

We Can and We Should Do

Manmohan Singh deserves our heartiest congratulations on being elected for a second term, a rare performance. It is thus time for him to introspect and travel down the memory lane. On December 25, 2004 he wrote in this newspaper: "I do hope that in the New Year (2005) we can all work together to build a more equitable, competitive and humane India... This is a doable agenda provided we can set aside our 'make-do' attitude and adopt a 'can do' spirit". We hope that Singh's second term can become a Can-Do and Shall-Do period, and not just for one year.

During the last four years, many hurdles came his way, including the global economic downturn. With a more stable coalition, progress for the country along the path of inclusive growth will need more than stimulus packages and some 'out of the box' and determined thinking, like the nuclear deal. Many ideas cannot be postponed or vital issues left hanging on a cliff. This will need clear signalling. This should include harvesting low-hanging fruits within the next 100 days, so that everyone knows that it will not be business as usual. Much of the agenda has already been elucidated in the Planning Commission's recent policy document: 'Inclusive growth'.

As Dr Singh and many others have said, we need to boost investment in the infra sector as a counter-cyclical measure. The malaise in the infra area in the recent past was aided by poor governance and pork barrel politics in spite of Dr Singh assuming command of the situation. Alas, the process became a stumbling block, rather than a catalyst. This needs to be revisited.

The recommendations for reform in infrastructure governance arising from the splendid work done by think tanks like the Planning Commission and NGOs have to make the journey from paper to the realm of implementation. For example, the Planning Commission's draft paper on 'Approaches to Regulation of Infrastructure' and the draft Regulatory Reform Bill, a law for designing a uniform architecture for regulatory authorities.

In 2004, the government had also promised that "competition, both domestic and external, will be deepened across industry with professionally-run regulatory institutions in place to ensure that competition is free and fair". Not many will agree that this goal has been achieved, though some very small steps forward have been taken. One of them is the adoption of a National Competition Policy, as recommended in the Planning Commission's policy document: 'Inclusive growth'. This document highlights the role of private sector investment in bridging our infrastructure deficit.

However, business regulatory framework is itself an entry barrier to new entrants. The World Bank has assigned India a rank of 122 among 181 nations in terms of the 'ease of doing business' in 2009. When disaggregated, we are right at the bottom in terms of enforcement of contracts. However, the government needs to put legal reforms on the fast track and engage the judiciary actively. In sum, there are many things that Dr Singh can do and should do.

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Trunk Calls to Ringtones

Rural India is witnessing an explosive growth of cellular phone use, i.e. the mobile revolution in a once-fixed land. Former Telecom Secretary Pradip Bajjal calls it as silent revolution. An Ernst and Young and Confederation of Indian Industry (CII) report says that out of the next 25 crore mobile phone users in India, 10 crore will be from rural India. The current rural tele-density is 14 percent, which translates to 14 mobile phones per 100 people.

Rural India is witnessing a hunger of a different kind, the urge to possess a mobile phone. This has changed the dynamics of communication across a majority of India's 6 lakh villages.

Sanjay, a Bihari migrant labourer in Dariyapur village carries with him a mobile phone when he goes out for work; an instrument which no one in his family had before. "I use my phone to stay in touch with the owner of these fields, as well as my relatives. Sometimes, I even listen to FM radio", says Sanjay. What he means is simple: words such as recharge, mobile phone and call rates are now part of the rural vocabulary.

http://tehelka.com/story_main41.asp?filename=Bu160509trunk_calls.asp

Is Economic Recovery Too Optimistic?

With the local stock-market seeming reluctant to shed its recent gains, the community of financial market analysts and economists are suddenly discovering signs of a recovery in the Indian economy. Some of them are not just content with calling a bottom.

A growing number of research reports come across seem to believe that the recovery can be quite sharp in 2009. The gross domestic product (GDP) and company earnings forecasts are being revised up with a vengeance.

