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OPINION IN LEAD

COVID-19 may disrupt Nepal's progress in SDGs

Despite Nepal's considerable progress in meeting targets set by Sustainable Development Goals (SDGs), the COVID-19 pandemic has made strengthening efforts for effective implementation of SDGs more urgent. Although Nepal is still assessing the full implications of COVID-19, the signs are clear that it will have a comprehensive and long-term cross sectoral negative impact, severely undermining the nation's capacity to implement SDGs.

The recently submitted voluntary national review of SDG implementation shows that Nepal made significant progress in poverty reduction between 2015 and 2019 reducing poverty by 1.1 percent each year, raising the average per capita income. However, only modest progress has been observed in the indicators related to hunger, nutrition and food security. There has been significant progress in some indicators related to health while challenges remain in meeting the targets of maternal and child mortality. Indicators on education show good progress but the impact is uneven across different provinces and groups as ensuring the quality of education, retention at school, and promoting technical and vocational education are still a challenge.

Progressing on the SDG indicators is more important for Nepal since it aspires to graduate to a developing nation from a least developed country status in the next few years. Since the first voluntary national review in 2017, Nepal has made consistent efforts to accelerate progress towards achieving the SDGs. The high growth rate (7 percent on an average) has remarkably reduced poverty. Remittance inflows have contributed to reducing extreme poverty levels in Nepal and resulted in improving nutritional, educational and health outcomes. Yet, multidimensional poverty, structural constraints, mountainous geophysical features and detrimental impacts of climate change continue to pose a serious challenge for rapid, inclusive and sustainable development in Nepal.

However, different calamities, disasters and the circumstances that were beyond its control have undermined its efforts. The 2015 earthquake led to huge losses of lives and property, and also had extensive adverse impacts on Nepal's development efforts.

Making speedy progress in reaching the SDGs in the remaining 10 years would be an uphill task even in normal situations. But just when Nepal was starting to emerge from the devastating impacts of the earthquake of 2015, the coronavirus disease emerged. The disease has already claimed the lives of 52 people and infected more than 19,000 people by the end of July. The lockdown imposed on 24 March was finally lifted on 21 July but the schools, recreational centres are still closed as the threat of infection is still persistent. The COVID-19 pandemic and the containment measures that has caused abrupt halt in economic activities is expected to have short- to medium-term impact on the fight against poverty, nutrition and food security, health and education outcomes.

The pandemic may not only undermine the present achievements, lockdowns and disruptions in economic activities, social distancing and other restrictions imposed can have long-term impact on the lives and livelihoods of the people and the socioeconomic situation of the country. Multiple factors such as loss of employment, rising prices of essential items and health-related concerns may have a combined effect on daily wage earners and people with limited income. For example, the immediate fallout of the pandemic has also been felt in education sector. Though most schools and colleges have started virtual learning programs in order to continue the learning process online, it may not be as effective as the earlier learning method. Further, the digital divide between the rich and the poor may widen the existing gap in education. Countries like Nepal will have a hard time confronting the multidimensional impacts of the pandemic, thus, adversely affecting the efforts towards the effective implementation of the SDGs.

The 2015 earthquake had reduced the achievements of the Millennium Development Goals, which 2015 pushed 2.5–3.5 percent of population below the poverty line. The consequences of the COVID-19 needs to be checked by implementing policies to aid economic recovery that provides targeted support to the vulnerable population. Interventions focusing on higher economic productivity, innovation and gainful employment is required in order to address uplift the economic status of people. This would ensure even distribution of the progress among all the sections of the population supporting the agenda of "Leaving No One Behind" yet again.

Policy initiatives have been taken to reorient economic activities with greater emphasis on the agriculture, skill development and employment generating activities for migrant returnees and unemployed people, enhance government expenditure on priority infrastructure projects and provide special credit facilities to the affected sectors. Nepal now needs to further strengthen these efforts in view of the COVID-19 pandemic which is now going to have serious consequences on all the sectors and are going to impact the vulnerable population more. There is a huge financing gap in investment for the SDGs amounting to NPR 585 billion. Improving revenue administration capabilities, streamlining development assistance to national needs and priorities and policies to facilitate foreign direct investment is necessary to bridge the financing gap. In addition, capacity enhancement of the government as well as all stakeholders, including those at the subnational levels, will enhance coherence, integration and effective implementation of the SDG.

