

As ARTNeT turns two years old, we are pleased to report that the network has continued to expand, with new research results generating active regional policy dialogues. The commitment of members, Government focal points, partners and advisors has been the key factor in this success. We look forward to continuing with you in a mutually supportive manner as we prepare for ARTNeT Phase II.

We take this occasion to wish you all a happy and prosperous New Year.

The ARTNeT Secretariat, TID, UNESCAP

ARTNeT Calls for Research Proposals

Two calls for proposals have already been issued (First deadline: 15 Jan. 07), to allow for implementation of the approved ARTNeT research programme as soon as possible next year. Short-term ARTNeT study proposals that build on previous ARTNeT research in trade facilitation, agriculture and services are particularly welcome, as well as studies that examine various aspects of trade, investment and competition linkages. Please visit the ARTNeT website for details.

Upcoming Event

The World Trade Organization and the United Nations Economic and Social Commission for Asia and the Pacific will co-organise the Third ARTNeT Capacity Building Workshop on Trade Research, 26-30 March 2007, Bangkok, Thailand, the workshop will provide an opportunity for junior researchers from the region to network and develop their capacity to conduct trade research. While the 2006 workshop focused on gravity modeling, the 2007 workshop will focus on Computable General Equilibrium (CGE) modeling. Please visit the ARTNeT website for more information.

Consultative Meeting of Policymakers and Research Institutions approves ARTNeT Research Programme 2006-7

The Third ARTNeT Consultative Meeting of Policymakers and Research Institutions took place in Macao, China, on 1-2 November 2006.



Round table discussion during the Third ARTNeT Consultative Meeting, 1-2 November 2006

The main purpose of the meeting was to present and review selected ARTNeT studies conducted as part of the implementation of the ARTNeT research programme 2005-6 and to agree on trade research priorities to be included in the 2006-7 research programme. Following opening remarks by representatives from ESCAP, IDRC, WTO and UNDP, substantive discussion started with an update on the ARTNeT Thematic Study on Trade Facilitation. Yann Duval (TID, UNESCAP) highlighted issues faced by developing countries in the area of Customs Valuation based on findings from case studies conducted in India and Nepal. Andrew Stoler (IIT¹) then discussed how trade facilitation issues had been addressed in various regional and bilateral trade agreement and initiatives in the region such as ASEAN. [continued on page 2]

Collaboration with WTO and UNCTAD

ARTNeT, with the support of ESCAP, participated in a regional seminar in services negotiations as well as a WTO/ESCAP/ARTNeT regional workshop on the Post-Doha research agenda and an UNCTAD expert group meeting on trade capacity building. [see page 3]

Consultative Meeting of Policymakers and Research Institutions approves ARTNeT Research Programme 2006-7

[Continued from page 1] Florian Albuero concluded the session with a presentation of a way forward for ARTNeT in trade facilitation, suggesting more detailed case studies on selected trade facilitation measures of importance to the least developed and landlocked countries.

The second session of the meeting was dedicated to the presentation of on-going ARTNeT short-term studies, including a study on Sri Lanka's experience with EU and US GSP schemes by Janaka Wijayasiri (IPS²), an examination of the relationship between institutional quality and trade in Pacific Island Countries by Azmat Gani (USP³); and an assessment of the impact of trade liberalization and the development of the ICT sector on household welfare in Viet Nam by Tran Quoc Trung (MoPI⁴).

Afternoon sessions were dedicated to ARTNeT studies on services trade liberalization. Muthi Samudram (Monash U., Malaysia) and Gloria Pasadilla (PIDS⁵) presented a comparative analysis of liberalization in trade in financial services and the experience of the EU in financial services liberalization, respectively. This was followed by an analysis of barriers to trade in education services in developing Asia presented by Ajitavha Raychaudhuri (Jadavpur U., India). These sessions were concluded by Christopher Findlay who explored a way forward for research on services trade policy and liberalization negotiations. The various presentations highlighted the complexity of the issues associated with services trade and the need for a focused sectoral approach when researching and discussing these issues.

The second day of the meeting was mainly dedicated to discussing trade research needs and priorities with participating policymakers. The results of the ARTNeT Trade Research Priority Survey was first presented, revealing that policymakers and analysts were most concerned by regional and bilateral trade integration issues, followed by trade facilitation, trade in agriculture, trade in services, and trade and investment linkages. On that basis, the ARTNeT Secretariat proposed to dedicate the year 2007 to consolidate ARTNeT past research efforts on these issues and to initiate a regional research effort on trade and investment.

New Members and Partners: Welcome!

Centre for Business and Economics Research and Development (CBERD), Philippines, De La Salle University, was established in 1996. The CBERD focal point to ARTNeT is Prof. Tereso S. Tullao, Jr. , who recently co-authored an ARTNeT Working Paper No. 24 on movement of natural persons in ASEAN.