Here is an example of how mood in the investment research community has turned. A blue-chip British bank's researchers seemed confident as recently as March that headline GDP growth for India for 2009-10 would print at four percent or less. They seem just as sanguine when they raised its forecast by a good percentage point and a half.

If financial markets are patient and forward looking enough to price in a longer term recover, our local markets could stay put in its current range and perhaps even gain some more. The international environment is clearly working in our favour.

<http://business.rediff.com/column/2009/may/11/bcrisis-too-optimistic-on-economic-recovery.htm>

Tourism Shrugs Off Slowdown Blues

The Indian tourism industry seems to be on recovery path. The sector saw a 7.6 percent positive growth in foreign exchange earnings in April 2009 compared to the same period in 2008. The growth has been positive after three consecutive months of negative growth, as per government data.

The country registered only a three percent decline in foreign visitors in April 2009 compared to a sharp decline of 18 percent in January 2009. Besides economic slowdown, tourism was hit by the Mumbai terror attacks in November 2008.

The promotional activities also helped in getting more revenue per visitors that augmented the inflow of foreign exchange which include free air ticket for companion of a foreign tourist, travel to additional places and extended stay at hotels.

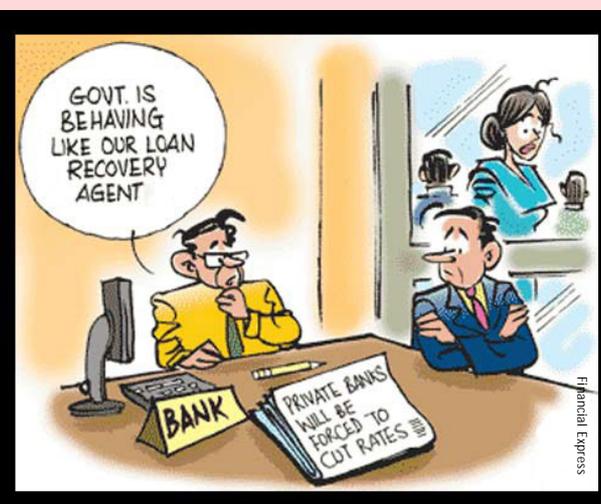
The government has also finalised a proposal that would offer free treatment for any additional ailments to a person visiting India for any major surgery. The government has declared 2009 as 'Visit India Year' to promote the country as one of the top foreign tourist destination.

<http://economictimes.indiatimes.com/News/Economy/Indicators/Tourism-shrugs-off-slowdown-blues/articleshow/4512252.cms>

Lower Interest Rates on the Cards

A third straight rise in India's Annual inflation rate as some price pressures emerge may see the Reserve Bank pause in its rate-cutting cycle, although analysts still expected a negative reading. The wholesale price index, India's most widely watched inflation measure, rose 0.70 percent led by food and manufactured product prices. It was above the annual rise of 0.57 percent, and a touch above market forecasts for a 0.65 percent rise.

The Reserve Bank of India has said the annual inflation rate could turn negative because of the rapid acceleration in



prices this time in 2008, but has discounted the threat of deflation because consumer prices are still strong.

It has forecast wholesale inflation to be around 4.0 percent by the end of the 2009/10 fiscal year March 2010. "It is not a real concern for monetary policy at this stage as inflation expectations have softened considerably", said Han-Sia Yeo, currency and rates strategist for ANZ Bank in Singapore.

<http://economictimes.indiatimes.com/News/Economy/Indicators/Inflation-ticks-up-RBI-may-pause-on-rates/articleshow/4499143.cms>

Car Sales on the Rise

Increased availability of finance, mainly by public sector banks, and higher demand from rural areas led to a four percent growth in passenger car sales in April 2009. This was the third consecutive month when car sales increased.

