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TRADE insight

BALI OUTCOME OF THE WTO

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TRADE insight

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editors' note

Conclude the Doha Round

WITH more emphasis on regionalism in recent years, particularly countries negotiating the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership Agreements, which are seen as risks to the multilateral trading system, it was imperative that the Ninth Ministerial Conference of the WTO in Bali make significant progress towards the conclusion of the Doha Round of trade negotiations. But many were skeptical regarding the Bali outcomes, especially considering India's firm stance on revising the Agreement on Agriculture (AoA) rules on food security. After lengthy negotiations in Bali, WTO Members successfully delivered an outcome, thus restoring faith in the multilateral trading system.

At the heart of the Bali decision is the Trade Facilitation Agreement (TFA)—the WTO's first multilateral agreement since its creation in 1995—which is expected to bring huge benefits to the world economy by reducing costs of trade. For this to materialize, developing countries, and more importantly least-developed countries (LDCs), will require technical and financial assistance. The Agreement has also acknowledged this requirement and included a separate section on "Special and Differential Treatment Provisions for Developing Country Members and Least Developed Country Members". But, given poor historical records in the implementation of special and differential treatment (S&DT) provisions by developed countries within the purview of the multilateral trading system, whether additional financial and technical assistance will be made available to implement the TFA is a big question.

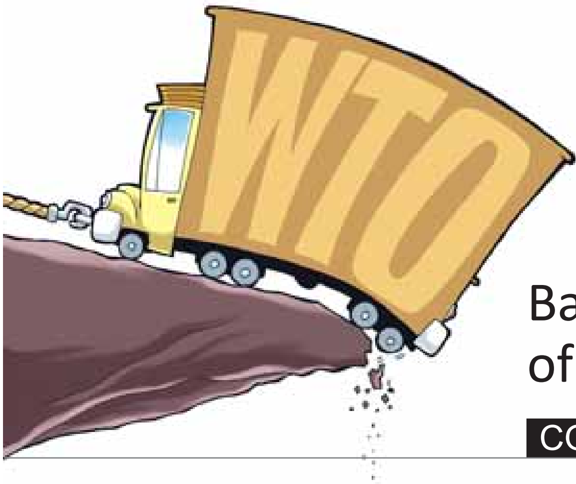
Another important decision in Bali was regarding public stockholding for food security purposes. It emerged as the deal maker/breaker since developing countries, particularly India, wanted to amend the AoA to allow for spending on public stockholding and food aid beyond the stipulated subsidy limits. After intense negotiations, Members agreed to an interim solution until a permanent solution is found, thus suspending legal actions on countries that exceed the *de minimis* subsidy limit. While this decision has come in favour of developing countries, mainly India, this could further threaten food security of other South Asian countries since India's stockpiling of food could significantly distort food markets in these countries. Therefore, South Asian countries should enhance regional cooperation to address this problem.

Some LDC-specific issues were also discussed in Bali, including duty-free and quota-free (DFQF) market access. However, decisions on these issues were not substantive. For instance, on DFQF market access, delinking it from the Doha Round package was a welcome move, but developed countries' stance to continue providing DFQF market access to just 97 percent of the products originating in LDCs, as per the decision of the Hong Kong Ministerial Conference, is disappointing.

Bali decisions have come at a time when the framework for the post-2015 development agenda is being prepared. Trade in general, and Aid for Trade (AfT) in particular, will have an important role to play in attaining the post-2015 development goals. The Bali decision on AfT has also rightly recognized this relationship as it states that the AfT Work Programme is now to be framed by the post-2015 development agenda.

The Bali outcome has helped restore faith in the multilateral trading system, but it did not focus much on the development dimension of the Doha Development Agenda (DDA). Nevertheless, WTO Members agreed in Bali to prepare a work programme to conclude the Doha Round negotiations by the end of this year. Therefore, they should now expedite negotiations on the remaining issues of the DDA and conclude the round, keeping development at the centre, by the newly agreed deadline. ■

contents



Bali outcome of the WTO

WTO Trade Facilitation Agreement and South Asia

Conserving agriculture biodiversity

Views expressed in *Trade Insight* are of the authors and editors and do not necessarily reflect the official position of SAWTEE or its member institutions.

BANGLADESH
1. Bangladesh Environmental Lawyers' Association (BELA), Dhaka
2. Unnayan Shamannay, Dhaka

INDIA
1. Citizen consumer and civic Action Group (CAG), Chennai
2. Consumer Unity & Trust Society (CUTS), Jaipur
3. Development Research and Action Group (DRAG), New Delhi

NEPAL
1. Society for Legal and Environmental Analysis and Development Research (LEADERS), Kathmandu
2. Forum for Protection of Public Interest (Pro Public), Kathmandu

PAKISTAN
1. Journalists for Democracy and Human Rights (JDHR), Islamabad
2. Sustainable Development Policy Institute (SDPI), Islamabad

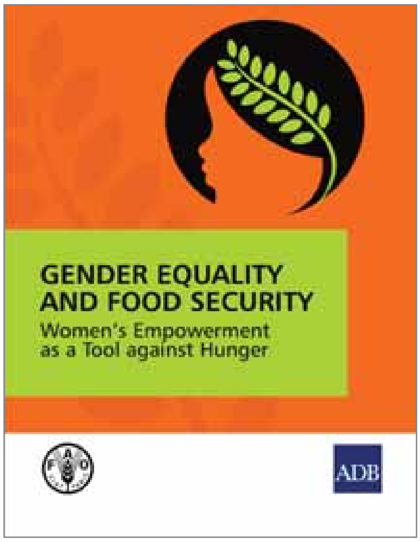
SRI LANKA
1. Institute of Policy Studies (IPS), Colombo
2. Law & Society Trust (LST), Colombo

Gender Equality and Food Security

GLOBALLY, approximately 60 percent of the undernourished people are women/girls. Providing them access to education and employment opportunities will have a significant impact in reducing overall hunger and improving child health. Based on this premise, *Gender Equality and Food Security: Women's Empowerment as a Tool against Hunger*—a report jointly produced by the Asian Development Bank and Food and Agriculture Organization of the United Nations—describes the relationship between gender equality and food security while highlighting best practices that have emerged in the Asia-Pacific region. The Report explores the relationship between gender-based discrimination and the different channels through which households and individuals access food.

According to the Report, gender vulnerability worldwide is exacerbated by three overlapping global issues—food crisis, financial crisis and climate change. Furthermore, gender discriminations are more difficult to disentangle than other forms of marginalization mainly because these inequalities are embedded in different social norms and practices, and are often strengthened by existing laws that institutionalize such discrimination. Hence, a need for transformation of traditional gender roles is a must; and for that to be effective and sustainable, it is important to recognize the constraints faced by women, adopt measures that help relieve women of their burden, and ensure the redistribution of gender roles in discharging family responsibilities.

Women in the region, especially in South Asia, play an important role as farmers and food producers. Their contribution, however, is undervalued and their productivity is often limited by significant barriers, access to land being an important one. For women,



land plays a pivotal role in meeting subsistence and securing other resources like financial services and market opportunities. Access to land also results in reduced level of domestic violence for women, and leads to their empowerment and autonomy within the household.

Currently the number of waged women employees in large farms has increased due to men's involvement in others sectors. Better access for women to wage employment—on-farm and off-farm, as well as in both formal and informal sectors—is necessary to improve income security of women. Active labour policies that expand women's ability to be involved in off-farm employment and secure equitable compensation are much needed steps that need to be adopted by the Governments of the Asia-Pacific region. Furthermore, since limited access to education opportunities for girls and women not only put them at a greater risk of discrimination, but also limit their ability to secure employment opportunities, girls and women should be presented with channels to pursue higher education to ensure poverty reduction, gender empowerment and improved nutritional outcomes.

The presence of social protection systems also play an important role in ensuring food security for low income households, especially those headed by women. There are various social protection programmes for women, mainly cash transfers, public works, asset transfers, school feeding and voluntary insurance association. However, in most cases, the method and effectiveness through which governments discharge their obligations to guarantee social protection to marginal groups like women is still vague and unexplored.

It is necessary to understand that the relationship between gender equality and food security is mutually inclusive. However, prevailing gender inequalities in the Asia-Pacific region limit women's potential to contribute more effectively to agriculture, development, food and nutrition security, and health care. Such limitations further undermine the region's long-term goal of food security. In order to ensure gender equality, it is not enough to just make legal instruments more gender sensitive, but there is also a dire need to challenge social norms and gendered division of roles they impose.

At the country level, to maximize synergy between gender equality and food and nutrition security, strategies should be multi-sectoral. They should also aim to identify and encourage women's organizations, and concomitantly support women's inclusion in decision making by adopting a rights-based approach. Moreover, these strategies should be phased and multi-layered, with established timeframe, especially for strategies that are likely to be effective in transforming gender roles. ■

Better road connectivity in South Asia

upload.wikimedia.org

AS early as 2016, India will start issuing international permits for vehicles entering the country from some of its neighbours, in sync with the plan to build a dedicated international highway. Such permits would be issued to both commercial and passenger vehicles from Bangladesh and the facility will later be extended to other nations like Nepal, Bhutan and Myanmar.

According to a senior Indian official, the permit would allow vehicles from another country enter India despite they being registered in their native country. The proposed international highway is expected to help increase intra-regional trade among member countries of the South Asian Association for Regional Cooperation (SAARC).

Since such a system will have to be implemented with greater security, the permits would come with an information technology tracker showing the movement of vehicles. According to the official, the plan has got approvals from the Ministries of Home, Finance, Defence and External Affairs, and now the Ministry of Roads and Transport has to implement the same, with the Ministry of Finance improving customs check-post facilities. The move comes after India's commitment at the 17th SAARC Summit that it would encourage road connectivity and allow vehicles from some SAARC countries to enter India to boost the exchange of culture and trade *(www.financialexpress.com, 20.02.14).* ■

Climate finance at COP19

THE 19th Conference of the Parties (COP19) to the United Nations Framework Convention on Climate Change (UNFCCC) was expected by many to be the "Finance COP". Some had hoped that it would produce a fair agreement on the future of climate finance and pave the way for further negotiations on finance at COP21 in Paris in 2015, when the global climate deal is supposed to be struck. But because developed and developing countries have vastly different views regarding the forms of climate finance, COP19 failed to produce a meaningful pathway towards an equitable climate finance.

Climate finance talks at COP19 got sharply split along the divide between the global North and South. Many least-developed countries (LDCs) continued to push for quantifiable pathways for developing countries' efforts to scale up climate finance, arguing that predictability is critical for them to plan their actions.

Additionally, they wanted the newest multilateral finance channel—the Green Climate Fund—to be well funded and to begin operations. But none of the developed countries have yet committed to it. Indeed, the United Kingdom is the only developed country to have declared that countries should commit to roadmaps to scale up climate finance.

Some progress was made at COP19. Many developed countries publicly pledged funds to the Green Climate Fund, which announced that it is completing the final steps that will enable it to begin operations. Similarly, the Adaptation Fund reached its modest US$100 million fundraising goal.

Nevertheless, new pledges fall far short of the agreed upon amount and developing countries' needs. Additionally, transparency remains dubious, and no further action was taken at COP19 to ensure that the finance is "new and additional", or that it is distributed as grants rather than loans. Pathways to scale up climate finance to the agreed-upon US$100 billion by 2020 were not established; even proposals to create an intermediate target (US$70 billion by 2016) were not accepted. Thus, developing countries left COP19 without a predictable source of funding necessary to address climate change impacts. The World Bank estimates that developing countries climate finance needs will increase to hundreds of billions of dollars a year by 2020 *(www.commondreams.org, 30.11.13).* ■

Sri Lanka and Pakistan included in new GSP of the European Union

www.quantumclothing.com

MANY beneficiary economies of the European Union's (EU) Generalized Scheme of Preferences (GSP) witnessed an end to their benefits on 1 January 2014 with the activation of the new GSP scheme. However, some notables, including Sri Lanka, has clinched 10 more years of this promising lifeline from the world's largest trading bloc.

EU is Sri Lanka's largest global trading partner and holds a clear promise for Sri Lanka's exports. According to the Department of Commerce of Sri Lanka, there is an increasing trend in trade between EU and Sri Lanka, and the balance of trade has been in favour of the latter.

Sri Lanka's major exports to the EU consist of apparel, diamonds, tea and rubber products. EU is also one of the most diversified investors in Sri Lanka, with leading European companies operating in almost all sectors of the economy such as higher education, apparel, infrastructure, etc.

Pakistan also received the GSP plus status for four years. The GSP plus status will allow almost 20 percent of Pakistani exports to enter the EU market at zero tariff and 70 percent at preferential rates till 2017. Experts said that under the scheme, Pakistan can export most of its textile products to 27 EU nations at concessional duty rates or absolutely duty free, making Pakistani products cheaper for European importers.

The GSP plus will cover Pakistan's 2,500 tariff lines, out of which around 900 belong to the textile sector. Pakistan's textile and clothing exports to the EU, which is currently worth US$9.5 billion, constitute over half of the country's total exports to the bloc. As a result of the GSP plus, the textile industry is expected to earn profits of up to one trillion Pakistani rupees per year *(www.lbt.lk, 02.01.14; www.nation.com.pk, 13.12.13).* ■

India-Nepal transit treaty amended

INDIA and Nepal have formalized an amendment to the "Export Procedure" prescribed under the Memorandum to the Protocol to the Nepal-India Treaty of Transit for goods of third country origin exported from Nepal. According to the earlier procedure, only goods of Nepalese origin were allowed to be exported through India to third countries. This restriction has now been removed and now goods of non-Nepalese origin would also be allowed transit through India for export to third countries.

This provision would facilitate Nepal's genuine third country export which may be required for re-export of goods imported into Nepal for display in fairs and exhibitions. The amendment would also facilitate re-export of third country-origin capital goods from Nepal to third countries for repair and return, and also re-export of rejected goods from Nepal. Most importantly, the change would facilitate Nepalese business as it would allow re-export of goods imported from third countries into Nepal after some value addition in Nepal for which a legal provision was made in Nepal's Finance Act 2009.

Also, at the recent India-Nepal Inter-Governmental Committee meeting, officials of the two countries discussed issues pertaining to allowing movement of imported vehicles on their own power from Kolkata port into Nepal, and facilitating the import of bulk cargo into Nepal by operationalization of multi-modal transport link from Kolkata port through Jogbani-Biratnagar and Sunauli-Bhairahawa land routes. Proposals for making these amendments in the Treaty have already been finalized by the Indian government and are presently under consideration by the Nepalese government. Once finalized, these measures would further facilitate Nepal's transit trade through India *(www.business-standard.com, 31.01.14).* ■

Plans to curb emissions to be in place by 2015

AS per the agreement reached at the Warsaw Climate Change Conference in November 2013, by the first quarter of 2015, countries have to publish their plans to set out their targets on curbing greenhouse gas emissions from 2020. The process is seen as essential to achieving a new global deal on emissions at the climate conference in Paris in late 2015.

The emissions goals, to come into force from 2020, will be set at the national level, but after they are published, there will be a chance for other countries to scrutinize them and assess whether they are fair and sufficiently ambitious. At the insistence of a small group of "like-minded developing countries" comprising of nations such as Venezuela, Saudi Arabia, Bolivia, Malaysia, China, India and Thailand, among others, the goals will take the form of "contributions" rather than the stronger "commitments" that most other countries wanted.

The "like-minded developing countries" group takes the view that the strict separation of nations into "developed" and "developing", which was set at the first international climate talks in 1992, and enshrined in the 1997 Kyoto Protocol—in which developed countries were obliged to cut emissions but developing countries had no obligations—must remain as the bedrock of any future agreement. They argue that the "historical responsibilities" for climate change lie with the first nations to industrialize.

