share of manufacturing in GDP, adult literacy) in determining their eligibility.

¹⁴As per the Wikipedia, the wealthy and technologically advanced nations of the world are called "the North". Generally agencies like UN, World Bank use the word "North" for the developed countries as they are in the northern hemisphere.

reason for this trend, especially since both countries' main export is textiles and textile products. It is also worth noticing that despite their main export market being developed countries, they still depend on the South to meet their import requirements.

While South-South regional trade agreements are reciprocal in nature, i.e. each participating country is required to make tariff liberalisation commitments, most also include provisions relating to Special and Differential treatments for LDCs. For example in SAFTA, the LDCs have a larger list of items for which no concessions are to be given and they have a 10% lower value added threshold in rules of origin. In APTA, negotiations are being held on non-reciprocal tariff concessions for LDCs with a lower value added threshold. In AFTA, the new ASEAN members have a longer time frame to liberalize their tariff preference, however, no special and differential treatment is accorded to them in the rules of origin criteria. The scale of economic activity in Cambodia, Lao PDR and Myanmar is much lower than in Thailand, Indonesia or Malaysia and therefore flexible rules of origin for Cambodia, Lao PDR and Myanmar may enhance their preferential exports. The LDCs would thus only gain effective market access if they are provided market access on items that they are actually exporting.

The decision to provide Duty Free Quota Free (DFQF) access to LDCs taken at the WTO Ministerial Meeting in Hong Kong in December 2005 is encouraging. This decision *inter alia* requires all developed-country WTO members, and developing-country WTO members declaring themselves in a position to do so, to provide duty-free and quota-free market access on a lasting basis for all products originating from all LDCs, by 2008 or no later than the start of the implementation period, in a manner that ensures stability, security and predictability.

In the past, China and the Republic of Korea have announced the implementation of a preferential scheme for LDCs in a limited manner. The Republic of Korea provides concessions on a positive list of products to all LDCs, whereas China provides the

concession only to imports from African LDCs who are Members of the WTO. India also implemented a Duty Free Tariff Preference (DFTP) Scheme in August 2008 (see Box 1). Given the fact that the current Doha round negotiations in Geneva are still ongoing and their outcome is uncertain, such schemes will provide a boost to the South-South trade.

BOX – I

DUTY FREE TARIFF PREFERENCE SCHEME OF INDIA: HIGHLIGHTS

India's Duty Free Tariff Preference Scheme is open to all LDCs. Pursuant to this Scheme, the duties on a majority of items will be gradually eliminated over a 5-year period. In terms of the coverage of products, the Scheme provides preferential market access to 94% of total tariff lines. Only 6% of the total tariff lines remain in the Exclusion List on which no preferential duty access will be granted. The items which are kept out of the concession list include poultry, milk and cream, vegetables like potatoes, tomatoes and onions, coconut, coffee, tea, beverages, spirits and some iron and steel products. The Scheme provides preferential market access on products that comprise 92.5% of global exports of all LDCs. Products of immediate interest which are covered include cotton, cocoa, aluminium ores, copper ores, cashew nuts, cane sugar, ready-made garments, fish fillets and non-industrial diamonds. In order to get the preferential treatment, the manufactured products should have gone through a "change in tariff heading" between the non-originating raw materials and the finished products and in the process would have generated a value added of 30% in the exporting LDC country. This Scheme provides for technical assistance to be given by India to the LDCs on a needs basis for effective implementation of the Scheme. As of now, only few LDCs have opted to avail themselves of this benefit, and some more LDCs are in the process of opting for this Scheme.

Recommendations

Under the present scenario of global trade and the rising importance of South–South trade, some of the important issues that need to be addressed relate to:

- Broadening and deepening trade liberalisation among countries of the South. This could easily be achieved through preferential trade arrangements in which the countries of the South are already participating. Possible options include:
 - o Transforming the Global System of Trade Preference (an inter-regional) agreement where the developing countries could offer deeper concessions on more products and could promote South-South trade in the global context.
 - o Using APTA as a basis to enhance South-South cooperation for overall development in the Asia-Pacific region through expanding its membership, covering a large number of products in the 4th Round concessions and concluding the agreements in services and investment before the next Ministerial Council Meeting in 2009.
 - o Further expanding and inter-linking the ASEAN – plus free trade agreements to achieve a common framework to promote trade and investment flows in this region. ASEAN's bilateral agreements with its trading partners may not lead to regional integration as each agreement may vary in its scope, timeframe for liberalisation, rules of origin and commitments in other areas. This can create another “spaghetti bowl” scenario with ASEAN as its centre! Therefore, it is recommended that a single model comprehensive agreement for ASEAN + 6 be explored.
- Since the developing countries are not a homogeneous group, a ‘one size fits all’ solution will not work. Therefore, each country must use flexible methods which suit its requirements to promote growth and reduce poverty while taking steps towards its overall trade liberalisation. In order to maximize the benefit, the developing countries should aim to facilitate trade not only through their trade liberalisation but also through ‘tariff-plus issues’, e.g., non-tariff measures, trade facilitation, and investment.
- The services sector is becoming one of the most dynamic sectors in the South. Development of South-South trade in services would be mutually beneficial as it could assist in bridging the capability and skills gap in some areas.
- Mainstreaming the LDCs in the South-South trade is very important. This could be achieved through unilateral tariff preference schemes to be offered by other developing countries. At the same time, it is necessary that intra-South investment, transfer of technology and technical assistance be provided to LDCs. In the preferential schemes, the rules of origin should be simple and transparent and should be governed by a single set of rules rather than cumbersome sector/product specific rules.

Events

Seminars on Understanding WTO SPS and TBT Agreements and Market Access on Environmental Goods and Services

The Centre for WTO Studies (CWS) in collaboration with the Federation of Indian Chambers of Commerce and Industry (FICCI) conducted capacity building workshops on two aspects namely, “Understanding WTO’s Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements” and consultation with stakeholders on “WTO proposals on Market Access Negotiation on Environmental Goods and Services” in Chennai (20.03.09), Hyderabad (21.03.09) and New Delhi (25.03.09). This was conducted under the coordination of Prof. R.S. Ratna and Dr. Murali Kallummal from the



Mr. Rajeev Kher, Joint Secretary, Dept. of Commerce addressing the participants in the Seminar on understanding SPS and TBT Agreement in New Delhi 25 March 09. Others L-R: Mr. Navindra Gautam, Prof. R. S. Ratna, Mr. Prashant Goyal, Dr. Biswajit Dhar and Mr. Manab Majumdar

CWS together with senior officers from the Trade Policy Division (TPD) of the Department of Commerce, BIS and officials from Ministry of Environment & Forest. The meetings were attended by representatives of Export Promotion Councils and Commodity Boards; apex trade bodies; Industry and individual exporters; officials from State Governments, and Researchers working in the area of foreign trade policy and WTO issues.

The WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures is applied to protect human, animal or plant life or health. The WTO Agreement on Technical Barriers to Trade (the TBT Agreement) applies to the methods which affect the quality, standards (both voluntary and mandatory) and other characteristics of traded products. The SPS and TBT Agreements provide for formulating such standards and regulations which do not create any undue and illegitimate barriers to trade. It has now been recognised that while the applied tariffs of all the WTO members are declining, application of non-tariff measures (NTMs) is on the rise. Indian exporters faced with this challenge have to address them in order to ensure market access. This can happen only if they are adequately aware of the various provisions of these Agreements. Since almost all of these NTMs are in the form of SPS or TBT measures, the objective of the Workshops was to enhance understanding of the issues on SPS and TBT measures and their possible impact on Indian business.

The second issue discussed in the seminar related to market access on environmental goods and services. Para 31(iii) of the Doha Ministerial Declaration calls for negotiations on "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services". In the three Seminars, various negotiations related issues were discussed with the industry representatives, covering market access on Environment Goods & Environment-related Services, including identification of items of India's export interests; products for which Indian industry is ready to face tariff liberalization; definition of Environment Goods; and non-tariff barriers faced by Indian exporters. The proposals made so far on the subject were explained to the industry and their views on various issues were sought.

Officials from the Ministry of Commerce & Industry, Ministry of Environment & Forest and other experts made presentations and interacted with the

participants during the Workshops. The feedback from the industry was useful in preparing the Government's position on this subject in the ensuing negotiations.

CWS Website hosts database on SPS and TBT Notifications in WTO

The WTO Agreement on Technical Barriers to Trade (TBT Agreement) makes it mandatory for all the WTO members to notify their regulations to the WTO Secretariat, which in turn passes it on to all other members of the WTO for their comments or questions on these regulations. Nearly 11,000 odd such notifications in cumulative terms have been issued for the period 1995-2008, involving more than 50,000 products at the level of HS two/four digit classification. Similarly, as per the SPS Agreement also it is mandatory for all the WTO members to notify their regulations to the WTO Secretariat, which in turn passes it on to all other members of the WTO for their comments or questions on these regulations. Close to 8,000 odd such notifications in cumulative terms have been issued for the period 1995-2008, involving more than 60,000 products at the level of HS two/four digit classification.

The Centre for WTO Studies, with the support of Department of Commerce, Government of India, has now developed a database on all such TBT & SPS notifications that have been notified to the WTO Secretariat. This is available on the website of the CWS (<http://wtocentre.iift.ac.in>). The purpose of this database is to disseminate information to the Indian industry on the country-wise and product-wise TBT & SPS regulations at one place which will bring transparency and equip Indian industry better to seek effective market access. It also presents an opportunity to create linkages between trade officials dealing with these issues on WTO and the trading community / export promotion bodies affected by new regulations and will enable exchange of information regarding compatibility of newly notified standards with international standards. The trading community can also take the help of this database to acquire advance information regarding changes in a country's SPS /TBT regulations and thus become better prepared to deal with the changes.

Workshop on Trade Defence Measures

A Capacity Building Programme on trade defence measures was organised by the Centre for WTO Studies for the industry of Ludhiana in collaboration with Joint Director General Foreign Trade, Ludhiana on 10th April 2009. With the global recession affecting every country, there is an increase in the protectionist measures worldwide as pressure is built up by the domestic industries on the importing country governments. Ludhiana is an important centre for manufacture of Hosiery, Readymade Garments, Woollen garments, yarn, cycle parts, sports goods as also of engineering and forging industry. The exporters of Ludhiana can face several challenges while exporting their items due to increasing application of non-tariff measures. Similarly, the industry may face competition from cheap imports due to unfair trade practices that may be followed in the exporting country. In this scenario, a workshop

was held on Trade Defence Measures to sensitise the industry regarding rights and obligations enshrined in the trade defence instruments available to the WTO Members, namely Anti-Dumping, Subsidies and Countervailing Measures and Safeguard Measures. Mr. Mukesh Bhatnagar, Director, Department of Commerce, Prof. Shashank Priya and Prof. R. S. Ratna made presentations on Anti-Dumping and Subsidies and Countervailing Measures; on Safeguard Measures; and on trade defence instruments available under Regional Trading Agreements respectively. The large body of trade and industry representatives as well as members of academia appreciated the initiative and the awareness generated through this programme. Some of them also emphasised the need to balance the interest of end-users and the intermediate stage users of a product while subjecting it to anti-dumping or safeguard duties.



Mr. V.K.Gupta, Regional Joint DGFT Ludhiana, addressing the inaugural of the Seminar on Trade Defence Measures. Others (L-R): Prof. R.S.Ratna, Mr. Mukesh Bhatnagar, Prof. Shashank Priya, Mr. Mahesh Munjal and Mr. Dhiraj Rastogi



Participants at the Seminar in Ludhiana

Training Programme on WTO Agreements

A one day Capacity Building Programme for the management students and faculty members of Thapar University, Patiala, Punjab was arranged by the Centre for WTO Studies on 11th April 2009. Presentations were made by Prof. Shashank Priya, Prof.R. S. Ratna & Prof. Madhukar Sinha on the subjects relating to overview of WTO Agreements, NAMA and Services Negotiations and TRIPS respectively.

Seminar on WTO and the Current Economic Crisis

A Seminar on 'WTO and the Current Economic Crisis' was organised by the Centre on 20th April 2009 in Chennai in collaboration with India ASEAN Sri Lanka Chamber of Commerce & Industry (IASLCCI). Presentations on the subject were made by resource persons, namely, Shri Jayant Dasgupta, Secretary, Economic Advisory Council to the Prime Minister of India, Prof. Rajan Sudesh Ratna, Ms. Kasturi Das, Fellow and Mr. Reji Joseph, Consultant,

Centre for WTO Studies covering subjects like Geographical Indications and impact of the economic crisis on pharmaceutical industry. Discussions were held on various issues ranging from India's current trade policy, currency related matters, extension of higher GI protection to a variety of new products and challenges being faced by Indian exporters. Mr. C. Sarat Chandran, Director, IASLCCI, appreciated the value of the programme in his concluding remarks.



Prof. R.S.Ratna addressing the Seminar on WTO and the current economic crisis. Others (L-R): Ms. Kasturi Das, Mr. P. Gopalakrishna, Mr. Jayant Dasgupta, Mr. Sarat Chandran and Mr. Reji K. Joseph

Training on Trade and Gender for trade negotiators and training for trainers

The Centre for WTO Studies in collaboration with the Department of Commerce, Government of India, Commonwealth Secretariat, London, Indian Institute of Foreign Trade and Research & Information System for Developing Countries (RIS) organised two back-to-back training programmes on Trade & Gender at the National Level. First one was a training for trade negotiators on 27th April 09 at Udyog Bhawan, New Delhi and the second one was a training of trainers at IIFT from 28-30 April 09.