Maruti Suzuki posted an eight percent increase in its domestic sales to 56,221 units. Hyundai Motors India grew by 3.4 percent to 22,241 units and Honda sold 16 percent more cars during the month to report 3,565 units. Tata Motors, however, saw its sales remain almost flat at 11,202 units owing to restricted lending by banks on some of its models used for commercial purposes.

The growth in commercial vehicles was because of the passenger carriers and goods carrier in the light commercial vehicles segment. Light commercial vehicle sales rose 28 percent to 18,819 units. Sales of medium and heavy vehicles remained sluggish.

While buses sales grew four percent to 2,253 units, trucks sales fell by 47 percent to 8,770 units in April 2009. Within two-wheelers, scooters recorded the highest growth of 19 percent to 97,129 units. Motorcycles' sales also surged in double digits to 12.11 percent on account of robust performance of Hero Honda and Honda Motorcycles and Scooters.

[http://](http://www.thehindubusinessline.com/2009/05/12/stories/2009051251090200.htm)

www.thehindubusinessline.com/2009/05/12/stories/2009051251090200.htm

Garment Exports Plummet 33%

India's exports may have fallen by a third in April 2009 as a world-wide slump continued to hurt overseas demand for local goods.

"Job losses in the export sector may have reached 5 million in the year that ended on March 31", said A Sakthivel, President of the Federation of Indian Export Organisations (FIEO), adding that the body will seek government relief in the forthcoming Budget.

"Indian exports are estimated to be down by 33 percent in April mainly

Oil PSUs May Suffer Loss

Indian Oil Corporation (IOL), Bharat Petroleum Corporation Ltd. (BPCL) and Hindustan Petroleum Corporation Ltd. (HPCL) may suffer over Rs 15,000 crore revenue losses on fuel sales this fiscal, Petroleum Secretary R S Pandey said.

"At current crude prices, oil marketing companies are likely to end 2009-10 fiscal with over Rs 15,000 crore under-recovery (revenue loss) against Rs 1,03,292 crore of the previous year," he said while addressing the India Energy Forum in New Delhi.

Pandey said the retailers were currently incurring loss on sale of petrol, domestic LPG and kerosene while they made a small profit on diesel sales. They sell petrol at a loss of Rs 1.80 per litre, kerosene at Rs 12.27 per litre and LPG at a loss of Rs 91.51 per cylinder. On diesel, however, they make Rs 1.19 a litre profit.



The three firms lose Rs 48 crore per day on fuel sales. IOC, BPCL and HPCL incurred revenue loss of Rs 1,03,292 crore on sale of auto and cooking fuel in 2008-09. Of this, Rs 32,000 crore was met by upstream firms like Oil and Natural Gas Corporation by way of discount on crude oil they sell to the three firms.

<http://www.indianexpress.com/news/oil-psus-may-lose-rs-15-000-cr-in-fy10/458568/>

due to the continuing impact of global recession," he said. "Exports can grow by 15 percent this fiscal if the government provides necessary support in the budget", he added.

Exports contribute close to a fifth of India's GDP, and its contraction have impacted factory output and the overall economic growth. Since October 2008, the central bank has aggressively lowered its lending rate by 425 basis points while government offered interest subsidies to help ease the pain of exporting firms.

<http://www.zeenews.com/news534507.html>

Employment Trends in Apparel

In its attempt to generate employment among the educated unemployed youth, the Central Ministry of Rural Development has set up a centre for apparel manufacturing in Manipur. The *Centre of the Skills for Employment in Apparel Manufacturing* (SEAM) is the first of its kind in the entire northeast region.

It will provide employment opportunities to the educated

unemployed youth, particularly the school dropouts. The centre has been sponsored by the Ministry of Rural Development, the Department of Education and Government of Manipur with the Infrastructure Leasing and Financial Services (IL and FS) Cluster Multi Skills Development Centre.

Unemployment is the greatest problem among the youth of Manipur and the scope of employment in government sector cannot be stretched further. In such a scenario, schemes like SEAM has enthused hope in youths to breathe a fresh lease of life. Training programme would extend for a month and after that arrangement of placement would be made outside the state in New Delhi, Bangalore and Chennai.

