A dialogue on trade and development in South Asia
Vol. 11, No. 3, 2015

TRADE insight

WTO MC10
THE UNFINISHED JOURNEY

10TH WTO MINISTERIAL | AID FOR TRADE | COP 21 | FARMERS' RIGHTS

A dialogue on trade and development in South Asia Vol. 11, No. 3, 2015

TRADE insight

PUBLISHED BY
South Asia Watch on Trade, Economics and Environment (SAWTEE)

PRINTED AT
Orange Press, Lalitpur
Tel: +977-1-5010801

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Regd. No. 208/070/071 (Kathmandu)

Published with support from

Oxfam

editors' note

Expectations on the WTO Ministerial Conference

Two years after the much-hyped Trade Facilitation Agreement (TFA) was signed in Bali, the world once again anxiously waits to see whether the tenth ministerial conference (MC10) of the World Trade Organization (WTO) will make any significant headway towards the conclusion of the long-running Doha Round. The progress towards the implementation of all other elements of the Bali package, including those on agriculture, development, public stock-holding as well as the prompt ratification and implementation of the TFA will likely determine the success of the upcoming Nairobi Ministerial.

Though the Bali Ministerial was largely viewed to be a success, it has failed to meaningfully deliver on issues relevant to the Least Developed Countries (LDCs), mainly on duty-free and quota-free (DFQF) market access, preferential rules of origin, operationalization of the services waiver, and monitoring mechanism on special and differential treatment (S&DT). Sadly, little progress has been made since Bali.

The LDCs have thus far not been able to benefit from the commitment to DFQF market access due to the lack of a legally binding agreement. Moreover, a Bali decision required members to develop their own rules of origin arrangements applicable to LDC imports with the aim of facilitating market access for LDC goods. But the non-binding nature of this commitment has not led to any significant efforts by the WTO members towards streamlining their preferential rules of origin in the post-Bali period.

With regards to the highly contentious issue of agriculture subsidy, the Bali decision temporarily suspended the WTO actions on countries that exceed the *de minimis* level and has placed an interim mechanism to be effective until a permanent solution is found. The permanent solution is yet to be agreed upon. But some progress has been made on LDC services waiver. The LDC Group has outlined a proposal on services waiver for decision in Nairobi. But if past experience is any guide, services-related constraints will most likely continue to persist in the LDCs in the absence of necessary domestic reforms and technical assistance from developed countries.

Meanwhile, the Aid for Trade (AfT) initiative of the WTO has shown some promising steps towards enhancing trade prospects in the LDCs. AfT should be scaled up and channelled to niche sectors, such as services. Opportunities in the service sector should be identified through proper diagnostics.

Overall, limited progress in several fronts of interest to the LDCs means that the Group will once again push hard to get wider recognition of their common agenda in Nairobi. The LDCs have already tabled numerous proposals to be considered in the Nairobi package. They should continue to combine their political energies and give a common voice to the LDC agenda. Nairobi should conclude the Doha Development Agenda and deliver meaningfully on the development package that started 15 years ago in 2001.

Ahead of the Nairobi Ministerial, developing countries and the LDCs will be anxiously waiting for the outcome of the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP21) scheduled for early December in Paris. COP21 is being expected to deliver a legally binding global climate agreement and will therefore be a historic opportunity to put the world on course to tackle climate change. Meanwhile, considering the limited flow of climate finance towards developing countries, majority of which is invested in mitigation efforts, developing countries should demand that financial commitments made in Copenhagen and elsewhere to support mitigation as well as adaptation measures be fulfilled. ■

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Pakistan Railways to start freight trains to facilitate Afghan Transit Trade

www.3.bp.blogspot.com

THE Pakistan Railways is all set to transport goods under the ambit of Afghan Transit Trade via its freight trains that would not only facilitate safer transport of cargo but will also stop pilferage of goods. In this regard, the Directorate of Transit Trade has completed all the arrangement besides launching of Web Based One Customs Module for Pakistan Railways to ensure safe and smooth transportation of cargo via rail route, sources told.

"Pakistan's ports deal with 2,500 to 3,000 containers of Transit Trade on monthly basis. The mode of transport by land route is costly as compared to the rail route", sources added.

Now, it is up to the Pakistan Railways authorities to take business and persuade the authorities to use rail route for transit trade transportation.

According to sources, the debiting and crediting of insurance guarantee would now be done in line of PD accounts, such as soon after the cross border event the specific bank guarantee will be debated into the Web Based One Customs system.

Several meetings were held on issues pertaining to time reduction, parameters for RMS based scanning, transit through railway, transshipment facilities, collection of taxes on Afghan Transit cargo, sources added.

Pakistan Railways had offered to start its operations with flatbed trains for handling transit cargo from Karachi to Torkahm-Chaman, whereas, 1-2 trains carrying 100 containers per day will reduce the time and cost for transit trade cargo. *(www.custom.par.com.pk, 10.10.2015).* ■

Afghanistan gets clearance to join WTO

AFGHANISTAN agreed terms to join the World Trade Organization (WTO) with the trade body's existing 161 members on 11 November 2015, 11 years after it first applied for membership, the WTO said in a statement.

Trade Ministers will officially approve the terms of Afghanistan's accession to the global trade club at a meeting in Nairobi in December 2015, and it will become a member 30 days after it ratifies the deal, which it will need to do by 30 June 2016.

"Our country's accession to the WTO will serve as a catalyst for domestic reforms and transformation to an effective and functioning market economy that attracts investment, creates jobs and improves the welfare of the people of Afghanistan," the WTO statement quoted Afghan President Ashraf Ghani as saying.

Reviving the economy is just one of the challenges facing Ghani's unwieldy national unity government, which has come under growing pressure because of deteriorating security.

The WTO is set to expand from 161 to 164 members, with Kazakhstan set to become the 162nd members on 30 November 2015, and Liberia having recently agreed its membership terms.

Liberia and Afghanistan both negotiated their WTO entry after a special deal was introduced in 2011 to help Least Developed Countries (LDCs) join the Geneva-based world body. Six other countries are eligible for the same deal and are negotiating to join, including Sudan, Ethiopia and Equatorial Guinea. *(www.reuters.com, 11.11.2015).* ■

Trial run of Kolkata-Agartala road cargo via Dhaka begins

www.photos.bdnews24.com

MONTHS before operationalizing the four-nation motor vehicles agreement between Bangladesh, Bhutan, India and Nepal (BBIN) in January 2016, India flagged off a trial run of road cargo through Bangladesh. DHL Global Forwarding will carry a consignment of footwear from Kolkata to Agartala through Dhaka. A part of the cargo will be unloaded in Dhaka.

According to Vijay Chhibber, Secretary, Union Road Transport and Highways, this will reduce the road length, from the existing 1,550 km through the chicken's neck, by less than half to 640 km." Imagine the time and cost savings that will happen with the BBIN agreement in place," he said.

To allow seamless movement of goods and passengers through each other's territories and ensure better regional connectivity, India proposed a motor vehicles agreement for the eight SAARC nations. While the SAARC initiative remained unsuccessful, BBIN inked a pact in June 2015. India already had bilateral agreements with Bhutan and Nepal for free movement of vehicles. The four-nation treaty will allow India to travel through Bangladesh and vice-versa. As an immediate impact, the treaty will end the remoteness of the north-eastern region that will now be accessed through Bangladesh. It will also encourage Bangladesh, Nepal and Bhutan to scale up trade through India.

India is already improving immigration, transit and road infrastructure to encourage Bangladesh-Nepal and Bangladesh-Bhutan trade.

According to Chhibber, the pilot run would help the BBIN nations finalise the protocols to the agreement. "The protocol will be signed shortly at Siliguri," he said. The pilot cargo vehicle will be tracked online. Every time the container door opens, alerts will be sent to the control room automatically. The trial run will map the infrastructure and procedural inadequacies to be ironed out to make the agreement a success. A detailed report will be submitted to New Delhi in a week. DHL has also been selected for trial run for seamless movement to Bhutan. *(www.thehindubusinessline.com, 01.11.2015).* ■

Dhaka asks Delhi to withdraw barriers on jute products import

BANGLADESH has appealed to India to withdraw the recent administrative notice imposing barrier on import of jute and jute products from Bangladesh. Bangladesh Commerce Minister Tofail Ahmed raised the concern at a meeting with his Indian counterpart Nirmala Sitharaman at her office on 30 September 2015.

Bangladesh is upset with the 'new hurdles', like the need for registration at several levels of the trade process, placed on its jute exports to India.

The Bangladesh Minister sought waiver of the countervailing duties imposed on different goods imported from Bangladesh in spite of India's commitment to allow duty-free-quota-free (DFQF) access to almost all products. He also asked New Delhi to expedite the construction of roads on the Indian side in order to reap the benefits of increased connectivity.

"In the forthcoming 10th Ministerial Conference of WTO to be held in Nairobi, Bangladesh will seek service waiver and change of rules of origin in line with the commitments made in Bali."As the coordinator of LDCs, we will also ask for extension of transitional period for export of pharmaceutical products beyond 31 December 2016," Ahmed said.

Ahmed was in New Delhi to attend the South Asian Economic Conclave (SAEC), which concluded on 30 September 2015. Addressing the conclave, Ahmed called for reviving the old rail, road and waterways linkages to increase trade and people-to-people contacts. *(www.bdnews24.com, 30.09.2015).* ■

China-Maldives sign MoU for free trade pact

www.f1.haveeru.com

MALDIVES discussed financial aid for major projects with China at the resort island of Kurumba on 8 September 2015.

In his statement following the second meeting of the Maldives-China Joint Commission for Trade and Economic Cooperation, Economic Minister Mohamed Saeed said the two countries discussed collaborations to execute progressive projects in the Maldives. The discussions included projects such as the Malé-Hulhulé bridge, financial aid for development of Ibrahim Nasir International Airport and finance for the ongoing housing projects.

According to his statements, there has been much progress following the meeting between the two nations' leaders. He added that they have participated in the Silk Road as per the Joint Commission's agreement.

"We are progressing economically due to our relations with China. The design of the bridge unveiled on [Monday night] is testament to that. We hope it will soon be turned to a reality," said Saeed.

The meeting had ended with the signing of the MOU between both countries to begin discussions of the Maldives-China free trade agreement. The official discussions will commence in October month in Malé.

Economic Minister Mohamed Saeed represented the Maldives' in signing the MOU, while China was represented by Vice Minister of Commerce Gao Yan.

Minister Saeed said that the governments of both nations had accepted the joint feasibility studies prepared collaboratively by both countries. He added later in his statement that this is the first time Maldives is signing a free trade pact with another country, which will hopefully continue and conclude soon.

According to the Economic Ministry, China will exempt duty for fish products exported by the Maldives under the new agreement and remove other obstacles faced in exportation.

Maldives is the member of the South Asian Free Trade Area (SAFTA). *(www.haveeru.com.mv, 09.09.2015).* ■

Bhutan easiest country to do business in South Asia

THE World Bank Group has ranked Bhutan 71 among 189 economies around the world in its annual. Last year, Bhutan was ranked 125, and with the 54 notches up the ladder, Bhutan is now the easiest country to do business in South Asia.

Doing Business report focuses on regulations and regulatory processes involved in setting up and operating a business. The report observes that Bhutan instituted two significant reforms during the past year. In getting electricity, Bhutan made it easier for entrepreneurs to connect to the grid by speeding up the process for obtaining a new connection. Bhutan also implemented a reform in the registering property indicator through which transferring property has been streamlined by introducing a computerized land information system. "Through thoughtful and well-executed policies and reforms that support improvements in the business environment, Bhutan has the potential to foster a dynamic and expanding private sector that will help realize its development aspirations," the press release quoted.

This year's Doing Business report completes a two-year effort to expand benchmarks that measure the quality of regulation, as well as efficiency of the business regulatory framework, in order to better capture realities on the ground.

Five indicators saw changes – Dealing with Construction Permits, Getting Electricity, Enforcing Contracts, Registering Property and Trading Across Borders.

In South Asia, Bangladesh ranked 174, Pakistan 138, India 130, Sri Lanka 107, the Maldives 128, Afghanistan 177 and Nepal 99. *(www.kuenselonline.com, 29.10.2015).* ■

Nepal-Bangladesh bilateral trade halted

NEPAL-BANGLADESH bilateral trade has been halted due to the undeclared Indian trade embargo on Nepal. According to Nepal Transit Warehouse Company, about 200 trucks carrying various imported goods have been stuck at Banlabanda on the India-Bangladesh border.

"The Bangladeshi traders fear their trucks might be stuck at bordering areas," Dilip Timilsina, a Nepali trader involved in Bangladesh trade, said.

Due to halting in Nepal-Bangladesh trade, the Mechi Customs Office has been losing NPR 1.1 million in revenues every day, according to the custom's Chief Bhim Prasad Adhikari. This means the customs office has lost revenue of more than NPR 15 million in the last two weeks.

Due to continued obstruction at the customs point, Dabur Nepal, an Indian multi-nation company, failed to deliver its products like "Chyawanprash" to Bangladesh on 4 November 2015. Exports of pulses and vegetables to the neighbour has also stopped.

Bangladesh is the largest importer of Nepali "Musuro" pulse. The two countries have been trading goods through the Kakarbhitta-Phulbari-Banglabanda trade route. Based on international rules, India cannot block this route because a landlocked country should have the access to other markets through neighbouring country, a source at the Customs Office said.

Nepal exports goods such as pulse, medicinal herbs and vegetables to Bangladesh and imports cotton, medicines, battery, fabric, juice, potatoes, milk powder, biscuit, raw jute, tube light and mobile phones, among others, from the neighbour. In the last fiscal year, Nepal exported goods worth NPR 1.08 billion to Bangladesh, while imports amounted to NPR 2.73 billion. *(www.ekantipur.com, 08.10.2015).* ■

UN chief calls for lifting of Indo-Nepal blockade

www.timedotcom.files.wordpress.com

EXPRESSING concern over the obstruction of essential supplies to Nepal, UN chief Ban Ki-moon has called on "all sides" to lift the blockade at the Indo-Nepal border immediately invoking the landlocked country's right of free transit.

