

SADC Announces Free Trade Area

UNITED NATIONS (IPS)

The 14-member Southern African Development Community (SADC) has announced the launch of a Southern African Free Trade Area (FTA). With a regional population of about 250 million, the SADC FTA will be one of the largest trading zones on the African continent.

A FTA is defined primarily by the lack of trade barriers such as tariffs and quotas on goods traded between member nations. The establishment of *continued on page 7*



South African President Thabo Mbeki, Chairman of the Southern African Development Community. UN Photo/Mark Garten

SAARC Strengthens Regional Initiatives

UNITED NATIONS (IPS)

The South Asian Association for Regional Cooperation (SAARC), described as one of the world's biggest regional organisations, has strongly reaffirmed its political commitment to accelerate economic growth, social progress and cultural development among its eight member states. The leaders of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka agreed to strengthen



Sri Lankan President Mahinda Rajapaksa, Chairman of the 15th SAARC Summit, (4th from Left) welcomes (Left to Right) Afghan President Hamid Karzai, Bangladeshi Chief Adviser of Government Fakhruddin Ahmed, Bhutanese Prime Minister Lyonchhen Jigmi Y. Thinley, Indian Prime Minister Manmohan Singh, Maldivian President Maumoon Abdul Gayoom, Nepali Prime Minister Girija Prasad Koirala and Pakistani Prime Minister Yousuf Raza Gilani. Sunday Times, Colombo/Gemunu Wellage

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India & ASEAN Sign Trade Pact

UNITED NATIONS (IPS)

India and the Association of Southeast Asian Nations (ASEAN) have signed a trade deal after more than six years of negotiations. The pact has created a new free trade area (FTA) of 1.7 billion people, covering 11 countries: India plus and the 10 ASEAN countries -- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Singapore, and Vietnam. These countries' combined GDP is 2.3 trillion dollars.

Lim Hng Kiang, Singapore's minister for trade and industry, and Kamal Nath, India's minister for commerce and industry, announced the deal during an ASEAN meeting in Singapore. "This is an important milestone for our region," said Nath. "Indian-ASEAN trade was worth 38.37 billion dollars in 2007-08 and is projected to reach 48 billion dollars this year," he said. "It took a long time understanding the sensitivities of all the countries within the ASEAN and for the ASEAN countries to understand India's sensitivities," Nath explained. Lim agreed, saying that, "respecting our sensitivities and exercising flexibility" helped to seal the deal.

The pact is due to be signed in December during the ASEAN summit in Bangkok, Thailand. Once the deal is operationalised, consumers can expect duty-free imports of a range of products including capital goods, textiles, electronic goods and chemicals beginning in 2009. Normal goods will see import duties reduced to zero over a six-year span. The deal also covers sensitive products like crude and refined palm oil, coffee, pepper and tea, but also excludes 489 items from tariff cuts. Lim explained that the excluded items represent only five percent of annual trade value and are "not a very significant number". The trade pact is expected to add 12 billion dollars to trade between the participating nations by 2010.

Currently, India's trade with ASEAN makes up

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Emerging Asian Regionalism

By Erkan Kaptan

UNITED NATIONS (IPS)

Asia's economies are becoming increasingly complementary to each other. Asia's output today equals roughly that of Europe or North America, and may be well over 50 percent larger by 2020 in terms of purchasing power parity, states the recent Asian Development Bank (ADB) report on emerging Asian cooperation. Today, Asia trades about as much with itself as Europe and North America do with themselves, according to the ADB.

The 304-page ADB report, titled 'Emerging Asian Regionalism, A Partnership For Shared Prosperity' states that measures of interdependence tracked for 16 major Asian economies have increased markedly since the 1997/98 Asian financial crisis. The group of economies includes the 10 members of the Association of Southeast Asian Nations (ASEAN) -- Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam -- as well as China; Hong Kong, China; India; Japan; the Republic of Korea; and Taipei, China.

"Asia learned the hard way in 1998 that the absence of regional cooperation can cost an economic misfortune. We now understand how enhancing regional integration and cooperation is important to build stronger and more resilient

