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*Global Economy Trends,
Cooperation on Sustainable Development,
Climate Change,
Partnerships on Water*



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Global Economy Trends

Financial crisis which was caused by the credit crunch in 2007 due to inaccurate assessment of risks and reckless capital allocations into the mortgage backed securities had a huge economic distortion in the advanced countries with well developed financial markets. Systemic risks those arose due to high integrity of financial institutions and deep financial markets increased countries' vulnerability. Liquid financial markets created favourable circumstances for emerged asset bubbles and increased volatility of capital flows and exchange rates. These conditions caused distortions of domestic markets and financial instability of financial institutions, deepened sovereign debts and threatened economic growth.

According to the World Economic Outlook revealed by the IMF at the IMF-World Bank 2012 Annual Meeting in Tokyo on 9 October, 2012, the global economic growth was downgraded to 3.3 percentages in 2012 and projected as sluggish in 2013 with the 3.6 percentage growth. The forecast of the economic growth was made according to the assumptions that European policymakers get the euro area crisis under control and that the United States take actions to tackle the "fiscal cliff" without drastic budget deficit cuts those involve automatic tax increases and spending cuts. The growth in the advanced economies was projected to increase by 1.3 percentages this year compared with 1.6 percentages last year and the growth in emerging and developing countries was marked down to 5.3 percentages, against 6.2 percentages last year. The growth in the leading emerging markets such as China, India, Russia, and Brazil has been seen as slowing down and the volume of world trade was reduced to 3.2 percentages this year compared to 5.8 percentages last year.

The Global Financial Stability Report prepared by the IMF's Monetary and Capital Markets Department and presented at

*The World
Economic
Outlook, October
2012*

*The Global
Financial
Stability Report,
October 2012*

*The IMF-World
Bank 2012
Annual Meeting,
9 October 2012,
Tokyo*



the IMF-World Bank 2012 Annual Meeting in Tokyo on 9 October, 2012, also indicated the main global financial system's concerns related to the euro area crisis. The IMF encouraged policymakers to restore confidence and reintegrate the euro zone. The medium-term fiscal adjustments were also advised to both Japan and the United States. Additionally, some considerations and assessments were raised on how the regulatory reforms and financial structure affect financial stability and contribute to better economic outcomes.

Cooperation on Sustainable Development

The Millennium Development Goals were adopted by the 189 world leaders and signed in 2002 as a part of the Millennium Declaration. Since 2002, once the UN Millennium Campaign was established by the UN Secretary General Kofi Annan, the UN partners, civil society, parliamentarians, faith groups and youth from around the world have been working together towards eradication of poverty and hunger, achievement of universal primary education, promotion of gender equality and empowerment of women, reduction of child mortality, improvement of maternal health, combat against HIV/AIDS, malaria and other diseases, improvement of environmental sustainability and development of global partnerships.

The main topics about jobs, energy, cities, food, water, oceans and disasters were focused on initiatives and challenges to support a green economy in the context of sustainable development and poverty eradication during the United Nations Conference on Sustainable Development which took place in Rio de Janeiro, Brazil on 20-22 June, 2012. According to the Issue Brief No 16 prepared by the United Nations department of Economic and Social Affairs (UN-DECA) a green economy requires major structural and technological changes in key sectors such as infrastructure, industry, agriculture and transportation. This Issue Brief identified major gaps in finance and suggested that the transition would require the identification of new sources, the streamline of existing

The Millennium Declaration

The UN Millennium Campaign and the Millennium Development Goals

The United Nations Conference on Sustainable Development or Rio+20 in Rio de Janeiro, Brazil on 20-22 June 2012

The Issue Brief No 16 prepared by the United Nations department of Economic and Social Affairs UN-DECA



channels, and the effective design and utilisation of different financial sources to leverage private investment.