It is now being recognised that globalisation and trade liberalisation affects groups of individuals differently including men and women as separate groups. There has not been much focus on the relationship between gender and trade. There are often assumptions regarding the "gender neutral" character of the processes of globalisation and trade liberalization. In practice, however, the terms on which men and women enter the labour market vary. This is often dependent on the differing roles and responsibilities of men and women within the

household, as well as their differential access to resources material, financial, technological and social. Consequently, there are gender differentiated impacts of trade policy, and the need to take into account women not only as producers but also as consumers. There are two broad areas in which capacity at the national level, particularly the smaller countries, needs to be developed. Firstly, an understanding needs to be built within the relevant negotiating government ministries as well as private institutions about the gender implications of the substantive issues that are on the table. Import/export policies and market access commitments create specific opportunities as well as present challenges in terms of the nature and location of jobs, appropriate skills, etc. Tariff structures and export promotion can have an impact on domestic agriculture, food security and the nature of government services that are provided. A clearer picture of the impacts of these measures on gender can emerge only by examining the specific sectors namely agriculture, services, investment and intellectual property. The second important aspect of trade relates to the contribution and



Ms. Fatimah Kelleher, resource person from the Commonwealth Secretariat, London addressing the participants at the capacity building programme on Trade and Gender Training for Trainers



Additional Secretary Mr. D.K.Mittal presenting certificate to a programme participant

participation of women and organizations that represent their interests in setting the agenda, formulating priorities and negotiating. Lastly, there has to be a conscious effort to increase the number of women around the negotiating table. In order for this to happen, capacity needs to be built and enhanced in these constituencies. The training of trade negotiators, attended by more than 30 government officials, was inaugurated by Mr. G. K. Pillai, Commerce Secretary. Other speakers included Mr. Amrendra Khatua, Joint Secretary, Department of Commerce; Dr. Nagesh Kumar, DG, RIS; Ms. Fatimah Kelleher, Commonwealth



Mr. K.T.Chacko, Director IIFT, addressing the Trade and Gender Training for Trainers in IIFT on 28 April 09. Others (L-R): Prof. R.S.Ratna, Mr. Ram Upendra Das, Mr. Amrendra Khatua, Ms. Fatimah Kelleher and Mr. Ajay Srivastava

Secretariat; Ms. Mariamma Williams, Independent Consultant; Dr. Rashmi Banga, Senior Economist, UNCTAD India; Prof. R. S. Ratna, Centre for WTO Studies and Mr. Ajay Srivastava, Director, Department of Commerce.

The Training of Trainers at the national level, held on 28-30 April 2009 at IIFT, New Delhi, provided an opportunity to the participants to understand the linkage between gender and trade and to sensitise them on the effects of trade liberalisation on gender through case studies as well as by use of the Commonwealth Secretariat's Action Guide as the key tool of delivery. The objective was to build capacity among trainers for future roll-out of the module among policy makers and in various institutions and organisations; Build capacity to integrate gender analysis in trade policy formulation and implementation; Analyse impact of trade policy on women's employment and entrepreneurship; Focus on country specific issues and trends and impacts on women; and build capacity of public and private institutions to enable women to respond to changes in trade policy. The core team of facilitators for the workshop, attended by more than 40 participants including a few participants from SAARC nations, consisted of Ms. Mariama Williams, Independent Consultant; Fatimah Kelleher from Commonwealth Secretariat, London and Prof. R. S. Ratna, Centre for WTO Studies.

Faculty Participation in Outreach Programmes (March-April 09)

S.No.	Participating Faculty	Date	Topic	Location
1.	Dr. Biswajit Dhar	5-6 March, 2009.	A Panelist in the Research Workshop on "Emerging Trade Issues for Policy Makers in Developing Countries of Asia and the Pacific New Era of Trade Governance" organised by UNESCAP	Manila
		31st March - 8th April 2009	Member of the Indian delegation in the Working Group on Access and Benefit Sharing, under the aegis of the Convention on Biological Diversity (CBD)	Paris
2.	Prof. R. S. Ratna	April 10, 2009	Presentation on Workshop on "Trade Defence Measures"	Ludhiana
		April 11, 2009	Presentation on "WTO negotiations on NAMA and Services"	Thapar University, Patiala
		April 20, 2009	Presentation on India's regional trade agreements and the current Economic Crisis	Chennai

S.No.	Participating Faculty	Date	Topic	Location
		April 24, 2009	Presentation on "Data compilation by Indian exporters for foreign investigating authorities"	CUTS Institute of Regulation and Competition, New Delhi
		April 27, 2009	Presentation on "India - Current issues in Trade and Gender",	Udyog Bhawan, New Delhi
3.	Prof. Shashank Priya	April 10, 2009	Presentation on the WTO Agreement on Safeguards	Ludhiana
		April 11, 2009	Presentation on an overview of WTO Agreements	Thapar University, Patiala
4.	Prof. Madhukar Sinha	April 11, 2009	Presentation on the WTO TRIPS Agreement	Thapar University, Patiala
5.	Dr. Murali Kallummal	March 20, 2009	Presentation on "Online TBT Portal by the Centre for WTO Studies (CWS)" in the technical session of the Seminar on "Understanding WTO SPS & TBT Agreements and Market Access on Environment Goods & Services".	Chennai
	March 21, 2009	Hyderabad		
	March 25, 2009	New Delhi		
6.	Mr. Reji K Joseph	April 20, 2009	Presented a paper on " Global Financial Crisis and the Indian Pharmaceutical Industry" during the seminar on 'WTO and the Current Financial Crisis' organised by the Centre for WTO Studies and India-Asean-Sri Lanka Chamber of Commerce and Industry'	Chennai
		April 24, 2009	Interaction with Ambassadors/High Commissioners from Africa' on the issue of 'Anti-Counterfeit Initiatives and Anti-Generics Propaganda' organised by Pharmaceuticals Export Promotion Council	New Delhi
7.	Ms. Kasturi Das	March 27-28, 2009	"Consultations on Formulation of Biosafety Capacity Building Project Phase II Document" convened by the Ministry of Environment and Forests	New Delhi
		April 20, 2009	Presented a paper on " Prospects and Challenges of Geographical Indications in India" during the seminar on 'WTO and the Current Financial Crisis' organised by the Centre for WTO Studies and India-Asean-Sri Lanka Chamber of Commerce and Industry'	Chennai

Publications of the Faculty Members (March- April 2009)

S.No.	Faculty	Topic	Published in
1.	Dr. Biswajit Dhar	Domestic dimensions of the trade liberalization agenda: An exploration	Emerging Trade Issues for Policymakers in Developing Countries in Asia and the Pacific, Studies in Trade and Investment No. 64, UNESCAP, Bangkok, March 2009

G-20 calls for resisting protectionism

“ We will not repeat the historic mistakes of protectionism of the previous eras. To this end:

- ? *We reaffirm the commitment made in Washington : to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. In addition we will rectify promptly any such measures. We extend this pledge to the end of 2010;*
- ? *We will minimize any negative impact on trade and investment of our domestic policy actions including fiscal policy and action in support of the financial sector. We will not retreat into financial protectionism, particularly measures that constrain worldwide capital flows, especially to developing countries;*
- ? *We will notify promptly the WTO of any such measures and we call on the WTO, together with other international bodies, within their respective mandates, to monitor and report publicly on our adherence to these undertakings on a quarterly basis;*
- ? *We will take, at the same time, whatever steps we can to promote and facilitate trade and investment; and*
- ? *We will ensure availability of at least \$ 250 billion over the next two years to support trade finance through our export credit and investment agencies and through the MDBs. We also ask our regulators to make use of available flexibility in capital requirements for trade finance” .*

(Excerpts from the official communiqué issued at the close of G-20 London Summit on 2/4/2009)

President Obama's trade policy agenda

“Support a rules-based trading system

This administration reaffirms America's commitment to a rules-based trading system that advances the well being of the citizens of the United States and our trading partners... We shall continue this country's commitment to the World Trade Organisation (WTO)'s system of multilateral trading rules and dispute settlement. The WTO is both a venue for multilateral liberalization through negotiation and a defence against protectionism. We will aggressively defend our rights and benefits under the rules-based trading system. This is in the interest of all Americans.

Advance the social accountability and political transparency of trade policy

As the scope of trade policy expands to address non-tariff and other barriers to trade, we need trade policy to meet strong standards of social accountability and political transparency. Social accountability includes tackling adjustment issues for the work force that are created by changes in global trade.... Social accountability also means working with our trading partners to improve the status, condition and protection of workers. We will need to ensure that expanded trade is not at the expense of workers' welfare and that competitiveness is not based on the exploitation of workers. Building on the provisions concerning labour in some of our FTAs is a way forward in this regard.

Make trade an important policy tool for achieving progress on national energy and environmental goals

We should build on the environmental goods and services negotiations begun in the Doha Round, whether at the WTO or in other negotiating arenas. We should assure that the framework for trade policy and for tackling global climate complement each other so as to reinforce sustainable economic growth. We should ensure that climate policies are consistent with our trade obligations, but we also should be creative and firm in assuring that trade rules do not block us from tackling this critical environmental task”.

(Excerpted from the US President's Trade Policy Agenda, March 2009)

WTO Briefs



WTO sees 9 % global trade decline in 2009 as recession strikes: WORLD TRADE 2008, PROSPECTS FOR 2009

The collapse in global demand brought on by the biggest economic downturn in decades will drive exports down by roughly 9 % in volume terms in 2009, the biggest such contraction since the Second World War. The contraction in developed countries will be particularly severe with exports falling by 10 % this year. In developing countries, which are far more dependent on trade for growth, exports will shrink by some 2%-3% in 2009. Economic contraction in most of the industrial world and steep export declines already posted in the early months of this year by most major economies particularly those in Asia makes for an unusually bleak 2009 trade assessment, said the WTO in its annual assessment of global trade released in Geneva on 24 March 2009. A number of factors may explain this trade contraction: a fall in demand across all regions of the world economy; the increasing presence of global supply chains in total trade; shortage of trade finance; and protection. Any rise in protection will threaten the prospects for recovery and prolong the downturn.

Negotiators pick new chair for farm talks

Ambassador David Walker of New Zealand was appointed on 22 April 2009 as the new chairperson of the WTO agriculture negotiations, following his predecessor Crawford Falconer's return to Wellington.

New WTO online training courses attract over 1000 participants

A total of 1090 government officials from developing and least-developed countries (LDCs) participated in three online WTO courses, which started on 30 March 2009. The course, consists of the following elements: trade-related aspects of intellectual property rights; E-wto; the multilateral trade agreements; and trade remedies and the WTO.

G-20 consensus to avoid protectionism, Doha Development Agenda best stimulus package:

Lamy presents report to Trade Policy Review Body

Director-General Pascal Lamy, presenting his second report on recent trade developments associated with the financial crisis to an informal meeting of the Trade Policy Review Body on 14 April 2009 in Geneva, said that the best contribution to reviving economic growth is to conclude the Doha Development Agenda (DDA), which is one of the most appropriate collective stimulus packages. Referring to the G-20 meeting in London, he said: " I welcome the G 20 consensus to avoid protectionism and support global trade flows with assistance to trade finance. The G20 commitment to provide US \$ 250 billion for trade finance demonstrates the capacity of the international community to address urgent global needs by helping to restore trade as an engine of economic growth."

Lamy re-elected DG : Presents his vision of the WTO for next four years to the General Council

Pascal Lamy, who has been re-elected DG / WTO for a second four year term effective from 1st September 2009, presenting his vision for the WTO for the next four years to the General Council in Geneva on 29 April 2009 said: " the WTO, as a living organism, should continue to improve its capacity to rapidly react to global challenges, as we are seeing in the current crisis, and to contribute to devising solutions to those challenges. The reinforcement of the multilateral trading system, in particular through the conclusion of the Doha Round, should be our guiding light". Referring to the need for boosting outreach, he said: "Our most challenging outreach problem, though, remains with the general public. The WTO has very high notoriety but low popularity, even if this is changing, in particular in developing countries. The WTO is too complex to be user-friendly. Communicating WTO is like telling people that Lord Jones has died when they did not even know that Lord Jones was alive! Its complexity is a handicap, something which deserves serious thought. We need to think how we communicate in a friendlier way".

Who said what:

Bi-monthly Round-up of News and Views on WTO and Related Issues (March - April, 2009)

