TRADE, CLIMATE CHANGE AND DEVELOPMENT MONITOR

Monthly E-Newsletter of South Asia Watch on Trade, Economics and Environment

OPINION IN LEAD

Prioritizing trade in services

Despite export of services being nearly 60 percent greater than that of merchandise export, most of the policies and strategies of Nepal are centered towards promoting and facilitating export of merchandise. In the fiscal year 2019-20, Nepal’s export of services accounted for 4 percent of GDP while merchandise export accounted for 2.5 percent of GDP. Higher service export than merchandise export is also seen in other countries as the tertiary sector or the service sector has become an important part of world trade. Globally, trade in services reached an all-time high of US$6.25 trillion in 2019.

According to the World Trade Organization (WTO), trade in services has become the most dynamic segment of world trade in past two decades, growing more quickly than trade in goods. The WTO’s General Agreement on Trade in Services (GATS) has classified trade in services in four categories, called the four modes of supply: (1) cross-border supply e.g., consultancy services, distance learning, (2) consumption abroad e.g., tourism, abroad education, (3) commercial presence e.g., services provided by foreign banks and insurance companies, and (4) presence of a natural person e.g., skilled and unskilled labour...

REPORT

Fault Lines Widen in the Global Recovery

Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls, according to the International Monetary Fund’s latest World Economic Outlook Update. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.
Af-Pak trade resumes as Durand Line crossing reopens

Pakistan has reopened the Chaman-Spin Boldak crossing, paving the ground for the resumption of Afghan transit and legal trade activities.

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China’s rare earth exports surge past pre-coronavirus levels

China’s exports of rare earth products in the first half of the year have surged past pre-pandemic levels in 2019, despite West’s attempts to find alternative suppliers.

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India seeks fair WTO pact on fish subsidies

India has sought an equitable global agreement to end harmful fish subsidies and told the WTO that limiting S&DT to poor and artisanal fishermen only is not appropriate, acceptable or affordable.

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India begins anti-dumping probe on Bangladesh glass

The Indian government has initiated an anti-dumping investigation on import of clear float glass from Bangladesh following alleged dumping of the product to the country.

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Sri Lanka to give 1-year visas for ‘digital nomads’

Sri Lanka has decided to attract ‘digital nomads,’ a fast-growing segment within the global travel and tourism industry, with long term one-year visas.

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Container rates to US top US$10,000 as shipping crunch tightens

Container shipping rates from Asia to the US and Europe increased to new record levels over the past week ensuring transportation costs will stay elevated.

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Proposed policy to ban small importers sparks individual rights concerns

Nepal government panel has suggested allowing only traders with strong financial credentials to engage in import trade, raising questions about right to conduct business.

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India resumes refined palm oil imports after gap of a year

Indian buyers have resumed purchases of refined palm oil after a gap of a year as New Delhi removed restrictions on the imports and reduced import taxes in late June.

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Nepal, India sign deal for US$1.3 billion Lower Arun Hydropower project

Nepal has signed a pact with India’s state-owned Satluj Jal Vidyut Nigam to develop the 679-megawatt Lower Arun Hydropower project in eastern Nepal.

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