"The Secretary-General indeed reiterates his concern over the obstruction of essential supplies on the Nepal-India border. Acute shortages in fuel supplies continue to impede planned deliveries to earthquake-affected villages in Nepal," Ban's spokesman Stephane Dujarric told reporters on 10 November 2015.

He said humanitarian organizations urgently require fuel to maintain operations and deliver food, warm clothing and shelter materials to high altitude areas that will soon be cut off by harsh winter weather.

"The Secretary-General underlines Nepal's right of free transit, as a landlocked nation as well as for humanitarian reasons, and calls on all sides to lift the obstructions without further delay," he said.

India on 10 November said Nepal's "internal factors" were responsible for the blockade on the border.

The blockade began after Madhesi community—who have cultural, linguistic and family ties to Indians living across the border—began their protests over Nepal's Constitution. They believe the new charter is flawed and discriminatory as it does not represent their interests.

The agitators have been picketing the Nepal-India border near Raxaul, from where 70 percent of goods are transported to Nepal.

Over 40 people have died in the violent agitation that has also overwhelmed Indo-Nepal ties as transit of goods and fuel to the Himalayan nation from India via the major border trading points has been badly affected.

The agitation by Madhesi groups has paralysed normal life across Nepal while the dearth of medicines has put lives of patients at stake. *(www.timesofindia.indiatimes.com, 11.11.2015).* ■

Supporting services trade diagnostics and promotion in LDCs

Given the imperatives of export diversification for LDCs and the growth potential of the services sector, LDCs should look to exploit the opportunities presented by the services sector.

Ratnakar Adhikari

The imperatives for the Least Developed Countries (LDCs) to focus on expanding their services trade are dictated by several distinct interrelated developments currently taking place in the global arena. First, services trade has been growing rapidly in the developing countries in general and in LDCs in particular. For example, according to the study by the United Nations Conference on Trade and Development (UNCTAD), Africa, a continent that houses 34 LDCs, achieved double the rate of global growth in services trade between 2009 and 2012. Select African LDCs, such as Burundi, Equatorial Guinea and Ethiopia, achieved a double-digit growth rate on services trade during the corresponding period.[1] Second, despite the growing share of the LDCs' trade in the global economy, their merchandise trade remains highly concentrated on primary commodities. The situation is particularly precarious in African LDCs, where primary commodities account for 93.9 percent of this export basket, although the Asian LDCs are relatively better placed at 40.4 percent because of a more diversified nature of their exports.[2] Third, there is a growing body of evidence suggesting that the performance of backbone services, in particular transport, distribution and logistics, can significantly help reduce costs for developing countries as well as LDCs. Therefore, policy reforms in these sectors as well as investment in these areas are seen as critical for these countries.[3]

Fourth, services trade can be considered as a new/untapped frontier of growth for a number of those LDCs that face a double jeopardy of being landlocked as well. Although some of the constraints facing services exporters are similar to those faced by merchandise exporters, areas such as Information and Communication Technology (ICT), tourism, education, health and professional services are not necessarily tied to politics, institutions, infrastructure and the preference of transit-providing countries. Fifth, due to the Decision of the Eighth World Trade Organization (WTO) Ministerial Conference (MC8) of December 2011, which was further reinforced by the Decision of the Ninth WTO Ministerial Conference (MC9) of December 2013, to operationalize the services waiver, 19 WTO Members have now (at the time of writing) submitted notifications on services preferences for LDCs, indicating their intention to offer preferences in sectors and modes of supply of export interest to LDCs. If further positive steps can be taken at the Tenth WTO Ministerial Conference (MC10), this will significantly enhance the LDCs' market access to services, which the LDCs should try their best to tap into. Finally, the services sector is a major contributor to the Post-2030 Sustainable Development Agenda in a number of LDCs, due to its poverty alleviation potential as well as its inclusive character. Services such as tourism, business process outsourcing, music and audio visual, transport, distribution and logistics offer greater potential to contribute to these endeavours.

The Aid for Trade (AfT) initiative of the WTO can clearly contribute to three areas, where support to LDCs

www.icr.unwto.org

is critical. First, it can provide support for the LDCs to understand the services trade-related opportunity and challenges, which can be referred to as diagnostic support. Second, it can help in policy and institutional areas by providing support for undertaking policy reforms and putting in place institutional structures to carry forward such reforms as well as implement priority projects identified through the diagnostic exercise. Finally, it can directly contribute to services trade promotion by helping countries address their supply-side constraints facing services exports. Since the Enhanced Integrated Framework (EIF), the only AfT initiative exclusively devoted to helping the LDCs build their trade capacity, is active in all three areas of support to the LDCs, this article is largely based on the existing work of the programme. A few other examples of other AfT support are also presented, where relevant.

Services sector diagnostics

There are several ad hoc diagnostic tools for analyzing the services potential of developing countries in general, with or without the idea of attracting AfT. However, the Diagnostic Trade Integration Studies (DTISs), which are prepared and updated by the LDCs at regular intervals, are the major analytical tool underpinning the design and implementation of the LDCs' AfT intervention on the ground. Since these studies reflect the national priorities as well as global and regional realities, it is natural for the services sector to be included as the major sector of their comparative advantage. However, like merchandise trade, the services trade potential of the LDCs is concentrated on one major sector, which is evidenced from the fact that out of 47 analytical studies conducted in the LDCs, 42 have included the tourism sector. In order to find other sectors of export interest to the LDCs, the EIF randomly chose 15 recent DTISs, which have also considered services sectors other than tourism. This exercise revealed that 12 countries have listed transport and logistics as their priorities, whereas nine countries each have listed ICT and financial services. Only three countries prioritized professional services.

The potentials discussed above are of little use if they cannot be converted into actual export opportunities. This is where the role of diagnostics as a tool for the identification of constraints as well as the imperative of AfT to address them becomes evident. For example, putting tourism services at the top of the list as a priority export sector does not mean that the LDCs are in a position to fully exploit their potentials, neither does it imply that AfT resources are flowing into the sector as per its needs and requirements on the one hand and the LDCs' expectations on the other hand. Preliminary findings of an ongoing study by the EIF and the World Tourism Organization reveal some interesting facts.

First, LDCs face varied constraints to fully harness the potential of the tourism sector. They include: a) lack of transportation infrastructure, such as roads; b) lack of accommodation facilities; and lack of leisure facilities, such as restaurants and other tourism activities; c) lack of human resources, such as trained staff and management skills; d) poor statistics and data; e) lack of sector management, an adverse business climate and bottlenecks in other related sectors; f) lack of a tourism policy or regulatory framework or strategy; g) lack of investment; h) security issues, corruption or political instability; and i) lack of effective coordination between public authorities.[4]

Second, despite its wide-reaching and well-documented socio-economic impacts, particularly in the context of the LDCs, and despite the requirement to overcome the above-mentioned challenges faced by the LDCs, among other things, through AfT, the tourism sector receives insufficient development assistance. Based on the Organisation for Economic Co-operation and Development (OECD) Creditor Reporting System (CRS), between 2002 and 2013, the tourism sector received on average 0.36 percent of total AfT disbursement. The percentage of AfT resources allocated to this sector has, however, been increasing, which is evidenced by the fact that in 2002, allocation to this sector was 0.21 percent, which has increased to 0.45 percent in 2013.[5]

Some of the constraints facing other service providers are the same as facing tourism, because they are endemic to the LDCs. For example, in the areas of ICT, finance and infrastructure services, where the LDCs seem to have an export potential, the major impediments are human capital, infrastructure, investment, finance and the policy and regulatory environment.

Looking at the preponderance of tourism services in the diagnostic studies conducted by the LDCs, one can argue that such a level of export concentration mirrors the level of concentration on merchandise trade. Therefore, it should be taken as a clarion call by the trade policy makers as well as researchers in the LDCs while conducting trade diagnostics as well as making investments in harnessing the potential of services sectors. With this objective in mind, this article makes an attempt to bring to the fore some of the unique services sectors indicated in the DTISs of three EIF Countries. In order to identify these "niche services sectors", we went a little deeper into the DTISs to find out those sectors that are not considered mainstream services in the LDCs. Three examples are drawn from a recently graduated county—Cabo Verde (West Africa) as well as two—LDCs: Nepal (South Asia) and Uganda (East Africa).

Trade in the creative sector in Cabo Verde

The creative sector mobilizes tangible resources (information technologies) as well as intangible resources – culture, knowledge, creativity and values. It is based on the infinite and renewable resources of the country – its human and cultural capital; the focus is on the future and innovation. One of the sub-components of the creative sector is the cultural sector, which can be commercialized on a national as well as a global scale by capitalizing on the country's music, arts, traditions and gastronomy and commercializing them in the national and global marketplace. This has been one of the strategic goals of Cabo Verde's development planning in the last decade. As stated in UNCTAD (2015), the DTIS Update (DTISU) underlines the importance of investments in the creative economy of Cabo Verde, enlisting culture and creativity as strategic drivers of development.[6] Like many other services sectors in the LDCs, the lack of recent and reliable data on this sector prevents one from making an informed analysis on the potential of this sector.

Despite the potential, trade expansion in this sector is constrained by: a) weakness or absence of infrastructures for the efficient production, distribution and consumption of creative services; b) limited appreciation of the role of creative services and their potential to generate employment in public policies; c) lack or inadequacy of laws and regulations that create a favourable environment for the development of the creative economy; d) limited availability of, and access to, investment and finance; e) high informality of active enterprises in the creative sectors; and f) limited training opportunities in entrepreneurship, management and technical areas necessary for the development of productive value chains in the creative sectors.[7]

Trade in health services in Nepal

Although Nepal's DTISU entitled Nepal Trade Integration Study (NTIS) identifies health services as a sector possessing export potential, it ranks this service as one of the least preferred services based on three indicators adopted for the analysis. While this sector received a low ranking on export performance and domestic supply condition, its ranking on world market conditions was medium.[8] A subsequent study found that Nepal has a potential not only in mainstream medicine but also in traditional medicine, such as the Ayurvedic medicine. Four areas of health services exports, which are predominant in Nepal, are: a) Nepalese hospitals, non-government organizations and doctors providing telemedicine services abroad (Mode 1); b) foreign nationals visiting Nepalese hospitals and health clinics for treatment and foreign students pursuing medical education in Nepal (Mode 2); c) foreign nationals establishing hospitals and medical schools in Nepal (Mode 3); and d) Nepalese medical professionals (doctors and nurses) travelling abroad for providing medical services (Mode 4).[9]

However, due to data limitations as well as some of the above-mentioned modes of services delivery, in particular Modes 1 and 2, having been taking place in an informal and unorganized manner, it is not possible to ascertain the extent of services delivery through these modes. Besides, other major constraints facing the expansion of trade in health services include: a) export concentration to a single market, namely India, due to closer social, cultural and economic relationships with the latter, as well as limited progress on the negotiation of services agreements at the regional level in South Asia; b) limited human capital in the medical sector; c) lack of adequate infrastructure, including energy and broadband access; d) limited awareness and availability of, and access to, health insurance; and e) lack of political stability and a conducive environment for attracting foreign direct investment.

> The AfT initiative can provide diagnostic support to LDCs to explore services trade-related opportunities and challenges.

Trade in education services in Uganda

According to the DTISU of Uganda, the growth of the services sector has been strong during the past decade. Between 2006/2007 and 2011/2012, this sector achieved an annual average growth rate of 13 percent.[10] Exports of educational services (mainly foreign students coming to study in Uganda from neighbouring East African Community countries) rose by a third between 2006 and 2010, with over 180,000 foreign students in the country's private universities. Foreign students are predominantly from the East African neighbours, such as Burundi, the Democratic Republic of the Congo, Kenya, Rwanda, Sudan and Tanzania.[11] The country achieved export earnings of US$32 million from education services in 2004/2005, and the figure has been rising since.[12] Like in many other LDCs, due to the absence of up-to-date, accurate and credible data, it is difficult to ascertain the progress made on this front.

However, the major problem for services exports in general, such as deficient ICT infrastructures and access to finance, remains acute in the country, and these are the main factors inhibiting trade growth in the education services exports. Other major constraints include: a) lack of awareness of the business and export opportunities in the sector; b) lack of a well-defined regulatory framework; c) inadequate marketing programmes; and d) limited adaptation of the national curriculum to international standards as well as limited recognition of academic qualifications abroad.[13]

Major problems identified in the context of market access are: a) lack of predictable access for the LDCs' services providers to the developed countries' markets including limited commitment in the services sectors of export interest to LDCs; and b) a disconnect between commitments made by LDCs at the multilateral level vis-à-vis regional and bilateral levels for the liberalization of service.[14]

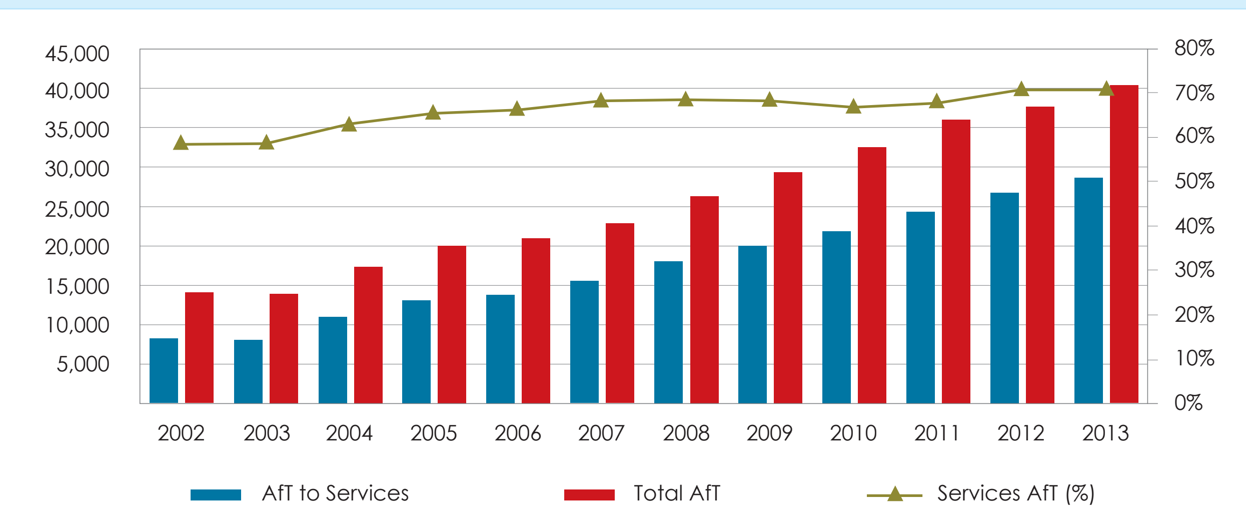
Some of the above problems might be alleviated due to the ongoing work on the WTO's LDC services waiver, and if the LDCs make efforts to synchronize their international commitments on services. However, it is very difficult to address the supply-side constraints without making a considerable investment in the cross-cutting areas identified above. This is where AfT can play a critical role, although it is highly desirable that the LDC governments invest their own resources as well as mobilize other sources such as private sector and philanthropic institutions.