That view is firmly rejected by the United States (US) and the European Union (EU), both of which have agreed to take a lead in cutting emissions, but have also repeatedly pointed out that the tables have turned on historic responsibilities. Emissions from rapidly emerging economies such as China and India are growing so fast that by 2020—the date when any new agreement will come into force—the cumulative emissions from developing countries will overtake those of rich nations.

The battle between the like-minded group—which is separate from, but claims to lie within, the broader G77 group of the majority of developing nations—and the US and the EU will be key to success of the Paris Climate Change Conference in 2015. For both sides, gaining support from the rest of the unaligned developing nations—some of which are highly vulnerable to climate change and are desperate for a deal, but others who are courting economic investment from China—will be crucial *(www.theguardian.com, 24.11.13)*. ■

India and Bhutan to have new transit routes soon

IN order to facilitate growth in cross-border trade between Bhutan and India, the two countries have agreed to have many new transit routes soon. Bhutan is dependent on India for its third country trade because of its landlockedness.

Bypass to Passakha and Samdrupjongkhar industrial estates in Bhutan was one of the top agendas of the Indo-Bhutan bilateral talks on trade and transit held recently in Thimphu. The bypass route can give faster access to deep Bhutan, including Thimphu. In addition, Matanga industrial estate in Samdrupjongkhar district in Bhutan is being planned to be directly connected to Bokajuli in Assam bypassing Samdrupjongkhar town.

Indo-Bhutan bilateral trade is over Rs. 6,000 crore (equivalent to around US$980 million) with nearly Rs. 4,000 crore worth of exports from India to Bhutan. Bhutan's import from India constitutes over 70 percent of its total import. Regarding exports, 80 percent of its export to India consists of hydropower, of which India is the largest buyer *(articles.economictimes.indiatimes.com, 08.02.14)*. ■

Preparations for 18th SAARC Summit

NEPAL has stepped up preparations for the 18th Summit of the South Asian Association for Regional Cooperation (SAARC), which is scheduled for November this year in Kathmandu. Nepal proposed hosting the Summit in November during the 35th meeting of SAARC Council of Ministers meeting in the Maldives, but the exact date for the Summit is yet to be finalized. Nepal is likely to propose the second week of November for the Summit.

This will be the third time that Nepal will be hosting the Summit after the establishment of SAARC in 1985. The SAARC Summit is supposed to be held every year but there have been considerable delays in the past. The 17th Summit was held in the Maldives in 2011 *(www.myrepublica.com, 27.03.14)*. ■

India-Pakistan trade relation improves

www.globalpost.com

COMMERCE ministers of Pakistan and India have reaffirmed commitments of their governments to expeditiously establish normal trading relations and provide non-discriminatory market access to each other on a reciprocal basis. The provision of non-discriminatory market access to Indian companies by Pakistan is an indirect and informal way of granting most favoured nation (MFN) status to the neighbouring country.

Accordingly, Pakistan's Commerce Ministry is trying to persuade the country's four key sectors—automobiles, pharmaceuticals, agriculture and polyester yarn—to support its proposal to remove all existing bans on import of Indian products, but by putting in place a number of safeguards. A number of Indian items, mostly agriculture, automobile and auto parts, pharmaceutical and chemicals, and polyester yarn, are not allowed access into Pakistani markets although Pakistan promised to do away with such bans by 31 December 2013. It had also promised that it would allow import of all products through the land route, instead of the expensive sea route.

Trade ministers of the two countries also agreed to allow non-stop movement of trucks and containers 24 hours through the main Wagah-Attari land route, as earlier trade through this route was limited to just 8 to 10 hours of daytime.

In yet another major step, the two ministers approved a liberalized visa policy for businessmen to help expand bilateral trade. They also agreed that both sides will convene meetings of the technical working groups of customs, railways, banking, standards organizations and energy to devise modalities for effective implementation of all requisite measures.

Pakistan's central bank has also proposed its Indian counterpart to grant banking licences to three Pakistani banks, a move which would be reciprocated by Pakistan.

India and Pakistan had started negotiations to normalize trade ties in January 2011 and had provided several concessions to each other before the talks came to an abrupt halt last year due to violence across the Line of Control in Kashmir. Two years ago, the two countries set a goal of raising their bilateral trade to US$6 billion by 2014, which currently stands at around US$3 billion *(www.nation.com.pk, 19.01.14; www.thehindubusinessline.com, 25.02.14)*. ■

India asked to submit data on food security scheme

TARGETING India's Food Security Programme, the United States (US) has demanded that India submit all relevant statistics and documents on the Programme to the World Trade Organization (WTO) in order to gain immunity against penalties in case its subsidies breach specified limits. It has also asked India to submit documentation on the domestic subsidy involved in the Food Security Programme.

India fought hard at the WTO's Ninth Ministerial Conference in Bali in December 2013 to keep procurement subsidies under India's Food Security Programme out of the list of subsidies classified as "trade distorting".

While a permanent solution to the problem was deferred in Bali, developed countries promised not to take any action if subsidies breached the given caps. However, the reprieve is subject to the condition that India submits all information and documentation that are sought by members on particular programmes involving subsidies.

The US has said that the cost of India's food subsidy bill is approximately twice the amount it would cost to provide all households living below poverty with enough cash to cross the poverty line *(www.thehindubusinessline.com, 16.03.14)*. ■

WTO Bali Declaration and post-2015 agenda Connecting the dots

Leah Worrall and Yurendra Basnett

With the Millennium Development Goals (MDGs) nearing its end, efforts to establish the post-2015 development agenda is in full swing. Considering this is the year when rubber meets the road, the process is already overflowing with ideas while discussions are slowly gaining momentum. Since the window of opportunity to shape the post-2015 development agenda is closing quickly, it is important to discuss the role of trade—an area that has perhaps received only lukewarm attention.

Within the context of the post-2015 development agenda, trade must be seen as part of the solution. Today, there exist widespread erudite discussions on how trade can help achieve the post-2015 development agenda; in particular, what kinds of trade need to be promoted and how developing countries should be supported.

WTO Bali Declaration

The World Trade Organization (WTO) Ministerial Conference in Bali put life back into the stalled Doha Development Round. Key highlights of the Conference included agreements on trade facilitation, agriculture, package for least-developed countries (LDCs) and Aid for Trade (AfT).

WTO members reaffirmed their commitment to provide duty-free and quota-free (DFQF) market access to at least 97 percent of products originating from LDCs, at the tariff line level. However, considering the limited export basket of LDCs, DFQF market access commitment of less than 100 percent coverage is of little practical use. But on a more positive note, Bali has helped to set the course for the operationalization of a 15-year services waiver that was agreed at the Eighth WTO Ministerial Conference in Geneva.

Negotiations on trade facilitation entailed making binding commitments in customs procedures and regulations. Issues about the need to make improvements in trade facilitation are a no-brainer, since they will help

reduce costs of trading, and expand trade opportunities for developing countries. However, it is important to distinguish between "improvements" and "commitments", mainly since the commitments made in the WTO are binding and subject to legal action if not adhered to. Moreover, meeting trade facilitation commitments will require investment, and many will be capital-intensive. Thus, developing countries, and in particular LDCs, will need finance and technology to upgrade and improve trade facilitation measures.

Negotiations on agriculture focused on food stockholding, more specifically on the price benchmark for the valuation of the volume of food stocks countries can legally hold. Ultimately, it was decided that an interim mechanism will be put in place until a permanent solution is found, which means that more negotiation is still required to find a permanent solution.

The reaffirmation of commitments on AfT is to be welcomed. The new AfT work programme in the WTO is to be framed by the post-2015 development agenda—a shift from the Hong Kong Ministerial Declaration on AfT, and that will have implications for the 2006 AfT Task Force recommendations on AfT operationalization. Notwithstanding, it is a piece of text that links the Bali Declaration directly with the post-2015 development agenda.

Despite the progress made at the Ninth Ministerial in Bali, much remains to be done to support developing countries and LDCs. Necessary actions for the trade community include ensuring greater share of AfT to LDCs, updated rules on food stockholding, reducing LDCs' vulnerability to external shocks, and action on reducing non-tariff barriers (NTBs). The post-2015 agenda could promote action in these areas. Hence, it should be taken as an opportunity to promote policy coherence in making international trade rules effectively work for international development. Previously, this opportunity was missed by the MDGs, which only briefly addressed the role of trade in development (MDG 8 on "Partnership for Development": develop further an open, rule-based, predictable, non-discriminatory trading and financial system).

Trade in the evolving post-2015 framework

The post-2015 framework will set the development agenda for the next 15 years, but the role of trade in delivering that agenda remains wanting. Discussions are currently being guided by a two-track process, which present different opportunities on how to integrate trade considerations: the "what" (the post-2015 agenda and associated goals) and the "how" (finance and implementation tools for the agenda). Trade aspects can therefore be included as: i) a goal within the post-2015 agenda; ii) indicators within the overarching goals; and iii) more generally as an enabler. As will be argued below, these need not be mutually exclusive when integrated into the post-2015 framework.

An overarching trade goal for the post-2015 agenda would catalyse international action on trade for development and boost trade capacity in developing countries and LDCs. Given the broad array of considerations that need to be addressed under the agenda, it may, however, be difficult to deliver on a trade goal. Nonetheless, reducing the cost of trading by promoting action on both tariff and non-tariff barriers is a potential goal for consideration by the international community. Moreover, any free-standing trade goal will have to be supported by an agenda including indicators that aim to balance the social, environmental and economic considerations of the Sustainable Development Goals (SDGs).

> Post-2015 agenda could promote policy coherence in making international trade rules work for international development.

Including trade indicators under the post-2015 goals would overcome the difficulties of promoting an overarching trade goal (in competition with other development considerations) and would also help to boost the role of trade in development. The agenda could advance several trade indicators, both qualitative and quantitative, to ensure that both the quality and quantity of trade are promoted. Possible indicators for consideration include the cost of trading (if not instead used as a goal), a trade index on trade diversification, or an index that measures the pace and quality of trade growth. Including indicators will help to ensure that trade stays in the agenda in the event it fails to deliver on a trade goal. This is particularly important given the lack of trade and economic considerations in the MDGs.

Using trade as an enabler (or means of implementation) for development would be effective in promoting trade policy and infrastructure at the national level, compatible with the development agenda. Further, it could be integrated into development plans at the national level to address the potential economic, social and environmental aspects.

While it will be difficult for the international community to design an implementation architecture that includes specific recommendations on trade policy and infrastructure, highlighting the potential role trade can play in achieving development goals will be important. The architecture could also include mechanisms on access to trade expertise, AfT and human capacity development for developing countries and LDCs, in order to progress sound trade policy and trade regimes. The role of trade as an enabler will also impact the availability and the effective use of finance; for example, financing projects in a competitive trade environment will be more effective than projects behind trade protectionist barriers.

The potential of using trade within an overarching goal—as indicators and as an enabler for development—are not mutually exclusive, and can all be combined to ensure trade is addressed at various levels within the post-2015 agenda, and also at various spatial scales (national to international). Considering trade both as a goal (including associated sub-indicators) and an enabler would be the most effective way to ensure trade is adequately considered in the post-2015 development agenda.

Despite the widespread understanding of the importance of trade in development, the suggested goals of the High Level Panel of Eminent Persons on the Post-2015 Development Agenda[1] currently do not include a trade goal, though trade as an indicator (national targets) is included under the "Create a Global Enabling Environment and Catalyse Long-Term Finance" goal. On the other hand, the Open Working Group on the SDGs (OWG) has yet to release specific recommendations on goals. Their final session has been concluded and they are yet to comprehensively address the role trade can play in development. A recent progress report[2] outlines key highlights of OWG sessions, but trade is not actually mentioned under the trade-related theme on "sustained inclusive economic growth, macroeconomic policy questions (including international trade, international financial system and external debt sustainability), infrastructure development and industrialization". The outcome documents from OWG sessions focus primarily on the need for an equitable multilateral trading system, the need to promote AfT facilitation, and trade as a growth driver, but this has not yet been translated into more specific international action required on trade. Therefore, there exists an information gap that needs to be filled. However, the technical support team (TST) to the OWG has included trade in its description of means of implementation as an enabler for development.[3]

Actions for the international community

The post-2015 framework for development presents a window of opportunity to advance trade considerations for economic development. The trade community should be geared to take advantage of this opportunity that will enable them to fix the rules of the game for trade and development for the next generation. In this regard, a proposal from the trade community on considerations that need to be addressed in the framework, for example through WTO engagement, would help to effectively shape recommendations for the international community, including potential goals and indicators.

> The post-2015 framework is a window of opportunity to advance trade considerations for economic development.

Under the "what" agenda, including trade as an overarching goal will be a tall order since expert groups are already drawing to a close and the High Level Panel has already concluded its task without extensively considering the role of trade. The OWG, however, can revisit the role of trade in development, and integrate it, including a recommendation for a specific trade goal and associated indicators, into its specific recommendations for the agenda. Once included, a trade goal put on the table by the OWG would allow the international community to catalyse action in support of solidifying trade as a goal in the post-2015 agenda. If it is not included, it will be increasingly difficult for the international community to do so, requiring significant will power by states to include it at a later stage during international negotiations scheduled to launch in September 2014.

Under the "how" track, the TST has already recommended trade as a means of implementation (or enabler), which is a significant and important step, but may, however, also signal that trade has adopted a subsidiary role in the post-2015 framework for development. Promoting access to AfT and trade expertise will also be essential to trade capacity development, through the "'how" agenda, and reducing dependency on AfT gradually will be important to promote sustainable and inclusive domestic capacity development in the long term. The "what" agenda should allow sufficient policy space and the "how" agenda should be sufficiently flexible to allow for country ownership and different approaches at the country level, avoiding any one-size-fits-all recommendations at the international level.

The trade community can, therefore, help to ensure a conducive framework that will boost development, for example through actions on NTBs (using a comprehensive set of indicators, including trade diversification) and promoting trade rules conducive for developing countries and LDCs. Boosting the share of trade in developing countries will also help to empower developing countries in the multilateral trade community. A southern proposal on trade development needs by developing countries could influence the formation of trade rules within the agenda, and to ensure that trade is made to work for development. ■

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Notes

1. UN High Level Panel of Eminent Persons on the Post-2015 Development Agenda. 2013. *A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development*. New York: United Nations Publications.
2. UN Open Working Group on the Sustainable Development Goals. 2013. *Progress Report of the Open Working Group of the General Assembly on Sustainable Development Goals*. New York: United Nations.
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WTO Trade Facilitation Agreement and South Asia

The Trade Facilitation Agreement of the WTO has clearly stated that members of a regional economic arrangement may adopt regional approaches to implement the Agreement.

Prabir De

South Asia moves with a massive burden of inertia—an ailing infrastructure within and beyond national borders, landlockedness of three countries, falling productivity in agriculture and manufacturing, and shortage of skilled human resources, to mention a few. As a result, goods often lose competitiveness at home before being sold overseas.[1] Trade facilitation is therefore a necessity for all South Asian countries.

South Asia has gained dubious reputation when it comes to regional connectivity, including trade facilitation. A common set of region-wide trade facilitation measures have not yet been undertaken, and compliance to a single standard has thus far been sidelined. Hence, progress has been limited to only individual country initiatives, undertaken mainly as part of national agenda.

The Agreement on South Asian Free Trade Area (SAFTA) has cursory mention of trade facilitation under Article VIII. It only mentions that Contracting Parties to SAFTA simply "agree to consider" trade facilitation issues, and the region has thus failed to build the requisite institutional mechanism necessary to take forward the regional trade facilitation agenda.

