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LEAD STORIES

GENEVA SCHIZOPHRENIC AS POSSIBLE WTO MINISTERIAL LOOMS

Negotiators in Geneva veered between cautious optimism and gloom as preparations for a proposed mini-ministerial meeting in December rapidly gathered pace.

WTO Director-General Pascal Lamy has moved quickly to organise a series of intensive invitation-only 'Green Room' meetings with senior negotiators this week to try to thrash out unfinished details of a possible trade package. But while the chair of the agriculture talks has also carried out parallel consultations with negotiators, he told a meeting of the full membership last Friday that he had heard "nothing new" from negotiators.

The farm talks chair, Ambassador Crawford Falconer (New Zealand), said that he had hoped to be able to report on a "tsunami of flexibilities" after the "earthquake in Washington" – referring to a meeting in the US capital the previous weekend at which 20 countries agreed to strive for an outline deal on tariff and subsidy cuts by the end of the year. Falconer has emphasised that Members must quickly show signs of new flexibility if an accord is to be reached in time (see BRIDGES Weekly, 19 November 2008, <http://ictsd.net/i/news/bridgesweekly/34108/>).

Delegates said that the Washington statement had provided a "political impetus" to the troubled Doha Round talks, which have lurched from one breakdown to another since they were started seven years ago. One nonetheless warned that a failure in December, hard on the heels of a July collapse, would be "a severe blow" for the WTO and the multilateral system. Another glumly noted that a mini-ministerial meeting was now "inevitable."

Twin-track talks

Twin-track talks have been held by Lamy and Falconer in a final bid to conjure the elusive flexibility required for a final accord. While Falconer has generally held small informal meetings, dubbed 'walks in the woods', with around ten or twelve ambassadors in the afternoons, Lamy has conducted 'Green Room' meetings from 6pm onwards with a larger group of around 20 senior officials. The invitees, and the number of participants, at each gathering appeared to vary depending on the issue, said sources.

In particular, Lamy has highlighted four key issues which he believes must be resolved if a blueprint deal on a global trade accord can be clinched in the weeks ahead. These include the special safeguard mechanism, which would allow developing countries to raise tariffs temporarily when import volumes surge or

prices fall suddenly; the number and treatment of 'sensitive products', of particular concern to importers such as Japan; and sectorals and preference erosion for industrial goods.

Falconer has scrambled to tie up loose ends on a wider array of unsolved questions, including tariff simplification, tariff rate quota (TRQ) creation, preference erosion, tariff caps, and the 'special products' that developing countries will be allowed to shield from the full tariff cut on the basis of food security, livelihood security and rural development criteria. Like Lamy, he is also consulting with Members on sensitive products and the special safeguard mechanism, with talks on the latter due Thursday.

As recently as today, negotiators familiar with the talks echoed Falconer's comments from Friday, warning that "wide gaps" in positions remained.

Preference erosion: clarity on implementation periods

Talks on preference erosion have pitted Latin American exporters against African, Caribbean and Pacific countries: while the former have emphasised the mandate for liberalising trade in tropical products, the latter, which currently benefit from trade preferences on many of the same goods, have emphasised the need to address the erosion of these preferences. Bananas and sugar have proved particularly controversial, with an outline banana deal withdrawn from the table by the EU when a broader Doha package collapsed in July.

Falconer told negotiators on Friday that his talks that week had sought to clarify the extent to which Members still stood by concessions they had made in July – at least for those products that were not on the list of tropical products that are slated for faster and deeper tariff cuts. Preference recipients and importers (primarily the EU and US) appeared still to share an agreement they had reached at that time, he said. However, they were reluctant to share details of which products would be affected, on the basis that any such deal would depend on concessions made elsewhere in the talks.

But the chair did suggest that Members seemed to agree on the extended time period that developed countries would be allowed in order to cut tariffs for these products: it was likely to be the same as the implementation period for developing country tariff cuts (probably either eight or ten years).

The chair also conducted further talks on domestic support and export competition aimed at clarifying whether countries still stood by the concessions they had indicated they could make in July.

Japan and Canada seek larger sensitive product allowance

Both Japan and Canada were reportedly seeking to be allowed a larger number of 'sensitive products' than they are under the chair's July draft text. Both developed and developing countries can slate these products for gentler tariff cuts in exchange for expanded import quotas.

According to trade sources, Japan wants to be allowed to shield a total of 8 percent of its agricultural tariff lines as 'sensitive', whilst Canada would like 6 percent. Both countries would currently be allowed only 4 percent. Exporters have demanded that import quotas for all sensitive products be expanded by one percent for each additional one percent of sensitive tariff lines: however, it remains unclear whether Japan or Canada could accept this requirement.