Services trade promotion through AfT

It is difficult to find a clear-cut demarcation between AfT support provided to the merchandise and services sectors, because several categories of AfT could be meant for both the sectors. However, it is possible to find proxies for AfT to the services sector based on what is available in the literature. For example, Ferro, Portugal-Perez and Wilson (2012), include AfT to transport, communications, energy, financial services and business services for assessing their impact on the export of downstream manufacturing services.[15] Since the study was done in a different context, we follow the same classification with the addition of tourism services, which is important from the perspective of the LDCs, as discussed above.

Based on this categorization, Figure 1 presents the AfT disbursement from 2002 to 2013 as well as the percentage share of AfT to the services

Figure 1
Aid for Trade (AfT) disbursements to the services sector (Constant prices, 2013, US$), 2002-2013



Source: Creditor Reporting System, OECD (accessed 15 November 2015).

sector in the overall AfT. While AfT disbursements grew from a modest US$14 billion to US$40 billion posting a growth of 186 percent during this period, AfT to the services sector increased from US$8 million to US$29 million, recording a growth of 248 percent. The share of AfT to the services sector increased from 58 percent in 2002 to 71 percent in 2013.

However, much of this growth is attributed to the growth in transport, energy and communications. The share of AfT going to the tourism sector is still negligible. Figure 2 provides the break-up of various categories of services-related AfT, which shows that in the recent period, almost 80 percent of these resources have gone to two categories – transport and storage, and energy.

Based on the figures, a general conclusion is that the support of AfT to the services sector has been growing more rapidly than general growth in AfT support, but the issue of concentration in certain sectors and neglect of others should be looked into from a policy perspective. Besides the generic data provided above, it would be useful to look at a few examples of AfT provided to the LDCs for services trade promotion, whether through EIF support or otherwise.

> The expansion of services trade in the LDCs could help them achieve sustained and inclusive economic growth.

Cambodia – Human capital

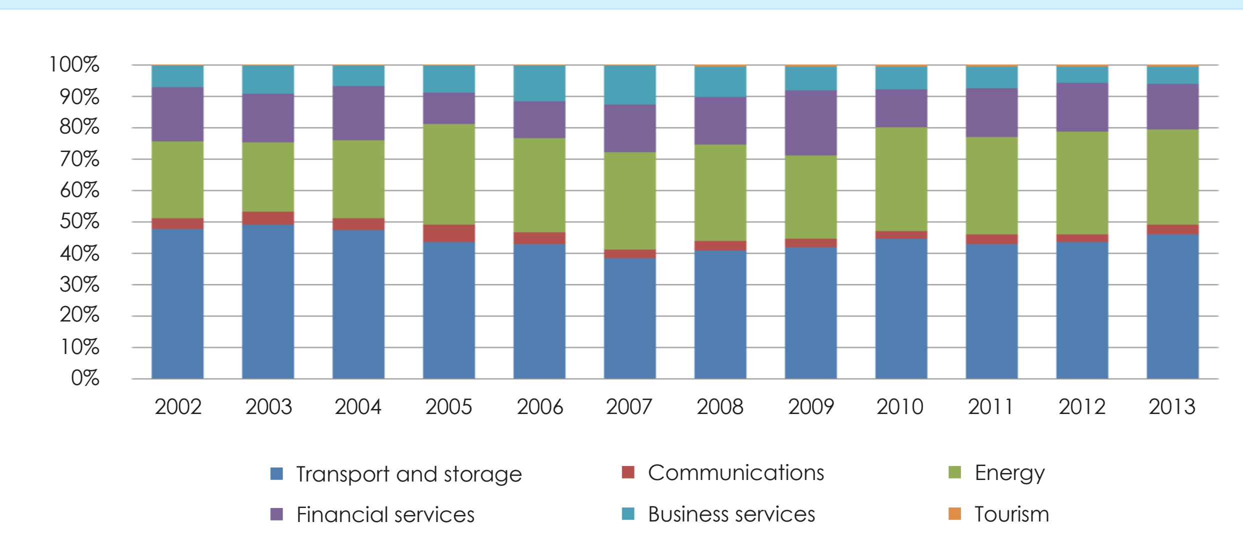
The EIF is jointly supporting the establishment and operation of the Academy of Culinary Arts of Cambodia, together with the Swedish International Development Cooperation Agency (SIDA) and the Government of Cambodia. The project aims at addressing the problem of human capital deficiency identified above in the context of tourism trade. The Government of Cambodia has assigned the responsibility of implementing this project to Shift 360, a Swiss non-governmental organization, which is planning to train 442 students during the project period. With its link to a hotel management institute in Lucerne, Switzerland, the implementing entity can invite trainers as well as organize exchange programmes. With a limited support of US$950,000 from the EIF and the ability of the project to leverage additional resources from SIDA, the project is likely to achieve its objectives without facing any resource constraints.

Vanuatu – Tourism infrastructure

The EIF and the Government of New Zealand are jointly funding a project for the regeneration of the waterfront in the capital, Port Vila, to create a functional, safe and attractive area. The project, which is being implemented by the Ministry of Tourism, Trade Commerce and Ni-Vanuatu Business, is valued at US$18.8 million, for which the EIF contributed US$3.2 million and New Zealand US$15.65 million. The project is expected to contribute to a 36 percent increase in tourism arrivals by 2017, with the project contributing mainly to increase the number of

Figure 2

Services-related AfT disbursement (Constant prices, 2013, US$), 2002-2013



Source: Creditor Reporting System, OECD (accessed 15 November 2015).

tourists arriving by cruise ships. An estimated 11,000 women working in the handicraft sector are likely to be the prime beneficiaries of the project.

Bangladesh – IT and ITES

Information Technology (IT) and Information Technology Enabled Services (ITES) are a booming services sector providing employment opportunity to more than 50,000 youths in Bangladesh. In order to help Bangladesh to enhance export competitiveness and generate new export revenue, the International Trade Centre (ITC) is implementing an ICT export competitiveness programme in collaboration with the Bangladesh Association of Software and Information Services and the Dhaka Chamber of Commerce. Some of the project deliverables include: a) achieving a 5 percent increase in 24 small and medium ICT enterprises, which are the beneficiaries of the project; b) attaining 8 percent growth in value of ICT exports of these enterprises; and c) identifying three new export markets as well as 100 new potential buyers. The project, which will be implemented between 2014 and 2017, will receive a total support of US$1.9 million from the ITC.[16]

Conclusion

Given the imperatives of export diversification, particularly for landlocked LDCs, the growth potential of the services sector, the potential of a backbone services sector to contribute to trade growth of other sectors and potential market access opportunities, the services sector is being considered as a new frontier of growth by several LDCs. Since the recently adopted 2030 Sustainable Development Agenda emphasizes sustained and inclusive economic growth, the expansion of services trade in the LDCs could help the latter achieve this objective.

Diagnostics are necessary for the LDCs to identify the services sector of their comparative advantage as well as list down constraints, which paves the way for developing bankable AfT projects. However, there is a need for those who are involved in this exercise to focus not only on mainstream services such as tourism, ICT, finance and transport, but also on unique and niche sectors as well and be more specific on the recommendations being made. The LDCs face similar constraints in most of the sectors, which are partly due to the economic status of these countries. These cross-cutting constraints include availability of/access to quality data, human capital, infrastructure, investment, finance and the policy and regulatory environment.

> Diagnostics are necessary for LDCs to identify the services sector of their comparative advantage as well as list down constraints.

Services trade promotion, particularly supported through AfT, cannot be strait-jacketed because they depend on the priorities of the LDCs themselves. Based on our categorization, AfT disbursements into the services sector has been growing rapidly and has reached 71 percent of total AfT. Increased disbursement to the transport and energy sectors is generally good for the LDCs not only because of their contribution to services trade but also due to their role in promoting export of manufactured goods. However, other services sectors, where LDCs may have comparative advantage—whether mainstream or niche—should also be supported. Based on a few examples provided above, it appears that AfT in this area has the potential to deliver, although actual results are yet to be realized. ■

The author is the Executive Director of Executive Secretariat for the Enhanced Integrated Framework at the WTO. Views expressed are personal. The author would like to acknowledge the comments from David Tinline and the research support of Justine Namara and Paul Anderson.

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10th WTO Ministerial Conference

LDC agenda for Nairobi

Fahmida Khatun

When the World Trade Organization (WTO) delivered the Bali Package at the 9th Ministerial Conference (MC9) in 2013 in Bali, Indonesia, it was termed as a historic achievement since the formation of the multilateral trading system in 1995. In a way the Bali Ministerial saved the WTO from becoming a defunct organization with no role in advancing the global economy. Though the Doha Round which began in 2001 at the 4th WTO Ministerial Conference was to be concluded by 2005, the subsequent WTO Conferences failed to reach an agreement due to different positions of member countries on a number of important issues. Some of the most difficult areas of the Doha Round negotiations have been agricultural and non-agricultural market access, reform of domestic support policies in agriculture and market access of services. The Bali outcome concerning a few important areas thus became a milestone in fulfilling the commitments of the Doha Round. It delivered mainly a three-pronged package, a sub-set of the Doha Round negotiations.

However, the Bali package did not deliver much for Least Developed Countries (LDCs). The package only included trade facilitation (TF) along with some agricultural issues and a few developmental proposals. LDCs had tabled their demands before the Bali Ministerial that included issues such as Duty-Free and Quota-Free (DFQF) market access, preferential rules of origins, operationalization of the services waiver, and monitoring mechanism on Special and Differential Treatment (S&DT). However, there were no concrete proposals on these areas for LDCs. More depressing is that little progress has been made since MC9 in fulfilling the decisions undertaken at the Bali Ministerial.

After two years of intense discussions at various committees of the WTO following the Bali conference, the Commerce Ministers of the WTO member countries are set to meet yet again during 15-18 December in Nairobi, Kenya to discuss the Doha Round for the tenth time. LDCs once again look forward to the fulfilment of their interests in the Nairobi package to be presented at the Nairobi Ministerial Conference of the WTO (MC10). Several proposals have been put forward to various committees of the WTO by LDCs. Their demands are in line with the Doha agenda and Bali package, since many of them largely remain unattended till date.

This write up reviews of some of the issues of the Bali package and highlight LDC agenda that have been put forward by LDCs during the run-up to the upcoming MC10.

Duty free and quota free market access

Market access by developed and advanced developing countries for non-agricultural products from LDCs remains largely unfulfilled. Annex F of the Hong Kong Declaration of the WTO in 2005 mentions about providing DFQF market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability. It also stipulated that members facing difficulties at this time to provide market access as set out above shall provide DFQF market access for at least 97 percent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period. However, concerns with regard to meaningful market access continue to prevail as DFQF market access for 97 percent of tariff lines are not commercially meaningful for many LDCs. For example, apparels, a major export item of some LDCs remains outside the 97 percent tariff lines provided by the United States of America (USA).

During the post-Hong Kong Ministerial LDCs emphasized the need for a monitoring mechanism for implementing the DFQF market access. This monitoring is important since LDCs cannot utilize the full potential of the DFQF market access due to various constraints. The Bali package reiterated the Hong Kong decision and stipulated that developed countries which are yet to provide DFQF to LDCs would do so for more than 97 percent tariff lines before MC10. Developing countries are also required to start providing DFQF to LDCs. However, providing DFQF market access for more than 97 percent tariff lines by developed countries is not a legally binding commitment. Also, there has not been any time line specified in the Bali text for giving market preferences by developed countries which have not done so already. Nonetheless, the Committee on Trade and Development (CTD) was assigned to continue to conduct annual review on DFQF related measures undertaken by members.

Services waiver

The Doha Ministerial Declaration placed services negotiations into the overall time frame of the Doha Development Agenda. It reaffirms the Guidelines and Procedures for the Negotiations adopted by the Council for Trade in Services on 28 March 2001 as the basis for continuing the negotiations, with a view to achieving the objectives of the GATS. On 17 December 2011, during the 8th Ministerial Conference of the WTO in Geneva, LDCs were given services waiver under which they would receive some preferences in case of exports of services. The waiver provides preferences in two forms: market access preferences; and non-market access preferences. As per the waiver, LDCs can gain market access in different sectors and modes of services which are of interest to them. The waiver was to be granted immediately to all LDCs and the preferential treatment was not conditional to complying with non-trade issues. The waiver also has the provision of rules of origin which would not allow any other country to be a free rider, that is, it prohibits other countries from benefiting through the preferential access by establishing companies in LDCs.

During the run-up to the Bali Ministerial, the LDC group at the WTO led by Nepal tabled a draft decision in

October 2013 on the operationalization of the waiver concerning preferential treatment to services and service suppliers of LDCs. The draft decision was put forward for consideration as part of the outcome of the Bali Ministerial Conference, and made seven recommendations.

Among others, it proposed that the operationalization of the services waiver be a standing item on the agenda of the Council for Trade in Services (CTS), and that an annual review be undertaken to assess the status of operationalizing the waiver. It also proposed that the General Council convene a signaling conference in July 2014, with a view "to accelerating the process of securing meaningful preferences for LDC services and service suppliers and to fully operationalize the waiver."

In Bali, members took cognizance of the decision on services waiver for LDCs. They decided that the CTS shall convene a high-level meeting six months after the submission of a collective request by LDCs at which time WTO members would indicate their preferential treatment to services and service suppliers of LDCs. CTS was to initiate a process for operationalization of LDCs' service waiver and review the progress periodically. Developed, and developing country members in a position to do so, would indicate "sectors and modes of supply" for providing preferential treatment to LDC services and service providers. Given LDCs' weak capacity, members were requested to provide capacity building and technical support to LDCs so that they can take advantage of the services waiver.

