

LEAD STORIES

LAMY LEANING TOWARDS CALLING MID-DECEMBER MINI-MINISTERIAL	1
AG NEGOTIATORS FACE TIME PRESSURE IN SEARCH FOR DOHA DEAL	3
AMIDST LOW EXPECTATIONS, UN CLIMATE TALKS UNDERWAY IN POZNAN	5
BUSH SUSPENDS PREFERENTIAL TREATMENT TO BOLIVIA, CITING INSUFFICIENT ACTION AGAINST DRUGS	6

IN BRIEF

US GOVT MISTAKENLY GIVING MILLIONS IN FARM SUBSIDIES TO MILLIONAIRES, GAO FINDS	7
---	---

WTO IN BRIEF

WTO RULES AGAINST EU BANANA IMPORT RULES, AGAIN; ECUADOR THREATENS DOHA VETO IF ISSUE UNRESOLVED	8
CANADA CONTESTS US LABELLING LAWS AT WTO	8

EVENTS & RESOURCES

EVENTS	9
RESOURCES	11

BRIDGES Weekly Trade News Digest is [also available online](http://www.ictsd.org/subscribe) and is updated every week. To subscribe to BRIDGES Weekly Trade News Digest, please visit the ICTSD website at <http://www.ictsd.org/subscribe>. If you require any assistance setting up your BRIDGES Weekly Trade News Digest subscription, please contact Paige McClanahan, Editor, by email at: bridges_weekly@ictsd.ch, or by telephone at: (41-22) 917-8498

LEAD STORIES

LAMY LEANING TOWARDS CALLING MID-DECEMBER MINI-MINISTERIAL

Just under five months ago, a high-profile push for a WTO accord broke down when the US, India, and China proved unable to resolve differences on farm trade.

Although ministers came closer in July to striking framework deals on agriculture and manufacturing trade than many thought possible before the summit,

the failure prompted several observers to once again proclaim the death of the long-struggling Doha Round of multilateral trade talks.

Now, with global economic cooperation back in vogue thanks to the worst financial crisis in decades, WTO Director-General Pascal Lamy is leaning towards bringing ministers back for another try.

In a fax to WTO Members dated 1 December, Lamy suggested that it would be possible to invite ministers to Geneva "in a window of time somewhere around 13-14-15 December."

A prerequisite for this, he wrote, would be new draft agreement texts for agriculture and non-agricultural market access (NAMA). He indicated that he had asked the chairs of the two negotiating groups to issue updated texts "by the end of this week" to capture what progress they have discerned in their consultations with Members since September.

Lamy said that the draft texts would "provide a vehicle to allow ministers to close the final gaps before the end of the year, as they have been instructed to do," in an allusion to the recent calls by heads of state, most notably the Group of 20 leading industrialised and developing countries, for the conclusion of framework Doha 'modalities' accords by the year's end.

The WTO chief, who had held a 'green room' meeting with some 30 delegations the day before, argued that the prospect of another failed 'mini-ministerial' was worth the risk. He believes that a successful agreement would give a shot of confidence to a world economy reeling from the financial crisis. "As we all know, we still have a number of outstanding issues," he said. "But the reality is the relevance of what we are doing to the financial crisis. If we fail, we have a problem, but although there remains the risk of failure, the risks involved in not trying are higher."

Although the talks in July foundered on irreconcilable differences between the US, China, and India on a 'special safeguard mechanism' (SSM) for protecting developing country farmers from import surges, several other issues remain unresolved, and could potentially torpedo an upcoming mini-ministerial.

These include areas in the agriculture negotiations (see related article, this issue), but also in the NAMA talks, where the issue of how to deal with sector-specific liberalisation initiatives is proving particularly difficult.

NAMA: Sectorals most difficult issue

Swiss Ambassador Luzius Wasecha, who chairs the industrial goods negotiations, convened a meeting open to all WTO Members on 2 December to report on the consultations he had held on different issues with smaller groups of delegations.

Saying that there was a “possibility” that ministers will come to Geneva later this month, he said that “many things have to happen” before Members can move forward on the issue of sectoral liberalisation, which would see participating countries cut tariffs on covered goods more deeply than the standard formula would require.

Countries like the US, Canada, and Japan, backed by domestic industry, want to be sure that major developing country markets like China, Brazil, and India would take part in initiatives that would dramatically cut tariffs on goods like auto parts, chemicals, and forest products.

China and many other developing countries counter that the negotiating mandate explicitly specifies that participation in such initiatives is non-mandatory.

Proponents of sectoral initiatives are eager to secure China's participation for two reasons. First, countries accounting for a high proportion of total world trade would need to sign on for the extra tariff cuts to kick in. Second, if a sectoral initiative got off the ground without China, Chinese exporters would benefit from low tariffs elsewhere without being equally exposed to international competition.

Wasecha pointed to the “crux of the issue”: while some governments want more “clarity and predictability” about other Members’ participation in such initiatives before they can agree on a general framework for tariff cuts and exceptions, these other countries are unwilling or unable to commit to an “unknown outcome,” or anything beyond a good-faith negotiation.