At the multilateral level, Articles V, VIII and X of the General Agreement on Tariffs and Trade (GATT) 1994 guide the movement, release and clearance of goods, including goods in transit, in all World Trade Organization (WTO) Member countries. Efforts to put in place a separate agreement on trade facilitation at the multilateral level have finally gathered momentum. After dillydallying for almost a decade, the Trade Facilitation Agreement (TFA) signed by all WTO Members at the Ninth Ministerial Conference in Bali has given new hope to the trade-led globalization process under the aegis of the WTO. In the case of South Asia, it has been widely canvassed that through the TFA South Asian countries have got an instrument to connect each other more effectively.

Trade facilitation has important implications for a country's export competitiveness. Today, parts and components required in the production of a final product cross borders several times during the production process. Thus, small and medium enterprises (SMEs), particularly in developing countries and least-developed countries (LDCs), are in need of better and more efficient supply chains, for they require efficient access to raw materials, parts and components, and services, to remain competitive in the production of consumable goods. Hence, the need for better and more efficient cross-border production networks is paramount, given the evolution of the global value or production chains. Moreover, for landlocked least-developed countries (LLDCs) such as Afghanistan, Bhutan and Nepal, the need for effective trade facilitation is even greater because inputs are also dependent on the efficiency of the transit mechanisms in neighbouring countries. Higher transaction costs and time at transit port and border would certainly diminish the potential of LLDCs joining global or regional value chains. Thus, it is necessary to consider whether the aforementioned issues are effectively addressed in the TFA.

Multilateralism trumps regionalism

The TFA aims to restructure the way trade facilitation is being managed across the world, particularly in developing countries and LDCs. The

Agreement has two sections: Section I (substantive provisions) is comprised of 13 Articles, whereas Section II (special and differential provisions) has special and differential treatment provisions for developing and least-developed country members.

The Agreement has three distinct provisions for: i) faster and efficient customs procedures; ii) paperless trade; and iii) technical assistance and capacity building. Basically, the TFA aims to build common standard(s) mandatory for all WTO Members. It has three categories of commitments on a negative list basis. Besides, TFA has provisions for early warning system, mechanism for technical assistance and dispute settlement. The TFA also has provisions of assistance to developing countries and LDCs to update their infrastructure, train customs officials and/or meet any other cost associated with successful implementation of the Agreement. A statement by the WTO dated 11 December 2013 indicates the establishment of a Preparatory Committee on Trade Facilitation to perform such functions as may be necessary to ensure the expeditious entry into force of the TFA and to prepare for the efficient operation of the Agreement upon its entry into force. In particular, the Preparatory Committee is supposed to conduct the legal review of the TFA, receive notifications of Category A commitments (about the three categories of commitments, see Box), and draw up a Protocol of Amendment. While the ratification process of the TFA must be currently underway, the WTO General Council may meet no later than 31 July 2014 to annex to the Agreement notifications of Category A commitments, to adopt the Protocol drawn up by the Preparatory Committee, and to open the Protocol for acceptance until 31 July 2015.[2] Ratification has to be done by two-third Members before it comes into force. Besides, the TFA has also recommended setting-up a national level committee on trade facilitation to facilitate both domestic coordination and implementation of the Agreement's provisions.

Box

Three categories of commitments

Category A contains provisions that a developing country Member or an LDC Member designates for implementation upon entry into force of this Agreement, or in the case of an LDC Member within one year after entry into force;

Category B contains provisions that a developing country Member or an LDC Member designates for implementation on a date after a transitional period of time following the entry into force of this Agreement; and

Category C contains provisions that a developing country Member or an LDC Member designates for implementation on a date after a transitional period of time following the entry into force of this Agreement and requiring the acquisition of implementation capacity through the provision of assistance and support for capacity building.

Compulsions, commitments and benefits

All provisions of the TFA are binding on all Members, and they need to implement the Agreement from the date of its entry into force, with some exceptions.

As per the Agreement, each developing country and LDC Member should self-designate, on an individual basis, the provisions it is including under each of the three categories. Moreover, the Agreement has a clear provision that the Members of a regional economic arrangement, such as SAFTA, may adopt regional approaches to assist in the implementation of their obligations under the TFA, including through the establishment and use of regional bodies. In South Asia, if a regional approach is considered, the South Asian Association for Regional Cooperation (SAARC) Secretariat has to undertake corresponding measures as outlined in the TFA, and can even go beyond the provisions mentioned in the TFA if appropriate in view of the region's requirements.

The TFA also includes commitments relating to the publication and transparency of trade regulations and customs procedures. While binding commitments may be explored in case of customs cooperation, the same is unwarranted in other areas—release of goods, and border agency coordination or formalities connected with import, export and transit—in which developing countries and LDCs trail behind middle to upper income countries. Thus, there is a need to systematically strengthen these important trade facilitation areas.

Transit

The TFA also contains a number of provisions to facilitate "transit" trade, such as new rules relating to transit formalities, documentation requirements and the treatment of traffic-in-transit. These provisions are particularly important for LLDCs since they lack efficient transit facilities. South Asian LLDCs are in dire need of transit facilitation and are thus looking to address the issue through enhanced regional integration. In this regard, improved rules on transit in the TFA can facilitate deeper integration in South Asia, but only if the WTO and the SAARC Secretariat can exploit this opportunity to spur the implementation of new transit rules in supporting regional integration projects in South Asia.

Some concerns

Given the present capacity, South Asian countries, particularly the LDCs, will have difficulties in implementing some provisions of the TFA, particularly the release and clearance of goods (Article 7), border agency coordination (Article 9), and formalities connected with export, import and transit (Article 10). And since all provisions of the TFA are binding on all Members, South Asian LDCs have to be cautious in choosing their respective provisions. Exhibits 1–3 explicitly highlight such concerns. Technical assistance and capacity building are required in the areas which are circled in the exhibits.

The exhibits also illustrate the current status of trade facilitation in South Asia. From Exhibit 3, it is evident that high capital investment in South Asian LDCs would be needed to implement commitments under Article 10. In this regard, management of required finances through a global fund for trade facilitation could pave the way in mitigating financial resources needed to implement necessary trade facilitation measures. At the same time, an international inter-governmental agency under Article 13 of the TFA should also be constituted to pursue the trade facilitation agenda under the guidance of the recently constituted Preparatory Committee which is tasked with ensuring the entry of TFA.

> LDCs and many developing countries are in need of financial and technical assistance to implement the TFA.

Lack of financial and technical resources is yet another major concern of LDCs and many developing countries. They do not possess sufficient financial and technical capacity to implement trade facilitation commitments as proposed in the TFA, and are thus in need of technical assistance and capacity building to implement many of the trade facilitation measures. To aid the purpose, international organizations should provide more technical assistance to developing countries and LDCs on trade facilitation issues, particularly enabling them to comply with border management requirements and generating awareness on WTO rules.

Moreover, since the trade facilitation commitments are binding, it is necessary to consider how the so-called "penalty disciplines"—for instance, failing to meet the obligations—will be addressed in the WTO context, and whether the WTO dispute settlement body is adequately equipped to deal with these issues. Furthermore, given the technological asymmetry and lack of resources between developed and developing countries, it would be difficult to conclude that developing countries and LDCs in South Asia, many of which have high trade deficits, will be able to improve their business and trading environment, leading towards trade surplus economies.

Finally, the TFA has not explicitly mentioned about electronic processing of transit documentation, which is necessary to smoothen trade facilitation.

Conclusion

The TFA provides a significant opportunity to reengineer trade processes and procedures, and move towards a paperless trading environment. Simplification of trade and customs procedures and processes are crucial for facilitating trade, and raising export/import competitiveness. Not surprisingly, developing counties and LDCs cannot manage the mandates given to them without support

Exhibit 1
Article 7 of the TFA: Release and clearance of goods

	AFG	BHU	BAN	IND	MAL	NPL	PAK	SL
1. Pre-arrival processing	In place	In place	In place	In place	In place	In place	In place	In place
2. Electronic payment	Not in place	Not in place	In place but improvement needed	In place	In place	In place but improvement needed	In place but improvement needed	In place
3. Separation of release of goods	In place	In place	In place	In place	In place	In place	In place	In place
4. Risk management	In place but improvement needed	In place but improvement needed	In place	In place	In place	In place but improvement needed	In place	In place
5. Post-clearance audit	In place but improvement needed	In place but improvement needed	In place	In place	In place	In place	In place	In place
6. Publication of release time	Not in place	Not in place	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed
7. Measures for authorized operators	Not in place	Not in place	In place but improvement needed	In place	In place but improvement needed	Not in place	In place but improvement needed	In place
8. Expedited shipments	Not in place	Not in place	In place but improvement needed	In place but improvement needed	In place	In place but improvement needed	In place but improvement needed	In place
9. Perishable goods	Not in place	Not in place	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place

Exhibit 2
Article 9 of the TFA: Export, import and transit formalities connected

	AFG	BHU	BAN	IND	MAL	NPL	PAK	SL
1. Formalities and documentation	In place	In place	In place	In place	In place	In place	In place	In place
2. Acceptance of copies	In place	In place	In place	In place	In place	In place	In place	In place
2.3 Acceptance of e-copy and no requirement of original copy by importer	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place
3. Use of international standards	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place
4. Single Window	Not in place	Not in place	In place but improvement needed	In place	In place	In place but improvement needed	In place but improvement needed	In place
5. Pre-and Post-shipment inspection	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed
6. Use of Customs brokers	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed
7. Common border procedures and uniform documentation requirements	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place
8. Rejected goods	Not in place	Not in place	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed
9. Temporary admission of goods/ Inward and Outward processing	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed	In place but improvement needed

Exhibit 3
Article 10 of the TFA: Border agency cooperation

	Commitment	Current status
Clause 2 (i) Alignment of working days and hours	Possible	Partly done
Clause 2 (iii) Development and sharing of common facilities	Possible	Don't exist
Clause 2 (iv) Joint controls	Possible	Don't exist
Clause 2 (v) Establishment of one stop border post control	Difficult in short run	Don't exist

■ Not in place ■ In place but improvement needed ■ in place
◯ Technical assistance and capacity building needed

Source: De, Prabir. 2013. Trade Facilitation in Eastern South Asia: Towards Paperless Trade. Presentation made at the "Trade & Development Symposium" held on 5 December 2013, Bali.

from the international trade community. LDCs, in particular, simply do not possess sufficient financial and technical capacity to implement trade facilitation commitments as proposed in the TFA due to scarce resources, capacity constraints and diverse priorities. Therefore, to protect LDCs from future vulnerabilities, they require strong technical and financial support through multilateral funding mechanisms such as Aid for Trade in the form of infrastructure development, technical assistance and capacity building. Additionally, setting up of a global trade facilitation fund to help LDCs implement their WTO commitments would enable the implementation of trade facilitation commitments. Enhanced Integrated Framework (EIF) may be strengthened to assist LDCs in implementing the TFA. Organizations such as the Asian Development Bank, the World Bank, United Nations Economic and Social Commission for Asia and the Pacific and SAARC Secretariat have to play a stronger role in facilitating infrastructure development, needs assessment, technical assistance, training and capacity building, among others, in South Asia.

Nonetheless, the TFA is a workable Agreement and provides a promising future. It has futuristic clauses in terms of dealing with customs standards and compliance, paperless trade, etc. However, to encourage greater participation of countries, we need safeguards for LDCs and developing countries. Before the General Council of the WTO meets in July 2014, South Asian countries should continue with customized training, public-private dialogues and networking activities to familiarize with the TFA. ■

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Notes

1. De, Prabir. 2011. "Why is Trade at Border a Costly Affair in South Asia: An Empirical Investigation", Contemporary South Asia, Vol. 19, No. 4 (441-64).
2. See the WTO statement dated 11 December 2013, WT/MIN(13)/36 WT/L/911.

graphics8.nytimes.com

Compromise in Bali
The issue of food subsidy

The Bali Decision on public stockholding for food security purposes provides only temporary relief for countries like India that maintain high levels of food stocks.

Sudeep Bajracharya

After more than 12 years of negotiations and a series of failed attempts to reach an agreement on a broad set of issues under the Doha Development Agenda (DDA), the World Trade Organization (WTO) has finally delivered a historic agreement. At the Ninth Ministerial Conference in Bali, WTO Members agreed on the Bali Package, the first significant sign of progress made in the long and contentious journey of the DDA negotiations. Major decisions made at the Ministerial Conference were on three issues, namely trade facilitation, select agricultural issues and some development-focused provisions.

Note that negotiations at the Ministerial were beset by uncertainties when the central issue of food security emerged as a potential deal breaker. On behalf of the G-33 coalition—a group of 46 WTO Members that have large population of smallholder farmers—India had earlier submitted a proposal on public stockholding for food security purposes, and strongly argued that unless developing countries were granted wider policy space to implement food security programmes, there would be no deal in Bali. By taking such a principled position, India opened a debate on the current WTO rules on agriculture which tend to favour the North.

Food security and WTO rules

Nearly 20 years ago, WTO Members came together to reform the global agriculture sector through the Uruguay Round Agreement on Agriculture (AoA). The AoA was formulated to improve market access, and reduce export subsidies and trade-distorting domestic support for agriculture goods. But considering that global trading patterns and practices have evolved significantly since the AoA was formulated in 1995, most of the current forces operating to distort agriculture trade are not adequately addressed in the existing WTO trading regime.[1] Also, the archaic WTO rules on agriculture fail to effectively address serious food security concerns of developing countries.

Today, increasing volatility and rise in global food prices, along with unsustainable population growth and emerging climate change concerns are directly threatening global food and livelihood security. But, while the developed countries have been providing mammoth amount of direct aid to their farming sectors, developing countries are unable to use the provision of food aid due to financial restraints. Rather, their focus is on increasing domestic production by providing support to small farmers through access to credit, inputs, and assured market with stable prices. They also tend to address food insecurity by releasing public stockholding of food and providing it to their low-income population at subsidized prices. Unfortunately, WTO rules do not allow its Members to take such food security measures to an unlimited scale. The *de minimis* level of support, as agreed in the AoA, covers public stockholding and procurement, and for developing country Members, the limit to provide such support is fixed at a maximum of 10 percent of total value of agriculture output of the country concerned.

In view of the food crisis of 2007–2008 and the food price inflation of recent times, which has eroded the ability of many developing countries to run food security programmes in a manner consistent with WTO rules, the G-33 coalition proposed that food stock procured at subsidized prices from low-income or resource-poor producers in developing countries for domestic food aid purposes should not be counted towards the Aggregate Measurement of Support (AMS) ceiling set under WTO rules. Meanwhile,

Increasing volatility and rise in global food prices are threatening global food and livelihood security.

a number of developed and developing countries expressed concern that India and other large stockholders might dump their reserves in the international market, undercutting producers in other countries and depressing global prices.[2]

Bali Decision on Food Security

Despite the principled position of G-33 coalition of developing countries on public stockholding for food security, the final decision of the Bali Ministerial failed to effectively address food security concerns and their demands. Although the Bali decision on the issue of public stockholding was largely based on the G-33 proposal, after lengthy negotiations in Bali, WTO Members only just agreed to put in place an interim mechanism until a permanent solution is found for adoption by the 11th Ministerial Conference of the WTO.