During the post-Bali period, on 21 July 2014, the LDC group collectively submitted their proposal clearly indicating their preferences for sectors and modes of supply. They expressed concerns on market access and national treatment restrictions related to Mode 4 of GATS that involves cross border movement of professionals. They requested for a number of flexibilities in all sectors. Among these are removal of entry barriers, creation of a special temporary entry visa quota for LDCs, removal of restrictions on the category of contractual service suppliers and independent professionals, residency permits, Economic Needs Test and labour market tests. They also requested for removal of various non-tariff barriers related to visa, work permits, residency permits and recognition of professional qualification and accreditation. The services waiver has a lifespan of 15 years effective at the adaptation of the decision is December 2011. However, the LDC group demands extension of the waiver period to 15 years from the date of submission of each notification.

At a high level meeting on 5 February 2015, more than 25 developed and developing countries indicated sectors and modes of supply where they would provide preferential treatment to services and service suppliers of LDCs. Australia, Canada, Norway, Hong Kong China, Republic of Korea, Chinese Taipei, Japan, New Zealand, Singapore, Switzerland, Mexico and India are among those that have already notified their preferences to the CTS. Recently, the United States of America (USA) and Turkey also submitted their notifications in October 2015, while the European Union (EU) and Chile intend to make notification in the near future. Members that submitted notifications told that they were willing to discuss the concerns of LDCs bilaterally as regards the preferences they offered.

Rules of origin

The use of simple and transparent rules of origin in trade preferential schemes has been reiterated by LDCs. Even if LDCs are given various preferences such as generalized system of preferences, they cannot fully realize preferential market access due to stringent rules of origin. The need for LDC friendly rules of origin for products originating in LDCs has been reemphasized in several forums given their production capacity. It has been urged that for LDCs the threshold level of value addition should be kept as low as possible so that LDCs can comply with it.

At the Bali Ministerial conference, it was decided that a set of guidelines would be provided to WTO members to develop their individual rules of

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At the core of the implementation of S&DT provisions is the issue of implementation of DFQF market access for LDCs.

origin for imports from LDCs. It was also decided in Bali that the Committee on Rules of Origin would review the developments on preferential rules of origin annually But as the Bali decision was not legally binding, members were reluctant to follow the guidelines. .

At the annual review the LDC group presented a substantive report on 28 October 2014 to the committee where they highlighted the challenges faced by LDCs in complying with preferential rules of origin. In the report, they called for designing more effective rules of origin for LDCs. However, there have been no substantive efforts by preference-granting members to streamline their preferential rules of origin during post-Bali period. Also, rules of origin are designed on a unilateral basis without any harmonized standard.

On 17 April 2015 the LDC group made another submission on elements on preferential rules of origin for LDCs. In this submission LDCs posed a number of questions to WTO members on whether and to what extent they were willing to modify their preferential rules of origin.

The LDC group also made a submission on preferential rules of origin under unilateral preferential schemes for LDCs on 24 September 2015. In this submission, LDCs demanded that the Bali decision of preferential rules of origin should be made mandatory. The submission reiterated the need for adoption of rules of origin for LDCs at MC10. The LDC group requests preference granting countries to take into account the constraints of LDCs, their levels of development and current global value chain realities while designing rules of origin.

Special and differential treatment

Another crucial element of the development dimension of the Doha Round has been S&DT that aims to provide preferential treatment to developing countries and LDCs so that they can integrate into the multilateral trading system easily. The Bali text included the work towards finalizing a monitoring mechanism for S&DT, which would consist of meetings and other methods for monitoring special treatment given to developing countries.

Given that trade liberalization does not automatically lead to development and welfare gains for all countries as they cannot take advantage of opportunities created by trade liberalization due to lack of capacity, the relevance of S&DT for LDCs cannot be overemphasized. S&DT describes preferential provisions in various agreements of the WTO for Developing and Least Developed Countries. This is in view of major bottlenecks these countries face in taking advantage of the global trading systems. It is widely recognized that due to several supply side bottlenecks, developing countries, particularly LDCs, are unable to participate effectively in the multilateral trading system. In view of marginalization of weaker economies in the context of globalization, lack of technical capacity, lack of financial resources, and weak capacity to take advantage of the opportunities emanating from the WTO system, developing countries and LDCs were given flexibility by the multilateral trading system.

During the Doha Ministerial of the WTO in 2001, members reaffirmed that the provisions for S&DT are an integral part of the WTO Agreements. Paragraph 44 of the Doha Mandate (2001) says, "We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some members have proposed a Framework Agreement on SDT (WT/GC/W/442). We therefore agree that all SDT provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on SDT set out in the Decision on Implementation-Related Issues and Concerns."

At the Cancun Ministerial 2003, members included 28 agreement-specific S&DT Provisions in the Annex C of Draft Ministerial Text. Eventually these provisions were not adopted due to the conference's failure to agree on a number of other issues. Members agreed to five S&DT provisions for LDCs at the Hong Kong Ministerial:

i) DFQF access by 2008;
ii) preferential rules of origin;
iii) right to undertake measures for their development;
iv) unconditional trade preferences; and
v) allowed to deviate from obligation in the Trade Related Investment Measures (TRIMS) agreements.

The Geneva Ministerial Conference in 2011 provided extension of preferential treatment for service trade for another 15 years, a 'Draft Decision' on the expansion of TRIPS transition period. It may be mentioned that on 11 June 2013, LDCs have been granted up to 1 July 2021 to implement TRIPS agreement.

At the Geneva Ministerial, some ministers suggested the review and monitoring of S&DT Provisions in the WTO. Consequently, the Ministers agreed to expedite work towards finalizing the Monitoring Mechanism for S&DT provisions and more importantly, agreed to take stock of the 28 Agreement-specific proposals in Annex C of the draft Cancun text.

At the core of the implementation of S&DT provisions is the issue of implementation of DFQF market access for LDCs. Meaningful and enhanced market access for LDCs remains to be an unfulfilled agenda. Operationlization of "Development" provisions of the Doha Agenda depends in many ways on the implementation of S&DT provisions. However, many of the WTO agreements as regards S&DT are operationally problematic for at least two reasons. First, many provisions are of "best endeaver" nature. There is a need to develop an approach that defines clear and concrete rights and obligations for all members. Second, many current S&DT provisions are also of "one size fit all" nature. This notion ignores the fact development challenges faced by the WTO members are varied and therefore cannot be addressed by uniform rules. Thus, there is need for specifying rights and obligations of members for implementing S&DT provisions.

TRIPS waiver

The Doha Declaration affirmed that the Agreement on Trade Related Intellectual Property Rights (TRIPS) can and should be interpreted and implemented in a manner that supports WTO members' right to protect health, particularly ensuring access to medicines for all. However, Ministers at Doha failed to resolve a key issue as to how countries which desired to exercise the right to protect public health through the use of compulsory licensing but had insufficient or no manufacturing capacity in the pharmaceutical sector could be assisted.

Consequently, under paragraph 6 of the Declaration, the Ministers, recognizing that WTO members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing. So the Declaration instructed the Council for TRIPS to find an expeditious solution to the problem so that such members can obtain patented drugs from other countries. Based on this mandate, the WTO General Council adopted a decision to implement paragraph 6 on the TRIPS Agreement and public health on 30 August 2003 prior to the Fifth WTO Ministerial Conference in Cancun in September 2003. Subsequently, the Hong Kong Ministerial Declaration in 2005 welcomed the decision by the Council of TRIPs to implement paragraph 6.

On 6 November 2015, the TRIPS Council of the WTO took a decision to grant 17-year transition period of exemption/waiver to LDCs on pharmaceutical products. The existing waiver by the TRIPS Council ends on 1 January 2016. Given serious health challenges faced by LDCs, easy availability of affordable medicines in LDCs is crucial. Though the LDC Group demands an unconditional extension of the transition period for pharmaceutical products as long as they remain as LDCs, the extension of waiver period for another 17 years is a significant achievement indeed. It is now up to LDCs to define how they will take advantage of this extended period.

Agriculture

The Doha Ministerial Declaration agreed to undertake "comprehensive negotiations" aimed at the three pillars of agriculture negotiations: substantial improvements in market access; reductions of, with a view of phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. The Hong Kong Ministerial Declaration in 2005 reaffirmed the commitments to the mandate on agriculture as set out in paragraph 13 of the Doha Ministerial Declaration.

But in Bali, agriculture subsidy was the most contentious issue on which India took a strong position. The Doha Round aimed for 'fair and market-oriented agricultural trading system.' This was to be achieved by way of substantial reductions in trade-distorting domestic support for agricultural commodities, improvements in market access for agricultural goods, and reduction of export subsidy, with the ultimate objective for total phase out. The deal on agriculture subsidy has been difficult since developing countries have urged to reform trade-distorting farm policies adopted by developed countries. Meanwhile, developing countries demanded special treatment for their small farmers to allow for more flexibility for food purchased at subsidised prices, which would allow countries to build public stocks of food grains for food security purposes. To break the deadlock, the Bali outcome declared that developing countries would not be challenged legally even if the limit of trade distorting domestic support by a country exceeds 10 percent. However, the proposed solution on food subsidy is an interim one until a permanent one is reached. Member countries have committed to set up a work programme to find a permanent negotiation outcome within four years that is no later than the eleventh WTO Ministerial Conference in 2017.

> Developing countries have urged developing countries to reform their trade-distorting farm policies.

There are significant outstanding issues on agriculture. Developing countries asked for limited market opening in agriculture and requested that they should be allowed to raise import tariffs on agriculture products in cases of import surges or price collapses. But other countries which support agricultural trade liberalization oppose this. Many members also suggested that all three pillars of the agriculture negotiations - market access, domestic support and export competition should be dealt together.

The General Council in 2014 instructed members to "engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes by 31 December 2015". But there continues to be divergent views on public stockholding for food security purposes.

Cotton

Domestic support to cotton producers continues to be a challenging area. As regards, the Bali decision reaffirmed that all forms of export support and subsidies would be eliminated towards creating a level playing field for cotton exporters in the poorest countries, but decided to discuss on the issue on a biannual basis.

During the post-Bali period "Cotton Four" (C4) countries - Benin, Burkina Faso, Mali and Chad introduced their proposal on cotton. The trade-related components of the cotton initiative suggest reforms in market access, domestic support and export

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competition in the cotton sector. The development aspects include supporting poor cotton producers to deal with market conditions and other requirements. In their proposal, the C4 countries have provided a list of products which they want to be covered by DFQF market access. DFQF market access on the list of products will able C4 countries to export of cotton products from the poorest countries to developed countries and some developing countries without trade barrier.

Trade facilitation

Trade facilitation (TF) aims to simplify customs rules and reduce cost of inefficiencies which are created due to delayed delivery of goods across borders. One of the striking features at present is that as the global economy is integrating fast, the global production process is being disintegrated. That is, production processes now- adays, take place in various locations of the globe to make products cost effective and ensure high quality. In order to operationalize such global supply chains efficiently the importance of TF has been felt urgently in recent years. The much circulated estimate suggests that the global economy can gain by US$1 trillion due to trade facilitation. Trade costs are expected to decline by 10 to 15 percent through increased flow of trade, creation of a stable business friendly environment and attraction of additional foreign investment.

LDCs will need support for implementation of the TF agreement adopted in the Bali package so that it can build infrastructure and institutional framework for increasing trade. The MC9 calls for such support. Besides, the Bali declaration indicates that developing and LDC members will get waiver in implementing the provisions of TF agreement until they acquire implementation capacity. Only on the basis of their individual development, financial and trade needs or their administrative and institutional capabilities, LDC members would have to undertake commitments on TF. The MC9 also called upon developing country members to provide capacity building assistance to other developing countries and LDCs. Specific proposals on financial and technical support to comply with TF requirements by LDCs are yet to be announced by members.

Concluding remarks

Though LDCs' participation in global trade has increased over the years, the distribution of growth has not been equal across all regions. At present, LDC group consists of around 12 percent of world population. However, LDCs have a share of little over 1 percent in world GDP and they account for about 1 percent of global trade in goods. Moreover, there are some inherent weaknesses in the structure of export from LDCs. These include among others, the narrow export basket and dependency on primary products. LDCs also face emerging challenges of food and energy security, migration and climate change.

A successful and comprehensive conclusion of the Doha Round negotiation is critical for LDCs since the implementation of the Doha Agenda could resolve some of the urgent developmental problems of these countries. This has become much more important in view of the adoption of the Post-2015 Sustainable Development Goals (SDGs) by the United Nations in September 2015. One of the means of implementation of the SDGs is trade which is considered to enhance development. As the UN wants to see a poverty-free world by 2030, it is critically important that WTO members work wholeheartedly towards fulfilling the Doha Agenda.

LDCs have been flagging their interests in areas such as DFQF, services waiver, rules of origin, aid for trade, TRIPS and S&DT to materialize their development needs. However, the multilateral trading regime has so far failed to offer any substantive and meaningful commitment towards facilitation and improvement of LDCs' trade requirements. LDCs are mostly deal takers in the multilateral negotiations. Therefore, it is ultimately up to the members of the WTO how they would make deals. This is of course beyond the spirit of the Doha Declarations. The Doha Development Agenda "seeks to place the needs and interests of developing members at its heart and continue to make positive efforts designed to ensure that developing members, and especially the LDCs secure a share in the growth of world trade commensurate with the needs of their economic development".

The Nairobi Ministerial conference coincides with the 20th anniversary of the WTO. This is probably a good time for WTO members to reflect on their role in fulfilling the Doha Development Agenda promises and in improving the global trade governance. ■

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LDC Services waiver
Potential and reality

Operationalization of the LDC services waiver is still not sufficiently advanced to infer what benefits it will bring in reality, though the potential benefits can be significant.

Rupa Chanda

Introduction

The Doha Development Round of trade negotiations launched in November 2001 had promised to put developing country agenda at the centre of the international trade negotiations. However, the World Trade Organization (WTO) has largely failed to deliver on this promise. Meanwhile, the world trading system has continued to fragment into a growing number of trading blocs which threaten to undermine the WTO system and the Doha Development Agenda.