TRQ creation, tariff simplification remain divisive

Exporters, which have traditionally opposed allowing importing countries to create new tariff rate quotas for products for which these had not previously existed, told Bridges that clear rules would have to be agreed up front if any such flexibility were to be allowed. Exporting countries continue to argue that quotas should only be an option for products designated as sensitive, while importers argue that some other products should be able to benefit from them too.

In particular, the draft 'modalities' document (setting out formula and figures for tariff and subsidy cuts, and exceptions to them) would have to state explicitly the requirements on how such products would be treated and selected, how quotas would be allocated, and a range of other issues.

Members were also yet to reach agreement on tariff simplification. While exporters had earlier called for all complex tariffs to be converted into simple ones expressed as a percentage of a product's value, some had more recently revisited this demand as studies showed that the conversion methodology agreed on previously might actually mean a reduction of market access. A new paper from Uruguay offers an olive branch to importers, by holding open the option of leaving some tariffs in a more complex form if these have not been simplified after a period of time has elapsed. However, some developing countries such as India were reportedly unconvinced by the proposal.

NAMA talks stuck on sectorals

Parallel talks on non-agricultural market access, or NAMA, did not register much progress at a meeting Monday evening, with Members caught up on the issue

of sectoral agreements, a source said. Disagreement reportedly continues to centre on the range of products that should be covered in the sector-specific liberalisation initiatives, as well as on which countries should participate in the tariff-cutting schemes.

Major developed Members such as Canada, the EU and the US want firm commitments from countries such as Brazil, China and India that the emerging economies will take part in the sectoral agreements. But the deep tariff cutting that would be required by the deals might pose a challenge to some developing countries. Brazil reportedly said that it was open to discussion on how it could participate, but China expressed greater hesitation. Beijing has said that deep liberalisation in sectors such as chemicals and electricity would be especially difficult.

The chair of the NAMA negotiations, Luzius Wasescha of Switzerland, will brief Members on progress in the talks at a transparency meeting on Friday afternoon.

“Inevitable” ministerial closes in

The looming mini-ministerial is likely to force some tough choices in the days ahead. Lamy is expected to have to decide in the week of 1 December whether to invite ministers to Geneva for a meeting – to last an estimated three days – sometime between the 10th and 19th of the month. Members are keen to avoid a repeat of the July gathering, which saw many trade ministers shut out of small-group negotiations for several days on end.

A new draft text from Falconer, which as recently as last week was seen as a possibility if Members showed signs of flexibility, now appears unlikely in the immediate future. Delegates had earlier suggested that a text could be circulated as early as this Friday. If a new draft is to be released, the window of time for doing so is closing rapidly, as Ministers and policy-makers would normally want to be able to see a copy at least some days in advance.

Talks on the special safeguard mechanism are scheduled for this Thursday, with an informal meeting open to the whole membership planned for Friday 28 November. Beyond this, the schedule for the talks remains unclear.

ICTSD reporting.

APEC LEADERS VOW ‘URGENT’ ACTION ON FINANCIAL CRISIS, CALL FOR DOHA CONCLUSION

The leaders of 21 Pacific Rim economies pledged last week to “act quickly and decisively to address the impending global economic slowdown” and said they would impose no new barriers to trade in the face of the crisis.

The heads of members of the Asia Pacific Economic Cooperation forum, known as APEC, convened for their annual two-day meeting in Lima, Peru last week. Together, these nations – which include Australia, China, Japan, Russia and the US – account for 55 percent of the world’s gross domestic product and 49 percent of world trade.

An APEC declaration released on Sunday described the global financial crisis as “one of the most serious economic challenges we have ever faced.”

But the Pacific Rim leaders also expressed confidence that their economies could ride out the financial turmoil.

“We are convinced that we can overcome this crisis in a period of 18 months,” they said.

But not all APEC leaders were confident with that timeline, which fits calculations made by the International Monetary Fund. The IMF has forecast that developed economies will register growth of barely 0.1 percent in 2009, but that the world will emerge from the crisis in 2010.

“I think it would be premature to speculate on that kind of timeline,” Canadian Prime Minister Stephen Harper said, reported Agence France Presse.

To help mitigate the crisis, the APEC leaders ordered their trade ministers to kick start the stalled Doha round of trade talks at the WTO, which negotiators are now trying to conclude before the end of the year. “We are committed to reach agreement on modalities next month,” they said in a statement released on the global economy, referring to the current push for a framework accord that must be finalised before a deal to lower tariffs and subsidies can be put in place.

“A prompt, ambitious and balanced conclusion to the World Trade Organisation – Doha Development Agenda negotiations would deliver substantial improvements in market access and reduce market-distorting measures in global agricultural trade,” they said.

The APEC statement outlined several other measures to be taken, but stopped short of suggesting specific

new proposals to combat the financial crisis. These included adding more regulation and supervision of the financial sector and developing more effective standards of corporate administration. The leaders also encouraged the International Monetary Fund, which has strong focus on market surveillance, to strengthen its collaboration with other international financial institutions.