According to the final decision agreed at Bali, Members shall temporarily "refrain from challenging through the WTO Dispute Settlement Mechanism (DSM), compliance of a developing Member with its obligations under Articles 6.3 and 7.2(b) of the AoA in relation to support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes existing as of the date of this Decision".[3] Additionally, the interim solution demands that any developing Member benefiting from the decision ensure that public stockholding do not distort trade or adversely affect food security of other Members; periodically report its agriculture subsidy programmes to the WTO; and notify the Committee on Agriculture if the country is exceeding or risks exceeding current limits on farm support spending so as to enable monitoring of their subsidies.

While the Bali decision on food security does not provide any further discipline on agriculture subsidies, it does leave intact the basic distinction between "Amber Box" and "Green Box" subsidies. Moreover, the Decision does not authorize breaches of the relevant substantive AoA disciplines, but merely provides that such breaches will remain unchallenged under the WTO dispute settlement system.[4] Consequently, the decision only provides a limited period of relief and will thus continue to restrict a developing Member's ability to adopt national food security measures to guarantee its citizens the basic right to food.

Interim solution: Implications for South Asia

Developing countries, India in particular, wanted to amend the AoA to allow for spending on public stockholding and food aid beyond stipulated subsidy limits. But the Ministerial was only able to deliver a temporary solution. Nonetheless, India will breathe a sigh of relief since the Bali decision has temporarily suspended WTO actions on countries that exceed the *de minimis* level. In India, product-specific support for rice and wheat are rising. In fact it has breached the 10 percent limit many times in the past decade. In 2012/13, support to rice and wheat was 32.4 percent and 30.[5] percent of the value of production of rice and wheat, respectively.5 Despite such high product-specific support, India has enough policy space to implement food security programmes because the current total AMS is below the *de minimis* limit. Moreover, when given due consideration for inflation as dictated in part XI, Article 18 of the AoA, India's domestic support levels are little cause for concern.[6] Interestingly, this raises a fundamental question: why did India challenge the existing WTO rules on domestic support for agriculture if India has ample room to implement food security programmes?

The recently promulgated Indian Food Security Act 2013 is likely the only reason for India's vocal response to WTO rules on public stockholding. The Act guarantees right to food to nearly 75 percent of India's rural population and 50 percent of the urban population by providing priority households 5 kg of food grains per person per month, and Antyodaya households 35 kg per household per month.[7] To support the programme, the government has to procure and distribute 63 million tonnes of food grains annually, which is around 30 percent of India's food grain production.[8] But since India procures food grains at minimum support price (MSP), a subsidy is involved, and as per the AoA, the subsidy should be accounted for in domestic support as part of the Amber Box. Accordingly, if the Food Security Act is enacted, India's food subsidies could breach the 10 percent mark and consequently leave India open to the scrutiny of WTO's DSM. Fortunately for India, the Bali decision covers all existing public stockholding programmes for food security purposes at the date of the decision, thus including India's ambitious national food security programme.

While existing WTO rules on subsidy is a critical issue for India, the same is not true for other South Asian countries since they have thus far not fully utilized the policy space provided under WTO rules to implement food security programmes.[9] Nonetheless, with the Bali provision now in place, all South Asian countries can technically subsidize their existing food security programmes without worrying about breaching the *de minimis* level. However, apart from India, existing food security programmes in other South Asian countries are well within WTO's *de minimis* limit. Hence they do not stand to gain much from the recent Bali decision on public stockholding. On the other hand, given India's large food subsidy programme, and considering the porous nature of national borders, leakage of subsidized agriculture products from India to neighbouring countries could be a real threat to food security of other South Asian countries. The leakage can be a nightmare for local farmers in neighbouring countries for they will have to compete with subsidized Indian food grains coming to the local market through illegal channels. Moreover, even without much increase in India's domestic production, India will be stockpiling food grains to use for the food security programme. This could shoot up food prices and significantly hurt other countries of the region, all of which are net food importing countries. Considering the potential negative impacts of India's food security programme, much will depend on India's food grain management and distribution strategy. However, before jumping to conclusions, it would be advisable to investigate how public stockholding of food has been used to mitigate food price volatility in India.

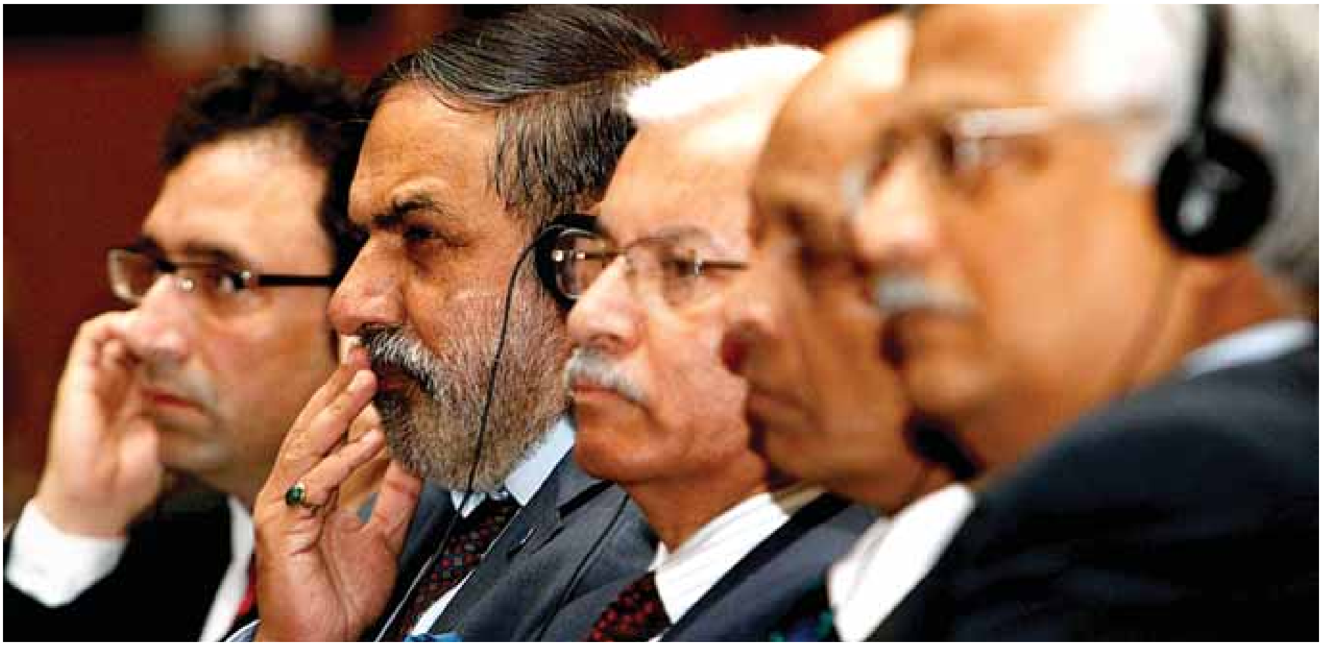
South Asia is arguably the most food insecure region and highly vulnerable to food price inflation. In response to rising food prices, wide range of policy instruments—domestic food price reduction, safety net programmes and stimulation of production—have been used by South Asian countries to ensure food security of its people. India in particular, has increased the supply of food stocks, provided consumer subsidies, started feeding programmes and even resorted to export restrictions during national and global food crises.[10] But interestingly, a closer look at India's public stockholding reveals that India has failed to effectively release its public stockholding during times of food emergencies. For instance, during 2007–2008 world food crisis[11] that particularly affected developing countries, India did not effectively use its public stockholding to ensure food security of its people, as is evident by the fact that India's food stockholding[12] increased significantly in 2007/08 and continued to rise in subsequent years.[13] Instead of accessing its national buffer stock to combat price inflation, India resorted to export restrictions and chose to ban the export of non-basmati rice.[14] The imposition of India's ban on rice exports in February 2008 aggravated rice shortages in other countries of the region, particularly in Bangladesh, and put inflationary pressures on rice prices.[15]

> Leakage of subsidized agriculture products from India to neighbouring countries could threaten their food security.

In light of the fact that India has thus far not been efficient in addressing food security concerns through food security programmes, mainly public stockholding, the Bali outcome on the issue of public stockholding for food security purposes will likely have only limited impact on food security of other South Asian countries. However, considering India's notorious history of engaging in trade protectionist policies, in case the National Food Security Act is enacted, India might resort to export ban when stockpiling for the programme and later dump the stock in the international market. Hence, if India commits to enacting the Food Security Act without proper monitoring and strengthening of customs administration to keep the illegal trade of subsidized food products from India in check, the huge food security programme could have trade-distorting effects and jeopardize the food security of other South Asian countries.

Conclusion

There is no denying that the current WTO rules on agriculture are biased towards developed countries, and are major impediments to meeting the first Millennium Development Goal of reducing hunger and poverty. Like the developed countries, India and other developing countries should also have similar, if not equal, flexibilities to provide subsidies for food security purposes. Unfortunately, the Bali "peace clause" only provides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temporary relief for countries like India that maintain high levels of food stocks. However, from the perspective of other South Asian countries, the Bali outcome is merely another threat to their food security, for the decision gives India a leeway to increase its public stockholding beyond the limit prescribed by the WTO without any repercussions if coordinated actions for food security at the regional level are not taken. Concomitantly, India is arguing that the Bali decision on public stockholding is a transitional measure towards the full recognition of the legitimacy of India's food security programmes. But without the completion of the negotiations, it will be impossible to conclude that the Bali outcome has been in India's long-term interest.

Considering that the Bali outcome on food security is only a trailer of the battle that will unfold in coming years, India will have to prepare for negotiations that lie ahead. In the meantime, India will find it difficult to comply with the notification requirements under the interim solution. As far as other South Asian countries are concerned, they will be urging the WTO to efficiently monitor India's food security programme, hopeful that the programme will only have minimal impact on their national food security. ■

Notes

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2 Chatterjee, Bipul, and Sophia Murphy. 2013. "Trade and Food Security." Agriculture and Food Security Group Proposals and Analysis. Published under the E15 Initiative Strengthening the Multilateral Trading System. Geneva: ICTSD.

3 WTO. 2013. "Ministerial Decision on Public Stockholding for Food Security Purposes". WT/MIN(13)/38.

4 Häberli, Christian. 2014. "After Bali: WTO Rules Applying to Public Food Reserves". Prepared for the FAO Expert meeting on reserves/stocks and specifically their potential role in market/price stabilization in Rome, 30-31 January. http://www.wti.org/fileadmin/user_upload/wti.org/news/140130_Haeberli_Stockpiles_Final_for_FAO.pdf.

5 Narayanan, Sudha. 2014. "The National Food Security Act vis-à-vis the WTO Agreement on Agriculture". *Economic and Political Weekly* Vol. XLIX(5).

6 *ibid.*

7 *ibid.*

8 *ibid.*

9 According to the latest WTO notification available on domestic support, the current total AMS for all WTO South Asian Members, apart from India, is zero. Meanwhile, India, Nepal and Sri Lanka are the only South Asian countries that have declared public stockholding for food security purposes (green box) equivalent to US$5475.52 million (2003/04), US$1.28 million (2011) and 11.1 million Sri Lankan rupees (1997) respectively. http://www.wto.org/english/tratop_e/agric_e/ag_work_e.htm.

10 Carrasco, Bruno, and Hiranya Mukhopadhyay. 2012. "Food Price Escalation in South Asia: A Serious and Growing Concern." South Asia Working Paper Series No. 10, Asian Development Bank.

11 Global prices of important cereal crops rose significantly from mid 2005 to 2008. Wheat and rice prices nearly doubled, triggering a food crisis in 2007−2008 that particularly affected developing nations.

12 For data on India's public stockholding, refer to Narayanan (2014). Note 5.

13 For more information on the impact of 2007−2008 global food crisis on India, see http://news.bbc.co.uk/2/hi/south_asia/7327858.stm.

14 http://news.bbc.co.uk/2/hi/south_asia/7323713.stm.

15 Vokes, Richard, and Savindi Jayakody. 2010. "Managing the Food Price Crisis in South Asia". In *Promoting Economic Cooperation in South Asia*, edited by Sadiq Ahmed, Saman Kelegama, and Ejaz Ghani. Washington, D.C.: World Bank.

Bali outcome of the WTO

Reflections from an LDC's perspective

Mustafizur Rahman

The Bali Ministerial Declaration, adopted at the Ninth Ministerial Conference (MC9) of the World Trade Organization (WTO), must be seen as an important milestone in the life of the WTO Doha Round negotiations initiated in 2001. It is remarkable that Ministers were able to salvage the Round in Bali by arriving at a consensus, albeit on a limited set of issues. Failure in Bali would have put not only the Doha Round but also the multilateral trading system under serious threat. What Bali delivered is of significance to the weaker economies and the least-developed countries (LDCs) since a rules-based multilateral trading system provides them with the opportunity to negotiate flexibilities, waivers and special and differential treatment (S&DT); something that is not easily achievable on a non-reciprocal basis through bilateral or plurilateral negotiations. However, the ambition set out at MC9 was rather low, and Bali could not live up to the aspirations of the LDCs since it failed in securing some key deliverables.

Trade facilitation and food security concerns dominated the debate in Bali, and a lot of energy had to be spent to balance the opposing interests of the Members involved. In the process, the developmental content of the Doha Round got rather marginalized. However, one has to admit that there was a broad consensus among all the Members that an LDC Package should be an integral element of any negotiated outcome in Bali. Development and LDC issues thus emerged as a pillar in the Bali Package and included a number of important issues of concern and interest to the LDCs. Having said that, however, decisions taken on trade facilitation, agriculture and cotton also have important significance for the LDCs.

Trade facilitation

Developed countries had high interests in having an agreement on trade facilitation in Bali. In fact, hardly any Member contested the critical importance of the interface between trade and trade facilitation, and the potential benefits that could accrue from the Trade Facilitation Agreement (TFA). However, the apprehension of many developing countries and LDCs was that the commitments to comply with the Agreement could be onerous, and inability to comply with it could lead to sanctions and undermine their trade interests. Nevertheless, after intense negotiations, the text of the Agreement was finalized in Bali.

According to the timeframe set for the implementation of the TFA, the Protocol of the Agreement has to be accepted by 31 July 2015, after which the Agreement will come into force. Developing countries and LDCs have been given grace periods ranging from two to eight years to implement the Agreement. Once the grace period is over, issues related to non-compliance

> Trade facilitation and food security concerns dominated the debate in Bali due to opposing interests of Members involved.

with the Agreement can be taken to the WTO dispute settlement body against any Member, including the LDCs, although the Bali text states that "Members shall exercise due restraint in raising matters under the Understanding on Rules and Procedures Governing the Settlement of Disputes involving LDCs".

The timeframe as well as the technical requirements necessary to implement the TFA pose formidable challenges to the LDCs. Thus, LDCs should remain actively engaged in the work of the Preparatory Committee envisaged under the Agreement to ensure that their concerns get reflected in the Protocols which will be developed in the coming months. It has been agreed that LDCs will be required to undertake commitments to the extent they are commensurate with their development needs, institutional capacities, administrative strength and available resources. Also, both developed and developing country Members have been asked to provide capacity building support to the LDCs in addressing the complex needs related to implementing the Protocols. Therefore, LDCs should be provided with additional resources to help them implement the Agreement. The role of Aid for Trade and Enhanced Integrated Framework is crucial in this regard.

Another concern relates to overlaps in some provisions of the TFA with other WTO agreements such as on customs valuation, sanitary and phytosanitary measures and technical barriers to trade. LDCs should be careful to ensure that provisions in the TFA are harmonized with provisions in these different agreements so that it does not become burdensome for them to ensure compliance.