Manoj Kumar, Adviser of IL and FS Cluster Multi Skills Development Centre assured that the scheme would help improve the economy of the state.

<http://silverscorpio.com/manipur-sets-up-apparel-industry-to-create-employment-for-youth/>

Credit Card Overhaul

Credit cards have long been a very good deal for people who pay their bills on time and in full. Even as card companies imposed punitive fees and penalties on those late with their payments, the best customers racked up cash-back rewards, frequent-flier miles and other perks in recent years.

Now Congress is moving to limit the penalties on riskier borrowers, who have become a



prime source of billions of dollars in fee revenue for the industry. And to make up for lost income, the card companies are going after those people with sterling credit.

Banks are expected to look at reviving annual fees, curtailing cash-back and other rewards programmes and charging interest immediately on a purchase instead of allowing a grace period of weeks.

Major banks including American Express, Citigroup, Bank of America and a long list of others have already begun to raise interest rates, and some have set their sights on consumers who pay their bills on time. The legislation scheduled for a Senate vote does not cap interest rates, so banks can continue to lift them, albeit at a slower pace and with greater disclosure.

http://www.nytimes.com/2009/05/19/business/19credit.html?_r=1&ref=business

Oil Hovers above US\$58 a Barrel

Oil prices hovered above US\$58 a barrel in Asia on growing investor optimism that the worst US recession since World War II may have bottomed.

Benchmark crude for June delivery was down 23 cents to US\$58.27 a barrel midday in Singapore, in electronic trading on the New York Mercantile Exchange. Oil prices have jumped from below US\$35 a barrel in February 2009 amid signs the pace of economic deterioration has slowed, setting the scene for an eventual recovery.

"The feeling is we've seen the worst of it, and the only way now is up", said Gerard Rigby, an energy analyst with Fuel First Consulting in Sydney. Consumer spending, which accounts for more than two-thirds of US economic activity, has been undermined by rising unemployment, which climbed to 8.9 percent in April 2009. "There's still a lot of unemployment out there", Rigby said. "Companies aren't hiring yet, and that's what would increase demand".

Analysts expect inventories to increase by 1.4 million barrels, according to a survey by Platts, the energy information arm of McGraw-Hill Cos.

<http://economictimes.indiatimes.com/News/Economy/Indicators/Oil-hovers-above-58-on-signs-recession-easing/articleshow/4512783.cms>

Gold Plunge in Dubai, Hong Kong

The global economic meltdown, volatile stock markets and high bullion prices are hitting gold jewellery sales in Asia's two largest cities – Hong Kong and Dubai. Dubai and Hong Kong are hubs of gold trade in Asia. But April figures from both these cities indicate that jewellery sales and gold purchases for investments are falling thanks to the worsening recession.

According to the Census and Statistics Department (C&SD) of Hong Kong, the April retail sales fell 7.7 percent and bankruptcy filings rose to 1,872, a five-year high, against the backdrop of a worsening recession.

Declining sales on the consumer level are not alone, joined by a drop in international trade.

Values of Hong Kong's total exports and imports of goods fell markedly, by 21.1 percent and 22.7 percent respectively. Retail sales of jewellery, watches and clocks, and valuable gifts fell in March by 9.7 percent, faring better than wearing apparel but worse than food, alcoholic drinks and tobacco.

In the first quarter, Hong Kong's retail sales dropped 3.9 percent by value and 5.5 percent by volume. Dubai, the biggest bullion market for trading gold in the Middle East, too has been hit hard by the falling sales of gold jewellery.

<http://www.commodityonline.com/news/Meltdown-Gold-sales-plunge-in-Dubai-Hong-Kong-17649-3-1.html>

Optimism on World Economy

The US trade gap widened in March 2009 and Chinese exports fell sharply in April 2009, but central banks expressed some optimism that the worst is over for the world economy.