In a press briefing after the meeting, the Swiss ambassador declined to call the sectoral liberalisation conundrum a deal-breaker, but said it was very difficult, and sure to be put to ministers for its political significance. He also said that a Mexican proposal to compensate developing countries that do take part in sectoral initiatives with a gentler tariff reduction formula for other products was “no longer on the table.”

Another thorny issue is how to address differences over preference erosion. The most recent NAMA text contains provisions aimed at softening the blow of the erosion of trade preferences the EU and the US have long granted to some of the world's poorest countries, allowing each of the two economic giants to take ten years instead of five to phase in Doha Round tariff cuts on some tariff lines, primarily textiles and clothing. This would at least slow the rate at which preference beneficiaries would have to confront potential displacement by more competitive exporters of the same products.

That text included a special footnote for Pakistan and Sri Lanka, both textile exporters that stood to be “disproportionately affected.” It would require the US and the EU to phase in tariff cuts at the regular pace on some of those products from the two developing countries, including cotton shirts, trousers, and sweaters.

Asian least-developed countries like Bangladesh, Cambodia, and Nepal, which do not receive tariff-free access to the US market, have sought to receive at least the same treatment as Pakistan and Sri Lanka.

They are not the only exporters with misgivings about the longer implementation period: China has unfavourably contrasted the US and the EU's obtainment of protection for the textiles and clothing products with the demands it is facing for sectoral liberalisation.

Wasecha said that there is a need for a political definition of what “disproportionately affected” entails.

Also unresolved are the requests by some countries, such as Argentina, Venezuela, and South Africa, for special tariff treatment. Sources report that some developed countries, such as the US and the EU, remain unconvinced by Argentina's and Venezuela's claims that they need flexible treatment that goes beyond that accorded to other developing countries. South Africa, which in addition to having relatively low tariffs, shares a common external tariff with LDCs and small, vulnerable economies, will be the subject of additional consultations next week.

In his closing remarks to the 2 December meeting, the chair likened the need to address requests for exceptional treatment to the problems one faces when feeding a large group of people. Some people have allergies, he said. Others think they cannot eat what's on the table. “The ideal is certainly not to let them starve,” he said, but to find a compromise.

Looking ahead, Wasecha said that he had planned consultations for Thursday and Friday, to discuss issues including preferences and sectoral initiatives.

As for the updated draft agreement, he promised negotiators that "you will have a text before next week."

Delegates expect the chair of the agriculture negotiations to release a text on 4 or 5 December, with the NAMA text to follow a day or two later.

Wasecha said that delegations would have a chance to comment on the new text at a meeting of the entire negotiating group. At that meeting, he said that he would ask something that to do something that did not come easily to trade negotiators: demonstrate a "very small but precise gesture of generosity."

"Otherwise I will tell your ministers that you have put them in the mess because you didn't want to solve those issues," he said. "And this is not good for your career."

ICTSD reporting.

AG NEGOTIATORS FACE TIME PRESSURE IN SEARCH FOR DOHA DEAL

Time will be a major constraint if WTO Members are to try to strike framework accords on farm and manufacturing trade by the end of the year, according to Geneva-based agriculture negotiators.

In preparation for a potential meeting of trade ministers at WTO headquarters from 13-15 December, updated draft agreement texts are expected from the chairs of the agriculture and non-agricultural market access (NAMA) negotiating committees later this week.

Trade diplomats expect the chair of the agriculture negotiations to release a draft agreement this Thursday or Friday. Senior officials and ministers will arrive the following week to assess the draft text.

Delegates are pointing to the limited amount of time between the release of the draft text and the start of what would be a very short 'mini-ministerial' meeting. Although the last such summit, in July of this year, ran days longer than originally planned as ministers searched for an agreement, a gathering in the third week of December would face a hard limit in the shape of the WTO's end of year holiday.

Key areas of the agriculture negotiations remain unfinished. These include the 'special safeguard mechanism' (SSM) for developing country farmers on

which the July 'mini-ministerial' ran aground, but also issues related to 'sensitive products' slated for gentler tariff cuts, the creation of tariff rate quotas (TRQs) for products not currently subject to import quotas, tariff simplification, cotton, and preference erosion.

Given the short timeframe officials will need to move rapidly towards convergence if they are to meet governments' stated goal of concluding framework deals on agriculture and non-agricultural market access by the end of the year.

The chair of the WTO farm talks, Ambassador Crawford Falconer (New Zealand), has been consulting with Members in an attempt to find common ground on the issues that need to be resolved. He said late last week that the informal talks had not led to a "clear cut agreement" or "closure that is definitive."

Sensitive products and TRQ creation

Technical talks aimed at helping countries clarify precisely what they stand to gain and lose from the complex agriculture negotiations have been held up by Members' failure to advance on issues such as sensitive products and new TRQs.