Agriculture and cotton

A major focus of the MC9 negotiations on agriculture was the issue of "public stockholding for food security". Many developing countries, led by India, demanded that public stockholding programmes for food security purpose should be shielded and protected from commitments made in the WTO Agreement on Agriculture (AoA). Thus, the challenge was to identify ways to allow developing countries the cushion and flexibility to exceed their domestic support limits. After prolonged negotiations, it was decided that under certain conditions, developing countries would not be challenged legally even when their trade-distorting domestic support exceeded the permissible limit. However, this is only an interim solution and Members have committed to set up a Work Programme to find a permanent negotiated outcome within a four year period, that is, not later than the 11th Ministerial Conference of the WTO.

With regard to administration of tariff rate quota for agriculture products, developing countries asked developed countries to make it easier for them to export when their farm producers cannot fulfil import quotas that are in place in the developed countries. Members have agreed that they would continue to consult on this further and the concerned country would be informed if the quotas remain under-fulfilled.

LDCs need to carefully analyse the implications of the decision in Bali with regard to public stockholding for food security, from the perspectives of both their offensive and defensive interests. Support and subsidies beyond the limit permitted by the AoA could lead to lowering of food prices in the countries providing the support and subsidies. In such a case, LDCs having export interest in these countries could be adversely affected. On the other hand, stockpiling of food could lead to food shortage in the global market. Thus, impact of the decision for global markets of food items, both in terms of price and availability, should be carefully examined.

There is no denying that food security concerns of developing countries such as India are genuine, and therefore, adequate measures and safeguards should be in place, particularly in view of the high concentration of poor people. However, the interests of net food importing LDCs, as well as food surplus ones, should be taken cognisance of. If analysis reveals that their interests could be adversely affected, adequate measures should be put in place within the WTO system to take care of the attendant concerns.

The issue regarding cotton was important mainly to the four cotton exporting African countries, namely Benin, Burkina Faso, Chad and Mali. Following the decision of the Hong Kong Ministerial Conference of the WTO, Members reconfirmed that all forms of export support and subsidies provided by developed countries would be eliminated. They agreed that this would also apply to other measures with equivalent effect, including in case of domestic support for cotton, and tariff and non-tariff measures applied to cotton exports from LDCs in markets of interest to them. Moreover, dedicated discussions were to be held on a bi-annual basis to examine relevant trade-related developments across the three pillars of market access, domestic support and export competition as these relate to cotton.

Development dimension and LDC issues

Besides the decisions taken on trade facilitation, agriculture and cotton, four specific issues related to the LDCs were discussed in Bali. They were: i) duty-free and quota-free (DFQF) market access; ii) preferential rules of origin (RoO); iii) services waiver; and iv) monitoring mechanism on special and differential treatment.

DFQF market access for LDCs

A commercially meaningful market access through DFQF treatment for all goods originating from LDCs has been a key demand of the LDCs in the Doha Development Round. Though some progress has been made in this regard, as is evident from the Hong Kong Ministerial declaration relating to DFQF, important LDC exportables continue to face high tariffs in some of the developed country markets as the DFQF market access provided by the Hong Kong Ministerial was limited and constrained by the "97 percent" caveat. While the reluctance of some key Members, most notably the United States (US), to offer full DFQF market access to LDCs was a reason for this half-hearted measure, serious divisions within the LDC group itself, for instance some African and Caribbean LDCs'—Lesotho and Haiti to be more precise—concern about the likely impact of even the 97 percent DFQF market access on their existing share of exports in key markets also played a role.

Thus, there was a need to find a solution in Bali which was acceptable to all LDC Members. One solution could have been identifying overlapping tariff lines between Asian and African LDCs and then identifying mutually acceptable solutions that could lead to additional enhanced market access without having adverse implications on the concerned LDCs. For example, Bangladesh, Nepal and Cambodia export a range of products that are not exported by Haiti or African LDCs. However, the Bali decision on DFQF market access turned out to be a disappointment as it was merely a reflection of the status quo. It reiterated the decision of the Hong Kong Ministerial and stated that prior to MC10

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developed country Members that do not yet provide DFQF market access for at least 97 percent of the products originating from the LDCs, defined at the tariff line level, shall seek to improve their existing DFQF coverage for such products so as to provide increasingly greater market access to the LDCs. Developing countries, declaring themselves in a position to do so, shall also seek to provide DFQF market access for products originating from the LDCs. Members were also asked to notify their respective DFQF schemes for the LDCs. The Committee on Trade and Development was asked to continue to annually review the steps taken by Members to provide DFQF market access to the LDCs and report the progress in this regard to the General Council for appropriate action.

Regrettably, however, no specific and transparent timeline was mentioned for the progressive inclusion of the "three percent exclusion list". Also, no concrete modality was spelled out for Members who said that they faced difficulty in implementing the Hong Kong Decision in order to ensure that they provided "increasingly greater market access" to LDCs prior to MC10.

It appears that the ambition of predictable and secured DFQF market access for all products originating from LDCs on a lasting basis is unlikely to be realized in the course of the Doha Round. Meanwhile, it will be the Generalized System of Preferences schemes and bilateral and regional free trade agreement negotiations through which LDCs would endeavour to get preferential access in the markets of developed countries. This would mean that key products of export interest, such as apparels, of many LDCs, particularly those in the Asia-Pacific region, such as Bangladesh, Nepal and Cambodia, will have to continue to enter the US market facing average tariff rates of about 15 percent. Therefore, LDCs must continue to aggressively pursue the DFQF agenda in future negotiations in the run up to MC10.

> Measures related to rules of origin in the Bali Declaration need further clarification as they are of "best endeavour" nature.

Preferential rules of origin

Preferential RoO are key to ensuring that LDCs are actually able to realize the market access opportunities provided by the DFQF initiative. Therefore, LDCs argued that the domestic value addition requirement criteria, whether it is *ad valorem*, or change of tariff heading, or processing operation, should be defined in such a way that it takes cognisance of their domestic supply-side and productive capacities. They also demanded that cumulation should be defined by preference-providing Members in a manner that enhances the capacity of the LDCs to realize the benefits of preferential access.

But, as in the case of DFQF, MC9 underscored the importance of RoO for LDCs and simply recalled the Hong Kong Ministerial Declaration which stated that "Developed country Members shall, and developing country Members declaring themselves in a position to do so, should ensure that preferential RoO applicable to imports from LDCs are transparent and simple and contribute to facilitating market access". Nevertheless, with regard to *ad valorem* percentage criterion, in view of the limited productive capacity in LDCs, Members have been requested to keep the value addition threshold as low as possible—foreign inputs to a maximum of 75 percent of value. However, there is no binding commitment. In case of the other two possible criteria, Ministers called upon Members to take into cognisance productive capacities of the LDCs, but did not offer any specific guidelines.

Given that all measures in relation to RoO in the Bali Declaration are of "best endeavour" nature, in the subsequent negotiations, LDCs will need to continue their efforts to bring more clarity to these formulations.

Services waiver

At MC8 in Geneva, Members had agreed to a services waiver, which permitted Members to grant preferential market access to services and service providers of LDCs without violating the most favoured nation principle of the WTO. In view of the increasing importance of services in the domestic economies of the LDCs, and also the growing share of services in emerging global trade, this was an important development. The next step was to operationalize the waiver.

LDCs' interests in this context were in several areas: i) expeditious and effective operationalization of the waiver to allow meaningful preferential access to LDCs' services and service suppliers; ii) increased technical and financial assistance to strengthen domestic services capacity of LDCs; iii) convening of a High Level Meeting as early as possible in 2014 to address the attendant issues; iv) elimination of all economic needs test for services and service suppliers of LDCs; and v) information to be provided by Members on the steps they were taking in view of the decision on services waiver.

MC9 instructed the Council for Trade in Services (CTS) of the WTO to initiate the needed process aimed at promoting expeditious and effective operationalization of the services waiver, with provisions for periodic review. Moreover, it asked the CTS to convene a high-level meeting six months after LDCs submitted a "collective request" identifying the sectors and modes of supply of particular export interest to them. It also encouraged Members to extend preferences to LDCs' services which have commercial value and which can promote economic benefits to LDCs, and asked Members to provide technical assistance and capacity building support to LDCs to enable them to make use of the services waiver.

In view of this, LDCs need to identify the sectors and modes of supply which are of particular interest to them and submit a "collective request". Members who will provide market access to LDCs will also come up with their offer list; therefore, LDCs need to be aware and well informed about the demand-side market scenario if they are to effectively participate in the subsequent negotiations and make noteworthy progress.

Monitoring mechanism

S&DT provisions in support of developing countries and LDCs have faced criticism in the past for being weak in terms of implementation and enforcement. Therefore, a mechanism to monitor the implementation of S&DT provisions was perceived to be of high interest to the LDCs. Moreover, they felt that the Mechanism, rather than conducting only a diagnostic analysis, should be vested with a prescriptive role which would empower it to make binding recommendations.

The Mechanism was important also because negotiations had earlier failed to demonstrate readiness to consider the "Cancún 28 agreement-specific proposals".[1] It was felt that the Bali Ministerial would bring some clarity to the Work Programme towards enforcement of the Cancún proposals. MC9 adopted the decision to establish a Monitoring Mechanism which was to serve as "a focal point to analyse and review the implementation of the S&DT provisions". In the event a problem was identified in relation to any S&DT provision, the Mechanism was empowered to consider whether it resulted from implementation or from the provision itself. In line with the LDCs' demand, the Mechanism may, as appropriate, make recommendations to the relevant WTO body for i) consideration of actions to improve implementation of the relevant S&DT provision; or ii) initiate negotiations aiming at the above. The decision, however, does not mention any time-bound commitment with regard to consideration of the Mechanism's recommendation to the relevant body. The timeline for the review of the Mechanism—three years

The Bali Package was a compromise: some outcomes are not legally binding, and many issues were not fully addressed.

after its first formal meeting—is also rather long. Nonetheless, LDCs should try to make the best use of this new window. Since most S&DT measures still remain under best endeavour provisions, the Mechanism could be a good opportunity for the LDCs to flag their concerns related to particular S&DT provisions and try to resolve those by presenting the issue to relevant WTO bodies.

Conclusion and way forward

The Bali Ministerial took a number of important decisions which concerns both offensive and defensive interests of the LDCs, but it failed to fully consider the Doha Development Agenda (DDA). Nevertheless, it has asked the Trade Negotiations Committee to prepare, within the next twelve months, a clearly defined Work Programme on the remaining DDA issues.

It is commonly understood that the Bali Package was a compromise. Some of its outcomes are not legally binding and many of the issues were not fully addressed. Recognizing this, the MC9 decision states: "Issues in the Bali Package where legally binding outcomes could not be achieved will be prioritised. Work on issues in the Package that have not been fully addressed at this Conference will resume in the relevant Committees or Negotiating Groups of the WTO".

In view of the above, the following would be a way forward for the LDCs: To comply with the TFA, LDCs need a huge amount of resources on account of infrastructure development, putting in place the needed hardware and software, and undertaking required reforms and regulatory measures. Therefore, they should work to specifically identify their technical and financial needs and explore various avenues within the WTO and other relevant agencies to source the required financial support and technical assistance. They should also set up or designate an existing body as the Trade Facilitation national body, as is stipulated in the Bali Decision, and get on with related work with due urgency.

A number of elements in the Bali package are likely to be of significance for some LDCs. The decision with regard to cotton could have implications for cotton prices, while the decision on food security could have implications for food prices and food availability in the global market. LDCs with both export and import interests should carefully study the implications of these decisions and put forward their concerns to the relevant WTO bodies.

With regard to the DFQF market access, LDCs should work further to narrow down their differences with a view to project a united front. Specific formulae could be developed to address this issue in a mutually beneficial manner.

With regard to the follow-up work such as the one relating to the upcoming high-level meeting on services waiver, LDCs need to work with urgency to prepare a collective request that would cover sectors and modes of supply of particular export interest to them.

Work on many unresolved issues such as non-agricultural market access and others will continue in Geneva in various negotiating groups and platforms of the WTO. LDCs should remain proactively engaged in these negotiations, build alliances and find a common voice with a view to pursue their priorities, addressing their concerns and advancing their collective interests. ■

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Note

1 At the Fifth WTO Ministerial in Cancún, Members had agreed to an "in-principle agreement" relating to 28 S&DT provisions in the WTO Agreements.

Role of Aid for Trade
in a post-Bali framework

Aid for Trade is necessary for the effective implementation of the Decisions of the Ninth Ministerial Conference of the World Trade Organization.

Simon Hess

In developing and least-developed countries, Aid for Trade (AfT) has an important role to play in maximizing the opportunities of development through trade. The Decision on AfT made by the recently held Ninth Ministerial Conference (MC9) of the World Trade Organization (WTO) has led to renewed emphasis on the role of AfT in facilitating global trade. Mainly three issues—the WTO's Trade Facilitation Agreement (TFA), the upcoming post-2015 Development Agenda, and an increasing focus and alignment of donor aid programmes on mutually beneficial trade and investment objectives—are likely to impact the form and focus of AfT in the coming years.

Bali outcomes

The success of MC9 in Bali was based on a number of key decisions[1], the most highlighted of which was the TFA. During the course of negotiations on the TFA, a key aspect was the recognition that new trade facilitation obligations would be substantially more difficult for developing countries and least-developed countries (LDCs) to comply with unless they are provided with the requisite additional financial and technical resources. Accordingly, the TFA includes a number of articles related to development assistance requirements of developing countries and LDCs.

To implement the TFA, developing countries and LDCs are likely to require assistance to meet several costs, including regulatory costs (formulating laws and implementing them), institutional costs (institutional restructuring and staff costs), training costs, equipment/infrastructure costs,

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and awareness-raising and change-management costs.[2] These costs are likely to vary substantially across countries. According to the Organisation for Economic Cooperation and Development (OECD), direct costs will be in the range of €3.5 million to €19 million, and annual operating costs will be a maximum of €2.5 million.[3] However, case studies of three countries conducted by the World Bank show that the costs of implementing the TFA will be in the range of US$2.4 million to US$10.5 million per country.

In preparation for implementation of the TFA, WTO Members have undertaken needs assessments in relation to the technical areas in the Agreement, which will lay the basis for development assistance. Moreover, the needs assessment exercise complements additional trade facilitation analysis that has been or is currently being undertaken through mechanisms such as the Diagnostic Trade Integration Strategies (DTIS) financed through the Enhanced Integrated Framework (EIF) Trust Fund in LDCs.

As a follow-up to the Bali Ministerial, donors, international organizations and regional development banks met in Geneva on 5 February to begin discussions on how to coordinate development assistance for the implementation of trade facilitation measures and relevant mechanisms necessary to implement them. Key implementing agencies for technical assistance participated in the meeting and indicated their willingness to contribute further.

The TFA notes that effective coordination in the implementation of technical assistance will be critical. Furthermore, for capacity building, it calls for support from non-traditional donors and sharing of experiences as well as taking regional and sub-regional initiatives.

Besides the TFA, Bali decisions on "Cotton" and "Operationalization of Services Waiver" both explicitly mention the requirement of technical assistance to implement the decisions. With respect to Cotton, Article 10 of the Ministerial Decision on Cotton invites "LDCs to continue identifying their needs linked to cotton or related sectors" and urges implementation through "existing aid-for-trade mechanisms/channels such as the EIF and the technical assistance and capacity building work of relevant international institutions".

Regarding Services Waiver, recognizing the need to "help increase the participation of LDCs in world services trade" and benefit from the waiver, the Ministerial Decision on Operationalization of Services Waiver also places a focus on "targeted and coordinated technical assistance" and provides similar language as in the Decision on Cotton regarding the use of mechanisms such as the EIF and relevant international institutions. Importantly, development assistance is linked to the identification of services-related needs in national development strategies and donor dialogue. For LDCs, these issues may be important in the next round of DTIS updates.