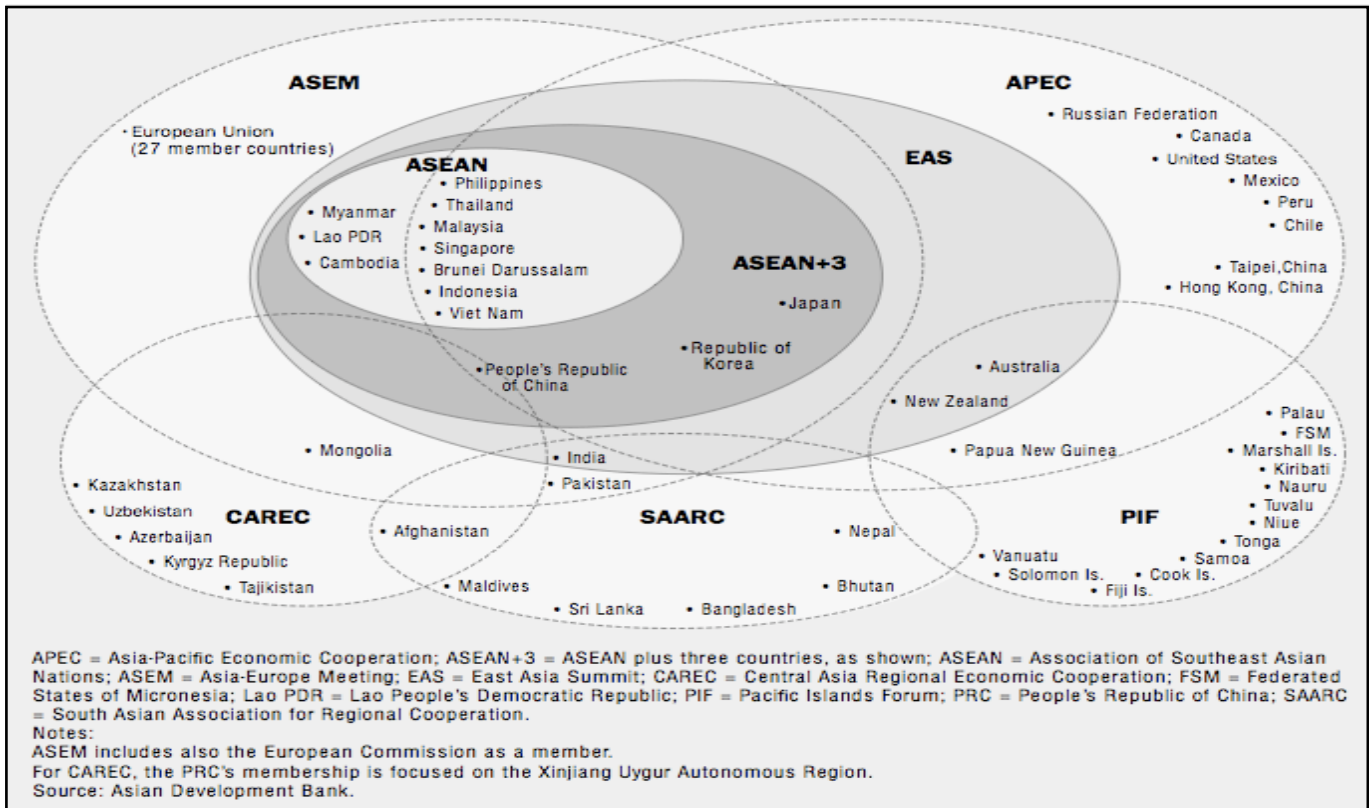
economies," according to Indonesian Minister of Finance Sri Mulyani Indrawati.

When asked if Europe was an example that Asian Countries were following an ADB spokesperson told IPS that "Europe can be a source of inspiration but the prerequisites, the historical, geographical, social and political context as well as the objectives of regional cooperation differ." Asian "objectives are also different," the spokesperson said. The trend toward integration is gaining strength through enhanced dialogue between countries and people -- from the simple contact brought about by intraregional tourism to formal meetings of government officials, ministers, and political leaders. "Intraregional trade and investment are expanding rapidly, financial markets are becoming closer and more efficient, and economies are becoming more interdependent. Regional infrastructure projects are increasing connectivity, and countries are working together to provide regional public goods in areas such as the environment and health," according to ADB President Haruhiko Kuroda.

Asia's trade and investment ties are particularly advanced, and the regional integration of production has become central to Asia's leadership in global manufacturing. As production chains are broken into smaller steps -- with each step produced in the most cost-efficient location -- Asia's interconnectivity has become a key asset

in attracting investment and production. Asia is endowed with major production advantages, according to the ADB. The report describes Asia's major production advantages as large and diverse labour forces, ample investment resources, and advanced technological capabilities -- which are often combined efficiently due to low trade barriers and well developed transport and communications links. Asia's intraregional trade has increased -- with parts and components trade playing an especially large role. China is often the hub of such production networks, but most regional economies participate in them.

With regards to integrating financial markets, the report states that Asia is less integrated in finance than in trade. However, its financial markets are larger, deeper, and more sophisticated than they were a decade ago, and its legal and regulatory frameworks have improved. Regional financial cooperation has increased markedly since the Asian financial crisis -- notably through innovations such as the Asian Bond Markets Initiative (ABMI) and the Asian Bond Funds (ABF). The report also suggests that an immediate priority is to strengthen supervision, surveillance, and dialogue on financial markets. To this end, consideration should be given to creating a new, high-level "Asian Financial Stability Dialogue" to bring together finance ministries, central bank authorities, and other supervisors and regulators, according to the ADB.



With the growth of trade and financial ties, Asia's macroeconomic interdependence has also increased. The region's sensitivity to regional output shocks is rising and there is evidence of converging price movements. Asia would benefit from strengthening its mechanisms for monitoring and potentially coordinating macroeconomic and exchange rate policies, according to the report. Consideration should be given to a new central structure -- such as an "Asian Secretariat for Economic Cooperation" -- to support these and other functions with qualified, permanent staff. The current Economic Review and Policy Dialogue under the ASEAN+3 process should be further strengthened with agreements on the tools, indicators, and standards used to monitor economic activity, according to the ADB. Governments might also explore early initiatives in policy coordination -- for example, through ad hoc actions to manage a particular wave of exchange rate adjustments against third currencies. To provide stronger tools for

times of crisis, the Chiang Mai Initiative -- the region's short-term financing facility -- should be enhanced by making its arrangements multilateral and by easing constraints on their activation.

Asia's development has had a massive, positive impact on people's lives -- most Asian economies have made remarkable progress reducing poverty. Nevertheless, benefits have failed to reach significant numbers of people, according to the report. In some countries sharp income disparities have emerged. Nearly all developing countries in the region share the challenge of making growth more inclusive. The battle for better lives begins with creating high-productivity jobs, according to the ADB. Governments need to connect the poor to the thriving regional economy by eliminating labour market barriers, investing in workers' capabilities, and building infrastructure to connect disadvantaged regions with economic centres.

