

People pay high price for global trade growth: UN

Report finds wealth gap and food insecurity among negatives

TRADE
Maseeh Rahman in New Delhi

Though international trade has grown rapidly in the Asia-Pacific region since the early 1990s, a greater engagement with global markets has come with a significant load of negatives.

These negatives are reflected in a rise in income inequality, higher unemployment rates and a serious deterioration in the balance of agricultural trade accompanied with the persistence of food insecurity.

This is the main conclusion of a United Nations Development Programme report which focuses on the impact of trade liberalisation on people's lives in the region and will be released today in Phnom Penh.

The UNDP's Asia-Pacific Human Development Report 2006, titled "Trade on Human Terms", is the first comprehensive study of the fallout from trade liberalisation in the world's most rapidly expanding region.

"The report is an attempt to demystify trade, to look at it through

the human development lens," the international organisation's Asia-Pacific director, Hafiz Pasha, said in New Delhi on Monday.

"It is the product of indigenous thinking by hundreds of people in the region, and it not only analyses the ground situation but offers a bold, eight-point agenda for dealing with the new challenges."

The report has come up with proposals to develop a strategy that "effectively combines trade liberalisation with the promotion of poverty reduction and human development".

The report points out that far fewer jobs were created in the Asia-Pacific region in the 1990s - 176 million - compared with 337 million in the 1980s. As a result, overall unemployment increased from 3.9 per cent to 6.3 per cent, even though manufacturing output went up by almost 180 per cent in the 1990s.

The problem of "jobless growth" has been acute in East Asia, especially in manufacturing, with the worst scenario in high-trade countries, such as China and Singapore, where unemployment

rates rose substantially. The principal cause is the shift in manufacturing from low-tech, labour-intensive industries, such as garments, to hi-tech and capital intensive ones, such as electronics.

To make matters worse, most of the burden of unemployment has fallen on young people: in 2004, while those aged 15 to 24 made up one-fifth of the region's labour force, they constituted nearly half of the unemployed. Women too have lost out: in most countries their unemployment rates are higher than men's.

One of the most disturbing outcomes of the rapid increase in trade, says the report, has been the rise in income inequality.

"Countries which have grown faster have become unequal faster," Mr Pasha said. "And in China, the gap between the rural and urban [populations] has increased phenomenally."

Nevertheless, the report shows a substantial decline in poverty: between 1990 and 2001, the number of people living on less than US\$1 a day dropped by nearly a quarter of a billion. But less developed countries have had little success - 38 per cent of the population in these countries still live below the poverty line, compared with 22 per cent in the more developed.

"Two-thirds of the world's poor are in Asia," Mr Pasha pointed out.

Liberalising agricultural markets may have helped reduce the price of food - particularly if the crops are produced with the backing of agriculture subsidies in the US and EU, says the report. But this has not translated to more food security. Many more countries had food deficits, and Asia still has more hungry people than any other region - more than 510 million.

The report takes governments in the region to task for neglecting agriculture and investing far less in rural development. The most striking evidence of this has been a serious deterioration in the balance of agricultural trade - from an overall agricultural trade surplus of nearly US\$7 billion in the 1960s, developing countries in the Asia-Pacific have become net importers, with a deficit of US\$11 billion, for instance, in 2001.

But unlike agriculture, the news from the textile and clothing sector has been positive. Last year, the first year without quotas, China and India have been the main winners while Cambodia, Vietnam, Indonesia, Sri Lanka and Bangladesh have been able to maintain or even marginally increase their shares.

There have been losers too - mainly the Philippines, Thailand, Nepal, and Pakistan. In numbers though, the picture is heavily tilted towards China.



Kim Young-nam bows before his mother, Choi Gye-wol, as his sister Kim Young-ja breaks down in tears at their reunion in North Korea. Photo: AP

Abducted man, mother reunited

Emotional meeting for family 28 years after kidnapping

NORTH KOREA
Associated Press in Seoul

A South Korean man allegedly abducted decades ago by the North met his mother yesterday in a reunion at a North Korean resort that could shed light on the fate of a Japanese also kidnapped by the communist state.

Kim Young-nam disappeared from a beach on South Korea's southwest coast in 1978 when he was 16 and was long believed to have been abducted by North Korean agents. He met his mother, Choi Gye-wol, 78, at the North's Diamond Mountain resort amid other reunions of Koreans divided between the North and South.