APEC also backed the statement made by G-20 leaders on 15 November, in which leaders from 20 economic powers - nine of which were also represented in Lima - vowed to support a world trade deal and work together to fight back from the current downturn (see Bridges Weekly, 19 November 2008, <http://ictsd.net/i/news/bridgesweekly/34105/>). In line with the G-20's conclusions, APEC leaders pledged to refrain from constructing new barriers to trade or investment over the next year.

And while APEC operates on the basis of non-binding commitments, the group's members seem committed to the idea that freer trade can help resolve the financial crisis by driving global growth, creating new jobs, and reducing poverty. But, they warned, closing borders to foreign goods and investment will only worsen the situation.

Outgoing US President George W. Bush, attending his final APEC summit, called for a renewed commitment to support free trade and shun protectionism. "It is also essential that governments resist the temptation to overcorrect by imposing regulations that would stifle innovation and strangle growth," he said.

But some analysts speculate that concrete action will most likely take place only when President-elect Barack Obama enters office in January.

The declaration also addressed progress toward the creation of a Free Trade Area of the Asia-Pacific (FTAAP), the goal towards which step-by-step liberalisation commitments are ultimately building.

"We noted advice from ministers that while an FTAAP would likely be of economic benefit to the region as a whole, there would also be challenges in its creation," the leaders said in the statement.

APEC was established in 1989 as a forum to facilitate economic growth, cooperation, trade and investment in the Asia-Pacific region. According to the 1994 Bogor Goals, APEC members are working towards an Asia-Pacific free trade area by 2010 for industrialised economies and by 2020 for developing economies.

The Pacific Rim leaders also tackled structural reform, improved food security for the region, the promotion of

corporate social responsibility and capacity building, combating terrorism and corruption, addressing disaster risk reduction, and confronting the issues of climate change, energy security and clean development.

APEC's 21 member economies are: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Taiwan, Thailand, the US, and Vietnam.

The APEC leaders' statement on the state of the global economy is available [here](#), and the annual leaders' declaration is available [here](#).

ICTSD reporting; "Asian leaders vow to 'overcome' financial crisis in 18 months," AGENCE FRANCE PRESSE, 24 November 2008; "APEC leaders seek December Doha accord to relieve global crisis," BLOOMBERG, 24 November 2008; "APEC: Global crisis can be overcome in 18 months," ASSOCIATED PRESS, 23 November 2008.

EU AG MINISTERS HAMMER OUT FARM SUBSIDY REFORMS

European agriculture ministers agreed on changes to EU farm subsidies last week that will phase out quotas for milk production and divert some of farmers' direct payments toward rural development projects.

In what was billed as a 'health check', the ministers made several updates to the EU's Common Agricultural Policy, or CAP, which doles out support to EU farmers and comprises more than 40 percent of the EU's total budget.

"The Health Check will modernise, simplify and streamline the CAP and remove restrictions on farmers, thus helping them to respond better to signals from the market and to face new challenges," the EU Agriculture Commission said in a press release.

The announced changes represent the most significant reforms to EU agriculture subsidies in five years, but some say the new measures do not go far enough to liberalise the sector.

The CAP reforms were announced after a marathon negotiating session that lasted through the night of 19 November. The talks were reportedly quite contentious, with France, Germany and Italy fighting for stronger protections for farmers, while the UK reportedly argued for deeper subsidy cuts.

To provide a 'soft landing' for the expiration of milk quotas in 2015, the officials agreed to increase the current caps by one percent per year between 2009 and 2014. Italy, which has struggled to stay within its quota in the past, was allowed to drop its production restriction immediately.

The quota regime was enacted 25 years ago in an effort to sustain prices and counter over-production in the dairy sector, which was then flooded with an excess of milk. But now officials say that the caps are no longer relevant, and that they serve only to prevent farmers from responding to market signals, at a significant cost to the EU.

"In my opinion, quotas do not sharpen competitiveness; they stifle it. They should go," European Agriculture Commissioner Mariann Fischer Boel told a meeting of the European Dairy Association in January 2007.

The agriculture ministers also agreed to shift some of the money that goes toward direct aid payments to rural development. The announced changes mean that farmers who receive more than €5,000 through the CAP will have their payments reduced by 10 percent – instead of the current 5 percent – by 2012. The additional funds will be put toward programmes related to climate change, renewable energy, water management and biodiversity.

In a move that some say will soften the distortionary effect of subsidies in the market, the ministers agreed to 'decouple' aid to farmers, meaning that – with some exceptions – payments will no longer be tied production levels.

But even with the changes, some call the EU's subsidy program bloated and say that it discriminates against small producers within Europe, artificially raises food prices on the continent, and hurts farmers in the developing world.