Alongside mentioned initiatives, the United Nations Secretary-General BAN Ki-moon launched a new independent global network of research centres, universities and technical institutions on 9 August 2012. The aim of the network is to find solutions for the world's most pressing environmental, social and economic problems. The Sustainable Development Solutions Network will work with stakeholders including business, civil society, the UN agencies and other international organizations for the purpose of sharing the best pathways for sustainable development.

However, despite the international agreements, the World Trade Organization (WTO) also revealed concerns regarding slowing international trade. According to the press release World Trade 2011, Prospects for 2012 prepared by the WTO on 12 April, 2012, the trade was predicted to growth to 3.7 percentages in 2012 which was slower compared to the expected 5.0 percentages in 2011. Moreover, the World Trade Report 2012 published on 16 July 2012 was focused on increased usage of non-tariff measures. Public policies and regulatory standards for health, safety, environmental quality and other social aspects became increasingly more important in trade. Considering the slowing economic outlook and declining international trade the WTO launched a public forum in Geneva during 24-26 September, 2012 to discuss whether raising international trade frictions cause the crisis in multilateralism. Taking into account the increased importance of domestic economic policies and global initiatives in economic and financial cooperation for sustainable development as well as challenges related to stability of financial systems, the WTO may contribute to negotiations of multilateral commitments and help to solve international investment disputes by bringing back international investment to the Doha agenda.

***The Sustainable
Development
Solutions
Network***

***World Trade
2011, Prospects
for 2012, WTO
Press/658,
12 April 2012***

***The World Trade
Report 2012,
WTO Press/ 667,
16 July 2012***

***WTO Public
Forum 2012: Is
Multilateralism
in Crisis?, 24-26
September,
2012, Geneva***

***Understanding
the WTO: The
Doha Agenda***



Climate Change

The international cooperation in protection of the environment and prevention of the human negative interference in climate system through the The United Nations Framework Convention on Climate Change entered into force on 21 March 1994. According to the Convention the ultimate objective is to stabilise greenhouse gas concentrations at the level that would prevent dangerous anthropogenic (human induced) interference in the climate system. It also states that such level should be achieved within a time-frame which allows ecosystems to adapt naturally to climate change and ensures that food production is not threatened. Thus, it enables economic development to proceed in a sustainable manner.

According to the Fact Sheet of the IPCC Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation which was prepared by the Intergovernmental Panel on Climate Change (IPCC) on 28 November 2011, observations since 1950 show changes in some extreme events. It is very likely that heat waves will increase in length, frequency and/or intensity over the most land areas throughout the 21st century. The average maximum wind speed of tropical cyclones (also known as typhoons or hurricanes) will increase, the droughts will intensify, the average sea level will rise and temperature changes will imply changes in floods. Additionally, the trends showed that economic losses from natural disasters are higher in developed countries; however, once expressed as a proportion of GDP, the losses are higher in developing countries. Deaths from natural disasters occur more in developing countries.

The IPCC highly agreed that many measures for managing current and future risks have additional benefits, such as protecting biodiversity and improving human well-being. Moreover, it was declared that many measures, when implemented effectively, made sense. The “law regret” measures include the following: systems those warn people about impending disasters; changes in planning the usage of



The United Nations Framework Convention on Climate Change, 21 March 1994

IPCC Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation, 28 November 2011



land; improvements in sustainable land management and ecosystem management; improvements in health surveillance, water supplies, and drainage systems; development of enforced buildings; and better education and awareness.

As long as the commitments of the Kyoto Protocol, the document which legally bound developed countries to emission reduction targets, ends in 2012, governments of the Parties to the Kyoto Protocol decided at the 17th session of the Conference of the Parties (COP 17) to the United Nations Framework Convention on Climate Change in Durban, 9 December 2011, that a second commitment period will start from 2013 following the end of the first commitment period. Moreover, during the 16th session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change held in Cancun in November, 2010, the governments agreed to establish a Green Climate Fund, an international long-term fund management organization to support developing countries; a Technology Mechanism which enables the search and adoption of clean technologies; an Adaptation Framework for enhanced international cooperation; and a Registry of voluntary plans to limit greenhouse gas emissions those developing countries submit in order to get the support.