"Governance can also push for more regional

integration. However politics and leadership may create some obstacles," an ADB spokesperson told IPS. Agricultural trade and aid focused on stimulating trade activities can play an especially important role -- as the experience of the Greater Mekong Sub region shows. Rapid economic change also requires cost-effective and innovative social protection systems. And labour migration -- within and among countries -- can benefit both migrant workers and their hosts. Labour migration also needs to be managed carefully to ensure migrants' rights and to prevent human trafficking and forced labour, according to the report.

The report concludes that eventually, Asian economies may have single market with common regulations, a common currency, and substantial freedom of movement for workers. But immediate policy requires both a long-term vision and pragmatic initiatives that will show short-term results.

Africa Awaits ICT Boom

UNITED NATIONS (IPS)

As South-South trade flows continue to surge, African countries are increasingly investing in their own continent or attracting investors from other developing nations, specifically in the field of information and communications technologies (ICT). According to the Geneva-based International Telecommunication Union (ITU), Africa's greatest success story in ICTs is "the remarkable spread of mobile telephony".

Sanjay Acharya, ITU's chief of media relations and public information, points out that there is a South-South angle when you see African mobile phone companies "making the biggest leap forward". "Many Africans are returning to the continent to invest in and grow the industry," he said. Also, Indian and Chinese companies have been investing in Africa. "But it's also a worldwide story, with companies such as Intel, CISCO and Alcatel-Lucent investing in ICT in Africa," Acharya told IPS. Orange telecom made its biggest profits in Africa in 2007. Africa offers new, viable business opportunities while markets in the North have been leveling out.

Asked if most of these phone companies were from Western Europe or from the global South, he said: "As you know, Reliance, Tata Infocomm and Bharati have been making large inroads into Africa in the ICT sector, and South Africa remains a big player." In Mauritius and South Africa, 3G subscribers already outnumber fixed broadband subscribers. South Africa had 1.8 million 3G subscribers in Sep. 2007 compared to 335,000 ADSL connections. Vodacom of South Africa reported that over 10 percent of its 3G subscribers used data cards for connections to laptops, reflecting the popularity of 3G as a broadband access method. WiMAX is moving from an experimental testing phase to commercial

deployment in a number of African countries.

The spread of high-speed wireless technologies will intensify broadband competition in Africa, Acharya predicted. There is evidence that broadband pricing in Africa is lower in countries that have deployed both fixed and wireless broadband technology. He also said that Africa has been a pioneer in many ICT areas. The success in mobile phones is also spawning new services such as micro-payment prepaid recharging, single rate inter-regional roaming and the uptake of m-commerce applications, such as mobile phone banking or M-banking.

The provision of voice telephony through public payphones is prevalent in some African countries. Liberalisation of payphone markets has led to a proliferation of entrepreneurs reselling phone service. Take Togo for example, Acharya said, where about one quarter of fixed telephone lines are connected to private telephone cabins.

The mobile boom has also created a large informal market reselling mobile airtime. This type of public access needs to be intensified for Internet access. Levels of home computer ownership and Internet subscription are extremely low in Africa and will remain so for years to come, he noted. Higher levels of ICT access will only be achieved through public facilities such as Internet cafes and schools. Practical programmes are needed to dramatically boost access through public facilities, including the full liberalisation of public access licensing procedures to facilitate the creation of entrepreneur-operated facilities, Acharya added. This should be linked to e-government programmes in order to ensure that citizens can electronically interact with their governments.

Asked about the potential future market, Acharya said: As the end of the first decade of

the new millennium approaches, Africa stands at a crossroads, with ICT policy makers faced with important choices. While the mobile sector has grown tremendously, sustaining this momentum and expanding access in areas where Africa is lagging behind such as Internet and broadband, will not come easy. Getting more users on board would mean targeting lower income segments of the population. These potential customers are highly sensitive to price and small changes can have a big impact, he pointed out. Bringing down prices will be a key factor in expanding access to more Africans. Governments can do their share by reducing taxes, interconnection rates and regulatory costs.

Acharya also said that deeper liberalisation such as the abolition of remaining exclusivities on market entry, the reduction of license fees and simplification and transparency of licensing procedures can help to increase competition and lower costs. Infrastructure sharing is particularly relevant in a region that needs both investment in ICT facilities and lower prices. It is therefore logical to minimise duplication and share facilities where practical. Acharya said regulators can help by creating a trusting environment among operators and developing policies that promote infrastructure sharing.

Investment in ICT infrastructure in Africa was to the tune of 8.0 billion dollars in 2005. Half of all Africa's fixed-line markets are now subject to competition and nearly half have private-sector participation in their ownership structure. Twenty-five African incumbents have been wholly or partially privatised. With a commitment of 55 billion dollars made at the Connect Africa Summit in Kigali in 2007 -- most of it from the private sector -- Africa awaits a telecommunication and ICT boom, Acharya said.

Ground-breaking Gender Protocol Signed

By Zahira Kharsany

JOHANNESBURG (IPS)

Gender activists breathed a sigh of relief when a long-delayed gender protocol was signed at the Southern African Development Community (SADC) Summit. Women bear the brunt of social injustice and problems on the African continent, ranging from access to clean water, poor health care, access to economic opportunities or adequate protection before the law.