Critics point out that the CAP constitutes more than 40 percent of the EU's budget, even though only 5 percent of the bloc's citizens' work in the agriculture sector and farming contributes just 1.6 percent to EU gross domestic product.

And some say that the payments favour large-scale producers over the small farmers who are most in need of government support. Such criticism is not too far off the mark: 70 percent of all EU support goes to the biggest and richest 25 percent of farmers, according to the Organisation for Economic Cooperation and Development, while tens of thousands of small producers get little benefit from the subsidies.

Britain's Queen Elizabeth II and Prince Charles received more than £1 million in CAP subsidies in 2003 and 2004, according to a report by The Guardian newspaper, and 17 UK farmers and agricultural businesses were given more than £1 million each in the same period.

This top-heavy distribution remains largely untouched by the measures agreed last week, some critics say. German Green MEP Friedrich-Wilhelm Graefe zu Baringdorf called the reforms a "victory for the agro-industry lobby," saying that agribusiness had successfully defended "the status quo of subsidies with minimal strings attached."

Peter Kendall, President of the UK-based National Union of Farmers called the changes "less of a health check, more of a further fix for addicts of distortive measures."

"While some of the measures...move us forward to our goal of a simpler, more level, and more market focused CAP, others lead in precisely the opposite direction," Kendall said.

Other critics argue that, no matter how the money is distributed within the EU the government support will still hurt producers in developing countries, who struggle to compete with subsidised agricultural products, both at home and in the European market.

But proponents of the CAP say that the programme is vital to the preservation of the European countryside and that the subsidies it administers will help European farmers meet new challenges. France, for instance, which receives around €9 billion annually from EU farm subsidies, opposes an overthrow of the subsidies system and argues that the rising food prices highlight the need to give robust support to farmers.

The current CAP reforms will expire in 2013 when a new multi-year EU budget will take effect. France, which currently holds the rotating EU presidency, has reportedly invited the bloc's farm ministers to a meeting this Friday to begin discussions of what reforms might look like in the next budgetary session.

ICTSD reporting; "Royal farms get £1m from taxpayers," THE GUARDIAN, 23 March 2005; "EU reaches deal on farm reforms," BBC NEWS, 20 November 2008.

IN BRIEF

TRANS-PACIFIC FREE TRADE PACT SET TO EXPAND

A two-year-old regional free trade pact, known as the P4, between Brunei, Chile, New Zealand and Singapore is set to be enlarged to span seven countries.

Australia and Peru have joined the US, which requested involvement in the trade deal in September, in committing to negotiations to join what has been christened the Trans-Pacific Strategic and Economic Partnership, or TransPac.

The decision was announced by Chilean Foreign Minister Alejandro Foxley after a meeting of foreign and trade ministers at a forum of the Asia Pacific Economic Cooperation, or APEC, in Peru last week.

Negotiations for the expanded free trade region are scheduled to commence in March 2009. Other APEC members have until then to decide whether they would like to be included in negotiations. Vietnam has expressed interest in joining the trade arrangement, but has not yet committed to the idea.

The addition of more countries is "a practical response to the economic turmoil that we are trying to get through," New Zealand Trade Minister Tim Groser said, reported Bloomberg.

And proponents believe that the trade pact has the potential to evolve into a broader deal that covers the entire region.

"The P4 agreement came into force in 2006 as a pathway to free trade across the Asia Pacific. This agreement could lay the foundation for the long term goal of a Free Trade Area of the Asia Pacific (FTAAP)," Australian trade minister Simon Crean said in a statement.

Although current US Trade Representative Susan Schwab has expressed confidence that negotiations for this deal will be followed through by the new Obama administration, Obama transition officials have not commented on the topic.

ICTSD; "Bush pushes trans-pacific free trade," THE WALL STREET JOURNAL, 24 November 2008; "Regional free trade pact could grow," NEW ZEALAND HERALD, 22 November 2008; "Australia, Peru to start talks to join four-nation trade pact," BLOOMBERG, 20 November 2008.

RUSSIA LOOKS TO BOLSTER PRESENCE IN LATIN AMERICA

Russian President Dmitri Medvedev sought to expand trade links and political ties on a visit to Latin America this week, saying that he wants to double trade with Brazil and strengthen cooperation with Venezuela.

"I hope in the next few years the turnover will reach US\$ 10 billion a year," Medvedev said at a luncheon with Russian and Brazilian businessmen on Tuesday, Reuters reported. Total trade between the two countries amounted to US\$ 5 billion in 2007.

"There are other sectors where we can exchange opinions, create joint ventures. That is space, aviation, the military-industrial complex and the energy sector," Medvedev said.

The Russian President was scheduled to have an official state visit with Brazilian President Luiz Inacio Lula da Silva on Wednesday.