Commercial banks, at the centre of the crisis, continued to hold markets' focus. Several large US banks undertook big capital-raising efforts, hoping to satisfy regulators. According to sources, the resilience of European banks would be tested.

Warnings against too much optimism came from several quarters, including the president of the World Bank and the head of the Atlanta Federal Reserve Bank, and equity investors appeared to agree.

Global stocks slipped and oil prices retreated after hitting US\$60 a barrel as a rally in riskier assets lost steam on worry that expectations for economic recovery might have been overdone.

"The markets are looking a little overbought", said Mike Lenhoff, chief strategist at Brewin Dolphin. "They had such a sharp move in such a short space of time that they are in a need of a period of consolidation".

<http://www.indianexpress.com/news/optimism-on-world-economy-grows/458407/>

China's Industrial Output Slows

China's industrial production growth from 2008 slowed to 7.3 percent in April 2009 from 8.3 percent growth in March 2009, providing more uncertainty over whether a Chinese recovery is under way.

The growth in factory output in April 2009 was less than half the year-on-year rate in April 2008 and analysts said most of the growth was a result of the government's wide-ranging economic stimulus measures. Retail sales in April rose 14.8 percent in 2008 to Rmb934.32bn (US\$137bn), a similar rise to March's 14.7 percent growth.

Analysts said these figures tend to overstate consumer demand and are being boosted by strong government procurement as Beijing tries to return the economy to a rapid growth trajectory. Most analysts expect retail sales growth to moderate, dragged down by moderating incomes.

Analysts opine that it is unlikely that Chinese industries are making large advances in energy conservation but rather that the current slowdown has had a more severe impact on energy-intensive heavy industry.

http://www.ft.com/cms/s/0/4dad5db8-3f75-11de-ae4f-00144feabdc0.html?nclink_check=1

Japan's Trade Surplus Shrinks

Japan's current account surplus fell a smaller than expected 48.8 percent in March 2009, a sign that export demand may be stabilising after a slump in the wake of the financial crisis.

The country is mired in its worst recession since World War Two but exports and output have shown some signs of recovery, adding to hopes the worldwide downturn may be nearing a bottom.

"As overseas demand has bottomed out, the trade balance will recover moderately albeit at a low level. Japan will face fewer risks of a current account deficit", said Junko Nishioka, chief Japan economist at RBS Securities.

Japan logged a current account surplus for the second straight in

March 2009, at ¥1.49tr (US\$15.3bn), after a record deficit in January 2009. The surplus shrank in March 2009 at a smaller annual pace than a median market forecast of 58.4 percent. But the earnings on Japan's overseas investments fell 13 percent in March 2009, in further pain from the global financial crisis.

Leading central banks said the global economy is about to turn the corner, although there were signs recovery could be long and painful.

<http://www.ft.com/cms/s/0/930b875c-3f68-11de-ae4f-00144feabdc0.html>

Phillipino Import Revenues Decline

Merchandise imports in Philippines plunged at the fastest rate of 36.2 percent year-on-year since the declining trend started in 2008, settling at US\$3.27bn in March 2009 from US\$5.12bn in March 2008. The value of outbound goods has been showing yearly contractions since October 2008.

Based on the National Statistics Office's report on external trade, total exports dropped 33.8 percent in March 2009 to US\$9.32bn. This places the balance of trade at a deficit of US\$363mn, down from US\$923mn deficit in March 2008. For the first quarter, the trade deficit reached US\$1.7bn or about US\$394mn less than what was accounted for in March 2008.

Economic Planning Secretary Ralph G. Recto said that despite the positive performance in March 2009, the negative effects of the global financial crisis continued to wear down the local appetite for foreign goods.

National Statistics Office data showed that electronic products, which accounted for 34.2 percent of total imports, fell 40.7 percent to US\$1.12bn year-on-year from US\$1.88bn. On the other hand, electronic imports inched up by four percent month-on-month from US\$1.074bn in February 2009.