AfT in the post-2015 development agenda

The United Nations is currently working to set a new framework for development after the Millennium Development Goals (MDGs) come to an end in 2015. Termed the "Post-2015 Development Agenda", various initiatives are currently underway, including through the formation of a High Level Panel of Eminent Persons, for its planning. Thematic, regional and national consultations that would provide inputs to the framework are expected to be completed on time so that the post-2015 development goal-setting agenda could be finalized by September 2015.[4]

> Developing and least-developed countries will need assistance to implement the Trade Facilitation Agreement.

A number of influential organizations have called for trade to play a key role in the post-2015 development framework. For instance, the *European Report on Development 2013* has highlighted the potential role of trade as a development enabler in the post-2015 Development Agenda. WTO Members have also reaffirmed the importance of trade, and more specifically AfT, for post-2015 development as they note "the continuing need for Aid for Trade for developing countries, and in particular of LDCs", highlighting in particular that the upcoming AfT Work Programme should be "framed by the post-2015 development agenda". Thus, it is hoped that trade will be anchored in the post-2015 Development Agenda.

Linking trade, aid and investment

Ongoing discussions on the post-2015 Development Agenda hint that an increased focus in the new development framework will be on the role of private sector and investment, particularly the emergence of a "third generation" AfT with increased leveraging of other financial flows and closer connections to public and private actors.[5] Part of the increased leveraging is likely to be utilizing aid to leverage foreign direct investment (FDI) from developed to developing countries, perhaps mirroring some of the methods used by emerging economies such as China.[6] More recently, there has also been rise in FDI flows from emerging developing countries to other developing countries and LDCs. Much of this new dynamism is directly related to trade, with a virtuous cycle often taking place through a "trade-investment-services nexus".[7] Here, investment drives trade as firms develop cross-border production networks based on investments in parts of the value chain in various connected locations.[8]

Third-generation AfT is already evident in the new trade and development policies of a number of developed countries. Denmark, Ireland and the Netherlands, for instance, have created new ministerial positions specifically linking the portfolios of Trade and Development. Similarly, Australia's Aid Department, AusAID, was recently integrated into the country's Department of Foreign Affairs and Trade, and similar initiatives are being taken in Canada with the creation of Foreign Affairs, Trade and Development Canada.

Moreover, recent policy papers and indications from major donors also signify a much closer link between development assistance, trade and investment. For example, recently, the United Kingdom's (UK) Secretary for International Development announced that the UK will increase investment in growing emerging frontier economies to end their dependency on aid, and will partner with leading companies to improve business conditions in Africa and South Asia.[9] In a similar vein, the Netherlands Government recently published a new policy document, *What the World Deserves: A New Agenda for Aid, Trade and Investment*, seeking synergy in the country's trade and development policy with ambitions for Dutch companies internationally. Also, the Danish Government's "Opportunity Africa" was launched specifically linking foreign policy with development cooperation, trade and investment. Similarly, Finland's AfT Action Plan for 2012–2015 focuses on "creating jobs through private sector and trade development" and brings a comprehensive link between direct engagement with developing country policy in traditional aid mechanisms, as well as through building partnerships directly with Finnish private sector and companies, public sector or civil society organizations in developing countries. Australia has also recently announced a shift in its aid programme towards economic growth, with an increased focus on aid for trade as a key lever,[10] and Canada is actively looking for mechanisms to increase the role of the private sector in development assistance.[11]

At the multilateral level, increasing role of the private sector in development is becoming more prominent. It was the focus of a meeting of 20 International Financial Institutions (IFIs) in Washington[12] and will feature as one of the five key themes in the follow-up to the Busan Declaration at the first High-Level Meeting of the Global Partnership for Effective Development Co-operation due to take place in Mexico City.[13]

> The Ninth Ministerial Declaration places Aid for Trade within the context of the post-2015 Development Agenda.

This, perhaps, marks a departure from some of the delinking of aid, but at the same time brings trade and investment to the forefront of development assistance initiatives. The new direction balances traditional social objectives of development with an increased focus on economic and trade objectives and assistance. To meet that end, there is likely going to be a shift towards increased use of loans and alternative finance mechanisms as opposed to traditional grants-based assistance.

Conclusion

AfT is necessary for developing countries, particularly LDCs, to maximize the opportunities available in using trade as a means for development. The Bali Decision on AfT is testament to this. The Ministerial declaration clearly places AfT within the context of the post-2015 Development Agenda, which will, in turn, shape the direction of the AfT Work Programme. To implement the Bali Decision, particularly on trade facilitation, it is important to put in place effective mechanisms to provide AfT and to coordinate them, such as, in case of LDCs, through mechanisms such as the EIF.

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Notes

1 A number of decisions were taken, specifically with regard to trade and developing countries, and in some instances specifically LDCs, including those on Preferential Rules of Origin, Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of LDCs; Duty-Free and Quota-Free Market Access; and Monitoring Mechanism on Special and Differential Treatment.

2 OECD. 2012. The Costs and Challenges of Trade Facilitation Measures. Report for the Working Party of the Trade Committee, TAD/TC/WP(2012)25. Paris: Organisation for Economic Co-operation and Development.

3 *ibid.*

4 These include the Open Working Group on the Sustainable Development Goals (OWG); UN System Task Team on the post-2015 Development Agenda; and the Intergovernmental Committee of Experts on Sustainable Development Financing.

5 te Velde, D. W. 2013. "Debating the Potential for 'third generation' Aid-for-Trade". Blog, Business Fights Poverty, 11 January.

6 *ibid.*

7 Baldwin, R. 2011. "21st Century Regionalism: Filling the Gap between 21st Century Trade and 20th Century Trade Rules". CEPR Policy Insight No. 56. London: Centre for Economic Policy Research.

8 *ibid.*

9 https://www.gov.uk/government/news/greening-uk-will-focus-on-frontier-economic-development

10 http://foreignminister.gov.au/speeches/2014/jb_sp_140213.html

11 For instance, see "Driving Inclusive Economic Growth: The Role of the Private Sector in International Development", the Sixth Report of the Standing Committee on Foreign Affairs and International Development, tabled in the House of Commons on 7 November 2012. http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/FRA-37870-HDX

12 http://ifcext.ifc.org/IFCExt/pressroom/IFCPressRoom.nsf/0/3B4DFD6526A8109E85257C020063FC6D?OpenDocument

13 http://effectivecooperation.org/2014/02/03/first-high-level-meeting-of-the-global-partnership/

Conserving agriculture biodiversity for sustainable agriculture

K. Raghavendra Rao

The Babu Budangiri range of hills in the Chikmagalur district of the southern Indian state of Karnataka is a part of the Western Ghats—a mountain range along the Western coast of India—and is one of the world's ten "hottest biodiversity hotspots". The lush tropical forests of the Ghats support a wide variety of plants and animals, including mammals, birds, reptiles, amphibians as well as countless forms of soil micro-flora and -fauna. Incidentally, not all is well since a biodiversity hotspot is a "region with a significant reservoir of biodiversity that is under threat from humans"[1].

When the British started exploring the Ghats in the mid-1800s, they were quick to realize that the undulating topography and the climate were suitable for coffee cultivation. Subsequently, the Babu Budangiri region was among the areas chosen for the grand experiment. The great numbers of coffee estates that continue to exist today are testimony to the success of that experiment.

Though the British left India in 1947, the Indian owners of the estates continued with fervor what the British started one and a half century ago. Diverse trees and shrubs were cleared to make way for coffee. Natural landscapes altered—decimated even—and monocultures of coffee predominated.

Unsurprisingly, diseases and pests associated with coffee monoculture are common, and ever-potent fungicides and insecticides are used in vain to control them. Most planters are stuck firmly to the pesticide-fertilizer treadmill, and as a result, naturally pristine environment continues to be polluted with noxious chemicals. This gives rise to a fundamental question: who should stop these practices that continue to threaten the biodiversity of the region?

Considering that coffee is one of the most widely traded commodities in the world, coffee planters are motivated by monetary gains and are not concerned with the loss of biodiversity resulting from the predominance of a single crop. Consequently, it is unlikely that there will be any concerted effort on the part of the planters to reverse established "corporate" practices that undermine the environment and soil quality, and return to traditional eco-friendly method of farming.

However, it would be unfair to put the entire blame on the planters for they are merely adopting what are now globally established practices. In other words, commercialization of agriculture has resulted in the culture of favouring certain crops over others for a number of reasons, notably for profits. Also, with the"globalization of eating habits"—food consumption baskets fast converging towards a limited set of food products—there is little incentive for maintaining the genetic diversity of crops. Today, 80 percent of the world's dietary energy is supplied by merely a dozen industrial crops.[2]

Against such a backdrop, is it possible to sustain and restore biodiversity? Is there a way to conserve the simply astounding genetic diversity of crops? This article will seek to answer these questions.

Understanding agriculture biodiversity

As defined by the Convention on Biological Diversity, agriculture biodiversity is a "broad term that includes all components of biological diversity of relevance to food and agriculture, and all components of biological diversity that constitute the agricultural ecosystems, also named agro-ecosystems: the variety and variability of animals, plants and micro-organisms at the genetic, species and ecosystem levels, which are necessary to sustain key functions of the agro-ecosystem, its structure and processes".[3] Highlighting the role of agriculture diversity, Gary Paul Nabhan, world-renowned conservationist, ethno biologist, agricultural historian and essayist has written that "Agricultural biodiversity is embedded in every bite of food we eat, and in every field, orchard, garden, ranch and fish pond that provides us with sustenance, and with natural values not yet fully recognized. It includes the *cornucopia of crop seeds* (emphasis added) and livestock breeds that have been largely domesticated by indigenous stewards to meet their nutritional and cultural needs, as well as the many wild species that interact with them in food-producing habitats. Such domesticated resources cannot be divorced from their caretakers. These caretakers have also cultivated traditional knowledge about how to grow and process foods; such local and indigenous knowledge—just like the seeds it has shaped—is the legacy of countless generations of farming, herding, and gardening cultures".[4]

Eighty percent of the world's dietary energy needs is supplied by merely a dozen industrial crops.

The role of farming

Farmers and farming communities—principal custodians of agriculture biodiversity—continue to play an invaluable role in the evolution and conservation of global agriculture diversity. Achieved through centuries of careful crop selection and planting experiments, each seed variety grown today contains within it treasures of knowledge passed down over generations, and more importantly, the genetic ability to effectively evolve and adapt to dynamic local needs and conditions, and to resist pests and diseases.

Through domestication and cultivation of food crops, the earliest of farming societies largely utilized the wealth of genetic agriculture biodiversity, which have been the basis of our sustenance today. For instance, the domestication of rice dates back to antiquity. It took place independently in China, the Indian sub-continent and Indonesia.[5] With its long history of cultivation and selection under diverse environments, rice acquired wide adaptability enabling it to grow in a range of environments—from deep water to swamps, irrigated and wetland conditions, as well as on dry hill slopes.[6] To give only one example, a single species of rice, *Oryza sativa*, has been carefully diversified into several thousand varieties. In the Jeypore tract of the Koraput district of the Indian state of Odisha alone, a botanical survey disclosed the existence of over 1,500 distinct varieties of rice.[7]

Thanks, therefore, to the work of communities whom we have never known and people we will never meet, India's rice varieties possess a superb diversity in their morphological and physiological characteristics. Among these varieties includes one that yields

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The contribution of women farmers in sustaining agriculture biodiversity is invisible, yet invaluable.

a crop in 60 days and another that yields a crop in 200 days; one that grows at sea level and another that thrives at an altitude of 2,100 meters; one that grows through a spate of rain and a deep-water variety that grows in 6 meters to 15 meters of water, and another that can withstand a drought; one that is completely purple and another that is green in all parts.[8] Unfortunately, however, 75 percent of India's rice crop today is planted with just a dozen varieties. Once they were 30,000.[9]

The contribution of women farmers in sustaining agriculture biodiversity is invisible, yet invaluable. In every society, it is the women who domesticated the first and most precious link in the food chain—the seed. It is the women who sowed and selected, harvested and conserved seeds of food-producing plants. Their contribution remains hidden or unacknowledged because these women farmers focus on smaller, minor crops with little commercial value. But it is precisely these "minor" crops—vegetables, coarse cereals and pulses—that feed families around the world. Moreover, for generations, farming communities have been using their powers of observation and creativity to produce sound and healthy food under ever-changing and challenging growing conditions. Nameless and faceless, they have been responsible for the continuity of on-farm innovation and for the selection and breeding of crops with beneficial traits that include, among others, resistance to pests, diseases, salinity, drought and flooding; photosensitivity; non-lodging and non-shedding; and tolerance to low temperatures.

Commercialization: a threat to agriculture biodiversity

It is a truism that the hurried pace of today's agriculture development and commercialization of food production has seen a shift towards more intensive agriculture practices. This has resulted in the decline of agriculture diversity at an alarming rate of 2 percent every year.[10] For example, 75 percent of the world's crop diversity and thousands of livestock breeds have been lost in just the past century.[11] Such loss of genetic diversity within species weakens the resilience of our crops and makes them susceptible to pests, diseases and the rapidly changing climate.

Today, about 10 multinational seed and agrochemical corporations control more than 55 percent of the world's seed market.[12] Motivated solely by profits, these corporations seek to commercialize only a few varieties, and increasingly use patents to prohibit farmers from saving and exchanging seeds. The present, therefore, is a critical time for farmers. There is need of widespread efforts to educate them, strengthen them, make them self-reliant and more importantly, assure them that their farming practices that follow ecological agriculture principles are indeed sustainable. For, in the absence of such concrete action, it is very likely that farmers and farming communities, many of whom are poor and uneducated, will be seduced by commercial crops. Hunger and frustration will dictate that the use of genetically uniform seeds and growing crops for exports are the best way towards prosperity. Indeed, this has already begun to happen all over India.

Way forward

A farmer's field is the best place to preserve seeds because it is only when farmers have their own seeds that they can truly control what they produce. With such control guaranteed, farming communities will be free to choose the course they wish to chart. Most often, they have chosen the course that allows them to be food secure. In other words, they will grow crops that best serve them and their livestock.

To ensure such freedom of choice of seeds to farmers, communities need to have a system in place that encourages "household seed stores" where farmers can save seeds every year to use in the forthcoming planting season. Such practice ensures that farmers have control over what crops and varieties they grow. Also, every seed security initiative undertaken by local governments or non-government organizations (NGOs) should complement and strengthen farmers' seed collections rather than replace and undermine them, as is being done.[13]

The next step is to build on existing household collections and establish "community seed banks" where community members come together and pool their seeds and seed-saving knowledge. Moreover, it is important that community members must be allowed to evolve rules of membership for themselves regarding seed banks, and be allowed to decide on ways to improve the utility and functioning of the banks. Besides being encouraged to anticipate the "in-demand" varieties during the upcoming season, they must be encouraged to experiment with seed-types that they believe are locally adapted, cheap, productive and eco-friendly. This will not be possible without the government's firm stance against profit-seeking corporations. Additionally, farmers can also be given the choice to expand their range of seeds to include local varieties of food crops, promising fodder varieties and green manure species, thereby helping to promote those crops that support nutrition, livestock and soil fertility.

Farming communities can also be taught about "live" Gene Banks, which are *in-situ* collections of cultivated and wild plant varieties. Such live collections provide field-based conservation and help preserve plant varieties that grow from cuttings or roots like potato, sweet potato, ginger, turmeric, taro, various yams and manihot (cassava).