Following his stop in Brazil, Medvedev is scheduled to visit Venezuela, where Russian and Venezuelan warships conducted joint naval exercises on Wednesday in a display of military cooperation ahead of the Russian leader's visit. Venezuelan President Hugo Chávez is reportedly hoping to strengthen the two countries' ties on defence and energy in order to further marginalise the US' influence in the region, which is already on the decline.

"We have similar strategic visions and we have rapidly grown closer," Chávez said of relations with Russia, the New York Times reported.

On the first stop of his Latin American tour, Medvedev signed a series of economic and political cooperation agreements. After Venezuela, the Russian President has planned a stop in Cuba.

Bilateral trade between Latin America and Russia will total close to US\$ 15 billion for 2008, higher than in the past but still significantly lower than the region's annual trade with the US (at US\$ 560 billion), the EU (US\$ 250 billion), and China (US\$ 100 billion).

ICTSD reporting; "Russia's Medvedev in Brazil, aims to double trade," REUTERS, 25 November 2008; "Venezuela welcomes Russian ships," BBC NEWS, 25 November 2008; "Venezuela: Russian navy arrives for joint exercises," THE NEW YORK TIMES, 26 November 2008.

OECD ACCORD PLEDGES SUPPORT FOR EXPORT CREDIT

The world's major economies released a statement Monday affirming their resolve to support export credit to ensure liquidity in international trade as the global economy reels from the ongoing financial crisis.

The announcement came under the auspices of the Organisation for Economic Cooperation and Development (OECD), the club of rich-country governments headquartered in Paris.

"OECD Member and Non-Member governments are determined to maintain their export credit support and ensure that sufficient capacity is available with the aim of supporting international trade flows," the statement said.

The global financial crisis has put pressure on the system of trade credit that underpins world trade, making exporters and importers pay far higher prices for the loans that allow them to transport goods globally. Important players like banks either lack funds or are too risk-averse to extend export credit in times of economic uncertainty (see Bridges Weekly, 19 November 2008, <http://ictsd.net/i/news/bridgesweekly/33962/>).

And the drop in export credit has real effects on trade flows, especially in poor and less-creditworthy countries that already struggle to qualify for loans.

But officials hope that the sanctioned export credit support will fill the gap created by temporarily limited market capacities.

The secretary general of the OECD, Angel Gurría, said that guaranteed export credit was "absolutely critical" to "oil the wheels" of global finance, reported The Financial Times.

"You can't have a growth scenario if you do not have the bank doing what they're supposed to do, which is lending, and even less so if they're very busy collecting in order to accommodate their lower capital," he said.

The recent pledge is consistent with point seven of the declaration outlining strategies to address the global financial crisis released by the G-20 group of major economies in Washington on 15 November. More specifically, it meets the ambition to "help emerging and developing economies gain access to finance in current difficult financial conditions, including through liquidity facilities and program support."

The OECD agreement includes its member countries as well as non-members Brazil, Estonia, Israel, Romania, Russia and Slovenia, and the participants in its arrangement of officially supported export credits - Australia, Canada, the EU, Japan, Korea, New Zealand, Norway, Switzerland and the US.

ICTSD reporting; "OECD accord pledges export credit support - FT," REUTERS, 24 November 2008; "OECD backs export credit support," THE FINANCIAL TIMES, 24 November 2008.

CANADA, COLOMBIA SIGN DEALS ON TRADE, LABOUR

The leaders of Canada and Colombia signed a free trade agreement in Lima last week, while their subordinates committed their respective governments to abide by specific workers' rights standards. Separate agreements were also signed on the environment and on taxation rules.

"In a time of global economic instability free trade is more important than ever," Canadian Prime Minister Stephen Harper said.

"By expanding our trading relationship with Colombia, we are not only opening up new opportunities for Canadian businesses in a foreign market, we are also helping one of South America's most historic democracies improve the human rights and security situation in their country," he said.

Bilateral merchandise trade between the countries came to US\$ 1.14 billion in 2007. Canada sends wheat, heavy equipment, and environmental and engineering services to Colombia, while the South American country's main exports to Canada are coffee, bananas, coal, oil and sugar. Canadian direct investment in Colombia comes in the form of oil exploration, mining, and printing.

The deal will remove tariffs on 98 percent of Canadian exports to Colombia, either immediately or over 5 or 10 years. Canada will have between three and seven years to eliminate its duties on Colombian goods.

Although the labour agreement commits the Colombian government to respect workers' rights, eliminate child labour, and allow collective bargaining, among other things, some non-governmental organisations have said that those provisions are not enough.

"I cannot understand why the Prime Minister...is prepared to sign agreements with a country that sees trade unionists murdered at a rate more than the entire

world experiences in total," said Paul Moist, the president of the Canadian Union of Public Employees.