<http://business.inquirer.net/money/topstories/view/20090526-207311/Imports-fell-36-in-March-to-327B>

Shell to Cut Senior Jobs

More than 10,000 jobs at Royal Dutch Shell are under threat as Peter Voser, the Oil Giant's new chief executive, announced a radical shake-up of the company.

In a series of moves designed to slash billions of dollars from Shell's cost base and sharpen its focus in an era of low oil prices, the company said it was merging three



divisions into two, creating a new one charged with project management and trimming the number of executive directors on its board from five to three.

While Shell refused to specify how many jobs would be lost in the reshuffle, analysts estimate it will be between 5-10 percent of the company's 102,000 staff. Most of the cuts are expected in middle and senior management roles.

About 24,000 Shell staff who work across the divisions that are due to be merged will be directly affected, although only some of these positions will be eliminated. Hundreds of jobs in the UK, where Shell employs 9,000 staff, are also thought to be under threat.

http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6375204.ece

Climate Change Governance

Climate change governance poses difficult challenges for contemporary political/administrative systems. These systems evolved to handle other sorts of problems and must now be adapted to handle emerging issues of climate change mitigation and adaptation.

This paper examines long-term climate governance, particularly in relation to overcoming “institutional inertia” that hampers the development of an effective and timely response. It argues that when the influence of groups that fear adverse consequences of mitigation policies is combined with scientific uncertainty, the complexity of reaching global agreements, and long time frames, the natural tendency is for governments to delay action, to seek to avoid antagonising influential groups, and to adopt less ambitious climate programmes.

To address climate change means altering the way things are being done today – especially in terms of production and consumption practices in key sectors such as energy, agriculture, and transportation.

Climate change governance requires governments to take an active role in bringing about shifts in interest perceptions so that stable societal majorities in favor of deploying an active mitigation and adaptation policy regime can be maintained.

http://econ.worldbank.org/external/default/main?pagePK=64165259&piPK=64165421&theSitePK=469382&menuPK=64166093&entityID=000158349_20090519144015

Why are Japanese Wages Sluggish?

Over the past decade, productivity-adjusted wages have grown at a slower pace in Japan than in other rich countries. This paper suggests that Japan’s dualities between regular and “non regular” labour market contracts and the relatively inefficient services sector have exacerbated the negative impact of globalisation and technical change on the labour income share felt in all advanced economies.

Reforms aimed at increasing productivity in services and reducing gaps in employment protection and benefits between regular and non regular workers could help put Japan’s wages on an upward trajectory in the medium term.

This paper confirms the importance of technological change, globalisation, and labour market policies in explaining these developments. In case of Japan, the analysis highlights the role of the factors that have contributed to the build-up of labor and product market dualities – between regular and non-regular workers, large and small companies, or manufacturing and services.

<http://www.imf.org/external/pubs/ft/wp/2009/wp0997.pdf>

Beyond Aid

While the prospects for developing countries are shaped by a wide range of domestic issues, such as politics, others have important cross-border dimensions. These go beyond aid to include trade, migration, investment, environmental issues, security and technology. It is these ‘Beyond Aid’ issues, rather than aid alone, that will shape the development prospects for many countries.

This Project Briefing, supported by Organisation for Economic Cooperation and Development (OECD) and Department for International Development (DFID), examines Policy Coherence for Development (PCD) approaches to ensure that donor policies on Beyond Aid issues support progress towards the Millennium Development Goals (MDGs).