The meeting with Mr Kim, proposed by North Korea, is drawing scrutiny in South Korea and Japan as it could shed light on the issue of whether Megumi Yokota, a Japanese abductee Mr Kim married, is dead, as claimed by the North.

"I am very happy to see you are so healthy," Mr Kim told his mother sitting in a wheel chair as the two hugged each other crying, according to television footage. "Stop crying, why do you cry on such a happy day?"

The mother responded: "You look so much like how you were." Accompanying Mr Kim was his daughter, Kim Hae-kyong, 18, whom he is believed to have fathered with Ms Yokota.

Also at the reunion were Mr Kim's new wife and their seven-year-old son.

Mr Kim didn't say anything about his ex-wife, Ms Yokota, or how he ended up in North Korea. He is scheduled to hold a press conference today.

In 2002, North Korea admitted abducting 13 Japanese citizens over the years to help train spies in Japanese language and culture, and allowed five to return home. Pyongyang said the other eight, including Ms Yokota, were dead.

But many Japanese believe Ms Yokota is still alive, and the issue continues to complicate relations between Tokyo and Pyongyang. North Korea has claimed that

Ms Yokota's husband was a North Korean man, named Kim Chol-jun. But that claim was discredited, as South Korean and Japanese DNA tests showed that there is a high possibility Ms Yokota's daughter and Mr Kim's mother have a blood relationship.

Japanese officials took the samples from the daughter during a visit to North Korea in 2002 and later gave them to the South.

Mr Kim is among nearly 500 South Korean civilians believed to have been kidnapped by the communist state and still held there. North Korea claims they voluntarily defected.

Besides the civilian abductees, South Korea also estimates 542 soldiers from the 1950-53 Korean War are still alive in North Korea. The North denies holding any POWs.



South Korean farmers protest against the WTO. Photo: Robert Ng

EIGHT-POINT PLAN FOR ASIA

An eight-point agenda calls on governments in the region to:

- Pick winners by adopting a strategic trade policy that identifies a few sectors and industries with both short and long-term potential in world markets.
- Restore the focus on agriculture and reverse the trend of falling investment in rural development.
- Combat jobless growth by ensuring interest rates reflect the real price of capital and are not biased against labour.
- Invest more in health and education to develop human capital, and in research and development that raises productivity and addresses the needs of poor people.
- Prepare a new tax regime that does not hurt the poor.
- Maintain stable and realistic exchange rates that neither jeopardise the employment prospects of the poor nor affect their cost of living.
- Persist with multilateralism, despite the resistance from developed countries over agricultural subsidies and the slow progress in the Doha round of negotiations.
- Strengthen regional trade pacts and use the region's vast foreign exchange reserves - US\$1.9 trillion, half of which are in China - to ease the oil price-rise shock for less developed countries and to use the Asian Development Bank to develop health, education and physical infrastructure.

More to diplomacy than a shrine: Koizumi

JAPAN
Agencies in Tokyo and Ottawa

Japanese Prime Minister Junichiro Koizumi, on his farewell tour of North America, has questioned Beijing's refusal to meet him because of his visits to Yasukuni Shrine, while lashing out at domestic critics.

"I think Asian diplomacy is not just about Yasukuni," Mr Koizumi told a group of Japanese reporters in Ottawa. "Ultimately, the problem comes down to whether it is

appropriate to refuse summit meetings with a prime minister of the time only because the person visited Yasukuni."

"Only because we have one disagreement, they are refusing summit talks. Is it appropriate to think that?"

Beijing has refused to hold official summit meetings with Japan, with leaders meeting only on the sidelines of multilateral forums.

Mr Koizumi said Japanese who were opposed to his shrine visits were taking their stance "because

China says it is not OK". Mr Koizumi has argued it is his personal right to make the divisive visits.

The Tokyo High Court handed him his latest legal victory yesterday, backing a Supreme Court decision on Tuesday, by refusing to rule if the visits were constitutional or not.

Judge Yoshito Abe said the plaintiffs had no grounds for damages and refused to rule on the visit's constitutionality.

About 137 Japanese and South Korean individuals, who include

relatives of war dead, and a South Korean group were seeking 30,000 yen (\$2,000) compensation for mental anguish.

South Korean plaintiff Yang Soo-nim said her father-in-law was enshrined among the dead at Yasukuni, as he died as a forced labourer who was enslaved when Japan ruled Korea.

"I can't help wondering if Japan really is a law-governed, democratic country," said Ms Yang, 62. Agence France-Presse, Kyodo, Associated Press

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