Against this backdrop, the Eighth WTO Ministerial Conference held in Bali in December 2011 yielded a noteworthy, development-oriented outcome—the Least Developed Countries (LDC) services waiver. Under this waiver, which lasts for 15 years from

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the date of its adoption, WTO members are authorized to grant preferences to services and service providers of all LDCs, including non-members. The waiver offers a two-tiered solution: (i) direct market access preferences for services and service suppliers of LDCs with respect to the application of measures under Article XVI as well as any other measures annexed to this waiver; and (ii) non-market access preferences to LDCs such as selective national treatment and less restrictive application of domestic regulations, subject to authorization by the Council for Trade in Services (CTS) and a specified application and approval procedure.

In principle, the LDC services waiver is the first positive legal discrimination in favour of LDCs permitted under the General Agreement on Trade in Services (GATS). An important potential outcome of the waiver is the facilitation of LDC services exports in modes and sectors of interest to them, particularly in labour-based services through the temporary movement of their nationals (mode 4), a long standing area of demand for Developing and Least Developed Countries under the GATS. The possibility of providing "other" preferences such as easing of burdensome requirements is also of interest to LDCs as it offers scope to address regulatory barriers, which often pose the greatest obstacles to LDC services exports.

Significance of the waiver

The LDC services waiver, if operationalized in true spirit, can help achieve various objectives. Foremost, the waiver can allow the WTO to address the growing importance of services in the world economy and accordingly make services a more central part of the negotiation agenda. The waiver can also help restore some faith in the Doha Development Round by signalling that development is embodied in a specific Ministerial decision. By permitting preferential market access and weakening of regulatory requirements, the services waiver is directly pertinent to the development agenda as it can potentially help LDCs overcome their high trade costs in services that result from internal supply constraints in infrastructure, skills and institutional frameworks, and consequently enable them to diversify their services exports.

> The LDC services waiver provides an opportunity to bridge the gap between the GATS commitments, and the existing services regimes.

On the multilateral institutional front, the services waiver provides an opportunity to provide momentum to the services negotiations which have been characterized by very low levels of market access commitments and restrictive regulatory conditions. It provides an opportunity to bridge the growing gap between the GATS commitments, and the existing services regimes under unilateral, bilateral and regional arrangements, including those under negotiation in mega-regional agreements like the Trans-Pacific Partnership (TPP) and plurilateral initiatives such as the Trade in Services Agreement (TiSA).

Operationalizing the waiver

Progress towards the operationalization of the waiver only gathered momentum following the Bali Ministerial decision which called on LDCs to submit a collective request that identifies their sectors and modes of particular export interest and directed the Council for Trade in Services to convene a high-level meeting six months after this submission. The Ministerial decision also encouraged members to extend preferences to LDCs, and to enhance technical assistance and capacity building to help operationalize the waiver.

Pursuant to this decision, in July 2014, LDCs submitted a collective request for preferential access, which identifies barriers pertaining to recognition of skills and qualifications, cumbersome documentation requirements imposed on LDC service providers, transit taxes and fees on tourists traveling to LDCs, and burdensome fees for visas, residence and work permits and licenses. Based on these identified barriers, three areas have been listed for potential waivers: (a) market access and national treatment restrictions; (b) recognition of professional qualifications and accreditation of institutions; and (c) visas, work permits and residence permits.

Under the market access category, at the horizontal level, the collective request calls upon member countries to create a special temporary entry visa category for LDC contractual service suppliers; waive all economic needs and labour market tests, residency requirements and restrictions on LDC professionals; remove the wage parity pre-condition for entry; and remove various discriminatory regulations. At the sectoral level, the request focuses on certain services, namely, travel and tourism, financial, transport and logistics, education and training, information and communications technology (ICT) and business process outsourcing(BPO), and creative industry services. In each sector, specific requests have been made, such as requesting preferential quotas for LDC students in higher education institutions, waiving all modal restrictions on all LDC BPO suppliers, and waiving social security deductions and financial security requirements for visas in creative industry services. Under the category of visas, work permits and residence permits, the request calls for expedited and simplified procedures for granting visas, licenses and permits, and waiver of various fees and financial security requirements for entry. Under the category of recognition of qualifications and accreditation, the request calls for concluding agreements with LDC institutions to recognize minimum qualifications, recognition of diplomas and degrees from accredited institutions, and to waive reciprocity conditions for LDC professional bodies. Some LDCs have also raised the issue of burdensome requirements which affect the ability of their small and medium-sized enterprises (SMEs) to supply services through commercial presence.

In response to these requests, in February 2015, 25 members expressed their interest in providing preferential treatment to LDCs in services. These expressions of interest cover most sectors and modes, specifically mode 1 (cross border trade), mode 2 (consumption abroad) and mode 3 (commercial presence). There are also offers to provide technical assistance for capacity building in services. For instance, India has made a specific offer to train 1,000 persons from LDCs in certain services, and to earmark 25 percent of all technical assistance and capacity building opportunities for LDCs. Similarly, China has offered to train 1,200 LDC professionals and organize 19 training sessions in selected services, in addition to preferences in the areas of domestic regulation and market access.

As of November 2015, of the 25 members who had initially signalled their interest to grant preferences, 17 countries namely Australia, Canada, Chile, China, Iceland, India, Japan, Mexico, New Zealand, Norway, Republic of Korea, Singapore, Switzerland, Hong Kong, China, Chinese Taipei, Turkey and the United States (US) had submitted their official notifications, while Brazil, the European Union (EU) and South Africa are expected to submit their notifications in the near future. These offers cover all 12 sectors under the GATS and are to be granted on the basis of a country's ability and willingness to provide preferential access. However, the degree of preferential treatment offered varies across countries.

The LDC Group has recently outlined a proposal for a possible decision on the services waiver at the Nairobi Ministerial.

In response to these notifications, the LDC Group has recently outlined a proposal for a possible decision on the services waiver at the upcoming Nairobi Ministerial. This proposal seeks information about the nature of the preferential treatment, the relevant sectors and sub-sectors, and the time period over which the preferences would be maintained. It encourages members which have notified preferences to improve upon their offers, including removal of existing restrictions for LDCs. The proposal also calls for the notified preferences to be made applicable for 15 years from the date of notification.

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Assessing recent developments and future prospects

A preliminary assessment of the offers indicates a greater willingness to grant preferential treatment to LDCs in sectors such as business and transport services. But in areas such as education, environment, health and financial services, the offers are less forthcoming. More importantly, offers remain unbound or limited in scope in regards to mode 4 (presence of natural person), which is of greatest interest to LDCs, while greater willingness to grant preferential access have been expressed in the remaining three modes of services.

Additionally, it is not clear whether the preferences will go beyond market access measures. In practice, developed countries could still keep economic needs tests or residency requirements in sectors where they have granted preferential access. Moreover, the additional administrative burden imposed by the CTS approval requirement, which includes notification by the granting country and an annual review by the CTS for continuing the waiver, could act as a disincentive to granting preferences that go beyond market access. Even the presence of rules of origin may not be effective in practice as defining rules of origin in services trade is complex given the intangibility of services and difficulties in identifying domestic value addition and transformation.

The implications and final outcome of the services waiver also remain unclear due to discussions in other forums, namely TiSA and TPP. It is possible that these latter frameworks might influence the operationalization of the LDC services waiver. While LDCs might gain preferential access in markets like the US, they may have to compete with other TiSA members in the US market if and when the TiSA negotiations are concluded. Overall, the operationalization of the LDC services waiver is still not sufficiently advanced to infer what benefits it will bring in reality, though the potential economic, political and institutional benefits can be significant.

Though the LDC services waiver holds promise, in practice, what it will deliver remains unclear.

What is needed?

Whatever shape the LDC services waiver may take, the main question that persists is whether LDCs will be in a position to utilize the waiver. Firstly, do LDCs have requisite information about markets, service sectors and modes to negotiate their interests? Although the collective request has pinpointed specific sectors and modes, at the individual level, LDCs lack market-specific information on mode and sector-wise services exports and associated barriers. Secondly, do LDCs have the requisite capacity and quality to meet requirements on qualifications, standards and other regulatory conditions in export markets? Studies undertaken for key LDC demandeur countries such as Bangladesh indicate that there are major supply side and quality constraints which impede their ability to utilize the services waiver. Bangladesh's exports of ICT and BPO services will require liberalization and regulatory reforms in supporting infrastructur services such as telecommunications. Hence, in order to compete globally and to access international markets, LDCs will have to take steps to address such internal constraints. They will need to build capacity in service sector institutions and regulatory bodies, increase investment in skills and quality, liberalize restrictions in services, introduce regulatory reforms and improve the business environment in the service sector. Moreover, LDCs will also need to recognize the synergies between import liberalization and export promotion in certain services.

In sum, while the LDC services waiver holds promise, in practice, what it will deliver and more importantly, what LDCs will be able to capitalize on, remains unclear. Even if the recent LDC proposal is accepted at the upcoming Nairobi Ministerial, services related constraints will likely continue to persist. Therefore, LDCs would do well to focus on required domestic reforms and simultaneously insist on technical assistance for capacity building in skills, infrastructure and quality certification in multilateral and other forums. Focus on these areas through domestic initiatives as well as international cooperation would ultimately benefit their domestic markets and the international market. Ultimately, political will and commitment on the part of preference granting and receiving countries will be the key to achieving any progress on the services waiver and in realizing its potential benefits. ■

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Climate finance
Trends and challenges

Athula Senaratne

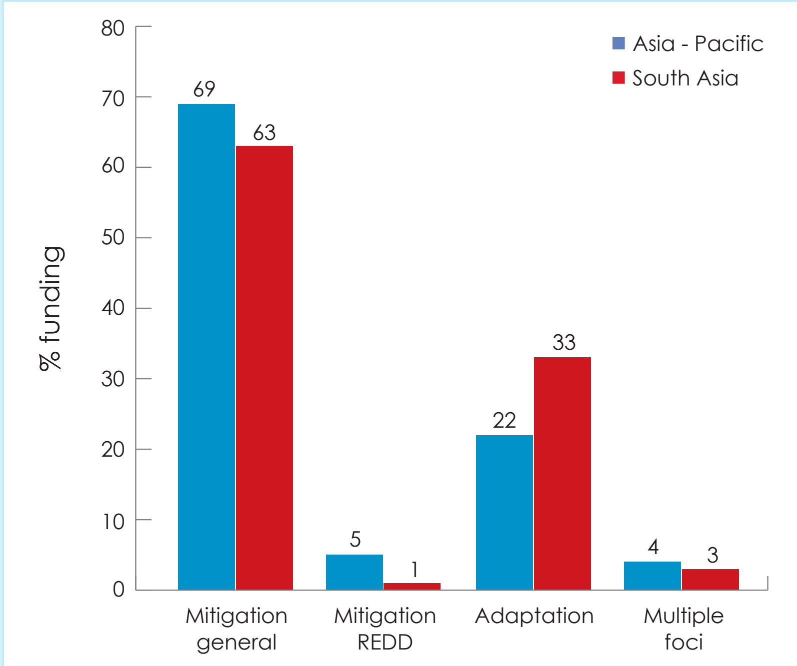
Negotiating parties from all over the world are all set to gather in Paris this December to adopt the all important legally binding global agreement on climate change, among others. Though not an easy task, there is widespread optimism that the global climate change agreement will serve as a landmark in the global effort to address climate change. However, the agreement, if signed in Paris, will not dispel the imminent threat of climate change. Any effective response to climate change will undoubtedly require concerted efforts of all signatories. Regrettably, any effort to address climate change issues is associated with financial burdens, which particularly put developing and least-developed countries in a more difficult position as climate change tops the long list of priorities competing for limited fiscal resources. As a result, global climate finance mechanisms have captured the

attention of policy makers and interest groups who are concerned with the implementation of mitigation and adaptation efforts in poor countries.

The scale and nature of risk involved are among the most important salient factors associated with all forms of climate finance mechanisms. While the factor of risk originates from the fundamental issue that climate change is a public externality of global scale with impacts affecting the lives of generations, the scale of risk and uncertainties generated as a result of these spatial and temporal dimensions pose significant challenges for any global or national financial mechanism. Even the global financial mechanisms that deal with long-term development challenges are not fully attuned to the disproportionate scale of risk and uncertainties presented by the phenomenon. In spite of this challenge, the governments of developed and developing nations, multilateral agencies and national institutions are striving to develop a viable system of climate finance to address the rising threat of climate change.

Figure

Comparative use of climate finance by purpose



Source: Carroza 2015 based on http://www.climatefundsupdate.org/regions/asia-pacific.

Architecture of global climate finance

Global climate finance architecture includes both public and private actors. Private channels of climate finance are engaged by project developers, mainly utilities and independent power producers, as well as corporate actors/manufacturers, households, commercial financial institutions, institutional investors, private equity, venture capital, and infrastructure funds. Largely concentrated in developed and emerging economies, 90 percent of funds generated through private climate finance mechanism continue to be managed by source countries. Thus far the flow of private funds to developing and least-developed nations as foreign direct investments (FDI), and private investments by developing country businesses in their own countries is very weak. Owing to limited inflow of FDI coupled with national financial constraints, the growing demand for renewable energy and energy efficient technologies in developing countries is largely met through increased imports from the developed countries in the North and emerging economies in Asia, leading to the reverse flow of currency rather than inflow of capital. Against this backdrop, it is imperative for developing and least-developed countries to explore and seek public sources of climate finance to support climate change adaptation and mitigation efforts. In the present architecture of global climate finance, the public channel is consisted of the following major components:

Contributors: As in the case of other forms of development assistance, the major source of public climate finance is the contributions from developed nations. Many of these countries are the Organisation for Economic Co-operation and Development (OECD) member countries. Among the key contributor nations are the United States, United Kingdom, Japan, France, Germany, Canada, European Union (EU) and Norway. Funds from contributors flow through different channels.

90 percent of funds generated through private climate finance mechanism continue to remain with source countries.

Bilateral aid agencies: Bilateral institutions like the Agency for International Development (USAID), Norwegian Agency for Development Cooperation (NORAD), Department of International Development (DFID) and Japan International Cooperation Agency (JICA), among others, are another important channel of climate finance.