The protocol calls for 50 percent representation by women at all levels of government by 2015 and further calls for member states to put in place legislative measures which guarantee that political and policy structures are gender sensitive. It draws up a plan of action setting specific targets and time frames for achieving gender equality in all SADC countries as well as effective monitoring and evaluation. The document covers 25 articles on different aspects ranging from access to justice and education as well as ensuring women's rights is included in member states' constitutions. One of the highest priorities within the document is putting legislative measures in place to promote and ensure practical realisation of equality of women. The protocol states: "Member states shall adopt and implement legislative and other measures to eliminate all practices which negatively affect the fundamental rights of women, men, girls and boys, such as their right to life, health, dignity, education or physical integrity".

SADC counties who sign the protocol agree to support equal access to education and to free quality primary and secondary education to aim for the eradication of illiteracy by 2020. "They [member states] should eliminate

gender discrimination and stereotypes in the curriculum, career choices and professions while putting in place gender sensitivity training programmes for educators and stakeholders," the document states. The gender protocol also calls for governments in the region to prohibit all forms of gender-based violence, including marital rape. The document has a provision which will ensure perpetrators of all forms of gender-based violence are tried by a competent court of justice. HIV/AIDS is also addressed. The SADC region has the highest number of fatalities across the globe. The protocol calls for necessary steps to be taken to prevent the transmission of HIV and AIDS among women, men, girls and boys, including persons with disabilities. It also stresses the importance of female-controlled prevention methods. "These prevention efforts will be based on an understanding of the underlying gender power relations that fuel the pandemic, the challenges encountered by women in insisting on safe sex and the need for behaviour change."

Long overdue

Seven years in the making, the document is seen as a ground-breaking commitment that will put gender rights at the forefront of the SADC plan of action and provide a clear roadmap for the region's leaders to move towards gender equality. Regional heads of state had postponed signing the document on two previous occasions and activists are hoping that it would be implemented on schedule.

Next challenge: implementation

In a statement, 180 media practitioners, analysts, activists, critics and editors who participated in the Gender and Media Summit just ahead of the SADC meeting described

the Protocol "as the most far reaching of any sub-regional instrument for achieving gender equality." Participants said it was time for southern Africa to move from being "a region of commitments, to one of action". Colleen Lowe Morna, executive director of GenderLinks, a South Africa-based NGO which works across the southern Africa region for the equal participation of women and men in public and private life, told IPS that she was thrilled by the outcome. "It has been a very long journey for us. The protocol has been watered down and we are not entirely happy by that. But there are 23 concrete targets set down that each country must work towards. It is one of the most concrete and explicit documents on gender equality in the region, and it will be a challenging target to all governments."

The watering down that Morna is referring to is the exclusion of key provisions on marital rape, cohabitation and the rights of vulnerable groups. She also pointed out that contradictions between customary law and constitutional provisions for gender equality are not explicitly addressed. Morna did emphasise that the economic provisions provided in the protocol's affirmative action plan were "superb". Morna said that the challenge now was putting in place the structures and strategies within each of signing nations over the next seven years. The Africa Protocol Alliance, which unites 42 organisations from all 14 SADC member states, is developing an action plan to support governments in meeting the targets set for them in the next seven years. The protocol calls for governments to launch public awareness campaigns and report bi-annually on progress towards achieving the commitments outlined in the protocol.

Caribbean Political Union Endorsed

By Peter Ischyron

PORT OF SPAIN, Trinidad (IPS)

Since 1992, when Trinidad and Tobago Prime Minister Patrick Manning held initial talks with the leaders of Barbados and Guyana, he has been quietly lobbying his Caribbean Community (CARICOM) colleagues to forge an ambitious political union in the region. Manning's dream has been partly fulfilled. Flanked by the leaders of St. Lucia, Grenada and St. Vincent and the Grenadines, Manning joined in signing a memorandum of understanding indicating the intent to achieve "an appropriate political integration by 2013".

The new initiative comes at a time when the economies of the sub-region face tremendous pressure. Tourism and bananas have been the

main pillars of the economies of the eastern Caribbean countries, but in recent years rulings by the World Trade Organisation (WTO) have seriously undermined the banana industry in the islands of St. Lucia, St. Vincent and the Grenadines and Dominica. Moreover, the high cost of air travel and the decision by some major carriers -- notably American Airlines -- to cut back on flights to the Caribbean and the ongoing threat of terrorism, have meant trouble for countries like Antigua and Barbuda, St. Kitts-Nevis and St. Lucia that depend on tourism. In recent years, investors from oil-rich Trinidad and Tobago have pumped millions of dollars into the economies of these islands, from banking to manufacturing to the services industries, thereby commanding much interest in their development.

Ever since the West Indies Federation collapsed in 1962, there have been repeated attempts at forging closer unity among the countries of the Caribbean, with the 15-member regional integration movement CARICOM among the many initiatives. The Revised Treaty of Chaguaramas -- which governs CARICOM -- makes provisions for individual Caribbean countries to form smaller groupings in the name of solidifying unity. The demise of the West Indian Federation led many of the more developed countries of the English-speaking Caribbean to seek their own socio-economic fortunes -- first through political independence from Britain -- while still maintaining the need for some form of unity. Not to be outdone, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines,

Montserrat and St. Kitts-Nevis in 1966 agreed on the need to establish their own grouping -- the Organisation of Eastern Caribbean States (OECS) -- "highlighting a common determination to strengthen the links between themselves by uniting their efforts and resources and establishing and strengthening common institutions which would serve to increase their bargaining power as regards third countries or groupings of countries".