Assuming that legislative hurdles are cleared in both countries, the deal is expected to take effect in January 2010.

The Colombian government is hoping to secure a similar pact with the US, but the deal that has been negotiated has stalled in the US Congress, where some Democrats oppose the agreement on the grounds that it does not offer Colombian workers enough rights and protections.

ICTSD reporting; "Canada and Colombia sign free trade agreement," THE EPOCH TIMES, 22 November 2008.

WTO IN BRIEF

RUSSIA '90% OF THE WAY' TO WTO MEMBERSHIP, ASHTON SAYS

Russia's long journey toward membership in the WTO appears to be entering its final stages, although several hurdles must still be cleared before the terms of the country's accession package can be finalised

"We are more than 90 percent of the way there," EU Trade Commissioner Catherine Ashton said last week. "I firmly believe that the remaining issues can be resolved."

As recently as last spring, officials expected Russia's entry into the WTO to be negotiated by the end of the year, but accession talks stalled after conflict flared up in neighbouring Georgia in August. But the negotiations have since been revived, and the EU has pledged to support Moscow's membership bid. In a further sign of progress, a WTO working group on Russian accession had meetings on Monday and Tuesday of this week.

Russia's top WTO negotiator, Maxim Medvedkov, has said that disagreements with Georgia, which joined the WTO in 2000, should not prevent Russia from becoming a member, even though a single state can veto another country's accession bid. Mark Franco, the head of the European Commission's Moscow office, said that if the US, the EC, and other countries support Russian accession, it would be difficult for Ukraine and Georgia to stop the process.

This week's WTO meetings come on the heels of a summit between Medvedev and French President Nicolas Sarkozy, representing the EC, in Nice last

week. At the meeting, the two leaders agreed to create a 'road map' for Russian accession in order to smooth out any potential problems that could prevent it from attaining membership.

But some major roadblocks remain. Medvedkov identified three main political issues that could prove to be sticking points in the talks: Russian lumber export duties, the activities of state-controlled bodies, and agricultural subsidies. The EU also raised objections to Russia's plan to raise duties on imported cars.

"Such a move...would not help the WTO accession process which has just gained momentum following the recent EU-Russia summit," said Peter Power, spokesman for the EU Trade Commissioner.

But Russia has shown a willingness to negotiate. During the summit the country offered to postpone raising duties on lumber for 12 months, but only in return for being allowed to implement a 9 billion ruble (US\$ 328 million) agricultural subsidy. The planned tariff increase had been a major source of contention for Sweden and Finland, whose paper manufacturing industries would have been damaged by the higher cost of raw materials.

But this concession may be only a baby-step towards the many reforms that the Kremlin will have to implement before it can gain membership. Washington is demanding that Moscow privatise its state giants, Baltic members want wood export duties slashed, and the WTO is pushing for cuts to soft-loans to farmers. According to Russian Negotiator Vladimir Tkachenko, "Members of WTO will gain, Russia will probably have to give."

But Moscow may balk at those demands. "The dilemma is whether we need to join or not," Medvedev said before the Nice summit. "I think we should, but we should do this on normal terms, not humiliating terms."

Medvedkov echoed the sentiment. "Russia's economy will not die without WTO. We have alternative methods of securing our trade policy interests. At the same time we would like to be in and we will be in as soon as our partners will agree that we should join."

Russia, the 10th largest economy in the world, is the only major economy not included in the WTO.

ICTSD reporting; "WTO to discuss Russia's accession bid on Nov. 24-25," RIA NOVOSTI, November 19, 2008; "EU Says Rise In Russia Duties Could Harm WTO Talks," REUTERS, November 18, 2008; "Moscow, Brussels to Create 'Road Map' on Russia's

WTO Entry," INTERFAX, November 18, 2008; "New Round of WTO talks eye January 2010 accession," RUSSIA TODAY, November 24, 2008; "Ukraine, Georgia will not hamper Russia's WTO entry, says EU official," KYIV POST, 18 November, 2008; "WTO odyssey approaching final straight?" RUSSIA TODAY, November 10, 2008.

EVENTS & RESOURCES

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email events@ictsd.ch.