This piece is prepared by Ms. Neelu Thapa, Member, Executive Committee, SAWTEE based on Nepal's National Review of Sustainable Development Goals submitted to the United Nations.

REPORT

Trade enhances gender equality

The growing role of services in the global economy and trade, the rise of global value chains (GVCs), and the adoption of new digital technologies create new and powerful opportunities for women to better reap the benefits of trade. Improving women's productivity in these sectors is essential to close the gender gap, especially for the most vulnerable women, according to a report by the World Bank and the World Trade Organization.

Firms that engage in international trade employ more women, according to Women and Trade: The Role of Trade in Promoting Gender Equality. In developing countries women make up 33.2 percent of the workforce of firms that trade internationally, compared with just 24.3 percent of non-exporting firms and 28.1 percent for non-importing firms. Women are also better represented in firms that are part of GVCs, and that are foreign owned. Women constitute 36.7 percent of the workforce of GVC firms and 37.8 percent of the workforce of foreign-owned firms—10.9 and 12.2 percentage points more, respectively, than the proportion for non-GVC and domestically owned firms.

Similarly, the report says that trade increases women's wages and increases economic equality. Globally, women take home a smaller share of wages. When developing countries double their manufacturing exports—typical for developing countries that open themselves to trade—women's share of total manufacturing wages rises by 5.8 percentage points on average, through a combination of increased employment and higher salaries. In both developing and emerging economies, workers in sectors with high levels of exports are more likely to be employed formally—giving them opportunities for benefits, training, and job security. For women, the probability of being informal goes from 20 percent in sectors with low levels of exports to 13 percent in sectors with high levels of exports.

Empirically, countries that are more open to trade, as measured by the ratio of trade to gross domestic product, have higher levels of gender equality. Trade liberalization is linked to greater accumulation of education and skills, and increased gender equality. Trade can also create incentives for countries to expand women's legal rights and their access to crucial resources such as education and technology. Improved women's rights have also promoted more trade. This has led to a virtuous circle between increased trade and gender equality. In contrast, high levels of gender inequality are linked to lower product and export diversification. This is especially true in lower-income countries, where gender gaps in education and the labor market decrease potential innovation.

In an integrated world, the competitive pressure generated by trade raises the cost of discrimination against women. Countries that do not allow women to fully participate in the economy are less competitive internationally—particularly those countries with export industries that globally have high female employment rates.

The report comes amid the COVID-19 pandemic that has laid bare the economic opportunities and challenges women face, some of which are driven by trade. For example, trade in goods and services, especially online, has helped women to mitigate the negative impact of the crisis. At the same time, women's specialization in the manufacture of apparel and the provision of touristic services has left them more vulnerable to the trade shock of this crisis. Overall, because some trade links have already broken and near-term trade growth remains weak, women are in danger of losing a sizable share of the economic gains they have reaped as a result of trade.

As this report demonstrates, women are often more economically vulnerable than men and thus are less likely to be resilient in the face of the crisis. As economies emerge out of the crisis, it is important that governments generate long-term gender-inclusive growth by addressing the constraints that women face. Although most of this report was prepared prior to the onset of the COVID-19 pandemic, policy makers can draw on the report's lessons to find ways that trade can continue to benefit women.

This piece is excerpted from Women and Trade: The Role of Trade in Promoting Gender Equality.

NEWS

Nepali tea growers set to reap virus bonanza

Tea prices jumped by 40 percent to NPR 100 per kg in the Nepali market as production slowed due to the virus and demand from India reached an all-time high.

As there is a huge shortage of tea in the Indian market, demand from the southern neighbour has soared. Domestic output shrank due to Covid-19, as only a few workers were allowed to work in the tea gardens to maintain social distancing. The Nepal Tea Association said that the new increased base price of NPR 80–100 per kg would come into effect by 31 July.

Incessant rain and floods and unavailability of fertiliser on time also took a toll on production.

According to the Tea and Coffee Development Board, production decreased by 6–7 million kg during the initial days of the lockdown in the country. Nepal's tea output from mid-June till date shrank by 25 to 30 percent due to lack of fertiliser and the virus, he said.