Earl Huntley, who now heads the CARICOM Office in Haiti and was a member of the now defunct St Lucia Independent Committee for the OECS Political Union, noted that the leaders have not indicated the form of political union they are contemplating. In his book "The Union of East Caribbean States - Thoughts on a Form", Huntley argues that the leaders preferred a "model of union to emerge from the consultations with the people of the various islands." This time around, the leaders involved in the new initiative have named academic and former St. Lucian Prime Minister Professor

Vaughan Lewis as well as Trinidadian diplomat Dr. Cuthbert Joseph to prepare a road map by the end of this year that would hash out the details and offer concrete models. "And until such time as the report is received, then really it would be premature to be talking about the exact form it will take and so on," Manning said.

However, any new regional body -- such as one along the lines of the European Union -- would require new governance arrangements, implying ceding elements of national sovereignty. "If we are really concerned about the people we should be willing to relinquish a certain amount of sovereignty in the interest of the political unity of the region," said newly elected Grenadian Prime Minister Tillman Thomas. "I believe we should work towards that deadline and set out to educate our people so that whatever structure that is more appropriate for that political union we should really try to give it support."

The Port of Spain mini-summit was also attended by the foreign ministers of Guyana and Barbados and the statement issued afterwards

indicated that the initiative was not designed to "undermine the single market or economic cohesion established by the Revised Treaty of Chaguaramas". They made it clear that participation was open to all member states wishing to commit to the achievement of the single economy by 2011 and the political integration two years later. The single economy is part of the wider CARICOM Single Market and Economy (CSME) that would facilitate the free movement of goods, services, and labour across the region. Former Antigua and Barbuda diplomat Sir Ronald Sanders, who favours a political union of all CARICOM states, but also welcomes any attempt to explore a political union between any number of Caribbean countries, does not hold out much hope for a union involving the three OECS countries and Trinidad and Tobago. "A much easier option for a political union exists within the OECS itself. They already have the foundation for such a union. It is rooted in their common currency, their common central bank, [and] their common judicial services," he said.

Jatropha Key to Self Sufficiency?

By Prime Sarmiento

MANILA (IPS)

The jatropha plant may be the key to addressing the problems of energy and food self-sufficiency in the Mekong region. Cultivating this hardy plant will not only provide biofuel but will also ensure that agricultural lands devoted to food production will not be diverted to fuel crops. "Planting jatropha is commercially viable. The main advantage of jatropha is that you can plant it even in idle lands," according to Mercedes A. Sombilla, who is conducting an Asian Development Bank (ADB)-funded study on the development of the biofuel industry in the Greater Mekong Subregion (GMS). The GMS is composed of Thailand, Vietnam, Cambodia, Laos, Myanmar and the southern part of China.

Jatropha -- first cultivated in South America -- is resistant to drought and pests, its seeds contain up to 40 percent oil. The crushed and processed seeds oil can be used in a standard diesel engine and the remaining biomass can be used to power electricity plants. In a report Sombilla presented at the recent ADB forum, she identified jatropha, along with cassava and sweet sorghum, as having the most potential to be developed as sources for biofuel. Ample land and labour resources combined with favourable weather conditions are some of the factors that can help not only in mass cultivation of jatropha, but also other fuel crops in GMS, Sombilla said. The development of the biofuel industry is one of the key concerns of growing Asian economies, most of which depend on imported oil to meet rising energy demand. The International Energy Agency forecasts that by 2030, Asia's

consumption will rise by 112 percent and account for 36 percent of world's energy consumption. But the skyrocketing prices of oil, currently at a record high of over 130 dollars per barrel, combined with growing concerns over climate change -- power plants powered by oil boost carbon emissions -- have pushed most Asian economies to look for alternatives to fossil fuels. Biofuels can reduce both their carbon emissions and dependence on imports.

In the GMS, Thailand, Vietnam and Myanmar are now using palm oil, sugarcane and fish oil as biofuel. Only Thailand, however, has a comprehensive strategy on biofuel development. The National Biofuels Committee invests in financing, research and marketing of biofuel. The Thai government is aiming to boost its current biofuel production in the next ten years through increasing cassava yield from 23 to 50 metric tonnes per hectare by 2020, and its sugarcane yield from 56 to 106 metric tonnes per hectare by 2021, according to Amnuay Thongsathitya, inspector-general of Thailand's Ministry of Energy. The Thai government is also encouraging farmers to cultivate palm and jatropha as a biofuel sources. The problem is, biofuel has also been blamed for the recent food price hikes. Subsidies -- like those provided by the U.S. government to promote the biofuel industry -- encouraged farmers to cultivate corn and sugarcane for biofuel production. This cramped global food supply and pushed up food prices.

"If the current biofuel expansion continues, calorie availability in developing countries is expected to grow more slowly; and the number of malnourished children is projected to

increase," says Mark W. Rosegran, director of the environment and production technology division at the Washington-based International Food Policy Research Institute. A massive shift from food to fuel crop cultivation might not only endanger food security in the GMS, but can also disrupt global food supply as the GMS is home to some of the world's biggest agricultural exporters. Thailand and Vietnam are among the world's biggest producers and exporters of rice, sugar, cassava and coffee. "We don't have enough land to accommodate both food and fuel crops. We can't sacrifice food for fuel," said Kan-ichiro Matsumura, visiting researcher at Japan's National Institute for Environmental Studies. Matsumura believes jatropha is one fuel crop that won't compete with food crops for fertile lands.