Coming up: 27 November - 3 December

29 November - 2 December, Doha, Qatar. FOLLOW-UP INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT TO REVIEW THE IMPLEMENTATION OF THE MONTERREY CONSENSUS. This review conference will address progress made, reaffirm goals and commitments, and share best practices and lessons learned. It will also identify obstacles and constraints, actions and initiatives to overcome them and important measures for further implementation, as well as new challenges and emerging issues. Several meetings will also be held during the year in preparation for the Conference, including six substantive informal review sessions of the whole on the six thematic areas of the monterrey consensus, to be held during the period from January to June 2008. For more information, please contact: Finance for Development Office; tel: +1-212-963-2587; fax: +1-212-963-0443; Internet: <http://www.un.org/esa/ffd/>

1-5 December, Irvine, California, US. INTERNATIONAL CONFERENCE ON WATER SCARCITY, GLOBAL CHANGES AND GROUNDWATER MANAGEMENT RESPONSES. This Conference, convened by United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the University of California Irvine, will bring together water management and climate change experts, scientists and engineers, policymakers, lawyers and economists, and executives of water services of local and regional authorities. Among other objectives, the Conference will present innovative and appropriate technologies to address water scarcity and global change effects on water availability and quality, explore the specific scientific and technical tools for groundwater studies and management, and discuss how to incorporate such technologies into short-term decision-making and long-term water management and policy-making. For more information, please contact: Jean Fried; tel: +1 714-679-6888; fax: +1 949-824-3672; Internet: <http://www.waterunifies.com/>.

1-5 December 2008, Rome, Italy. THE NINTH CONFERENCE OF THE PARTIES TO THE CONVENTION

ON MIGRATORY SPECIES. Organised by the Convention on Migratory Species (CMS) Secretariat and the Government of Italy, this meeting will be preceded by the 15th meeting of the CMS Scientific Council (27-28 November), a meeting of the Steering Committee of the UNEP/GEF Siberian Crane Wetlands Project (28-30 November), the first Meeting of the Parties to the Gorilla Agreement (29 November), a meeting on arid land mammals (30 November) and the 34th meeting of the CMS Standing Committee (30 November). The second meeting on international cooperation on migratory sharks will be held from 6-8 December 2008, immediately following the COP. For further information, please refer to http://www.cms.int/bodies/COP/cop9/cop9_meeting_docs.htm

1-5 December, Maputo, Mozambique. CGIAR ANNUAL GENERAL MEETING 2008. This meeting is organised by the Consultative Group on International Agricultural Research (CGIAR). Participants will explore how agricultural research, science and technology, and food policy initiatives can improve the lives of the poor. For further information, please refer to http://www.cgiar.org/meetings/agm08/agm08_index.html.

1-12 December, Poznan, Poland. FOURTEENTH CONFERENCE OF THE PARTIES TO THE UNFCCC AND FOURTH MEETING OF THE PARTIES TO THE KYOTO PROTOCOL. United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) 14 and Kyoto Protocol COP/MOP 4 are scheduled to take place from 1-12 December 2008 in Poznan, Poland. These meetings will coincide with the 29th meetings of the UNFCCC's subsidiary bodies. For more information contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; Internet: http://unfccc.int/meetings/unfccc_calendar/items/2655.php?year=2008

1-12 December, Poznan, Poland. ECONCERN SUSTAINABLE ENERGY EVENT. This 12-day event will take place at the same time as the Poznan Climate Change Conference, and will include presentations and panel discussions, exhibits of sustainable projects and networking events. For more information contact: Sylvia Meeks; tel: +31-(0)30-662-3961; e-mail: cop14@econcern.com; Internet: <http://www.cop14poznan.com/>

2-3 December, San Francisco, US. CONSERVING WATER ACROSS THE SUPPLY CHAIN. For many corporations, the next step in climate response is measuring the amount of virtual water embedded in the production and consumption of products. This premier event will look at how top companies are assessing and monitoring their water footprints as part of their global climate strategy. For further information, please email: info@greenpowerconferences.com.

2-3 December, London, UK. GEOTHERMAL INNOVATION AND INVESTMENT - UNTAPPING THE POTENTIAL FOR GEOTHERMAL ENERGY. Until recently the potential for geothermal energy has remained largely untapped. However with the growing need for clean energy solutions, experts are turning to geothermal power as a viable energy resource to satisfy growing global energy consumption. The inaugural

Geothermal Innovations and Investment will bring together leading geothermal innovators and investors to explore ways to further accelerate market growth. For further information, please email: info@greenpowerconferences.com.

3-7 December, Mt Taranaki, New Zealand. SNOWCHANGE 2008. In recognition of the International Polar Year 2007-2008 Snowchange are working with Maori (Indigenous peoples of Aotearoa) to organize a four day event "Snowchange 2008", devoted to indigenous and local peoples discussions around the crucial themes of climate and ecological changes from their own perspectives. The meeting has confirmed delegations from Inuit of Canada, Gwitchin of Canada, Snowchange Finns, Aborigines from Australia, several Chukchi, Yukagir, Even and Evenki participants from Sakha-Yakutia as well as large Maori participation. Different international scientific institutions and conservation agencies will as well participate in the work of Snowchange 2008. For further information, please refer to <http://www.snowchange.org/>.