Partnerships on Water

Established World Water Council in 1996 promotes awareness, builds political commitments and triggers action on critical water issues. It performs on the highest decision-making level in order efficient water management was facilitated and water resources were utilized in environmentally sustainable way. The 6th World Water Forum organized in Marseille during 12-17 March, 2012, brought representatives from Africa, Asia-Pacific region, the US, Europe, Cross-Continental Mediterranean and Cross-Continental Arabic Countries to provide solutions required to ensure everyone's well-being, to suggest actions needed to

*The 17th session
of the
Conference of
the Parties (COP
17) to the United
Nations
Framework
Convention on
Climate Change
in Durban,
9 December
2011*

*The 16th session
of the
Conference of
the Parties (COP
16) to the United
Nations
Framework
Convention on
Climate Change
in Cancun,
November 2010*

*World Water
Council*

*The 6th World
Water Forum in
Marseille,
2-17 March,
2012*



contribute to economic development and to discuss measures for keeping the planet blue. The Ministerial Declaration of the 6th World Water Forum was adapted on 13 March, 2012, which showed the international consensus on the right to water and sanitation, and governments' commitments for accelerating the access to safe and clean drinking water and sanitation. The commitments were made in line with United Nations resolutions and the Millennium Development Goals. During the Ministerial Conference the importance of the necessity of building sound financing, governance and cooperation framework was acknowledged, and support of promotion of successful experiences and integrated solutions was expressed. At the Parliamentary Conference a Manifesto and a road map was adopted which committed to support the Water Legislation Helpdesk, an initiative dedicated to sharing knowledge and expertise on good practices and water governance. Additionally, an inter-ministerial council of the Arab League approved an experience sharing platform, the Pan-African Parliament committed to improve water and sanitation in neglected areas and the European Parliament presented a resolution on the 3 Strategic Directions and Conditions of Success of the 6th World Water Forum. The resolution was forwarded to the European Council, the European Commission, governments, and parliaments as well as to the Secretary-General and Member States of the United Nations.

The other initiatives involve the Declaration of Partnership for Strengthening Water Security in Africa. Some African governments (Ivory Coast, Republic of Congo, Burkina Faso, Chad and Niger) together with Switzerland and France pledged USD 96 million to support partnership's initiatives.

Several American organisations and companies of the Latin American Alliance for Water Funds committed USD 27 million to create, implement and capitalise at least 32 Water Funds in Ecuador, Colombia, Peru, Brazil, Mexico and other countries in Latin America and the Caribbean region.

The commitment of Latin American Alliance for Water Funds

The UN-ESCAP, the UN-HABITAT, the FAO and the UNESCO targets and solutions for the Asia-Pacific region

The 7th World Water Forum in Korea

Initiatives of European Innovation Partnership on Water to promote innovations

The Euro-Mediterranean Information System on Know-How in Water Sector

The Arab regions strategy on water and sustainable development for the period 2010-2030 approved by the WMC



The UN-ESCAP, the UN-HABITAT, the FAO, and the UNESCO endorsed their targets, solutions and messages for water security in Asia-Pacific region. The initiatives will be forwarded to the 2nd Asia Pacific Water Summit in 2013 in Bangkok, Thailand. Moreover, Asia Pacific region will host the upcoming 7th World Water Forum in Korea.

European region's initiative involves European Innovation Partnership on Water which was launched by the DG Environment together with DG Research and Innovation and other DG's. The partnership is based on a broad consultation of stakeholders and experts. The aim of the partnership is to facilitate development of innovative solutions for water challenges in Europe and the world, remove any regulatory and market barriers, promote the integration of various policies and finance instruments as well as increase the demand for innovation, across all sectors and users of water.

The initiatives of Mediterranean cross-continental region were implemented through established the Euromed water partnership in 1995. The dialog was strengthened through launched Euro-Mediterranean Information System on Know-How in Water Sector. The purpose of the information system was to share data and experience acquired by the partner countries at local, regional and national levels. The four priorities of the Mediterranean region include policies for water demand management, planning of national water resources, improvement of water governance, and urban and industrial sanitation.