Specialized bilateral climate funds: Part of the flow of climate finance is also channelled through specialized climate funds established by contributor countries. Global

Climate Change Initiative (GCCI) of US, International Climate Fund of UK, International Climate Forest Initiative (ICFI) of Norway, International Climate Initiative of Germany and the Nationally Appropriate Mitigation Actions (NAMA) Facility offered by UK and Germany are some of the key specialized funds currently available.

Multilateral institutions: Multinational banks such as the World Bank (WB) and other Regional Development Banks, namely Asian Development Bank (ADB), Inter-American Development Bank (IADB) and African Development Bank (AfDB), as well as United Nations (UN) agencies are also a source of climate finance. Major funding facilities operated by multilateral agencies include Climate Investment Funds (CIFs) handled by regional banks and globally administered by the WB. Moreover, climate change has been identified as a priority area for funding by many multilateral institutions, and consequently several special climate focused facilities have been setup by respective institutions.

Multilateral climate funds: Besides global funding made available by multilateral financial institutions, various UN agencies are striving to build a system of global funding facilities to assist the mitigation and adaptation efforts of member nations. The Global Environmental Facility (GEF) and Adaptation Fund are two main UN based funding facilities. Among the key agencies working to facilitate funding for climate change are United Nations Framework Convention on Climate Change (UNFCCC), United Nations Development Programme (UNDP) and United Nations Environment Programme (UNEP). In addition, specialized agencies such as the World Health Organizaiton (WHO) and Food and Agriculture Organization (FAO) have also identified climate change as a major focus area and diverted significant resources to provide technical assistance to member nations in respective areas of interest.

National climate funds: Many developing nations have also set up line ministries/agencies and specialized institutions to deal with climate change. Some countries have even established specialized climate funds for addressing national climate change issues. Major examples include China Clean Development Mechanism Fund (CCDMF), Bangladesh Climate Change Resilience Fund (BCCRF) and Indonesia Climate Change Trust Fund (ICCTF).

Global flow of climate finance

The widely quoted report on *Global Landscape of Global Climate Finance 2014* published by the Climate Policy Initiative (CPI) provides some estimates about current flows of climate finance. According to the Report, the flow of global climate finance decreased by US$30 billion in 2013 to US$331 billion. However, the number is only a conservative estimate. Accurate data on government and private spending in developing and least-developed countries is a widespread issue. But on a positive note, the drop in global climate finance in 2013 is partly a result of the decreased cost of renewable energy technologies. As a result, the installed capacity of these technologies was higher in 2013 even under the low volume of investment.

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More importantly, majority of the funds (58 percent) of the total funds for climate finance was handled by private sector and approximately two-thirds of the total funds remained within countries of origin.[1] Sadly, this implies that only about US$80 billion of the total fund for climate finance was invested in the form of FDI in other countries, of which, a smaller portion was invested in developing and least-developed nations.[2] Hence, public channels continue to be the major source of climate finance available to developing and least-developed countries.

In addition, a closer look at the composition of climate finance reveal that the lion's share of climate finance is used for mitigation. In 2013, investment in mitigation efforts was a whopping 91 percent of total global climate finance, equivalent to US$302 billion, of which a large share (78 percent) was spent on renewable energy followed by energy efficiency (10 percent) and sustainable transport (6 percent).[3] On the other hand, of the limited funds available for adaptation, 58 percent was allocated for water supply and management followed by climate resilient infrastructure (14 percent), disaster risk management (9 percent), and agriculture and forestry (8 percent).[4] Notably, funds for climate change adaptation were financed through public sources and low-cost debt, including concessional loans (52 percent), grants (16 percent) and market-rate debt (30 percent).[5] Funded largely by development finance institutes (DFIs), East Asia is the major destination of climate finance, followed by Sub-Saharan Africa, Latin America and South Asia.[6]

Climate finance in Asia

Information on national sources of climate finance (from both public and private) is difficult to obtain in Asia and the Pacific. Based on available

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Public channels continue to be the major source of climate finance available to developing and least-developed countries.

information, 22 dedicated climate funds and initiatives are currently active in the region.[7] According to the Climate Funds Update[8]—an initiative run by Overseas Development Institute (ODI)—32 countries in Asia-Pacific have received over a quarter of public climate finance made available from dedicated climate funds and have approved nearly US$3.5 billion worth of projects.[9] India, China and Indonesia are among the major recipients. In addition, multi-national banks such as the World Bank and ADB had disbursed over US$2 billion for investments on climate change, specifically US$1.07 billion in East Asia and US$1.01 billion in South Asia by 2013.[10] Major recipient countries of such disbursements are India, Indonesia and China. Moreover, relatively high share of funds was spent on adaptation in South Asia compared with the average situation in Asia-Pacific region.

Conclusion

Available information suggests that global architecture of climate finance is becoming increasingly more complex. At present, the global climate finance mechanism channels over US$330 billion, over 90 percent of which is spent on mitigation. And while private investment does have a dominant share in climate finance, the funds are largely invested in countries of their origin, specifically developed nations in the North and emerging economies. There are no significant FDI flows to developing nations for investments on mitigation or adaptation from private sources. Hence, vulnerable developing nations for which adaptation becomes the main priority have to depend on public sources of climate finance from bilateral and multi-lateral donors or dedicated climate funds and initiatives. Few developing countries have established their own climate funds. Despite these developments, scarcity of climate finance acts as a major barrier against effective actions against climate change. It appears that the gap between the level of finance needed and finance actually delivered is ever widening with growing incidence of negative impacts of climate change on economies. Mobilizing domestic private sector for investments on mitigation and adaptation, rationalizing the use of limited public finance to address the growing risk of climate change impacts and global and regional cooperation for mutual benefits are the main alternatives available for vulnerable developing nations to fill this gap. ■

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COP 21 deliverables

LDC perspective

Climate finance component must support adaptation alongside mitigation, and address carbon efficient technological needs of the LDCs to enhance their carbon efficiency.

Raju Pandit Chhetri

Climate change is becoming a great threat to humankind. The rise in global temperature and its consequent impacts are already exerting disproportionate burden on many developing countries that are struggling to cope with distresses added to the pre-existing conditions. Least Developed Countries (LDCs) are most vulnerable to the impact of climate change owing to their poor economic development and low capacity to cope with growing incidences of climate-change induced disasters, and Nepal is no exception.

Amidst growing climate impacts, the 21st meeting of the Conference of Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) is taking place in Paris from 30 November to 11 December 2015.[1] After the failure of COP15 held in Copenhagen in 2009 to deliver an international treaty on climate change, COP21 is yet another opportunity to deliver on the failed promise.

Though the elements of the new climate treaty have been on the table for discussion for few years now, many contentious issues still remain to be addressed. In particular, the negotiation between the developed and developing counties is expected to be tough on the issue of binding commitments towards reduced carbon emissions. As a group of vulnerable countries, LDCs demand an ambitious and legally binding agreement that aims to put the world's average temperature below 1.5°C on pre-industrial levels. In the absence of legally binding commitments, climate change impacts will continue to intensify and threaten to push back many communities in LDCs into poverty. As recognized in Article 4.9 of the UNFCCC, the specific needs and special situations of the LDCs call for due attention to be given to the needs of LDCs with dedicated support in terms of finance and technology in order to tackle climate change. On the other hand, many developed and emerging economies have thus far been reluctant to take ambitious actions in reducing their carbon emissions. Thus, LDCs have persistently demanded that all countries, particularly the developed countries, undertake the major responsibility to address climate change through a strong international legal instrument to be agreed in Paris.

From the LDC perspective, the Paris Agreement must first prioritize the measures to reduce carbon emissions by the major emitters and more importantly not allow low reduction ambitions where the global goal to limit global temperature rise 1.5°C becomes unattainable. Till date, over 177 countries have submitted their carbon mitigation plans called Intended Nationally Determined Contributions (INDC). However, the analysis done by UNFCCC based on these submissions reveal that the world would likely experience global temperature rise of 2.7°C. Moreover, many of the INDCs are also conditional to funding and assistance. Against this backdrop, the mitigation ambitions must be ramped up in Paris and a clear process put in place for regular interval assessment.

Alongside mitigation efforts, climate change adaptation should also be prioritized to tackle already visible climate change impacts. The direct impact of climate change on agriculture has made adaptation a necessity for farmers and farming communities throughout the world. Hence, adaptation should be given equal footing to that of carbon mitigation in Paris. Given the uncertainty of future climate change impacts, a clear process must be in place to address the irreversible loss and damage that may occur in the near future. Such foresighted will go a long way in enabling developing countries deal with the impacts of climate change.

In the face of climate change, implementation of adaptation measures and the transformation to a climate resilient future is dependent on climate finance which will assist countries to adopt low carbon pathways and achieve sustainable development. The developed countries have time and again promised to deliver adequate climate finance to LDCs but have failed to deliver. Every year, climate finance takes centre stage at the COP, and LDCs prepare their National Adaptation Programme of Action (NAPA) to implement their urgent and immediate adaptation needs, only to be disappointed by the inadequate inflow of climate funds.

At COP15 in Copenhagen, the developed countries made a political commitment to scale up climate finance support to developing countries at a scale of US$100 billion per year from 2020. Over the years, this promise has largely been ignored. A much smaller Green Climate Fund has set apart US$168 million for some projects with no encouraging progress so far. Any agreement in Paris must demonstrate that the promise was serious and set milestones to meet the target and deliver it to the developing countries. LDCs expect their fair share in this fund to support their adaptation actions to move towards a resilient future. Thus, climate finance component must also support adaptation alongside mitigation, and address carbon efficient technological needs of the LDCs to enhance their carbon efficiency.

In the past, many countries did not fulfil their responsibility and commitments in taking effective climate actions. To ensure that this is avoided in the Paris climate conference the LDCs will rally for strong transparency, accountability and compliance mechanisms on the implementation of the Agreement in Paris.

In all, COP21 should lead the world towards achieving sustainable development, with due consideration given to the special circumstances of developing countries, and LDCs in particular. The Paris Agreement should trigger climate resilient and low carbon future where humans and ecology can co-exist. But achieving this balance will not be possible if participating countries continue to dilly-dally and point fingers at each other without undertaking collective responsibility in addressing climate change. In order to achieve a visionary, ambitious and fair global climate agreement, all countries must work in unison. Short-sighted political and economic positions will not serve the development and sustainability of the humankind and the environment. At Paris, the world leaders have a rare opportunity to embark on a sustainable development path and pursue development differently for the generations to come. COP21 must not fail to deliver a robust, legally binding international climate agreement in Paris. ■

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Note

1 About 140 Head of States and Ministers from 195 countries are expected to attend the conference.

Selling IP to South Asia's Farmers

Intellectual Property (IP) intermediaries are at work to continually sell the idea of IP to either unwilling or reluctant farmers.

Shalini Bhutani

South Asia's seed diversity is as diverse as the countries within the region. The knowledge of plants and planting materials amongst the peoples of the region, feeds not only their knowledge systems but also their farming practices. This knowledge, particularly of plant varieties and their many characteristics is as much of interest to the seed industry – public and private. Most peasant communities in the region regard their crop know-how as an intellectual heritage, as against intellectual property (IP). The idea of IP and plant breeder rights (PBR)has to be sold to the farmers to be able to get them into the intellectual property right (IPR) system.

The intellectual property route

The IP route for seeds was charted for South Asian countries through the World Trade Organization (WTO) and its Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS), which has traditionally been the means for the North and their agri-business corporations to impose their IP standards on Developing and Least Developed Countries (LDCs). The TRIPS Agreement gave the developing countries and LDCs the time needed to fall into line through staggered implementation period with the expectation that eventually the national law and policy in all the member countries in the South would be TRIPS-compliant.

As either members or prospective members of the WTO, all South Asian Association for Regional Co-operation (SAARC) member states are thus under pressure to make necessary changes in their domestic IP standards and their enforcement in line with the TRIPS Agreement. But if a country is not willing to grant patents on plant varieties and plant-related innovations as prescribed in the TRIPS Agreement, the IP lobby points to the International Union for the Protection of New Varieties of Plants (UPOV) for a shortcut to TRIPS implementation. A first step to UPOV-like IP protection is to legislate for the grant of economic rights on new, distinct, uniform and stable (NDUS) plant varieties that a plant breeder may develop. The International Seed Federation (ISF) is very clear that it wants PBRs as per the stricter UPOV 1991 version. It is not for an expanded implementation of the optional 'farmer's exception/privilege' (to save and re-use seed), which in its view might work against what it defines as the legitimate interests of corporate plant breeders.[1]

IPR granted to breeders allows them to charge royalty for the use of their plant varieties, which means that others, like farmers and even public sector scientists, need the breeders' permission prior to the use of their varieties. India's law on PBR allows for farmers' freedom with a proviso not to sell branded seeds of PVP-protected plant varieties.[2] PVP laws are passed in Parliaments not necessarily to meet farmers' demands but to comply with the WTO requirement for IP on plant varieties. Hence, there has been limited buy-in by farmers to the idea of PRBs, which they see coming from foreign seed companies and governments that foster such agri-businesses. The idea of privatizing seed is a foreign concept to the farmers in developing countries and is also culturally alien to farmers in these countries who are willing to share the results of their innovative efforts, including seeds.

Regional Developments

India's law – the Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act (2001) is the first full-fledged law granting PBR in South Asia. The executive rules to implement the law were issued in 2003 by the Union Ministry of Agriculture. At the same time, the Bhutanese government also passed the Biodiversity Act (2003) which provides for PBR to be provided by the Ministry for Agriculture & Forests. Additionally, as part of the WTO's acceding process which includes a TRIPS Checklist, Bhutan is required to either provide for patents on plant varieties and plant-related innovations or choose to take the PVP route.[3] And recently in 2015, Pakistan's parliament passed an amendment of the country's seed law (1976) doubling up the new legislation as seed regulation and PVP law. Though the legislation provides PBR, a separate full-fledged proposed law on PBR has already been in the pipeline since 2007.