- 1. US initiates probe against India on agri imports-** Concerned over its low share in India's farm sector imports, the US has initiated an investigation into protectionist measures undertaken by New Delhi and their bearing on American exports. "The US International Trade Commission (ITC) has launched an investigation into the effects of tariff and non-tariff measures on US agricultural exports to India," ITC said on its website. The investigation follows a complaint by the US Senate Committee on Finance, which highlighted the issue of "disproportionately low US share in India's agricultural imports". (*PTI report in Business Standard dated 9/3/09*).
- 2. "GATS and WTO an agent of evolution, not revolution": Tim Groser** Regarding the future of the WTO, in particular the Doha round? All the elements for a settlement are there. I believe these deal quite well with India's legitimate concerns whether on special safeguard measures or special products. I believe it is possible to complete the negotiations by the year-end. The larger problem could be NAMA. We have to look at the larger picture. There is a range of options available and that was the case even at the time of the Uruguay round. It is not that all issues were sorted out at one go. It is important to have a strategic long-term view. Progress is always incremental. All it requires is a minimum level of political commitment and courage and we can be done. We are keen on expanding services trade. I know many think of Mode 4 movement of natural persons to be some kind of Trojan horse for mass migration, but professional negotiators know that is nonsense so I think we can find a way through this. GATS and WTO are agents of evolution not of revolution. (*Tim Groser, New Zealand's Minister of Trade and formerly New Zealand's Ambassador to the WTO & Chair of Agriculture Negotiations, in an interview in Economic Times dated 10/3/09*).
- 3. India next to US in anti-dumping measures, says World Bank** With protectionism emerging as a major threat to the global trade flow, data compiled by World Bank shows that India is next only to the US in terms of new anti-dumping measures imposed by their respective governments. Besides, the number of such measures increased substantially in the second half of 2008 in both countries, World Bank has said in its background paper for the G20 Finance Ministers and Central Bank Governors Meeting in the UK. (*Business Standard dated 10/3/09*).
- 4. Why Doha Round conclusion is even more crucial now** Finally, the cat is out of the bag. Mr Obama's annual trade report to Congress was published last week and its contours are extremely worrisome. For in the policy statement issued by new Obama appointees at the Office of the US Trade Representative (USTR), the administration has vowed to make tougher "social accountability" clauses, or labour and environmental standards, a prerequisite for its forthcoming trade deals. These may take the form of overtly protectionist demands aimed at raising the cost of production of US imports. So what is to be expected on the trade policy front in the near future? Certainly, the present mood in Washington seems to imply that in effect, for the next couple of years at least, multilateral trade negotiations of the ongoing Doha Round are likely to be pushed into the freezer. The profound changes in the world economy over the past year have important implications for world trade and the Doha Round. Negotiation strategies need to be recalibrated to reflect the new politico-economic constraints in the key trading economies of the world. In a recent paper on India's desired multilateral policy stance I argued that in the interest of maintaining global confidence in multilateralism, India might consider taking very deep cuts in its external tariff binding commitments in Doha, provided it is able to negotiate effective prudential safeguards and disciplines on the regulatory arbitrariness of its trade partners. This has become even more important in the present situation of prospective unleashing of non-tariff trade wars. It might seem to be in India's national interest to hold on to the tariff tools until the global economy stabilises and global economic confidence re-emerges for countries to return to the negotiating table with more credible offers. (*Suparna Karmakar, Visiting Research Fellow with the Institute of South Asian Studies, National University of Singapore, in the Hindu Business Line dated 13/3/09*).
- 5. China takes India to WTO over toy import curbs** China has dragged India to the World Trade Organisation (WTO), to help ease flow of trade and settle disputes, for restricting its toys imports from January this year, alleging it is a discriminatory move to protect domestic companies. India had banned Chinese toy imports for six months in January, but later allowed such imports provided they were accompanied by quality certificates from internationally recognised laboratories and agencies. (*Economic Times dated 16/3/09*).

6. **Africa-EU-US talks on WTO cotton deal irk India** India has taken exception to the talks that the US and EU are holding with African countries for clinching a WTO deal on cotton, saying it cannot be left out as it is the second-largest producer of the commodity. "We have told them you cannot decide...We are a major cotton producing country. How can you disregard us," additional secretary in the commerce ministry R Gopalan said at the meeting of the International Chambers of Commerce, India, in New Delhi on 20/3/09. Under the Doha Round of WTO negotiations, the US and the EU are to agree on reducing high subsidy given to their rich farmers. Historically, talks on the cotton subsidy have remained limited to the producers in Africa Burkino Faso, Mali, Chad and Benin (also known as C-4) and the US and EU. (*Financial Express dated 21/3/09*).
7. **Surge in protectionism: Trade barriers, disputes rise worldwide as recession deepens --** The surge in protectionism is casting a shadow over an economic summit meeting of world leaders scheduled for London on 2 April. Many countries have raised import duties or passed stimulus measures packed with trade-distorting subsidies. The World Bank, in a report last week, said that since the Washington meeting, 17 members of the G-20 had adopted 47 measures aimed at restricting trade. Russia has raised tariffs on used cars. China has tightened import standards on food, banning Irish pork, among other things. India has barred Chinese toys. Argentina has tightened licensing requirements on auto parts, textiles and leather goods. And a dozen countries, from the US to Australia, are subsidizing embattled auto makers or car dealers. The most vivid example of that policy is the "Buy America" provision in the stimulus package, which was intended to ensure that only the US manufacturers benefited from public spending projects. Last week, the energy secretary, Steven Chu, said he favoured tariffs on Chinese goods if China did not sign on to mandatory reductions in greenhouse gas emissions underscoring how the "green economy" could be the next trade battleground. And Obama signed a \$40 billion spending bill that scrapped a programme enabling Mexican trucks to haul cargo over long distances on the US roads. (*The New York Times dated 24/3/09*).
8. **ASEAN FTA in deep freeze** India and Association of South-East Asian Nations (Asean) will have to reschedule the June 1 deadline for eliminating duties on more than 4,000 products traded between the two sides, a government official said. India is not ready to sign the deal as per the proposed free trade agreement (FTA) in April due to the upcoming Union elections, the official, who didn't wish to be named, said. The FTA provides elimination of tariffs on 80% (about 4,000 items) of traded products, both agricultural and industrial, like consumer electronics, a range of farm products, metals and chemicals, in a phased manner by 2015. For about 10% (500 items) of additional products that have been placed on the sensitive track, the tariffs will not be eliminated but brought down to 5%. India has 489 items, mostly farm products, on the negative list which will not be subject to tariff cuts. (*Economic Times dated 24/3/09*).
9. **Global trade in '09 to shrink 9%, biggest fall since WW-II --** The prevailing financial crisis, widespread demand slowdown and the consequent recession in many economies will result in global trade contracting by 9% in terms of volume in 2009, the sharpest fall in global trade since the Second World War, World Trade Organisation (WTO) economists have said in their report 'World Trade 2008, Prospects for 2009.' Though, the global demand collapse will equally affect both developed and developing countries, the rich countries are likely to be badly hit with their exports set to fall by 10% this year, according to the WTO economists. (*Financial Express dated 25/3/09*).
10. **India may drag EU to WTO on seizure of drugs in transit --** If the European Union does not allow Indian drugs to transit through its customs even after bilateral negotiations, New Delhi will drag Brussels to the WTO for redressal, government officials here said. EU authorities have been seizing cargoes of drugs from India because they believe these medicines infringe local patent laws while transiting from its customs. However, under the rules on trade for public health in the TRIPS agreement, a developing country is allowed to buy life-saving drugs from any another country where they are generic or off-patent. So, even if the drug is patented in a third country, under TRIPS, it has to allow the cargoes to pass. Dutch customs authorities seized cargoes of anti-HIV drugs manufactured by Aurobindo Pharma on way to Nigeria at Schipol airport on March 4 allegedly because they were counterfeit drugs that violated international patent norms. The cargo was confiscated apparently following complaints from GlaxoSmithKline, which holds a patent for the drug in the EU. In India, however, the drug is classified as generic. (*Economic Times dated 26/3/09*).
11. **WTO worried over barriers due to crisis --** The WTO warned about an "incremental build-up of restrictions" in the wake of worsening global economic crisis. Though there is no "imminent descent into high intensity protectionism", the trade body said, "the danger today is of an incremental build-up of restrictions that could slowly strangle international trade and undercut the effectiveness of policies to boost aggregate demand and restore sustained growth globally." Without any evidence, it asserted that "the market access package on industrial and agricultural goods that is on the table

in the Doha Round is equivalent to a new stimulus package for consumers of over \$ 150 billion". Several trade diplomats, however, described the WTO's claim of potential gains of \$150 billion from Doha agriculture and industrial goods market access cuts as "bogus". (*Business Standard dated 27/3/09*).