Faculty of Law, University of Hong Kong, was established in 1969. Membership of that institution is in recognition of the need for more collaboration between economists and legal experts on trade issues. Prof. Donald J. Lewis is focal point to ARTNeT. He is supervising one junior researcher from Lao PDR who benefited from an ARTNeT visiting fellowship at HKU (see below).

Institute for International Trade (IIT) – IIT, University of Adelaide, is joining as an Associate ARTNeT Partner, having contributed two ARTNeT papers this year on trade facilitation and regional integration and on the linkages between trade logistics services liberalization and trade facilitation. IIT focal point to ARTNeT is Dr. Jim Redden.

Following presentations by a panel of research institutions and government representatives - including Mr. Sok Sopheak, Deputy Director General, Ministry of Commerce, Cambodia and Mr. Prachanda Man Shresta, Joint Secretary, Ministry of Industry, Commerce and Supplies, Nepal - and extensive floor discussions, the draft ARTNeT research programme was broadly endorsed by participants. The need to increasingly take into account social and, when feasible, environmental impacts of trade and investment was recognized. A summary of the meeting and the discussions, as well as other meeting documents, are available at: <http://www.unescap.org/tid/artnet/mtg/consult3.asp>

Second ARTNeT Visiting Fellowship Awarded



The second ARTNeT Visiting Fellowship, as part of the Network's capacity building activities, was awarded to Mr. Bounlert Vanhnalat, National University of Laos, Lao PDR, to conduct a short-term study examining the factors that affect Lao PDR exports to neighboring countries. He was hosted at the University of Hong Kong from 3 November to 26 December 2006. Mr. Bounlert worked under the guidance of Mr. Donald J. Lewis, Assoc. Prof., Director, East Asian International Economic Law and Policy Programme, University of Hong Kong.

ARTNeT Initiative discussed at UNCTAD Expert Group Meeting

The experience of ARTNeT was presented and discussed at an UNCTAD Ad-Hoc Expert Group Meeting on trade-related capacity building; regional initiatives of this kind were seen as a cost effective way of addressing the problem of low national capacity to research trade issues. Participation in these networks raises the profiles of the researchers and research institutes and makes it more likely that Governments will rely on their expertise. Research conducted by these networks should not be purely demand-driven by Governments but also should seek to tackle emerging, forward looking and possibly controversial issues. In addition, disseminating research outputs to all stakeholders is important. The full report (TD/B/COM.3/AHM.1/3) is available at:

<http://www.unctad.org/Templates/Meeting.asp?intItemID=1942&lang=1&m=11906&year=2006&month=11>

WTO/ESCAP/ARTNeT Advanced Regional Seminar on Multilateral Negotiations in Services

The seminar was held from 19 to 21 September 2006 in Kolkata, India. It brought together government officials as well as researchers from over 15 countries in the region to build their capacity to contribute to multilateral services trade negotiation. Topics covered in the seminar included the developmental importance of the General Agreement on Trade in Services (GATS) and how public services are featured in the GATS (concept of public services, status under GATS, scheduling issues). More recent developments in measuring the volume of services trade and constraints faced by smaller developing countries were also discussed. Special attention was given to the modal structure of the GATS, with particular focus on Mode 4 with Mr. Sumanta Chaudhuri, Department of Commerce, Government of India, joining Mr. Rudolf Adlung and Ms. Mireille Cossy, Trade in Services Division, WTO, in presenting the developing countries' interests and concerns.

ARTNeT research in the area of services trade was prominently featured in the seminar. Mr. Prabir De (RIS⁶) provided a review of evolving issues for developing economies and highlighted the asymmetry of their role in global merchandise and services trade. Preliminary findings of the ARTNeT regional study on financial services trade liberalization undertaken under the 2006 research programme were presented by Mr. Dilli Raj Khanal (Nepal), Mr. Muthi Samudram (Malaysia), Mr. Salahuddin Ahmad (Bangladesh) and Ms. Gloria O. Pasadilla (Philippines).

Post-Doha Research Agenda for Developing Countries A WTO/ESCAP/ARTNeT Workshop

Post-Doha Research Workshop was held at the Macao University of Science and Technology (MUST) in Macao, China on 30-31 October 2006. It was the first activity of the evolving Macao Regional Knowledge Hub in support of sustainable trade and development, coordinated by UNESCAP. Appreciation is expressed to the Government of Macao, China and MUST for their generous support and strong commitment. Eminent researchers met to discuss current and upcoming research questions on trade policy reforms of importance to developing countries in the Asia-Pacific region. The workshop included presentation of papers and discussion on the following topics: (i) Multilateral governance of global trade, (ii) Regionalism as a challenge to or an opportunity for multilateralism, (iii) Services liberalization as a development opportunity, (iv) Non-tariff barriers and role of WTO in taming them, (v) Behind the border measures and their impact on further liberalization, and (vi) Trade liberalization and poverty reduction.