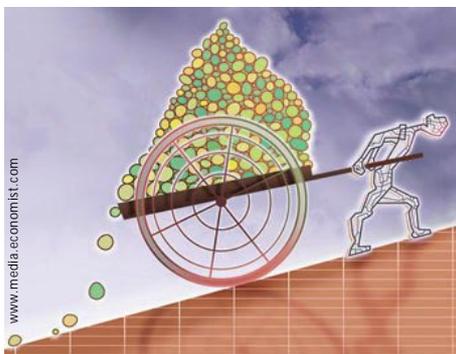
PCD requires action on three fronts – political commitment, policy co-ordination, and monitoring, analysis and reporting. More action is needed to gather evidence, particularly from developing countries to make a case for PCD. Ultimately, such an approach could do much to advance the Beyond Aid agenda and ensure that Beyond Aid issues deliver for development.

<http://www.odi.org.uk/resources/download/3288.pdf>

Global Trade in Food Crops

For much of the period between mid-2007 and mid-2008, as global prices in oil and other commodity markets zoomed to stratospheric levels, various eminent economists joined bankers, financial market consultants and even policymakers, in emphasising that these price rises were all about “fundamentals” that reflected real changes in demand and supply, rather than the market-influencing actions of a relatively small group of large players with enough financial clout and a desire to profit from changing prices.

Far from being “efficient markets” in the sense hoped for by mainstream theory, they allowed for inherently



“wrong” signalling devices to become very effective in determining and manipulating market behaviour. The result was the excessive volatility displayed by important commodities over 2008 – not only the food grains and crops mentioned here, but also minerals and oil.

Such volatility had very adverse effects on both cultivators and consumers of food. This was not only because it sent out confusing, misleading and often completely wrong price signals to farmers that caused over sowing in some phases and under cultivation in others.

<http://www.worldtradereview.com/news.asp?pType=N&iType=C&iID=204&siD=14&nID=46860>

Building vs. Stumbling Blocks

When debating the pros and cons of economic regionalism, have not we focused enough on trade in goods at the expense of services?

One can easily list the essential services of daily life, such as financial or telecommunication services, while services in more "minor" sectors such as environment are also flourishing. Services account for a considerable share of international trade too. And, interestingly, the process of importing and exporting of goods involves services such as transportation and storage; and goods cannot be traded without these services.

This article argues that regionalism is certainly a building block, not a stumbling block to a multilateral trading system, using the services liberalisation scheme of Association of Southeast Asian Nations (ASEAN) as a case study.

At the same time, it is critical to set out a proper institutional arrangement to ensure that regional services liberalisation initiatives reinforce the global services regime. This paper proposes an amendment of the current General Agreement on Trade in Services (GATS) Article V to define the appropriate relationship between multilateralism and regionalism in the context of services.

http://aric.adb.org/pdf/workingpaper/WP28_Building_Block_vs_Stumbling_Block.pdf

EU-East Asia Economic Integration

This paper compares the economic integration processes of the European Union (EU) and the East Asian nations and comments on the possible reciprocal lessons, if any, that can be drawn in order to smooth the future paths of the two groups. It contrasts their differing approaches to regional cooperation and integration and draws lessons for how they could address common challenges such as the ongoing global crisis.

It provides essential quantitative data from the two economic entities, focusing on integration and homogeneity. Moreover, a detailed

presentation of the evolution of the EU is given, stressing the role of institutions, agricultural, regional, and social policies and the single currency.

Furthermore, a parallel presentation for East Asia, stressing trade, production, financial cooperation and its original concept of regionalism is given. Finally, the paper presents challenges facing the two regions and conclusions. Both entities are presently facing difficult challenges to progress and growth.

http://aric.adb.org/pdf/workingpaper/WP29_East_Asian_and_European_Economic_Integration.pdf

Agricultural Safeguard Mechanism

The records of traditional safeguard provisions of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (WTO) provides useful information about how a special agricultural safeguard might be made effective.

The success of existing safeguard or flexibility provisions to sustain long-run liberalisation programmes stems

from their requiring objective, transparent, and participatory decisions on the application of the import restrictions they allow. The proposed special agricultural safeguard expands by arithmetic formula the bounds within which a Member may impose a new import restriction.