Unlike other fuel crops like corn and sugarcane, jatropha can thrive even in idle lands and don't require much water. Jatropha is also easy to plant and is touted to bring in additional income for farmers. India is a very strong advocate of jatropha as biofuel source. The Indian central government has commissioned research to look into jatropha's potential as a fuel source and has ordered state-run oil companies to buy jatropha-made biodiesel. India's local governments also hand out free saplings to farmers. More important, Sombilla said that there is a need for each country and the GMS as a whole to craft a comprehensive strategy that will promote production, use and cross-border trading of jatropha and other fuel crops. This is one strategy that is sorely needed amidst the raging debate of food versus fuel crops, she says. "There is a tendency for farmers to shift to fuel crops because the prices of fuel crops are higher than food crops.

Congress of Asian Local Governments

Shoring Up Against Climate Change

By Marwaan Macan-Markar

PATTAYA, Thailand (IPS)

Three years after a devastating tsunami flattened Banda Aceh, the mayor of that coastal town on Indonesia's northern tip reckons that restoration work is far from over. He now needs to adapt to threats posed by climate change. A shortfall in funds since the Dec. 2004 tsunami, which killed close to 60,000 people in Banda Aceh alone, is an issue of concern. "We wanted to create a green belt along the coast and encourage people to stay in the higher areas. But this has not been properly done, because we have had a shortage of money for land acquisition," says Mawardy Nurdin, the mayor.

But in other areas, the local government has pushed ahead with planting mangroves and introducing a tree-planting campaign with local community support, he told IPS. "Each household has been given trees to plant and schools have also got involved. The students have planted 17,000 trees like mango and other varieties."

What brought the mayor to this resort city south of Bangkok was to pick up more programme ideas and policy tips during a meeting for local government officials from East Asia to deal with the new challenges posed by climate change. Attended by about 800 participants from 23 countries, the 2nd United Cities and Local Governments Organisation Asia Pacific Regional Section (UCLG-ASPAC) Congress was hosted by the National Municipal League of Thailand and the city of Pattaya.

The quest to incorporate best practices from across the South is shared by officials shaping local government policies in East Asia. In Vietnam some 13 million people, living in the country's southern delta region, are threatened with untold hardship if there is a rise in sea level. "It is a big area and we have already begun preparing people for floods like we had last year, where five million people were affected," says Che Trung Hieu, head of the architecture and planning department at the Urban Planning

Institute of Haiphong. Among plans are dikes to protect urban centres that could be hit, Che revealed in an interview. Ho Chi Minh City, or Saigon as it was previously known, tops the list of the large urban centres that could be swamped by river and sea water. "The estimate cost for these parts of Vietnam to adapt and prepare for the impact from climate change is very high. It could be about five billion (US) dollars," Che added.

The Pattaya meeting points to an emerging trend for local governments to take the lead in preparing their communities to adapt to

first international conference focusing on cities in Asia to be held in Manila in November. The mayors will be engaging with ministers and climate change negotiators."

To guide local government officials from the region, the World Bank released a blueprint for action at this week's 'Green Cities Workshop'. The 149-page 'Climate Resilient Cities - 2008 Primer' was aimed at "initiating a dialogue" for city governments in East Asia to "better understand and how to plan for climate change impacts and impending natural disasters" to reduce vulnerabilities. The need to insulate East

Asian cities from climate change stem from how exposed they are to the ravages of nature as the planet gets hotter, states the Bank, since this region has more than 30 mega cities, with populations over five million, that are in coastal areas. They include Jakarta, Bangkok, Ho Chi Minh City and Manila. According to the Bank, China leads the East Asian countries with coastal populations "most highly vulnerable to sea-level rise." The regional giant has close to 80 million people who stand exposed, followed by Japan, with some 30 million; Indonesia, with 25 million; Vietnam, with 13 million; Thailand, with 13 million; the Philippines, with seven million; and Burma, with three million.



A view of the destruction caused by the tsunami of 26 Dec. 2004 in Galle, a town in southern Sri Lanka, where relief workers and volunteers found 7,275 bodies while clearing up debris.

UN Photo/Evan Schneider

the dramatic change in the weather caused by greenhouse gas (GhG) emissions. "The climate change negotiation has so far focused 90 to 95 percent on mitigation to reduce greenhouse gases. That can only be done through the central governments," says Jerry Velasquez, senior regional coordinator of the International Strategy for Disaster Reduction, a U.N. body. "But since last year there has been a shift towards adaptation. Because of this, we are seeing an important role that local governments have to play," he explained to IPS. "Ultimately, the activities that need to be done to combat and adapt to climate change have to be done locally." The lead taken by some local governments confirm that a "bottom-up approach" is being gradually embraced, rather than waiting for national governments to point the way, Velasquez added. "More of this will be evident during the

"City planners should know what a city by the sea will have to deal with if there is a rise in sea level due to global warming. They need to put together data and look at the historical trends. The 'Primer' offers a tool," says Neeraj Prasad, lead environmental specialist in the operations and policy unit for sustainable development at the Bank. "The economic analysis also points to the fact that there are huge untapped opportunities in building codes, building designs, insulation and energy efficient gains from the urban sector," he told IPS. "So not only will it be a better way of living, but a sincerely better way of addressing climate change while getting financial returns." "The mega cities of the world are here, in East Asia. This is where the impacts of climate change are going to be felt the most," he added.