WTO Events

An updated list of forthcoming WTO meetings is posted http://www.wto.org/meets_public/meets_e.pdf. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

27-28 NOVEMBER: COMMITTEE ON REGIONAL TRADE AGREEMENTS

1 DECEMBER: COMMITTEE ON TRADE IN FINANCIAL SERVICES

2 DECEMBER: WORKING PARTY ON GATS RULES

3 DECEMBER: COMMITTEE ON TRADE AND DEVELOPMENT - DEDICATED SESSION

3 DECEMBER: COMMITTEE ON TRADE AND DEVELOPMENT

Other Upcoming Events

15-17 December, Sirte, Libya. FAO HIGH-LEVEL CONFERENCE ON WATER FOR AGRICULTURE AND ENERGY IN AFRICA: THE CHALLENGES OF CLIMATE CHANGE. The purpose of this conference will be to address the availability of water resources in Africa under the circumstances of increased demand by the agricultural and energy sectors and in the context of changing climatic conditions. The conference will analyse the present situation and needs, in terms of water for agriculture and energy, and the potential, the costs and the sources of financing, with a view to proposing to Heads of State and Government the policies, strategies and programmes for effective use and

management of water resources. For more information, please contact: e-mail: Maher.Salman@fao.org; Internet: <http://www.fao.org/nr/water/events.html> or <http://www.fao.org/nr/water/docs/sirteconceptnote.pdf>

19-20 December, Paris, France. SIXTH WORLD FORUM ON SUSTAINABLE DEVELOPMENT: PRIORITIES, FINANCING, GOVERNANCE. Launched in 2003, the Global Sustainability Forum provides an annual meeting for decision-makers and managers from the worlds of business, politics, education and the non-profit sector in the French-speaking world, with strong links to Asia, the US and Latin America. This annual event is intended to bridge the gap between the World Economic Forum of Davos and the alter-globalisation of Porto Alegre. For more information, please contact: tel: +33-(0)1-4325-2357; fax: +33-(0)1-4325-6259; e-mail: passages@club-internet.fr; Internet: <http://www.fmdd.fr/synopsis.html>

RESOURCES

ENVIRONMENTAL IMPACTS OF THE ASEAN-CHINA FREE TRADE AGREEMENT ON THE GREATER MEKONG SUB-REGION. International Institute for Sustainable Development, November 2008. Using the free trade agreement concluded between China and the Association of Southeast Asian Nations in 2004 as an example, this study seeks to illustrate the interaction between FTAs, trade and the environment. Based on an analysis of the agreement's impacts on trade flows between China and its five trading partners in the Greater Mekong Sub-region (Cambodia, Lao PDR, Vietnam, Myanmar and Thailand), the paper examines the likely effects of these changes on pollution levels. A case study of Cambodia elaborates on other environmental issues arising from increases in agricultural production and natural resource exploitation. To access this paper, please refer to: <http://www.iisd.org/publications/pub.aspx?pno=1017>

THE GLOBAL FINANCIAL CRISIS AND FOREIGN DIRECT INVESTMENT IN LATIN AMERICA. Latin America Trade Network, November 2008. In this paper, Kevin P. Gallagher analyses the implications of the global financial crisis for investment in Latin America. Foreign Direct Investment into Latin America and the Caribbean increased sevenfold between 1993 and 2007. In the wake of the global financial crisis, this trend is bound to reverse. Rather than viewing the inevitable downturn in foreign investment as a major threat, the crisis should be seen as an opportunity to revamp Latin America's ability to capture more of the benefits of FDI when it returns. Despite the incredibly increasing amounts of FDI in the region over the past 15 years, there was a very limited contribution of the surges in FDI to the broader economy. A core part of necessary fiscal stimuli to combat the financial crisis should be to enhance the domestic capabilities of Latin American nations to absorb the benefits of foreign investment. That way the region will be able to reap the benefits of foreign investment when it recovers. To access this resource, please refer to: http://www.ase.tufts.edu/gdae/Pubs/rp/Gallagher_LATN_Nov08.pdf

SUSTAINABLE DEVELOPMENT AND CHINA: RECOMMENDATIONS FOR THE FORESTRY, COTTON AND E-PRODUCTS SECTORS. International Institute for Sustainable Development, November 2008. This report summarises the results of the first phase of IISD's Global Markets Project, provides an overview of the social and environmental impacts associated with the Chinese forestry, cotton and e-product supply chains, and offers a corresponding set of recommendations to the Chinese government as it moves towards its objective of attaining HeXieSheHui ("harmonious society"). The report's conclusions suggest a series of concrete actions available to the Chinese government as it seeks to leverage the forces of the market as a vehicle for stimulating sustainable production, consumption and trade. Click here http://www.iisd.org/pdf/2008/china_sd_sum.pdf to download the report.

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BRIDGES Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). *BRIDGES Weekly* also benefits from support for the *BRIDGES* series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation.