12. **Chambers join chorus opposing global trade barriers** -- FICCI and other chambers of commerce from G20 countries have issued a Common Declaration extending their support to organisations such as the International Monetary Fund, the World Bank, the Financial Stability Forum and the World Trade Organisation to be given the power, both in terms of structure and political representation, to lead the world out of the crisis. Meanwhile, CII has opposed protectionism and reiterated its support of forums like the G20 that allow for dialogue and diplomacy with a view to protecting global as opposed to national trade. (*Indian Express dated 1/4/09*).
13. **World Bank offers trade boost as OECD casts G-20 shadow** – The World Bank announced a \$50 billion programme to counter a decline in global trade and Britain called on G20 leaders to supply "the oxygen of confidence" to drag the world economy out of recession. The scale of the problem was underlined by the Organization for Economic Co-operation and Development (OECD), which said the economies of its 30 members would shrink by 4.3 per cent in 2009, shedding 25 million jobs this year and next. (*Indian Express dated 1/4/09*).
14. **Now, govt mulls anti-dumping duty on steel** Just days before the G-20 summit in London, the commerce ministry has recommended anti-dumping duty on cold-rolled stainless steel originating in eight countries, including China. The measure has been undertaken to protect the domestic industry, which had complained of a surge in import of low-priced cold-rolled steel products into India. (*Business Standard dated 1/4/09*).
15. **The report of a UN Commission on addressing the global economic crisis shows why inclusive and even radical policies are needed for successful recovery** -- In the run-up to the G-20 summit scheduled for April 2, a report was prepared by the Commission of Experts, set up by the President of the General Assembly, Nicaraguan statesman Miguel d'Escoto Brockmann, which is chaired by Nobel Laureate and Columbia University Professor Joseph Stiglitz. Commission's recommendations begin by recognising: (i) that the crisis that engulfs the world today originated in and was triggered by developments engineered in the developed industrial countries; and (ii) that poor countries and their populations are disproportionately affected by such crises. To deal with the crisis, the Commission's preliminary report (which is a summary of its analysis and a statement of its recommendations) begins by recognising that the crisis is in substantial part the result of market failure and that real economy growth that rides on a credit-financed bubble is unsustainable. Hence, recovery from the crisis requires the restoration of balance in the relative roles of the market and the state and a greater dependence on a state-financed stimulus as the basis for growth. To enhance the global effects of the stimulus, given the limited manoeuvrability of poor countries and the decline in world trade and financial flows, the Commission suggests that *at least one per cent of the spending on the stimulus packages of the developed countries should occur in developing countries*. (*C.P. Chandrasekhar in The Hindu dated 2/4/09*).
16. **Meet very productive; world rejects protectionism: Obama** Describing the G-20 meet as a "turning point in our pursuit of global economic recovery," US President Barack Obama said world leaders have rejected protectionism that could deepen the crisis and responded with unprecedented "comprehensive and coordinated actions". The crisis summit has made enormous strides for improving the financial regulation, Obama noted at a press conference after the world leaders agreed on a one trillion USD stimulus, announced a crackdown on tax havens and committed to regulate banking and financial system. "We have also rejected the protectionism that could deepen the crisis," Obama said. (*Pioneer dated 4/4/09*).
17. **Summit demonstrates capacity to revive trade** The World Trade Organisation, which projected the global trade volume to contract by 9% in 2009, said the outcome of the G-20 summit demonstrates the capacity of the international community to leverage commerce to revive economic growth. "The G-20's commitment to provide \$250 billion for trade finance shows the capacity of the international community to address urgent global needs by helping to restore trade as an engine of growth," Lamy said in a statement, released worldwide. (*Pioneer dated 4/4/09*).
18. **Climate cleavages: Bonn's lesson: developed world has still got de facto veto** -- This week the G-20 leaders met in London to discuss the global financial crisis, which is set to dominate the international agenda for some time. A parallel debate has been under way here in Bonn on another financial question, which affects an even greater systemic crisis: the funding required to tackle global climate change. Climate negotiators are in the middle of the first of three major meetings scheduled for this year, before a fourth one at Copenhagen in December brings together 192 countries to secure a global deal on climate change. Developed countries insist that major developing countries should also reduce their greenhouse gas emissions to mitigate climate change. Poor countries, in turn, demand compensation for the costs imposed by a problem

they played no part in creating. Climate change is a real threat. Relative to 1990, global emissions must fall 50 per cent by 2050 to restrict average temperature increases to 2 degrees. Major developing countries have already announced unilateral actions: China is spending \$200 billion on ecology-friendly investments; Brazil promises a 70 per cent reduction in Amazonian deforestation (a major source of emissions) by 2017; and India's national action plan on climate change has a bold vision for renewable energy. In principle, the UN Framework Convention on Climate Change and the Bali Action Plan guiding the current negotiations recognises the obligation of developed countries to provide financial, technological and capacity building support for poor countries' efforts. But the consensus ends there. Developed countries argue that, like current spending on low-carbon technologies, the private sector would lead on funding mitigation and adaptation in developing countries as well. Poor countries strongly disagree. They note that private investment flows into projects only when profits are expected. A third point of contention are the conditions under which funding would be made available. There is a fear that developing countries would be treated like aid recipients, subject to donor-imposed conditionalities. Despite greater representation of poor countries in regional development banks, dominant developed country players have continued to have de facto veto power. On climate, the World Bank's Clean Technology Fund has been hostage to US politicians and organisations opposed to transferring coal-based technologies, even if the potential efficiency gains for developing countries are large. Formal representation and voting rights alone cannot ensure real voice and ownership. (*Arunabha Ghosh Oxford-Princeton Global Leaders Fellow, in Indian Express dated 4/4/09*).