Finally, "seed fairs"—exhibition of seeds in use by a community—are an excellent way to facilitate the exchange of seeds and knowledge among farmers. They provide opportunities to communities to collaborate in developing seeds; and bring together scientists and farmers to experiment, collaborate, share and learn. They focus attention on the value of local crop diversity and help to spread that diversity among farming communities. These gatherings also offer a platform to farmers to exchange information on techniques they use to improve germination, control pests, diseases and weeds, and in post-harvest storage and value addition.

The unfortunate truth, however, is that such vibrant communities that manage their own biodiversity are few and far between. The influence and scope of large seed companies allows them to send agents to farming towns, who, in turn, encourage farmers to use seeds of the company. The consequence is a rapid depletion of seed diversity.

Nevertheless, there exist development organizations in Asia, Africa and Latin America that work with farmers to promote vibrant family farms, strong rural communities, and healthy ecosystems. They support programmes, trainings and policies that strengthen biodiversity, food sovereignty, and the rights of those at the heart of resilient food systems—women, indigenous peoples, and small-scale farmers. Importantly, in collaboration with local NGOs and farmers, they encourage farmers' participatory research.

The world as a whole, and the Western world in particular, is awakening to the very real dangers of reduced crop diversity, environmental degradation and climate change, to name just a few issues that now predominate global summits and meetings. Dying crops are being documented and efforts are being made to reduce the say of large corporations in determining the variety of crops that are available. Still, there is a lot that needs to be done.

In India, for instance, it would be beneficial to inspire farmers at the local level such as the *mandal* or *panchayat*. If they can be encouraged to set up "biodiversity parks"—a repository of folk wisdom, dynamic gardens where traditional practices and modern science blend seamlessly, local seeds and several other things—of their own, there is a chance that a new generation of farmers will be weaned from the capitalistic ideals of corporations and be inspired by the sense of community and a reverence for the infinite variety and bounty of nature. That will lead naturally towards a self-sustaining and conservative agriculture practices. ■

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19th Climate Change Conference
An assessment

COP19 could not come up with an effective and comprehensive set of elements necessary for the international agreement to be prepared in 2015 and implemented in 2020.

Kanchana Wickramasinghe

It is now a well-established fact that climate change is mainly the result of anthropogenic factors. Historical emissions of greenhouse gases (GHGs) by developed countries have largely resulted in global climate change. While the impacts of climate change are not uniform across all regions and countries in the world, its impacts are felt by the world as a whole, regardless of one's contribution to the problem.

According to the recently released report of the Inter-governmental Panel on Climate Change (IPCC), *Climate Change 2013: The Physical Science Basis*, the world is faced with severe challenges due to climate change. Highlighting the future global and regional climate change impacts, the report indicates the impacts on several fronts. Notably, it states that global warming will continue beyond 2100 under most of the scenarios, though the variability in different regions will not be uniform. There will be an increase in the contrast in precipitation between wet and dry regions and between wet and dry seasons, although there may be regional exceptions. Also, it is very

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likely that the Arctic sea ice cover will continue to shrink, and that the Northern Hemisphere spring snow cover will decrease with rising global mean surface temperature. Moreover, under all scenarios, the rate of sea level rise will very likely exceed the levels observed during 1971 to 2010, mainly due to increased ocean warming and melting glaciers and ice sheets.

The Report further emphasizes that although emissions are curbed, most of the climate change impacts will continue. Hence, international climate change negotiations can no longer afford to neglect the urgency of action against climate change.

Climate change and South Asia

Arguably, impacts of global climate change will be felt immensely by developing regions, particularly South Asia—a region considered to be one of the most vulnerable to climate change. One of such impacts is mainly related to food security since climate change is expected to have a serious impact on agriculture. Also, existing problem of water scarcity will worsen due to climate change. In addition, melting of glaciers in the Himalayas will increase the threat of massive flooding in the region, and also raise concerns regarding the sustainability of South Asia's water resources. An issue of further concern is that increased intensity and frequency of natural disasters in the region is already evident, and the trend is set to continue with rapidly changing climate. It is necessary that all these are taken into consideration during climate negotiations.

Climate negotiations

The United Nations Framework Convention on Climate Change (UNFCCC) was adopted in 1992 at the Earth Summit held in Rio. As mentioned in UNFCCC Article 2, the objective of the Convention is to "achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system". It further elaborates that "such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner".

The Convention has also adopted the principle of common but differentiated responsibilities, implying that developed countries should take the lead and more responsibility in combating climate change for they have historically been the major emitters of GHGs, which are now identified as the cause of global climate change. Accordingly, in the Convention, countries are divided mainly into two groups: Annex I and Non-Annex I countries. Annex I countries include the industrialized countries that were members of the Organisation for Economic Cooperation and Development (OECD) in 1992, and countries with economies in transition (the EIT Parties), including the Russian Federation, the Baltic States, and several Central and Eastern European States. Non-Annex I countries are mostly developing countries. Annex I countries, excluding the EIT Parties, are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to adverse effects of climate change. They also have to "take all practical steps" to promote the development and transfer of environmentally friendly technologies to EIT Parties and developing countries.[1]

By 1995, however, it was realized that the Convention was inadequate in reducing GHG emissions. So the Kyoto Protocol was adopted in 1997, which came into force in 2005. The Kyoto Protocol was a landmark global agreement in addressing climate change since it set binding targets for GHG emissions reduction for developed countries and transitional countries.

Following the adoption of the Kyoto Protocol, member countries have been regularly meeting and discussing issues in relation to climate change. Some of the important milestones in this regard have been the Marrakesh Accords (2001), the Bali Road Map (2007), the Copenhagen Accord (2009), the Cancun Agreements (2010) and (2012) and the Durban Platform (2012). The latest negotiations took place during the 19th session of the Conference of the Parties (COP19) to the UNFCCC in November 2013 in Warsaw.

UNFCCC COP19

COP19 received primary attention worldwide as it was supposed to lay the groundwork for the post-2020 agreement on climate change, which is to be signed in 2015 at COP21 in Paris. Expectations on the outcomes of COP19 were mixed. That was mainly due to the fact that the outcomes of the negotiations over the last two decades have thus far failed to reduce GHG emissions.

COP19 made notable progress in areas of loss and damage, adaptation, forestry measures and future emissions reduction pledges, among others. However, it was criticized for its content as well as the extent to which the outcomes would be effective in addressing the real issues of climate change faced by the world today.

As was first considered under the Cancun Adaptation Agreement produced in 2010 at COP13, COP19 established the "Warsaw international mechanism for loss and damage" to address issues related to loss and damage associated with the impacts of climate change. The mechanism is supposed to address issues related to loss and damage caused by extreme events and slow onset events in developing countries that are particularly vulnerable to climate change impacts. Specifically, the mechanism will work to enhance knowledge and understanding of comprehensive risk management approaches; strengthen dialogue, coordination, coherence and synergies among relevant stakeholders; and enhance action and support by ways of finance, technology and capacity building. However, commitments of developed countries in this mechanism, especially on finance, are not clear. Also, the absence of a clear timeframe for the mobilization of climate finance has created doubts as to whether the mechanism will be able to compensate for climate change loss and damage in the developing world. In all, it is uncertain whether the immediate needs of developing countries will be addressed through the Warsaw international mechanism for loss and damage.

With regard to deforestation—a major cause for carbon emissions at the global level—the Warsaw Framework for Reducing Emissions from Deforestation and Forest Degradation (REDD+) has received much attention, and many have viewed it as a positive outcome of COP19. As stated in COP19 outcome documents, decisions adopted under the Framework are intended at "forest preservation and sustainable use with direct benefits for people who live in and around forests". Therefore, developing countries which are successful in forest protection can receive results-based payments, encouraging them to protect their forests as carbon sinks. The United States, Norway and the United Kingdom have backed the Framework and pledged to contribute US$280 million to the World Bank's Bio Carbon Fund Initiative for Sustainable Forest Landscapes. Hence, expectations are high that the Framework will be a key area of attention at COP21.

COP19 has not made clear whether future global climate change work will be based on the principle of common but differentiated responsibilities which was adopted in 1992. Without clarity on this aspect, it is difficult to get countries to make significant commitments to reduce GHG emissions in limiting the rise in global mean temperature to 2 degrees Celsius compared to the pre-industrial level. It seems that many issues which are yet unresolved are left out for discussion in Lima at the coming session of COP scheduled to be held towards the end of the year.

In addition, COP19 outcomes with regard to the financing of climate actions are doubtful. Although there is a need for urgency in climate actions, there has been no mechanism to finance the activities related to climate change at the global level. Developed countries have promised to fund US$100 billion per year by 2020 to the Green Climate Fund but there is no roadmap in place. Furthermore, it is not clear how the proposal is to be operational, when it comes to actual implementation.

New climate agreement

The Parties to the UNFCCC will meet in Paris in 2015 for COP21 to produce a new international climate agreement, which is to come into force in 2020. Since the scientific community, based on recent findings, iterates the need for urgency of action, the international climate change agreement should necessarily have a clear framework and a timeline of action to reduce GHG emissions. According to the UNFCCC, the international climate change agreement should have two major objectives, namely:

- to bind nations together into an effective global effort to reduce emissions rapidly enough to chart humanity's longer-term path out of the danger zone of climate change, while building adaptation capacity; and
- to stimulate faster and broader action now.

Additionally, despite the need of financial resources in implementing actions to address the impacts of climate change in developing countries, so far, climate financing is under-delivered. Though it was agreed in 2009 to provide US$100 billion a year by 2020 to adapt to and mitigate the impacts of climate change in developing countries, its implementation status is still not clear. Moreover, developing countries do not have the capacity to undertake adaptation action, so they expect predictable funding for the activities which need urgent action. Hence, the new international climate change agreement should encompass all necessary elements which should receive priority.

There should be a clear agreement among countries in terms of responsibilities. Undoubtedly, developed countries should take the lead in climate action. However, developed countries have been raising concerns over present and future emissions possibilities of the developing world considering the accelerated economic growth of emerging economies such as Brazil, South Africa, China and India. The issue remains unresolved and is an important element that is left for an agreement.

Conclusion

Formulation of an effective internationally binding agreement to mitigate and adapt to climate change is highly challenging, primarily because climate change is associated with complex scientific aspects. Also, impacts of climate change are not uniform across all geographical regions, income groups, and so on. Moreover, climate negotiations are mostly guided by political considerations. Countries are also struggling with having a balance in attending domestic issues that demand prioritized attention and climate change issues that call for urgent action. However, the necessary action against climate change should not be postponed due to these reasons.

A common understanding on the outcome of COP19 has been that the Conference could not come up with an effective and comprehensive set of elements for the international agreement which is to be prepared in 2015 and implemented in 2020. Although it touched upon some important elements which should be fed into the agreement, those are not comprehensive enough. Also, there are doubts whether a multilateral process which can effectively address issues related to climate change, and which satisfies equity concerns, can come into play in real terms. ■

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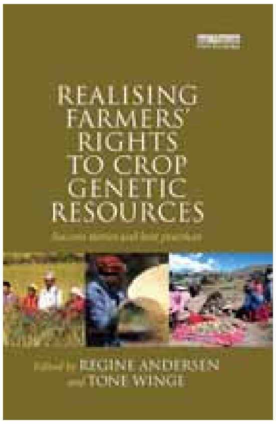
Note

1 https://unfccc.int/parties_and_observers/items/2704.php



Realizing farmers' rights

Title: Realising Farmers' Rights to Crop Genetic Resources: Success Stories and Best Practices
Editors: Regine Andersen and Tone Winge
Publisher: Routledge
ISBN: 978-0415643849

Smriti Dahal

Understanding farmers' rights is essential for maintaining crop genetic diversity, which is the basis for food and agriculture production in the world. The book, *Realising Farmers' Rights to Crop Genetic Resources: Success Stories and Best Practices*, edited by Regine Andersen and Tone Winge, provides a conceptual framework for understanding farmers' rights in the context of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). Contributing to this book, a collection of experts working on the issue state the importance of realizing farmers' rights not only for sustainable development of crop genetic resources, but also for ensuring livelihoods of farmers.

Although the implementation of farmers' rights in many parts of the world is slow and has met with a lot of resistance, this book consists of success stories of "on the ground" farmers' right. These stories span across different regions and portray substantial achievements in relation to one of the four elements of farmers' rights: i) the right of farmers to save, use, exchange and sell farm-saved seed; ii) the protection of traditional knowledge; iii) benefit sharing; and iv) participation in decision making.

Using examples, the authors define "success"as policies, measures, projects or activities that have resulted in the achievement of one or more of the above mentioned elements. For example, stories from Norway, Spain and India provide insights into how, despite strict regulations, governments have made efforts to extend the rights of farmers to save, use, exchange and sell farm-saved seeds. These examples stress the need to make legal changes to ensure these rights are granted to farmers. Similarly, stories from Peru and the Philippines exhibit how protection of farmers' traditional knowledge is inclusive to the protection of genetic resources for food and agriculture. Documenting and free sharing of such knowledge among farmers not only aids farmers, but also ensures that the knowledge is not used without obtaining prior informed consent, which prevents it being misused by commercial actors.

Although the ITPGRFA does not provide details into what entails benefit sharing in practice, this book provides various examples from Africa, Nepal and Japan to show how multilateral, bilateral and non-governmental organizations, using the multilateral system of access and benefit sharing, and the benefit sharing fund of the ITPGRFA, have contributed to ensuring that benefits of PGRFA should be shared with farmers, especially with those from developing countries. Case story from Nepal exemplifies the fourth element of farmers' rights where involving farmers from the initial stages of an advocacy campaign resulted in the country successfully rejecting UPOV membership and working towards the development of a *sui generis* system for plant variety protection. Although these examples are not perfect, they include an array of stakeholders and provide a good picture of how it is important to realize farmers' rights for poverty alleviation and food security, and portray their problems and challenges as important lessons learnt for the future.

An advantage of this book is how it serves as an indispensable resource not only for decision makers and practitioners involved in agriculture and food production, but also for those novices that are interested in knowing about the issues/areas encompassed by farmers' rights. By explaining farmers' rights from theory to practice, this book illustrates how farmers' rights can and need to be implemented. By giving successful on-the-ground examples, Andersen and Winge take a proactive approach to the movement. While providing good insights into future challenges of each element of farmers' rights, the book stresses that initial step towards achieving farmers' rights is to define gaps and explore prospects of implementing the rights at the national level. ■

Dr. Dahal is Senior Programme Officer, SAWTEE.

Reducing Emissions from Deforestation and Forest Degradation

REDD+ is a mechanism to mitigate climate change which rewards developing countries for any emissions reduction achieved through the conservation of forests.

Sudeep Bajracharya

Reducing Emissions from Deforestation and Forest Degradation (REDD) is a climate change mitigation effort that aims to increase the opportunity cost of destroying forests by creating a financial value for the carbon stored in trees, in turn offering economic incentives to developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development.[1] "REDD+" goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.[2] Essentially, REDD+ is a mechanism that aims to make forests more valuable if left standing.

The concept of "Reducing Emissions from Deforestation" came onto the global stage at the 11th Conference of the Parties (COP11) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2005. It was later broadened in COP13 to include climate change impacts of forest degradation, resulting in the formalization of REDD. Later, at COP16 in Cancun in 2010, the UNFCCC adopted REDD+ as a mechanism to reduce emissions of greenhouse gases (GHGs). More recently, Parties at COP19 in Warsaw adopted the Warsaw Framework for REDD+ which builds on the Cancun Agreement on REDD+ and includes decisions on national forest monitoring systems, safeguards, forest reference emissions levels, measuring, reporting and verification (MRV), and the drivers of deforestation and forest degradation.[3]

Today, initiatives such as the UN-REDD Programme, the Forest Carbon Partnership Facility (FCPF) and Forest Investment Programme (FIP) are developing and supporting REDD+.