The Arab region's strategy on water security and sustainable development plan for the period 2010-2030 was approved by the Arab Water Ministerial Council (AWMC). The council was established in 2008 under the League of Arab states. During the 6th World Water Forum, the Arab region committed to adopt the convention on Shared Ground Water Resources before 2015 and to implement the Integrated Water Resources Management Project approved by the Ministerial Council for

The Ministerial Declaration of the 6th World Water Forum , 13 March, 2012

The Parliamentary Conference, a Manifesto and a road map to support the Water Legislation Helpdesk

The Arab League's experience sharing platform

The Pan-African Parliament, Improved water and sanitation in neglected areas

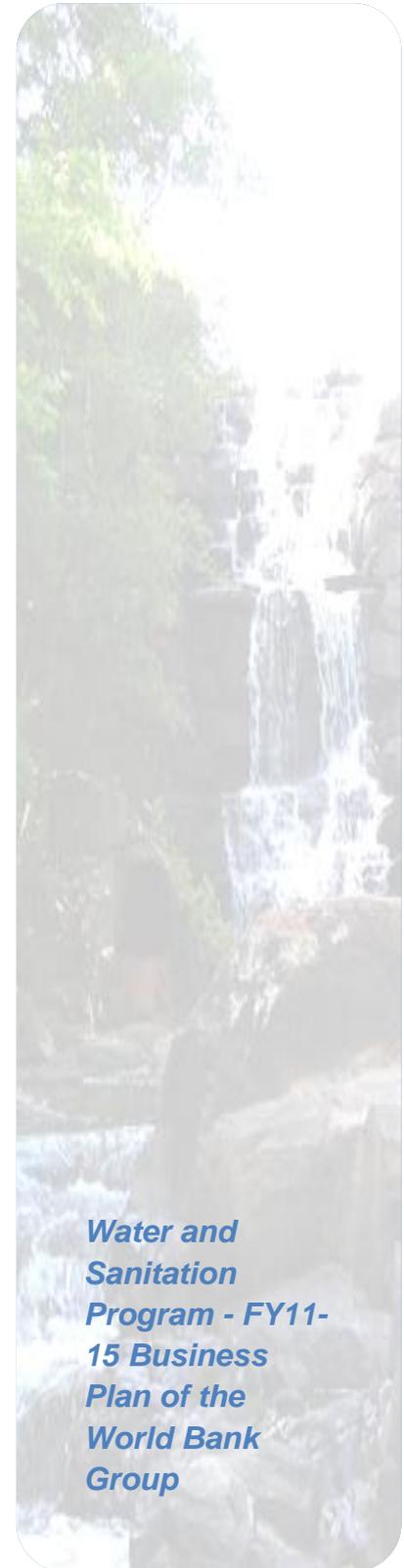
European Parliament, a resolution on the 3 Strategic Directions and Conditions of Success of the 6th World Water Forum

The Declaration of Partnership for Strengthening Water Security in Africa



Water in partnership with the regional and international institutions.

Moreover, the World Bank Group is a vital source of financial and technical assistance to developing countries around the world. The multi-donor partnership administrated by the World Bank supports poor people in obtaining affordable, safe and sustainable access to water and sanitation services across Africa, East Asia-Pacific, South Asia, and Latin America and the Caribbean regions. The World Bank Group which persuades Water and Sanitation Program (FY11-15 Business Plan) focuses on six intermediation outcomes across Africa, East Asia and Pacific, Latin America and Caribbean, and South Asia: scaling up rural sanitation and hygiene, creating sustainable services through domestic private sector participation, supporting poor-inclusive WSS sector reform, targeting the urban poor and improving services in small towns, mitigating and adopting water and sanitation service delivery to climate change impacts, and delivering WSS services in fragile states.



***Water and
Sanitation
Program - FY11-
15 Business
Plan of the
World Bank
Group***