19. **Reciprocal terms missing in proposed India-EU pact** Since 2007, India and European Union (EU) are negotiating a free trade agreement (FTA). The negotiations do not merely cover trade in goods but also include liberalisation of trade and investment in banking services. EU is seeking greater market access and national treatment for European banks through cross-border supply and direct investments. Unlike other bilateral agreements, the potential implications of India-EU FTA would be far-reaching since nine EU-based banks together controlled 65% of total assets of foreign banks in India in 2008. By asset size, out of the top 10 foreign banks in India, six are European. For European banks, India provides immense profit opportunities given the favourable demographics and growth potential. However, big European banks are primarily interested in serving three niche market segments: up-market consumer finance, wealth management services and

investment banking. One of the key policy issues determining market access is reciprocity. How much market access Indian banks would get in return? Except UK, other big European countries are restrictive in this regard. The popular perception that India's regulatory framework discriminates against foreign banks lacks evidence. Unlike Singapore and China, foreign banks are free to undertake any banking activity in India, which is allowed to domestic banks. On the contrary, foreign banks are given undue favour when it comes to priority sector lending and branch licensing. Not a single European bank has opened a branch in rural areas though many of them have been operating here for more than 140 years. Their lending to agriculture, SMEs and weaker sections has been negligible. Keeping these in view, policymakers should rethink about the benefits of opening up banking sector under India-EU FTA. (*Kavaljit Singh of Madhyam, a Delhi-based NGO in Economic Times dated 7/4/09*).

20. **Risks from protectionism: Doha Round could be concluded within months of preliminary pacts: WTO's Lamy** -- The Doha Round of global trade talks could be concluded within eight months of preliminary agreements on industrial tariffs and agriculture subsidies, WTO's director general, Pascal Lamy, said on 7/4. WTO would give time to the US to indicate its position and for India to conduct elections in April and May before convening trade ministers for more negotiations, Lamy said on the sidelines of an infrastructure investment conference in Zambia's capital Lusaka. (*HT Mint dated 8/4/09*).
21. **Animal activists hail EU move** -- Animal activists in India have welcomed a move by the European Union (EU) to push for inclusion of animal welfare in the World Trade Organisation (WTO) multilateral trade negotiations. They have said that they will pursue the goal of welfare of animals including stray animals that are subjected to untold sufferings. Hailing the EU move as the right one, Citizens for Animal Rights (CFAR), New Delhi, said that the inclusion of animal welfare standards in WTO agenda is urgently needed to effectively enforce animal standards worldwide, and to improve the appalling condition of slaughter houses in many countries, including India. Animal welfare concerns are being increasingly recognised in food production around the world, but they must be formalised within the WTO trade agreements, according to several senior representatives of the EU who spoke at a recent Brussels conference on "Global Trade and Farm Animal Welfare". Czech agriculture minister Mr. Petr Gandalovic, the new chair of the EU Farm Council, explained that the next six months will see a strong focus on European animal welfare standards, including new slaughter rules. (*Pioneer dated 9/4/09*).

22. **The perfidious myths of free trade --** Ha-Joon Chang's "Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism" ought to be widely read and disseminated as the crisis in the US and Europe sets off a new debate on globalisation. This much-celebrated South Korean economist from Cambridge University provides a dispassionate history of globalisation, ripping apart the various deceptions that have created the most enduring myths about free trade. His nationality helps to make his expose more credible. South Korea has been the myth-makers' favourite example of the miracle that a free economy and trade system can work for a developing country. According to this version, South Korea is said to have pursued a truly neo-liberal economic policy during the miracle decades of the 1960s to the 1980s which allowed it to join the ranks of the developed world by the 1990s. Complete rubbish, says Chang. What Korea did was to nurture certain industries selected by the government (in consultation with the private sector) and to give these full support through subsidies, high tariff protection and generous dollops of credit. This was easy since the government owned all the banks and to set up huge state-owned ventures, such as POSCO, in critical sectors. If private enterprises were mismanaged, the state took them over and restructured them and sometimes sold them off again. The Korean government did welcome foreign investment but only in sectors that it deemed necessary. Chang also does a good demolition job on other myths, notably the historical claims that Britain and the US are the homes of free trade. In fact, for a long time they were among the most protectionist nations in the world. Free trade was promoted in the late 19th century and early 20th century through colonialism and unequal treaties (remember Britain's infamous opium war with China and the annexation of Hong Kong?) by rich nations who continued to maintain high industrial tariffs. Few countries, indeed, have succeeded without protectionism and subsidies, as the past of the leading economies shows. Yet few historians and economists dwell on this aspect while writing paeans to the benefits of globalisation. Bad Samaritans is, therefore, an important work in correcting this historical amnesia. (*Review of Ha-Joon Chang's book "Bad Samaritans The Myth of free trade and the secret history of capitalism" in Business Standard dated 9/4/09*).
23. **India inc asks Obama to avoid protectionism --** India Inc has asked the Obama administration not to yield to public pressure on protectionism, stating that the 'Buy American' restrictive policy would dent America's credibility among global trading nations. Indian industry leaders were reacting to protests early this week in the US against use of India-made steel for an oil pipeline project in Illinois, the home state of President Barack Obama. (*Pioneer dated 11/4/09*).
24. **9 out of 10 Indian staff lack social security: OECD --** As per a study by the Organisation for Economic Cooperation and Development (OECD), nearly 370 million people in India do not have "formal social security", which translates into nine out of ten employees in the country working without such benefits. (*PTI report in Economic Times dated 11/4/09*).
25. **197 anti-dumping probes launched --** India has launched the largest number of 197 anti-dumping investigations on a range of imported industrial products in 2008-09, against 151 in 2007-08 and 114 in 2006-07 in a bid to safeguard domestic industry from cheap imports at this recessionary time, official sources told *Business Line*. (*Hindu Business Line dated 13/4/09*).
26. **India opposes EU proposal to include animal welfare issues in WTO talks --** India has opposed a reported move by the European Union (EU) to include animal welfare issues in the World Trade Organisation (WTO) negotiations. However, animal activists, who have welcomed the EU decision, said they would soon petition the commerce ministry asking to hear their concerns on traders meting out cruel treatment to animals. The activists also want India to agree with the EU on the matter. Reacting to reports of EU pitching for the inclusion of animal rights in the WTO talks, official sources said these were attempts by developed countries to block exports from developing countries using these new standards. (*Financial Express dated 15/4/09*).
27. **India doubts Lamy figure on stimulus --** India on 14/4 asked the World Trade Organization (WTO) chief to explain how he arrived at the figure of \$150 billion as "being the Doha Round's contribution to the global stimulus", a demand that was supported by the United States. New Delhi also pressed for addressing "the gaping holes in disciplines on subsidies in services" in an intervention by India's trade envoy Ujal Singh Bhatia at a special meeting on WTO's report "on the financial and economic crisis and trade-related developments". (*Business Standard dated 15/4/09*).
28. **India rejects patent to Glivec's second variant --** In yet another setback to Swiss drug multinational Novartis AG, the Indian patent office has rejected its application to secure a patent for an alfa crystal form of its blockbuster cancer medicine, Glivec. (*Business Standard dated 15/4/09*).
29. **The problem with regionalism in trade: In the Indian context, preferential trade agreements divert, rather than create, trade --** Preferential Trade Agreements (PTAs) are exclusive tariff or trade structures that govern only two or more member economies. These have burgeoned over the past two decades - over 230 were in force at the end of 2008, and 170 more are pending WTO approval. Do these agreements unambiguously

increase the welfare of the member economies? Should countries try to maximise their own trade flows by pursuing PTAs over across-the-board openness? TN Srinivasan of Yale University and Vani Archana of ICRIER explore this question in a paper "India in the Global and Regional Trade" recently presented at the 4th NIPFP-DEA Conference on Global Capital Inflows in New Delhi. The impact of PTAs on net trade and welfare is unclear, as PTAs can create or divert new trade. They create trade by increasing imports via displacing less efficient domestic production - an outcome of having access to the trade partner. They divert trade by shifting imports from an efficient non-member to an inefficient member. The authors find that in the Indian context, PTAs divert rather than create trade. Overall, the paper finds that a move towards specialised bilateral or multilateral trade agreements is either detrimental or ineffective towards increasing India's net trade flows. This has important implications for trade policy in India and the move towards more PTAs. It suggests that India must maintain a uniform outward trade structure with the rest of the world, following well-established doctrine that international trade is welfare-creating. (*Article in Financial Express dated 15/4/09*).