Meanwhile at the regional level, under the aegis of the SAARC Agriculture Centre the SAARC Agriculture Vision 2020 has been articulated.[4] The pro-IP bent is clearly evident in the document despite ambiguity in the paragraph on Biodiversity & Intellectual Properties (Paragraph 49), which states:

SAARC countries have very rich plant and animal bio-diversity. It holds significant potential for future commercial use. However, there is lurking danger of loss of bio-diversity and maintaining claim of ownership over it. Each country needs to urgently prepare authentic documentation of all kind of bio-diversity resources at various bio-ecological levels and initiate necessary measures to preserve the bio-diversity. Adequate attention is also needed on documenting and patenting Intellectual Properties and Traditional Knowledge related to agriculture and animal husbandry. Increased investment, on pro-active basis, in bio-diversity and intellectual property holds enormous growth potential for each country.

PVP laws are not necessarily formulated to meet farmers' demands but to comply with the WTO requirements.

Indian Experience

As of date, the Indian PVP law is the only one amongst SAARC countries that is functioning and actively granting plant variety certificates (PVCs). Moreover, the Act also grants IP to farmer-breeders. To be able to do so, it is necessary to bring farmers' seed know-how onto the record book, in this case the official register of plant

Table
PVP Implementation in the SAARC Region

No.	Country	WTO Member	UPOV Member	National Law
1	Afghanistan (LDC)	Observer[5]	No	Seed Law, 2009
2	Bangladesh (LDC)	Yes	No	Draft legislation (1998)
3	Bhutan (LDC)	Observer[6]	No	BD Act, 2003
4	India	Yes	No	PPV&FR Act, 2001
5	Maldives	Yes	No	Nil
6	Nepal (LDC)	Yes	No	(Draft) Bill, 2005 & Policy document
7	Pakistan	Yes	No	Seed Act, 2015
8	Sri Lanka	Yes	No	Draft law, 2011

varieties maintained at New Delhi. In addition, farmers must deposit a sample of their seed or parental line seeds in the National Gene Bank. This entire process supplies farmers' seed knowledge and physical planting material from farmers' seed systems to the official system. To facilitate the process, a different set of intermediaries have come into play.

The implementation of the PPV&FR Act began in 2005 following the establishment of the PPV&FR Authority in Delhi. However, the Authority began to receive applications for PVP in 2007. Since the screening involves a two-year process, the first registrations of plant varieties under this law began to be granted only in 2009. Thus far, about 600 farmers' varieties (FVs) have either been granted PVCs or are being tested for the grant of such IP protection,[7] all made possible through the state's hard selling of the IP law to farmers across the country.

IP Facilitators

Many go-betweens, also known as IP facilitators, have voluntarily emerged to link the farmers to the agro-industrial complex in India. The PVP law allows a person, if authorized by the farmer, to file for PVP on her/his behalf. Informally, many non-governmental organizations (NGOs) have begun to act as IP facilitators for farmers.[8] They assist farmers with the necessary paperwork, literally showing them 'how to' register their varieties with the PPV&FR Authority. Given the legalese involved and the fact that most of the forms, etc. are either in the English or Hindi language, farmers will continue to need facilitators for their IP management, particularly if they chose to engage with the PPV&FR legislation. But while the Act clearly states that there should be no financial costs to the farmers, the facilitators might charge for the services rendered to the farmers.

State Agencies

The state itself is actively encouraging farmer-breeders to participate in the IP system. The PPV&FR Authority has harnessed several public agencies for the task, including State Agricultural Universities (SAUs), Krishi Vigyan Kendras and other Indian Council of Agricultural Research (ICAR) institutes. The nodal centres designated by the Authority for conducting distinctiveness, uniformity and stability (DUS) tests of farmers' plant varieties, repeatedly double up as venues for farmer trainings to convince the latter to file for PVP.[9]

Meanwhile, the PPV&FR Authority continues to organize training programmes for farmers with the sole purpose to have encourage them to register their plant varieties. In the year 2013-2014, the Authority conducted 274 such training programmes across different locations in India, and near 350 such events are planned for 2015-2016.[10]

> IP facilitators have voluntarily emerged to link the farmers to the agro-industrial complex in India.

Rewarding Intermediaries

India's PPV&FR Authority is now attempting to incentivise IP facilitators to get more farmers to file for PVCs. At the 22nd Meeting of the Authority held in Delhi on 17 April 2015, the decision to do so taken at the previous meeting was reiterated thus:

The Authority in its 21st Authority Meeting held on 3 October 2014 decided to reward those facilitators from the Indian national agricultural research system (NARS) and NGOs with recognition certificate, citation and cash of INR 10,000 who facilitates filing of at least 100 applications at a time in different crops and for staff of Authority for more than 500 applications at a time. It was decided that such reward may also be extended to Zonal Project Directors, once in their lifetime, who facilitate in filing more than 500 applications through NARS from their zone, organize at least two biodiversity fair and promote community seed banks in tribal regions/agrobiodiversity rich regions.[11]

There is a heightened sense of urgency in the registration for FVs because they can only be registered within a few years from the date of notification of a crop variety. In fact, the time limit was originally set at three years, but given the low response from farmers, it was later extended to five years and subsequently has been further extended to ten years. Yet again, there are little or few guarantees of returns for the farmer post-registration. In the many years of the PPV&FR Act has been in force, no single case of benefit sharing with farmers has occurred, if and when their seeds are used by the seed industry as base material for developing commercial seed products.

While rewards are being institutionalized for the IP intermediaries, some within the Indian NARS are skeptical about what gains small farmers will get from the PVP system. But they continue to encourage farmers to file for PVP as a pre-emptive IP, to stake a claim on planting material in India before any of the multinational corporations can do so. The public sector itself is seeking IP under this Act. As of 31 March 2015, the maximum number of varieties registered are of extant varieties—868 out of a total of all 1773 PVCs issued by the Authority through 2007-2015.[12] Roughly, over 800 of the 868 belong to the public sector, mainly ICAR and SAUs. The state also seeks IP protection for 'new' varieties developed by public plant breeders.

IP Policy

The position of the Indian Government on PVP is certainly not a neutral one. It is decisively pro-IP in seeds. Thus the unsuspecting farmer cannot hope to get objective guidance on the issue from either the state or the PPV&FR Authority tasked to register PVP. The pros and cons of going down the IP route are perhaps not entirely discussed even within the Government of India and its various departments dealing with the issue. Despite that, the proposed new National IPR Policy for India encourages more filings and registrations for PVP by farmers.[13]

In a different scenario, the state would invest in educating its farming communities on the possible consequences, or at least support their capacity building on IP issues so that they are independently able to make informed choices on the subject. But more importantly, if farmers chose not to file for PVP registration, the state ought to offer another option for the protection of farmers' own seeds. This would entail having policies that create a facilitative environment for the continuance of their seed cultures.

Conclusion

In closing, it is observed that seeking IP on their crop varieties is not something that comes naturally to farming

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communities in India, as much as IP on living forms such as seeds is and remains a controversial subject in South Asia. Farmers have to be coaxed by the state to seek IPR over their plant varieties. IP intermediaries are at work to continually sell the idea of IP to either unwilling or reluctant farmers. Where farmers have been granted PBR, there is no state support to commercially develop them and introduce them in the formal seed supply chain. On the contrary, other farmers who have been growing the very same varieties for long, question the registering of some FVs in the name of one or few farmers to the exclusion of others.

Meanwhile, seed saver groups are asking why the Section 29 that provides for exclusion of varieties from PVP registration is not used for shared intellectual heritage, declaring it a national treasure, rather than breaking it up into individual PVCs? Farmers also ask if their variety does not pass the DUS test for registration (yet the varieties remain relevant for growing locally as per farmer criteria), then how can they hope to get support from a state that only 'protects' innovation by IPR?

States in the region can take a cue from India's struggles with the PVP law, to avoid making the same mistakes in their domestic law and its implementation. Moreover, collectively developing countries and LDCs in the region must demand the long-pending review of the TRIPS Agreement. That could possibly open the door to non-IPR 'alternatives' in a region that are more responsive to farmers' needs and respectful of farmers' knowledge systems. ■

The author is a legal researcher and policy analyst based in Delhi, India. This article is a regional adaptation of a previous piece done by the author - Bhutani, Shalini. 2015. "IPRs for Farmers: Role of Agricultural Intermediaries." Economic and Political Weekly 32: 18-20.

Notes

1 ISF View on IP. 2012. http://www.worldseed.org/isf/on_intellectual_property.html. Accessed November 25, 2015.

2 Section 39(1)(iv) of the PPV&FR Act.

3 TRIPS Checklist (WT/ACC/9). http://docsonline.wto.org/imrd/directdoc.asp?DDFDocuments/t/WT/ACC/9.DOC. Accessed November 26, 2015.

4 The full text available at http://www.saarcagri.org/index.php?option=com_content&view=article&id=8:saarc-agriculture-vision-2020&catid=11:about-sac. Accessed November 26, 2015.

5 Afghanistan WTO accession package is ready for formal adoption in Nairobi.

6 Bhutan is amongst the LDCs negotiating to join the WTO. Its accession working party was established on 6 October 1999.

7 List of Registered Varieties Certificate issued up to 9 October 2015. http://plantauthority.gov.in/List_of_Certificates.htm. Accessed November 20, 2015.

8 Such as the MSSRF's Seed Care & the National Innovation Foundation.

9 Training-cum-workshop on Protection of Plant Varieties and Farmers' Rights Act, 2001 organized at ICAR-CRRI, Cuttack on March 27, 2015. http://www.crri.nic.in/News/crri_latest_news.htm.

10 In personal communication with the author.

11 Minutes of the 22nd Meeting of the Authority held on 17 April 2015 in NASC Complex, Delhi. http://www.plantauthority.gov.in/Minutes/twentytwo.pdf. Accessed May 23, 2015.

12 Protection of Plant Varieties & Farmers' Rights Authority, India. http://www.plantauthority.gov.in/.

13 IPR Think Tank . 2014.National IPR Policy. http://dipp.nic.in/English/Schemes/Intellectual_Property_Rights/IPR_Policy_24December2014.pdf. Accessed November 26, 2015.

Achieving SDGs through rural development

WITH the global commitment to eradicate poverty by 2030, the newly adopted 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs) highlights the need to focus on the socio-economic development of Least Developed Countries (LDCs). Today, close to half of the population of LDCs remain in extreme poverty, making LDC critical in achieving SDGs. According to the United Nations Conference in Trade and Development (UNCTAD) publication - *Least Developed Countries Report 2015: Transforming Rural Economies*, rural development is crucial if the world is to successfully eradicate poverty by 2030. The Report focuses on the transformation of rural economies, and importantly argues that a new approach to rural development should be centred on poverty-oriented structural transformation (POST), to generate higher incomes backed by higher productivity.

Rural population in LDCs is expected to grow faster, and the rural share of the population will likely continue to remain high throughout the SDG period (2015-2030). In addition, agriculture is still central to the development of LDC economies, accounting for 60 percent of total employment and 25 percent of value added. Moreover, rural diversification varies widely between LDCs. In South Asia, the extent of non-farm economic activities, in terms of income shares and employment shares, are much greater in Bangladesh and Nepal than in Bhutan. With regard to the composition of non-farm activities, both Bangladesh and Nepal have three non-farm sectors contributing at least 10 percent of household income, reflecting their higher level of diversification. But despite such diversification, there are marked differences in gender participation in agricultural and non-farm activities. Though women comprise half the rural workforce in LDCs, they face serious constraints that prevent them from realizing their productive potential, consequently slowing rural transformation. In Nepal, participation in agriculture is relatively equally divided, while other sectors are strongly male-dominated. In Bangladesh, by contrast, both agriculture and non-agricultural sectors are strongly male-dominated, with lower female participation in transport, storage and communications.

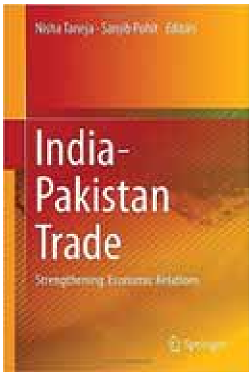
Moreover, shortfalls in human development are much greater in rural areas. In fact, rural people in LDCs are 50 percent more likely than their urban counterparts not to have access to sanitation or to attend secondary school, twice as more likely to not have access to electricity and more

than four times as likely not to have access to clean water. Against this backdrop, structural transformation will be central to rural poverty eradication. Government efforts should be concentrated towards increasing the overall level of labour productivity, providing productive economic opportunities for the entire workforce, increasing the lowest levels of labour productivity to a level sufficient to generate an income above the poverty line, and ensuring that such increases in productivity are fully translated into higher household incomes. Key priorities for rural economic transformation in the post-2015 era are: (i) agricultural upgrading; (ii) diversification into non-farm activities; (iii) strengthening synergies between agriculture and the nonfarm economy; (iv) empowering rural women; (v) kick-starting the virtuous circle of rural economic transformation; and (vi) sequencing investments and interventions.

In this regard, policy consideration should be given to agricultural right-sizing, increasing use of locally appropriate inputs to increase agricultural productivity, promoting early adoption of innovations and new technologies, increased support to R&D and extension, and market differentiation. Gender-specific measures are also required to tackle the causes of disadvantages faced by rural women, particularly land and inheritance rights, and access to finance. Importantly, rural economic transformation requires development of agriculture, transport, energy and communications infrastructures. Along with infrastructure development and investment, policy coordination and decentralization are also critical.

Rural economic transformation on a scale sufficient to eradicate poverty in LDCs by 2030 is an immensely ambitious undertaking, which will require support from the international community. Owing to the financial limitations of most LDCs, it is important to increase the flow of official development assistance (ODA) to LDCs. Therefore, the Report calls for donors to meet their commitments on the quantity and quality of ODA, and for increase in the target for ODA to LDCs to 0.35 percent of donors' gross national income (GNI). In all, the global commitment to eradicate poverty by 2030 cannot be achieved without uplifting millions out of poverty in LDCs, which will require dedicated focus on transforming rural economies. ■

Based on UNCTAD. 2015. Least Developed Countries Report. New York and Geneva: United Nations Conference in Trade and Development.