Participants listening to a presentation by Will Martin (World Bank) on implications for poverty of special products in the WTO negotiations on agriculture

The workshop concluded with a panel discussion comprising Evan Due (IDRC, Canada), Christopher Findlay (UoA⁷) and Patrick Low (WTO) and floor discussion involving most of the participants, Simon Evenett (U. of St Gallen, Switzerland), Biswajit Dhar (IIFT⁸), Ramesh Sharma (MUST), Gloria Pasadilla (PIDS), Mustafizur Rahman (CPD⁹), Andrew Stoler (IIT), Myrna Austria (De La Salle U., Philippines) and Florian Albuero (UoP¹⁰) on the importance of identifying research topics and devising analytical frameworks that would produce research relevant to policymakers' decision making and will contribute to their work on sustainable trade reforms in developing countries of Asia and the Pacific. A summary research agenda emanating from the meeting is available at:

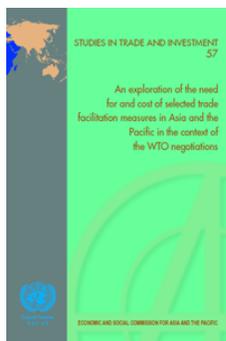
<http://www.unescap.org/tid/projects/postdoha.asp>

Two New ARTNeT Policy Briefs released

ARTNeT Policy Brief No. 8, “**Agriculture Liberalization in Preferential Trading Agreements: The Case of ASEAN Free Trade Area**”, was published in October. In the brief, the author, Gloria O. Pasadilla (PIDS) assesses to what extent agriculture has been liberalized through this regional trade agreement.

ARTNeT Policy Brief No. 9, “**Role of Technological Capabilities in Enhancing FDI Flows in Developing Asia-Pacific Economies**”, by Amitendu Palit (ICRIER¹¹), discusses the importance of various factors in attracting FDI, particularly a conducive business environment as well as technological and human resource capabilities. These and other policy briefs are available online at www.artnetontrade.org.

ARTNeT Trade Facilitation Research published by ESCAP



ESCAP (2006), An exploration of the need for and cost of selected trade facilitation measures in Asia-Pacific in the context of the WTO negotiations, *Study in Trade and Investment Series, No.57, United Nations*.

Link: <http://www.unescap.org/tid/artnet/pub/tipub2426.asp>

This study explores the need, priorities and cost of implementation of selected trade facilitation measures in five Asian countries in the context of the WTO negotiations on trade facilitation. The study consists of a synthesis of country studies conducted in Bangladesh, China, India, Indonesia and Nepal in cooperation with national-level research institutions member of the Asia-Pacific Research and Training Network on Trade (ARTNeT).

Six New Issues in the ARTNeT Working Papers (AWP) Series

- Azmat Gani and Biman Chand Prasad, **Institutional Quality and Trade in Pacific Island Countries**, AWP No. 20, October 2006
- Indira M. Hapsari and Carlos Mangunsong, **Determinants of AFTA Members' Trade Flows and Potential for Trade Diversion**, AWP No. 21, November 2006
- Nephil Matangi Maskay, Rajan Krishna Panta and Bishnu Prasad Sharma, **Foreign Investment Liberalization and Incentive in Selected Asia-Pacific Developing Countries: Implications for the Health Service Sector in Nepal**, AWP No. 22, November 2006
- Tereso S. Tullao, Jr. and Michael Angelo A. Cortez, **Enhancing the Movement of Natural Persons in the ASEAN Region: Opportunities and Constraints**, AWP No. 23, December 2006
- Biman Chand Prasad, **Trade Facilitation and Customs Valuation in Fiji**, AWP No. 24, December 2006
- Sachin Chaturvedi, **Customs Valuation in India: Identifying Trade Facilitation related Concerns**, AWP No. 25, December 2006

These working papers are available online at www.artnetontrade.org. If you wish to contribute an ARTNeT working paper or a policy brief, please contact the ARTNeT Secretariat and email your drafts for consideration at artnetontrade@un.org

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¹ Institute for International Trade, Australia; ² Institute of Policy Studies, Sri Lanka; ³ University of South Pacific, Fiji; ⁴ Ministry of Planning and Investment, Viet Nam; ⁵ Philippine Institute for Development Studies, Philippines; ⁶ Research and Information System for Developing Countries, India;

⁷ University of Adelaide, Australia; ⁸ Indian Institute for Foreign Trade, India; ⁹ Centre for Policy Dialogue, Bangladesh; ¹⁰ University of Philippines, Philippines; ¹¹ Indian Council for Research on International Economic Relations, India.