Tea production plunged by 40 percent in India mainly due to floods in Assam and West Bengal, and also due to Covid-19. Tea prices in India jumped to record highs due to intense flood damage to tea gardens in the north-eastern state of Assam and the Covid-19 outbreak. Assam accounts for more than half of India's tea output.

The Economic Times citing multiple trade sources reported that New Delhi may limit exports and boost shipments from rivals like Kenya and Sri Lanka. It said that the price rise could support the Indian tea industry that has been struggling with rising production costs. As per the Tea Board of India, production losses have lifted weekly auction prices to a record of IRs232.60 ($3.11) per kg, up 57 percent from a year ago.

Source: https://kathmandupost.com/, 27.07.2020.

Global airlines less hopeful on COVID-19 recovery

Global airlines cut their coronavirus recovery forecast, saying it would take until 2024—a year longer than previously expected—for passenger traffic to return to pre-crisis levels.

In an update on the pandemic's crippling impact on air travel, the International Air Transport Association (IATA) cited slow virus containment in the United States and developing countries, and a weaker outlook for corporate travel.

Lingering travel barriers and new restrictions in some markets are also weighing on nearer-term prospects, IATA said, cutting its 2020 passenger numbers forecast to a 55 percent decline—sharper than the 46 percent drop predicted in April.

June passenger numbers were down 86.5 percent year-on-year, the organization said, after a 91 percent contraction in May.

Recovery prospects are weakened by the spread of COVID-19 in the United States and developing countries together representing 40 percent of global air travel, IATA said.

International travel is unlikely to rebound significantly without a reasonably priced testing regime that was deemed acceptable by governments. Depending on the country, tests can cost hundreds of dollars.

Business travel may also face a sustained slump, threatening the profitability of long-haul airlines and routes as corporate clients rein in spending and make greater use of video-conferences that have become the norm during lockdowns.

Source: https://www.reuters.com/, 28.07.2020.

Afghan transit trade via Gwadar port starts

Transit trade to Afghanistan through Pakistan's strategic Gwadar seaport began on 26 July with a consignment of bulk cargo from the United Arab Emirates (UAE).

"The first transit consignment of bulk cargo through Gwadar to Afghanistan started today. Several consignments are lined up for coming days," said Mohammad Sadiq, Pakistan's special envoy for Afghanistan, on Twitter.

The ship carrying trade goods for Afghanistan anchored at the port, which were transported to the war-stricken country after customs clearance, local broadcaster Geo News reported.

With its 600-kilometer coastline, Gwadar is a key deep seaport currently operated by China, which seeks to gain direct access to the Indian Ocean via Gwadar in line with its US$64 billion Pakistan-China Economic Corridor (CPEC) mega project.

The economic corridor is hoped to provide China cheaper access to Africa and the Middle East and also earn Pakistan billions of dollars to provide transit facilities to the world's second-largest economy.

On July 13, Islamabad reopened a key border crossing to resume exports from Afghanistan to India under the Pakistan-Afghanistan Transit Trade Agreement (APTTA).

The 2010 bilateral trade agreement provides Afghan traders access to the eastern Wagah border with India, where Afghan goods are offloaded onto Indian trucks.

The agreement, however, does not permit Indian goods to be loaded onto trucks for transit back to Afghanistan.

Last month, Pakistan also reopened three key trade routes – the southwestern Chaman, northwestern Torkham, and Ghulam Khan border crossings – for transit trade and exports to Afghanistan.

Source: https://www.globalvillagespace.com/, 27.07.2020.

Nepal Electricity Authority can sell power to India, Bangladesh

Nepali government has given its nod to Nepal Electricity Authority (NEA) to trade electricity with India and Bangladesh.

It is mandatory for the NEA to get the approval of the government for inter-country electricity trade.

Nepal's Minister of Energy, Water Resources and Irrigation Barshaman Pun said the Cabinet meeting on Monday had given the approval to sell electricity to India and Bangladesh when the domestic production was high and to import electricity from the neighbouring countries when the production was low. With the government's approval, NEA will now be able to buy and sell electricity at competitive price.

NEA has been preparing for short-term sale of electricity in India's energy exchange market for a long time. In the energy exchange market of India, similar to shares, electricity can be bought and sold in real time.

NEA has designated Indian NTPC Vidyut Vyapar Nigam Ltd as its nodal agency to represent it in the market.