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the SADC FTA is the result of the 1996 SADC Trade Protocol, which laid the foundations for the process of removing trade barriers beginning in 2000. An independent study concluded that 85 percent of tariffs within the region had been eliminated as of Jan. 2008, with the remaining 15 percent on pace to be removed by 2012. A council of ministers from each member state has been established to oversee the implementation of the FTA and to ensure compliance in trade practices. Of the 14 member nations of SADC, only the Democratic Republic of Congo and Angola have yet to ratify the FTA as they are currently experiencing difficulties in implementing the 1996 Trade Protocol. Both are expected to join once their economic situations stabilise.

In addition to reducing trade barriers, some of the goals of the FTA include the creation of a Customs Union by 2010, a Common Market by 2015, a monetary Union by 2016, and a single currency by 2018.

"None of us will be able to assure political and social stability, security and economic development in our countries if the region as a whole continues to grapple with underdevelopment, instability, poverty and marginalisation. Regional economic integration can create the basis for regional markets and industries to overcome the limits of small national markets, to achieve economies of scale, and enhance competitiveness as a platform to participate more effectively in the world economy," President of South Africa and chairman of SADC, Thabo Mbeki, said in a

speech at the launch of the FTA.

The regional market created by the FTA is estimated to be worth approximately 360 billion dollars. SADC officials hope that the FTA will encourage regional exports and imports which would stimulate domestic markets. That economic growth could encourage foreign investment and provide cheaper goods and new employment opportunities for locals. During 2007 many SADC nations experienced significant economic growth -- Angola led with a 19.8 percent increase in real gross domestic product followed by Mozambique, Malawi, and Tanzania. However, the regional GDP increase -- 5.9 percent in 2007 -- equalled the 2006 increase, far short of the 7 percent target. Some economists believe that a reason for slower than expected growth is that the reduction of trade barriers may stimulate domestic growth to a degree, but there remain many significant regional impediments to economic growth. "Over the course of the implementation of the SADC Trade Protocol there has been no significant increase in intra-SADC trade. Indeed, the central policy issue that we must confront is that the countries in the SADC region have not been able to take advantage of an increasingly open regional trading environment," said Mbeki.

Problems like poor transportation systems, lack of modern infrastructure, and unreliable communication systems continue to inhibit domestic markets and discourage foreign investment in many of the less industrialised nations of the SADC. Economists are also concerned that

SADC member nations' involvement in bilateral trade agreements with foreign states -- and in particular, Economic Partnership Agreements with the European Union -- may undermine the goals of the FTA. "The concern remains about the potential impact of the outcomes of the Economic Partnership Agreements with the European Union which is likely to derail our integration efforts. All SADC countries are participating in EPAs with the European Union, but in four separate configurations. All these EPAs differ in terms of having daggered tariff liberalisation obligations to the EU. This will complicate the process of establishing a SADC Customs Union, especially agreeing on a Common External Tariff," said South Africa Minister of Trade and Industry Mandisi Mphahla.

Despite remaining optimistic about the future of the FTA, SADC officials acknowledged that it is only one step on the path to an economically unified Southern Africa. "I raise all these issues as a contribution to building a collective agenda and work programme designed to further advance the integration efforts in SADC," said Mbeki. "This should not detract from celebrating the milestone we have reached today... At the same time, however, this achievement must not be taken for granted. I raise this because we will need to resuscitate that shared vision and commitment, the unity and cohesion that have characterized SADC from its inception, as we consider the next steps that will be required to advance our regional integration efforts in Southern Africa."

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South-South cooperation in several fields, including trade, energy, the environment, poverty alleviation, water resources, transport, science and technology, culture, education and information and communication technology (ICT).

At its fifteenth summit meeting in the Sri Lankan capital of Colombo in early August, the 23-year-old regional organisation "recognised the need for SAARC to further strengthen its focus on developing and implementing regional and sub-regional projects" on a priority basis. The "Colombo Declaration", adopted unanimously at the summit meeting, says that each member state is expected to take up at least one regional/sub-regional SAARC project as the lead country. The heads of state expressed satisfaction at the signing of the charter for the 300 million dollar SAARC Development Fund (SDF),

and finalisation of its by-laws, and called for an early ratification of the SDF Charter. The SDF is primarily geared towards poverty alleviation in South Asia. They expressed satisfaction at the launching and identification of the projects on gender empowerment, maternal and child health and teachers' training under the social window of the SDF, as directed by the finance ministers. They reiterated their commitment to expedite their financial contributions to the fund. The leaders also accepted the offer of the Kingdom of Bhutan to host the SAARC Development Fund Secretariat in Thimphu.

On poverty alleviation, the leaders committed themselves to continuing to share each other's experiences and success stories of pro-poor poverty reduction strategies such as micro-credit systems, community-driven initiatives and

the raising of the consciousness of the poor on their right to resources and development. They also agreed to continue their sustained efforts, including developing and implementing regional and sub-regional projects, towards the attainment of SAARC Development Goals (SDGs). They noted the decision by the ministers on poverty alleviation to obtain an inter-governmental mid-term review of the attainment of the SDGs to be completed by 2009. The summit also welcomed the offer of Nepal to host next ministerial meeting on poverty alleviation.

Meanwhile, SAARC is also credited with several other regional initiatives, including the creation of a South Asian Free Trade Agreement (SAFTA); a SAARC food bank; and a proposed South Asian university to be located in India.