Trade liberalization for economic benefits

Title: India-Pakistan Trade : Strengthening Economic Relations
Editors: : Nisha Taneja and Sanjib Pohit
Publisher: Springer India
ISBN: 978-81-322-1949-1

Farazi Binti Ferdous

The book *India-Pakistan Trade: Strengthening Economic Relations,* edited by Nisha Taneja and Sanjib Pohit assembles research studies conducted under the support of the Indian Council for Research on International Economic Relations (ICRIER) project on "Strengthening Research and Promoting Multi-level Dialogue for Trade Normalisation between India and Pakistan." Amid the burgeoning interest on the political and economic relations between India and Pakistan, this book will be an appreciated add-on to the existing literature on overall relationship between the two countries.

The book has successfully incorporated twelve chapters that encompass current trends and opportunities for trade in goods, in both the formal and informal sectors, along with a thorough analysis of current trends in the services sectors and the flow of bilateral investment. Importantly, the analysis comprehends recommendations for removing the current limitations to trade in services. In all, the book provides well-regarded policy lessons as well as possibilities for the way forward to improving India-Pakistan trade.

Normalizing economic and commercial ties has emerged as the most relevant issue in India-Pakistan relation. This view is established in one of the chapters that quantifies the benefits to India and Pakistan using a computable general equilibrium (CGE) model. The book has estimated potential bilateral trade between India and Pakistan to be around US$20 billion, compared to the current traded volume of US$2.6 billion.

In addition, the book puts forth several recommendations to deepen bilateral trade between India and Pakistan, specifically addressing trade policy issues and impediments to physical movement of goods, eliminating informal trade, implementing trade facilitation measures and addressing non-tariff barriers (NTBs), liberalizing the visa regime, enhancing trade in services, encouraging bilateral investments, facilitating trade in energy and power, and implementing measures to strengthen border institutions to improve economic and commercial ties. Notably, the book does not limit its focus on policy recommendations, but also highlights sector specific examples in the subsequent chapters, namely sports goods sector, health sector and energy sector.

Stressing that the bilateral trade between India and Pakistan is dominated by a handful of products, specifically in sports goods sector, despite the production of differentiated products by both countries, the authors argue for the existence of larger scope for intra-industry trade between the two countries. Calculated intra-industry trade index supports the fact that both intra-industry and inter-industry trade exist in the sports goods sector for India and Pakistan. Estimated augmented gravity model findings indicate that currently bilateral trade between India and Pakistan is at least 249 percent less than expected. Authors commonly justify this low level of bilateral trade with the existence of numerous NTBs in place in both India and Pakistan, along with Pakistan's reluctance to give most-favoured nation (MFN) status to India. Though there are no tariffs or NTBs that are specific to trade in this sector, sports sector face the same political and infrastructure barriers as other sectors due to the not-so-friendly relations between the two neighbouring countries. Nevertheless, deeper investigation on this sector specific barrier could have completed the study findings in a more applicable way for traders and policy makers.

In conclusion, the book can satisfy readers interested not only on economic relations but also readers with a general interest in India-Pakistan bilateral relations. Every chapter of the book encapsulates various measures taken to address barriers to India-Pakistan trade. The narrowed focus on India-Pakistan relation and the major trade facilitation measures undertaken to improve the bilateral relation is largely owing to the existing cold relation between the two South Asian economies, which has consequently delayed the successful implementation of regional integration initiatives, the South Asian Free Trade Agreement (SAFTA) in particular. Hence, propositions offered in the book are expected to have significant implications for India and Pakistan, as well as the region by creating a favorable environment for fast-tracking the pace of trade and regional integration. ■

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Intended Nationally Determined Contributions

Countries have agreed to submit climate actions, known as INDCs, they intend to undertake in the post-2020 period under a new international climate agreement.

Jony Mainaly

Background

Impacts of climate change are so severe that it is regarded as the greatest challenge to humanity today. Recognizing the need for global cooperation to address this problem, a Framework Convention on Climate Change (UNFCCC) was formulated in 1992. UNFCCC aims to achieve stabilization of concentration of greenhouse gases (GHGs) in the atmosphere to prevent climate change. The 3rd meeting of the Conference of the Parties (COP), highest decision making body of the UNFCCC, adopted Kyoto Protocol (KP) in 1997, which among others exempts developing countries from every climate action obligation that is justified under the principle of "common but differentiated responsibilities (CBDR)".

The changed circumstances of countries in economic and GHG emission terms from that of 1990s as the then developing countries have surpassed some developed countries have however given rise to deepening crisis in the international climate change negotiation. The distinction between the developed countries and the developing countries like China and India has started to blur which has changed the negotiation paradigm over time. This change raised concern for addressing the climate change problem from a different and innovative angle of CBDR principle.

In devising innovative ways to address the negotiation drift, during the 17th COP in Durban in 2011, Parties decided to start negotiating a new agreement. Such new agreement would be endorsed in Paris this December in the 21st meeting of the COP and be applicable by 2020. COP17 also established an Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) to, among others, develop the new agreement on the foundation of "common but differentiated responsibilities and respective capacities" which distinguishes national efforts concurrently ensuring equity of actions.

Later in the 19th COP in Durban in 2013, Parties decided to negotiate a hybrid nature of the impending agreement which later decided to invite Parties to "initiate or intensify domestic preparations" of Intended Nationally Determined Contributions (INDCs). This hybrid agreement calls the Parties to check the aggregate national ambitions with the global goal of limiting average global surface temperature below 2°C relative to pre-industrial level to achieve the objective of the UNFCCC (top-down approach).

INDCs

The INDCs form a part of bottom-up component of the hybrid architecture of the imminent agreement to be reached in Paris in December. INDCs are national post-2020 climate action goals countries intend to undertake under a new international climate agreement. Parties submit their respective INDCs to the secretariat of the UNFCCC that serves as a foundation for international climate agreement. In order to shape the INDCs process further, the 19th COP that took place in Warsaw invited all the Parties to start or scale up the groundwork to prepare their INDCs. Subsequently in COP20 in Lima, the Parties were summoned to communicate their respective INDCs to the Secretariat of the UNFCCC by the first quarter of 2015.

Purpose and submission status

The major purpose of INDCs is to inspire confidence among Parties against the derailed negotiation process that has been marked by tension between developed countries with legally binding emission reduction targets and developing countries with no targets at all as a result of Kyoto mechanism. The Parties agreed to submit their respective INDCs that are important for analyzing each Party's commitment so that it is clear and transparent to see if the sum total of commitments satisfy the 2°C target.

The deadline of submitting INDCs has been deferred time and again.

Table
INDC commitments made by South Asian countries

S.N.	Countries	Submission date	Emission cut (%) by 2030		Remarks
			Conditional	Unconditional (with international support)	
1.	Afghanistan	6/10/2015	13.6	NA	Business-as-usual, need for international support
2.	Bangladesh	25/9/2015	15	5	Compared with business-as-usual level
3.	Bhutan	30/9/2015	NA	NA	Pledge to be carbon neutral, and to make 60% of territory forested
4.	India	1/10/2015	NA	33-35 for each unit of GDP from 2005 level, 40% electricity from non-fossil fuel sources	Need for a huge support of about US$2.5 trillion required for implementation
5.	Maldives	28/9/2015	24	10	Business-as-usual, need for international support
6.	Pakistan	12/11/2015	NA	NA	No measurable target, need for international support
7.	Sri Lanka	22/10/2015	23	7	Business-as-usual, need for international support

Source: http://www.climatechangenews.com/2015/03/10/paris-tracker-who-has-pledged-what-for-2015-un-climate-pact/ (Accessed on 3 December 2015)

Participating countries were invited to voluntarily communicate their INDCs well before the first quarter of the 2015, but the Parties are still submitting their INDCs. The INDCs process included publication of communicated INDCs in UNFCCC's website for the sake of transparency and clarity. Moreover, combing all the submitted INDCs before 1 October 2015, the Secretariat has prepared the synthesis report that plays significant basis of negotiation in Paris. As of now, 153 submissions representing 181 countries have been made. The Secretariat however, has published the synthesis report of 119 INDCs on aggregate effect of INDCs that were submitted by 1 October 2015. The synthesis report explains that the current countries' plans fall far short of delivering the measure of climate actions required to achieve the 2°C target.

The Least Developed Countries (LDCs), although not having the express mandate to submit INDCs, have expressed their commitment via INDCs submission. The submissions from LDCs and other developing countries however contain the conditional and unconditional commitments where the unconditional pledge refers to their unilateral announcement to reduce emission whereas conditional refers to reduction of emission provided other countries support, usually in financial terms.

INDCs have been submitted by all the South Asian countries except Nepal. Table (above) presents the pledges made by the South Asian countries:

> INDCs are believed to play a significant role in facilitating the climate negotiation process and possibly resulting in a new climate agreement.

Conclusion

The dilly-dallying and inaction of Parties towards reducing GHG emissions have forced the world to seek innovative ways to tackle climate change. The INDCs are believed to play a significant role in facilitating the climate negotiation process and possibly resulting in a new climate agreement. Given the national character of the plans and pledges, INDCs' future will be decided by the Paris outcome as the Parties have not agreed to the internationally legally binding agreement yet. Nevertheless, the INDC submissions from Parties are believed to take definitive shape and work as a crucial instrument to increase ambition over time that ensures enabling environment for the further climate actions on the basis of agreement to be reached in Paris. ■

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National consultation workshop on disaster and food security, and climate change and agriculture adaptation

SAWTEE organized a national consultation workshop on "Impact of the earthquake on food security and livelihood on urban poor in Nepal" and "Impact of climate change on agriculture adaptation practices and gender" in coordination with Oxfam on 27 November 2015. The objective of the workshop was to disseminate the findings of the two studies to the stakeholders and to gather inputs for further improvement.

Chairing the opening session, Dr. Posh Raj Pandey, Chairman, SAWTEE argued that the government's action plan in response to the April earthquakes does not adequately focus on the urban poor. Speaking on climate change, he stressed the need to undertake impact assessment to understand the impact of climate change in the region.

Presenting the findings of the study on impact of earthquake on food security, Ms. Neelu Thapa, Programme Coordinator at SAWTEE, highlighted the need for various short-, medium-, and long-term measures including cash-transfers, food for work and provision of financial services to assist the urban poor affected by the earthquake. In the subsequent session, Mr. Shaleen Khanal, Research Officer at SAWTEE, presented the findings of another study on the impact of climate change on agriculture adaptation practices and gender. Based on the study conducted in Mustang, he highlighted the changes in agriculture productivity and evolving cropping patterns throughout the region in response to climate change. He further pointed the climate change adaptation practices in the district had negatively affected women who now faced increasing workload.

Closing the session, Dr. Hiramani Ghimire, Executive Director of SAWTEE suggested that climate change related adaptation and mitigation efforts should be approached in a holistic manner, with coordinated efforts by the various governmental and non-governmental agencies involved. ■

Course on competition policy & law for African countries

CUTS Institute for Regulation & Competition (CIRC), New Delhi under the aegis of Ministry of External Affairs, Government of India organized an Indian Technical & Economic Cooperation Programme (ITEC) special course on Competition Policy and Law in association with National Law University and CUTS International.

The training programme which commenced on 16 February 2015 witnessed the presence of over 25 delegates representing competition authorities of various African nations. The two week long training programme provided a platform to the best 'antitrust' minds of India for sharing their expertise on several issues of national and international importance. The programme was structured on theoretical and practical case exercises where participants argued on both sides of the case.

Over the course of fourteen days, the participants were exposed to diverse aspects of competition law and market economics in this training. Apart from regular class room sessions, the participants also got an opportunity to visit the Competition Commission of India, where they got an insight into working of the Commission & the Indian experiences so far.

It provided a great platform for international experience sharing. The session culminated with the distribution of certificates and mementos to the course participants at National Law University Delhi (NLUD). ■

8th South Asia Economic Summit

THE Eighth Edition of the South Asia Economic Summit (SAES) is taking place on 7-8 December 2015 in Islamabad, Pakistan.

SAES is the premier regional platform for debate and analysis of political and socio-economic issues and problems facing South Asia. Since 2008, SAES has been bringing together stakeholders each year to review and reflect current issues and problems of South Asian countries. The Summit develops new insights and generates ideas on policy measures for consideration by the region's decision-makers.

SAES is led by a group of five think-tanks across South Asia that hosts the summit on rotational basis in one of the SAARC countries every year.

This year's SAES secretariat (Sustainable Development Policy Institute, Pakistan) will make a focused effort to involve politicians and civil servants from member countries besides a number of experts already involved in Track-I and Track-II level of South Asian development agenda. Building on the central themes of the previous Summits and declarations adopted during the 18th SAARC Summit held in 2014, "Regional Cooperation for Sustainable Development in South Asia" has been chosen as the central theme of the eighth Economic Summit. Policy recommendations from this summit would focus on 19th SAARC Summit which would take place in Pakistan in 2016.

A wide range of dignitaries from academics, government, civil society, private sector, politics, media, including independent experts are expected to participate in the Summit.

SDPI's web television (www.sdpi.tv) will live stream all sessions. Questions and comments from all over the globe will be opened through the hash-tag #SAES15. ■

Stakeholder dialogue in Nairobi on the sidelines of MC10

TRADE and Development Symposium (TDS) has emerged as the most important venue for sharing ideas, engaging in dialogue, and influencing trade policy negotiations. The Nairobi Trade and Development Symposium is being held from 14-17 December 2015 on the sidelines of the Tenth WTO Ministerial Conference.

SAWTEE is organizing two sessions at the Trade and Development Symposium (TDS) on the broad themes of trade and environment. The first session "Challenges in implementation and financing of TFA" will dwell on the issues important for the implementation of the recently concluded Trade Facilitation Agreement (TFA) of the WTO for developing countries. More specifically, this session shall bring together experts and practitioners to discuss the TFA and its implementation challenges.

Another session, "Climate action in the post-Paris COP 21 world: Intersections with international trade" will focus on the 21st Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) set to deliver a new climate agreement. In the light of possible developments in Paris, and of the many complex interlinkages between trade and climate change, this session will discuss on the scope of deepening conceptual debate between trade and environment.

Global thought leaders, key private sector actors, active civil society groups, as well as high-level governmental and intergovernmental organization representatives are expected to participate in the sessions. ■

Briefing Paper: Climate Governance : Working with multiple actors to combat global warming
Author: Hiramani Ghimire
Publisher: SAWTEE

Policy Brief: Private Sector Involvement in Supply Chain for a Food Secure South Asia
Author: Sudeep Bajracharya
Publisher: SAWTEE

sawtee

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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