Source: https://thehimalayantimes.com/, 22.07.2020.

India opens new chapter in connectivity with Bangladesh via container shipping

India flagged off the first trial container ship from Kolkata to Agartala through Chattogram Port of Bangladesh, in a virtual ceremony opening a new chapter in sub-regional connectivity, on 16 July.

This was done under the Agreement on use of Chattogram and Mongla Ports for movement of India's transit cargo through Bangladesh. The route will provide the alternative and shorter route to connect the North East Region through Bangladesh.

The consignment of the trial movement includes two TEUs carrying TMT steel bars destined for West Tripura district and two TEUs carrying pulses destined for Karimganj, Assam. After reaching Chattogram, the consignment will move to Agartala on Bangladeshi trucks, according to a government statement.

It will reduce distance and time taken in transportation of goods for India and is a win-win for both the economies. Job creation, investment in the logistical sector, enhanced business services and revenue generation are advantages that will accrue to Bangladesh. Bangladeshi vessels and trucks will be utilized to move the Indian cargo, the statement added.

Source: https://economictimes.indiatimes.com/, 16.07.2020.

Nepali ginger farmers face plunging prices as virus hits export trade

Nepal government's decision to relax lockdown restrictions in the farming sector was expected to get agriculture moving again, but it brought little cheer to ginger farmers who are facing plunging prices.

Ginger is a high value crop, and farmers engaged in growing it have higher incomes than those cultivating cereals and vegetables due to high demand overseas.

But this year, demand is down, and ginger farmers in the eastern region are worried because prices are sliding due to trade restrictions, and continue to do so. The price of this highly prized spice has plunged by more than 60 percent.

Nepal grows around 300,000 tonnes of ginger annually, making it the world's third largest producer after China and India.

One-third of this annual harvest comes from the eastern region. Traders said that 90 percent of the ginger produced in Nepal is exported to the Indian market. But export orders from India are not coming even though harvest time is approaching.

Last year, the price of ginger had soared to more than NPR 200 per kg. Many farmers have invested in ginger cultivation encouraged by last year's returns. This year, prices have fallen due to the economic turmoil caused by Covid-19 and low overseas demand. The wholesale price of ginger was NPR 90 per kg on 5 July.

Source: https://kathmandupost.com/, 07.07.2020.

IMF finds deeper COVID impacts than previously projected, WTO forecasts trade rebound in 2021

The International Monetary Fund (IMF) has projected the world output to shrink by 4.9 percent in 2020 in the June 2020 Update to its World Economic Outlook (WEO), revising its April projections downward.

The WEO indicates more significant declines to world output and trade volumes due to COVID-19 and a slower global economic recovery than initially predicted. The World Trade Organization's (WTO) analysis of recent projections on trade volumes suggests that government responses have helped temper the decline.

World trade volume in goods and services is projected to shrink by 11.9 percent in 2020, but rebound with an 8 percent expansion in 2021. Similar to those on global growth, both figures have been revised downward since April, from -11 percent and 8.4 percent, respectively.

The WEO June Update flags, however, that like the numbers issued in April, these numbers are accompanied by a "higher-than-usual degree of uncertainty" and that a range of factors and assumptions could impact the final statistics.

The release notes that, when taken with a series of other economic indicators, the data point to trade having potentially already bottomed out in the second quarter, thus setting the stage for recovery.

The WTO data present an "optimistic" and "pessimistic" scenarios where, in 2020, trade volume contracts by 12.9 percent and 31.9 percent, respectively. The scenarios then project 21.3 percent and 24 percent positive changes in trade volume for the year 2021, representing a faster recovery than other organizations' analyses. Noting the above caveat, the IMF's WEO projects a 2020 contraction in line with the optimistic scenario, but a significantly slower return to growth than the WTO data.

Source: http://sdg.iisd.org/, 02.07.2020.

EDITOR
Dikshya Singh
Assisted by Alabhya Dahal

CONTACT
South Asia Watch on Trade, Economics and Environment (SAWTEE)
P.O. Box: 19366, Tukucha Marg, Kathmandu, Nepal
Tel: 977-1-4424360, 4444438 Fax: 977-1-4444570
Email: enewsletter@sawtee.org
Web: www.sawtee.org

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