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9.6 percent of its global trade, while trade with India accounts for just 2.0 percent of ASEAN's global trade. "So the potential for enhanced economic engagement between ASEAN and India is profound," Nath said. This agreement "will pave the way for greater and closer economic partnership and cooperation in the future," stressed Indonesian Trade Minister

Mari Pangestu. Ministers have already agreed to begin negotiations to expand the trade pact to include services and investments. Those talks are expected to be complete by the end of 2009.

ASEAN ministers also agreed with China to complete an investment deal by December to complement their existing bilateral agreements

on trade in goods and services. In November 2001, China began negotiations with ASEAN to set up a FTA by 2010. Since then bilateral trade between the two has swelled. In 2007, trade volume between China and ASEAN hit 202.6 billion dollars, up 25.9 percent year-on-year, according to the China-ASEAN Business Council.

Developing Nations Rack up Hefty Foreign Reserves

By Thalif Deen

UNITED NATIONS (IPS)

As the global economy continues to be jolted by volatile financial markets, bank failures, a spreading credit crunch, and rising food and energy prices, some of the developing nations have accumulated three-quarters of the world's reserves, amounting to a staggering 4.3 trillion dollars. China alone has increased its foreign reserve holdings from 0.1 to 1.7 trillion dollars between 1999 through the end of March 2008, according to the latest figures released by the United Nations. Among developing nations, India has been ranked number three with 300 billion dollars in reserves, just below two industrialised nations: Japan at 993 billion dollars, and Russia at 493 billion dollars. India is still ahead of South Korea, designated an industrial nation, with reserves amounting to 264 billion dollars.

As of September 2007, some of the countries with the largest sovereign wealth funds (SWFs), mostly in oil and energy rich nations, include: the United Arab Emirates (875 billion dollars); Norway (341 billion); Singapore (330 billion); Saudi Arabia (300 billion); Kuwait (250 billion); and China (200 billion dollars). SWFs are defined by Forbes as "pools of money derived from a country's reserves, which are set aside for investment purposes that will benefit the country's economy and citizens." The reserves and SWFs have one thing in common: they are all state-owned, in contrast to foreign direct investments (FDI), which are both public and private. The SWF assets of developing countries are estimated at around 3.0 trillion dollars. The largest of the SWFs is the Abu Dhabi Investment Authority, maintained by the United Arab Emirates. Other major SWFs include the Qatar Investment Authority and China's State Administration of Foreign Exchange (SAFE).

"This has given developing countries a greater buffer or 'self-insurance' to cope with external

shocks," says the "World Economic and Social Survey 2008", released to coincide with a month-long meeting of the U.N. Economic and Social Council (ECOSOC). According to the survey, a level of reserves covering about three months of imports was long considered adequate. But one of the lessons drawn from the July 1997 Asian financial crises was that developing nations should also have adequate reserves to cover their short-term external debt. "At present, however, developing countries have been accumulating reserves well in excess of that more recent standard," the study says. Both low- and middle-income countries have reserves that are almost twice as the sum of the value of three months of imports and the stock of short-term external debt. China's reserves are three times as great. And reserves of the 50 least developed countries (LDCs) are now close to that range, the study points out.

Asked if these countries are investing their reserves, Rob Vos, director of the Development Policy and Analysis Division of the U.N.'s Department of Economic and Social Affairs, said: "Yes they do." "Even if we say they are holding reserves, they may have some in cash or gold in the vaults of the central bank, but most will go into 'safe' financial assets abroad, most in U.S. treasury bills these days -- and helping the United States to finance its deficits," he said. "Safe" implies that rates of return are typically lower than average market investments or potential returns when these resources would have been invested at home, said Vos, the main author of the U.N. report. Holding reserves makes economic sense to have a cushion against unexpected external shocks -- e.g., a sudden increase in the price of oil for oil-importers -- and investing resources in "safe" and liquid assets abroad is equally sensible. "However, many developing countries now have been hoarding reserves much beyond what reasonably can be seen as needed for this precautionary motive," Vos told IPS. Then holding the "excess" reserves in foreign assets with low returns makes less economic sense. "Moreover, as we indicate in

the report, quite a few developing countries with high levels of reserves also have high private capital inflows at the same time," Vos said. "To the extent these inflows also contribute to the accumulation of reserves, we call that component 'borrowed reserves'."

A rate of return has to be paid on those private capital inflows (interest payments if loans, profit remittances if FDI), which typically is higher than the return on the treasury bills. There are "carry costs" on holding reserves that way, which is estimated for all developing countries at about 100 billion dollars per year. He said that developing countries, aware of such costs, but in some cases also to smooth revenues from oil or other commodity exports, have been creating SWFs which have more of a savings motive than a precautionary motive. The resources in SWF's typically are invested in higher-yielding assets, including shares in Western firms, but also in investment projects in other developing countries.

Asked if some of these new-rich developing nations should be investing their monies in the global South, Vos told IPS that it should be clear that monies are being invested, but mostly in low yielding assets. The opportunity costs are, especially for reserves held beyond what is needed for covering three-to-six months of imports and the level of short-term debt (in case of a sudden drying up of capital flows), that such excess reserves could well be spent in the form of infrastructure at home and other investments, strengthening their economies. Alternatively, for countries that are already fast growers, such as China or the major oil exporters, one could recommend more of SWF resources be invested in developing countries, "or what we propose in the report, is to place as capital in [regional] development banks to raise new financing resources for economic development in Southern countries." In the U.N. report, Vos said, "We give a back-of-the-envelope calculation of how much additional development financing could be created this way."