30. **Protests delay India-ASEAN FTA --** Talks on the ambitious India-Asean Free Trade Agreement (FTA) have received another setback due to the violent protests at the Asean summit venue in Thailand on 12/4. More than 1,000 anti-government protesters, nicknamed Red Shirts, stormed the venue of the Asean summit, demanding resignation of Thailand's Prime Minister Abhisit Vejjajiva. India's Commerce Minister Kamal Nath and Commerce Secretary Gopal K Pillai were evacuated in a helicopter from the summit venue with other heads of states. (*Business Standard dated 16/4/09*).
31. **Largest recipient of 'Aid for Trade: WTO --** India was the largest recipient of 'Aid for Trade' in 2006-07, with the country getting \$1.7 billion worth assistance from rich donor countries as well as international organisations for trade-related infrastructure, capacity building and trade policy. The top five recipients of Aid for Trade in 2007 India, Iraq, Vietnam, Afghanistan, and Indonesia accounted for almost 28% of the total, according to a report by WTO director general Pascal Lamy 'on the financial and economic crisis and trade-related developments'. (*Financial Express dated 17/4/09*).
32. **EU rejects Indian curry powder --** The European Commission has rejected a consignment of curry powder from India, which was found to have harmful colouring agent, methyl yellow. (*Hindu Business Line dated 21/4/09*).
33. **EU wants India FTA to address 'child, bonded labour' issues --** "Concerned" over "child and bonded labour" in India, the European Parliament has strongly pressed the European Union to include the issues in the Free Trade Agreement talks with New Delhi, which is stoutly against inclusion of social issues in commercial deals. A resolution adopted by Strasbourg-based European Parliament last month asked the European Commission to insist on India to address the issue of child labour in the FTA, negotiations for which started in 2007. It said the European Parliament "is concerned about the use of child labour in India, which is very often exploited in unsafe and unhealthy conditions...Asks Commission to address the issue during negotiations on the FTA." The resolution wanted the Indian government "to maximise its efforts to remove the underlying causes in order to end this phenomenon". The European Parliament also sought pressure on India to tackle the issue of "bonded labour" affecting "millions of people largely from Dalit and Adivasi community... It is believed this issue is not being adequately addressed due to lack of administrative and political will". The pressure on EU from its Parliament is likely to further delay conclusion of the trade pact, which was intended to be signed by the end of 2008. (*PTI/London report in Business Standard dated 21/4/09*).
34. **India to launch counter probe into US trade barriers --** India-US trade ties are likely to hit a new low soon, with New Delhi deciding to launch a 'counter' investigation into the impact of US' tariff and non-tariff barriers on Indian exports. India's move comes close on the heels of a similar ongoing investigation by the US fact-finding federal agency, International Trade Commission (ITC), on the impact of such barriers on US farm exports to India. However, the Indian probe will have a wider canvas, as it will include both farm, as well as industrial goods, official sources said. The aim is to complete it before the US ITC submits its report. (*Financial Express dated 25/4/09*).
35. **Andhra Pradesh's handicraft brand Lepakshi gets GI status --** Fighting against the odds, the first brand of Andhra Pradesh Handicrafts Development Corporation Ltd (APHDCL) to get a geographical indicator (GI) status is brand 'Lepakshi'. Incidentally, Andhra Pradesh's Pochampally textile design was the first product to get the GI status in the country from the Controller of Designs, Copyrights and Patents office. (*Financial Express dated 26/4/09*).
36. **Protect trade from protectionism --** Heads of the G20 at their recent London retreat pledged to abstain from imposing any trade protectionist measures. Although they were reiterating what they had already committed to, last November in Washington, 17 of these 20 countries were reported by the World Bank as having imposed trade restrictive measures since then. It is clear

that creative and forward looking measures are required to get the world out of the current morass. Vigorously promoting trade maybe such a solution. According to the OECD, lowering regulatory barriers could raise their GDP by 2-3%. More efficient customs procedures could improve global welfare by US\$100 billion, and full tariff liberalisation could add another US \$ 100 billion. Remaining un-protectionist is necessary, yet not sufficient. It is vital to intensify the process of trade facilitation and removal of the persistent non-tariff border barriers to trade. Diverting resources to trade-creating investment is vital. The G20's commitment of \$250 billion for trade finance is noteworthy in this context, as the decline in trade credit contributed significantly to the fall in trade flows. (**Article in Economic Times dated 27/4/09**).

- 37. S. Korea drags India to WTO on steel curbs**
South Korea, a major steel exporter, has asked India to explain to WTO that why it has imposed import curbs on steel items. If New Delhi is

unable to give a satisfactory reply, Seoul can challenge the restrictions at WTO's dispute settlement body, which would then decide the fate of these curbs. (**Economic Times dated 28/4/09**).

- 38. Economic and financial indicators: Poverty --**
Just over a quarter of the world population, or 1.4 billion people, lived in extreme poverty in 2005, according to the World Bank. That compares with 42% in 1990, when the bank first published its global poverty estimates. Rapid economic growth has led to a dramatic decline in poverty in China, where the share of people below the threshold of \$1.25 a day fell from 60.2% to 15.9% between 1990 and 2005. But the poverty rate fell much more slowly in India, to 41.6% in 2005 from 51.3% in 1990. South Asia has the most very poor people of any region in the world. But the fraction of the population that lives in extreme poverty is highest, at 50.9%, in sub-Saharan Africa, though it has fallen there from 57.6% in 1990. (**The Economist dated April 09**).

Forthcoming Events

Date	Subject	Venue
04 - 05 May	Commonwealth Workshop on Mainstreaming Gender in Trade Policy and Export Promotion at the National Level: The Way Forward.	Taj Mahal Hotel, New Delhi
27 - 29 May	Training of Government Officials on WTO Agreement on Services (GATS)	Indian Institute of Foreign Trade, New Delhi
8 June	Workshop on India's Duty Free Tariff Preference (DFTP) Scheme	Indian Institute of Foreign Trade, New Delhi

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