Analysis reported here suggests that the formulas provide a poor guide for policy, indicating that they would frequently prescribe action that is not needed and fail to prescribe action when it would be appropriate.

Analysis of the existing agricultural safeguard, to which the special agricultural safeguard is similar, indicates that it has functioned not as an allowance for occasional response to unusual situations but as an expansion of the limits Members have accepted through tariff bindings.

http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000158349_20090511085856

Revisiting Pak-Afghan Trade Pacts

Pakistan has two types of trade ties with Afghanistan. One is bilateral trade set-up as it has with the rest of the world. The other is exclusive under Afghan Transit Trade Agreement (ATTA). This article tries to highlight policy flaws, anomalies and recommendations to overcome such malpractices. It throws light on triangular aspects of trade, focusing ATTA, Pakistan-Afghanistan bilateral trade arrangement and Iran-Afghanistan-India trade block.

Pakistan should engage India to use its route for trade in Afghanistan at the terms best suit to Pakistan and revive its talks with India for passing Iran-Pakistan-India gas pipeline through its territory. India needs security, Pakistan needs royalty and "friends" and a pariah Iran eyes at business opportunities.

Such tripartite can potentially bring US\$6bn to US\$8bn royalty to the cash-strapped Pakistan. All must work for each other. This is trade of interests and a recipe for growth. A growth that *sine qua non* for development, a long dream of each.

<http://www.worldtradereview.com/news.asp?pType=N&iType=C&iID=204&siD=14&nID=46857>



Terrorism and Development



Terrorism is by no means a new phenomenon. In fact, it is probably as old as war itself. In the light of events such as 9/11, world leaders have called for an increase in foreign aid and developmental efforts to curtail the growth of political extremism, religious fundamentalism and terrorism. While development is surely an end in itself, the clarification of the links between poverty and terrorism by policy makers is both pertinent and much needed. Policy suggestions to weaken these identified links are also the need of the hour. This briefing paper aims to achieve this objective by reviewing the academic literature on the topic.

<http://www.cuts-citee.org/pdf/BP09-DI-02.pdf>

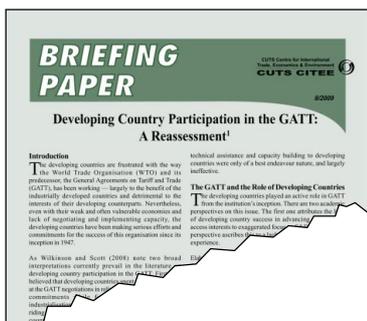
Standards in Food Sector

Standards have now almost become a mandatory requirement, since consumers want to be sure that their food is being produced safely, environmentally friendly and that the welfare of both animals and humans is in no way compromised. The advantages of having such universally agreed food standards for the protection of consumers were recognised by international negotiators during the Uruguay Round. This Briefing Paper addresses the measures taken in the best interest of the consumers impeding trade and drastically affecting the ability of developing countries to access markets, particularly in developed countries.

<http://www.cuts-citee.org/pdf/BP09-DI-03.pdf>



Developing Country Participation in the GATT: A Reassessment



This Briefing Paper begins with an overview of the role of developing countries in the evolution of GATT, i.e. in framing its charter and rules etc. It will be argued that while developing countries were able to ensure that the GATT did create some provisions that advanced their interests, this did not extend to real market access for agricultural and textile products of export interest to them. Even the provisions that were included in the GATT to provide technical assistance and capacity building to developing countries were only of a best endeavour nature, and largely ineffective.

<http://www.cuts-citee.org/pdf/BP09-WTO-05.pdf>

We want to hear from you...

Please e-mail your comments and suggestions to citee@cuts.org

We put a lot of time and effort in taking out this newsletter and it would mean a lot to us if we could know how far this effort is paying off in terms of utility to the readers. Please take a few seconds and suggest ways for improvement.

- Content
- Number of pages devoted to news stories
- Use as an information base
- Readability (colour, illustrations & layout)