Importance of REDD+

Deforestation and forest degradation account for nearly 20 percent of global GHG emissions—more than the global transportation sector—and is the second leading cause of global warming, which makes the loss and depletion of forests a major issue for climate change.[4] In countries such as Brazil and Indonesia, deforestation and forest degradation together are the major source of national GHG emissions.[5] Considering the large contribution of deforestation and forest degradation to global GHG emissions, and the failure of past initiatives to significantly reduce global emissions, it is now evident that efforts/actions to mitigate climate change will not be effective without reducing GHG emissions from the forest sector. Moreover, any reduction in deforestation and forest degradation will not only significantly reduce global emissions, but also address other environmental and social problems associated with deforestation and forest degradation. For instance, forest conservation and management will preserve biodiversity and the ecosystem, support forest-dependent communities, prevent natural disasters such as flooding and soil erosion, and protect clean water supplies.

Against this backdrop, REDD+ is one of the most cost-effective ways of limiting the rise of global temperature to two degrees Celsius by decreasing the atmospheric concentration of GHGs. Additionally, it is considered to be the mechanism that can enable developing countries to make the much needed transition into a greener development model.

REDD+ readiness and implementation

Implementation of REDD+ is proposed to be carried out in three phases: Developing a REDD+ strategy supported by grants (Phase I); implementing a REDD+ strategy, supported by i) grants and other financial support for capacity building, and enabling policies and measures, and ii) payments for emissions reduction measures by proxies (Phase II); and continued implementation of REDD+ strategy in the context of low-carbon development, payments for verified emissions reduction and removals (Phase III).[6]

But prior to implementation, countries need to implement MRV to assess the amount of carbon stored in their forests. In addition, the REDD+ readiness process also requires extensive national efforts to build the capacity to be ready for a REDD+ mechanism. In this regard, a detailed assessment of the forest sector is required, along with modifications to legal, economic and financial frameworks for REDD+ implementation. More importantly, REDD+ readiness requires countries to i) establish a carbon emissions reference scenario and the means for monitoring these emissions, and ii) assess and subsequently monitor social and environmental impacts of REDD+ implementation.[7] In all, successful implementation of REDD+ is a multi-faceted challenge requiring significant public financing.

Financing REDD+

Till date, developed and developing countries such as Australia, Brazil, Democratic Republic of Congo, Denmark, Ecuador, France, Indonesia, Japan, Norway, Paraguay, Spain and the United Kingdom have embraced REDD+ and invested significant resources to support REDD+ readiness.[8] Moreover, Annex II countries[9] have pledged substantial financial support to rainforest countries for REDD+ activities. Currently, 338 REDD+ projects are underway in some 52 countries.[10]

REDD+ is largely financed from public, private, national and international sources, with some contribution for different mechanisms such as carbon markets; and are disbursed through bilateral and multilateral channels as grants and loans, and to some degree as performance-based payments.[11] International public finance, including pledges made in the context of UNFCCC, as well as funding through other channels, such as the Global Environment Facility (GEF) and the Convention on Biological Diversity currently accounts for nearly US$3 billion per annum, while bilateral country programmes and projects currently fund two-thirds of all internationally supported REDD+ activities.[12] Just recently, during COP19 in Warsaw, the World Bank announced a new US$280 million initiative under the BioCarbon Fund, and Norway made a US$40 million pledge to the UN-REDD Programme.[13]

To support REDD+ activities and programmes, large-scale and long-term finance is necessary. Therefore, involvement of the private sector will be crucial in this regard as it could make significant contribution to REDD+ finance in the future. Unfortunately, private sector investment in REDD+ is minimum since the current policy environment has failed to provide incentives for private sector involvement. Additionally, high-risk operating conditions in many forest countries, challenges of engaging with diverse stakeholders, profit dependent on carbon revenues, and uncertainty over long-term demand for REDD+ credits have all been factors that have limited private sector's investment in REDD+.[14]

Finally

A performance-based approach, with payments for environmental/ecosystem services only after results have been demonstrated, was a defining characteristic of REDD+ which made it different from previous forest conservation efforts. Unfortunately, REDD+ and the context in which it operates have undergone drastic changes since the idea was officially launched at COP11. Most notably, a new international agreement on climate change that promises significant long-term funding, e.g. through a cap on carbon emissions and trade system with REDD+ credit as offsets, has not yet been achieved.[15] Thus, funding for REDD+ has been less than envisioned and comes largely from international aid and national budget of REDD+ countries, and not from carbon market. This, in turn, has caused REDD+ to broaden its objectives and scope, the focus has shifted from carbon only to multiple objectives, policies adopted have failed to achieve result-based payments, and resources have been concentrated at sub-national levels.[16]

Since REDD+ has lost some of its defining characteristics, it now risks becoming merely another form of development assistance in support of forest conservation. The failure to conclude an international agreement on climate change at COP19, the sluggish progress made in the development of national-level REDD+ policy and the uncertainty of long-term finance now threaten the sustainability of existing REDD+ projects. For REDD+ to be successful at the national level, it should be at the heart of national development policy. More importantly, the desire to mitigate climate change through forest conservation should prevail over economic interests of cutting down forests. Thus, the most basic question remains: can REDD+ still deliver on global GHG emissions reduction? ■

Notes

1 http://www.unep.org/forests/REDD/tabid/7189/Default.aspx.

2 *ibid.*

3 http://forests-l.iisd.org/news/cop-19-adopts-warsaw-framework-for-redd/.

4 UNEP. Note 1.

5 https://www.forestcarbonpartnership.org/redd-countries.

6 UNEP. Note 1.

7 http://www.climatefocus.com/documents/files/briefs/english/REDD+%20Readiness%20Brief%20Climate%20Focus.pdf.

8 Sukhdev, Pavan, Ravi Prabhu, Pushpam Kumar, Andrea Bassi, WahidaPatwa-Shah, Thomas Enters, Gabriel Labbate, and Julie Greenwalt. N.d. "REDD+ and a Green Economy: Opportunities for a Mutually Supportive Relationship." Policy Brief 01, UN-REDD Programme.

9 Annex II countries are developed countries with an obligation to provide financial resources to developing countries under the UNFCCC. They are a sub-group of the Annex I countries.

10 http://www.forestsclimatechange.org/redd-map/#.

11 Streck, Charlotte, and Charlie Parker. 2012. "Financing REDD+." In *Analysing REDD+: Challenges and Choices*, edited by A. Angelsen, M. Brockhaus, W.D. Sunderlin, and L. Verchot. Bogor: Centre for International Forestry Research.

12 *ibid.*

13 IISD. Note 3.

14 Creed, Anna, and SmitaNakhooda. 2011. "REDD+ Finance Delivery: Lessons from Early Experience." Climate Finance Policy Brief. Overseas Development Institute.

15 Angelsen, Arild, and Desmond McNeil. 2012. "The evolution of REDD+." In *Analysing REDD+: Challenges and Choices*, edited by A. Angelsen, M. Brockhaus, W.D. Sunderlin, and L. Verchot. Bogor: Centre for International Forestry Research.

16 *ibid.*

Dialogue on Nepal's participation in the 9th WTO Ministerial Conference

SAWTEE, together with the Ministry of Commerce and Supplies (MoCS), Government of Nepal, and Federation of Nepalese Chamber of Commerce and Industry (FNCCI), organized a stakeholder dialogue in Kathmandu on 28 November to identify Nepal's negotiating issues at the 9th Ministerial Conference of the World Trade Organization (WTO) that took place in Bali on 3–6 December. Honourable Shankar Prasad Koirala, then Minister of Commerce and Supplies, who led the Nepalese delegation to the Ministerial Conference, was the Chief Guest of the programme.

Mr. Puspa Sharma, Research Director, SAWTEE, made a presentation on the issues that Nepal needed to consider for the negotiations. H.E. Mr. Shankar Das Bairagi, then Nepal's Ambassador to the WTO in Geneva, provided an overview of the state of negotiations in Geneva and the package that least-developed country (LDC) members had worked out and provided to the WTO. He also pointed to the difficulty that Nepal, as the Chair of the LDC Group, had to face in reconciling all LDC members' differing interests and concerns.

The discussion mainly focused on three issues: agriculture, trade facilitation and development dimension, which included LDC issues.

About 55 participants, including trade policy experts, policymakers, and private sector representatives participated in the dialogue. ■

Discussion on agriculture and food security policy

THE Ministry of National Food Security and Research, Government of Pakistan, has recently launched the draft of the "Agriculture and Food Security Policy" that aims to reduce poverty in Pakistan by 50 percent by 2030 and eliminate poverty and food insecurity by 2050. On 4 February, Sustainable Development Policy Institute (SDPI), in collaboration with the Pakistan Agricultural Research Council and the Food and Agriculture Organization of the United Nations, organized a consultative meeting to discuss the draft policy.

Participants lauded the Government of Pakistan's efforts in drafting the policy, but pointed out some major flaws and hence the need to revise it. They said that the policy is not scientifically centred, and lacks analytical framework and strategic prioritization. It has also focused less on enhancing agriculture production, and in ensuring sustainable irrigation, water availability and its efficient use. Moreover, it has not looked into all aspects of food security holistically. ■

CUTS' 30th anniversary lecture series

TO celebrate its 30th year of establishment, CUTS International has been organizing a series of public lectures by eminent speakers on contemporary issues related to its work agenda. The aim of the lecture series is to identify areas for future interventions to promote inclusive growth and consumer welfare in light of the contemporary policy discourse on trade, regulation and governance.

So far, lectures have been successfully organized in Kuala Lumpur, Jaipur, New Delhi, Geneva, London, New York, Washington D.C., Nairobi, Lusaka, Accra, Islamabad, Canberra, Mumbai and Kolkata, and many eminent speakers have spoken on different topics. Recently, Peter Varghese, Secretary, Department of Foreign Affairs and Trade, Government of Australia, delivered a lecture on the theme "Linkages between Trade and Domestic Reforms: The Australian Experience" at the Australian National University, Canberra, on 3 February. ■

Side events at WTO MC9

SAWTEE participated in the 9th WTO Ministerial Conference (MC9) in Bali and co-organized two sessions in the "Trade and Development Symposium".

On 4 December, in collaboration with the Overseas Development Institute (ODI) and the Commonwealth Secretariat, United Kingdom, SAWTEE organized a dialogue on "The Future of Aid for Trade". The discussion mainly focused on how the AfT initiative is to be reinvigorated so that it responds to the changes in a way that strengthens the WTO in years to come.

On 5 December, SAWTEE, in collaboration with the Centre for Policy Dialogue (CPD), Dhaka, and a number of other organizations organized a session on "Integrating Trade Issues in Post-2015 International Development Framework: Ongoing Debates and Potential Opportunities". The session focused on the role of trade in poverty alleviation and structural adjustments in LDCs during the implementation of the Millennium Development Goals (MDGs). Dr. Posh Raj Pandey, Executive Chairman, SAWTEE, was one of the speakers of the session. He put forth his views that LDCs should reap maximum benefit from international trade while carefully checking the income inequality that may be reinforced through trade. ■

Regional seminar on trade, climate change and food Security

A two-day seminar on "Regional cooperation on trade, climate change and food security in South Asia: Some reflections and way forward" was organized by SAWTEE, in collaboration with Oxfam and Swedish Standards Institute, in Kathmandu on 13-14 March. Over the two days, participants discussed: i) roles of Aid for Trade and the Enhanced Integrated Framework in providing assistance and support to South Asian countries; ii) non-operationalization of the SAARC Food Bank; iii) Bali Ministerial decisions related to agriculture and food security; iv) potential gains of a regional transit arrangement and the removal of trade barriers in South Asia; v) regional cooperation on climate change; vi) agriculture adaptation practices in South Asia; and vii) role of standardization in trade promotion.

Dr. Dinesh Bhattarai, Foreign Affairs Advisor to the Prime Minister of Nepal, and Mr. Shanker Das Bairagi, Officiating Secretary at the Ministry of Foreign Affairs, Government of Nepal, were the guests in the inaugural session. Among other things, Mr. Bairagi urged the participants to provide inputs for the 18th SAARC Summit scheduled to be held in Kathmandu in November. ■

Project inception meeting

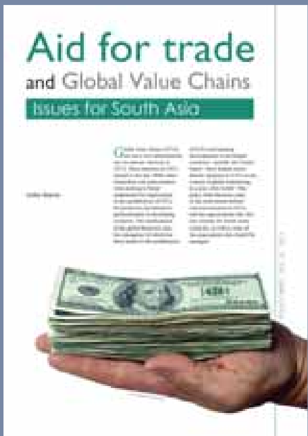
THE inception meeting of the project "Trade Consignment Mapping in South Asia" being undertaken by CUTS International was organized in New Delhi on 21 February. The objective of the meeting was to discuss the proposed methodology of the study to be conducted under the project.

Participants emphasized the need to develop trade corridors in South Asia to remove trade barriers and hence reduce trade costs. The project intends to add value mainly in three ways: i) prioritizing policy measures in the context of new transport and transit projects that are underway and/or proposed; ii) linking with unilateral and/or bilateral policy measures taken by Bangladesh, India, Nepal and Pakistan for trade facilitation reforms; and iii) identifying possible implementation concerns vis-à-vis the WTO's Trade Facilitation Agreement. ■

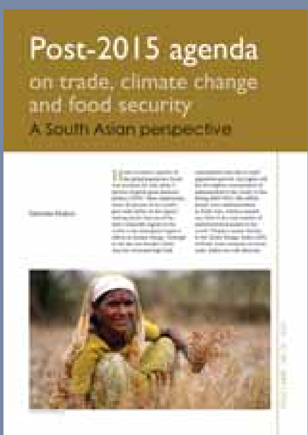
Sixteenth SDC

SUSTAINABLE Development Policy Institute (SDPI) organized the Sixteenth Sustainable Development Conference titled "Creating Momentum: Today is Tomorrow" in Islamabad on 10–12 December 2013. The Conference showcased 27 panels and 161 panelists from countries all over the world, and was attended by over 2,400 participants.

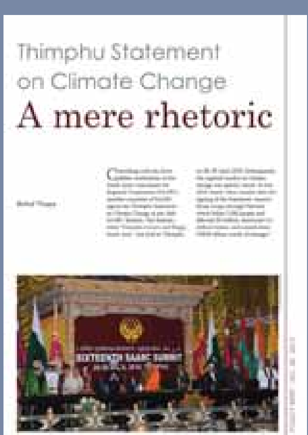
The Conference featured a wide range of topics, including energy and water security, regional connectivity, agriculture value chain development, institutional dynamics of policy research, sustainable livelihoods, gender equality, climate change, food security, post-MDG framework, among others. ■



Policy Brief: Aid for trade and global value chains: Issues for South Asia
Author: Jodie Keane
Publisher: SAWTEE



Policy Brief: Post-2015 agenda on trade, climate change and food security
Author: Fahmida Khatun
Publisher: SAWTEE



Policy Brief: Thimphu statement on climate change: A mere rhetoric
Author: Bishal Thapa
Publisher: SAWTEE

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South Asia Watch on Trade, Economics and Environment (SAWTEE) is a regional network that operates through its secretariat in Kathmandu and member institutions from five South Asian countries, namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. The overall objective of SAWTEE is to build the capacity of concerned stakeholders in South Asia in the context of liberalization and globalization.

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