On sensitive products, farm goods that will be allowed a reduced tariff cut in exchange for expanded low-tariff import quotas, negotiators still want to know which specific tariff lines their trading partners intend to declare sensitive, and which they want to make eligible for TRQ creation, among other arcane-but-commercially-significant details. Previous efforts at clarification, such as the release by importers of data that would help determine future import quota levels, has not been enough to enable a final agreement.

TRQ creation, a measure that would allow countries to create import quotas for agricultural products that have not thus far been subject to them, is expected to be included in the new text issued by Ambassador Falconer. Exporters have resisted allowing countries to create new TRQs as part of the Doha Round, fearing additional barriers to their exports. However, they may be able to accept terms that would ensure that would require their trading partners to create low-tariff import quotas large enough to provide meaningful commercial opportunities.

The G-20 group of developing countries circulated what it called a compromise paper on sensitive products to Members last week. The proposal would allow the creation of TRQs for up to 1 percent of tariff lines -- which the bloc has opposed in the past -- so long as in-quota duties are zero, and increased market access is greater than that for other sensitive products. The proposal was well received by some members but has

been rejected by the G-10, a group of import sensitive countries including Switzerland and Japan.

Delegates and the chair have mentioned the need for measures of transparency, such as providing the WTO Membership with a list of products that would be eligible for new TRQs.

Canada and Japan have sought special exemptions that would allow them to increase their sensitive product entitlement to 6 and 8 percent of all tariff lines, respectively (as compared to the 4 and 6 percent of tariff lines under the most recent draft agreement). Some delegates expect these specific needs to be addressed through a footnote, at least for Canada, in exchange for a 'payment' in the form of larger-than-usual expansions to import quotas.

The Special Safeguard Mechanism

A delegate said that "there is no indication on where there is convergence" on the SSM, a contentious instrument that would allow developing countries to protect farmers against surges in imports by raising tariffs beyond bound levels. Despite hints of movement, precise details remain elusive.

Differences on the SSM have hinged on the 'trigger', or percentage increase in import volume (or decrease in import price) beyond which a developing country might apply extra duties, as well as on the extent of these remedial tariffs -- notably, whether they should be able to surpass the bound ceiling tariffs rates that countries have prior to implementing cuts under a Doha agreement.

The ideas discussed so far in consultations include softening the triggers used, accommodating 'natural trade growth' so that it does not set off safeguard tariffs, flexibility on the duration of SSM remedies, and the idea of an SSM 'holiday'.

In recent consultations, members of the G-33, a group of import sensitive developing countries that has championed the notion of the SSM, has suggested that they are open to discussing a two-tiered 'trigger': a 20 percent increase in imports over normal levels would bring on a certain level of remedial duties, and a 40 percent increase would entail additional remedies. The G-33 had previously wanted a three-tiered trigger, compared to the single-tier, at 40 percent, favoured by the US. In response to the US view, a delegate commented, "our farmers are already dead" by the time imports surge by 40 percent.

The need for a computational trigger, or a trigger that accounts for 'normal trade growth,' has been suggested by exporters such as Australia. A proposal to do this

would calculate normal import levels on the basis of a 3 year rolling average of imports which excludes months in which the SSM is used.

The duration for which the SSM is applied has been a controversial issue for most exporters, concerned that the SSM could serve as a permanent restriction on trade. They would like to limit the duration of an SSM remedy to a few months. Discussions have previously hovered around an 8-12 month period, although recent talks have shown a greater willingness by import-sensitive developing countries to consider a 6-9 month period, with an additional 3 month spill over. It is unclear what sort of cycle this period might apply to – fiscal years and agricultural cycles have been mentioned as alternatives to calendar years.

Proposals for an SSM holiday, or periods when it may not be applied, have oscillated from one year on and one off, to two years on and one year off.

Exceeding the Uruguay Round (i.e., pre-Doha Round) bound rate has also been a contentious issue surrounding the SSM. Some countries have insisted that in order to provide farmers with the amount of protection they need, it may be necessary to breach their Uruguay Round bound rates.

Officials have suggested that a volume based SSM may be allowed to exceed Uruguay Round bound rates, since previous revisions of the draft modalities have left the issue ambiguous for a price based SSM.

Tariff simplification

The proposal by Uruguay to allow some tariffs to not be fully converted to their ad valorem equivalent (i.e., as a percentage of the value of the product) has been well received by many developed countries seeking a compromise. However, the proposal has faced strong criticism from agricultural exporters, particularly Argentina, which sees it as a violation of an essential element of negotiations in this area.

Other areas of negotiations, such as cotton and preference erosion, have not had discernible movement that trade officials are able to comment on.

In response to the push towards a deal by the end of the year, a delegate responded that the only way that their agriculture exporting developing country was expected to overcome the financial crisis was through "increased market access."

The still hypothetical mini-ministerial gathering will face serious challenges. Not only do Members still need time to delineate the exact details of an agreement, but they,

by some accounts, will not have sufficient time to analyse the contents of a deal.

Concerned by the building momentum towards a deal, a delegate cautioned that the “financial crisis is in the moment. However, trade rules will be around for a long long time.” Emphasizing the role of negotiations “to lay a foundation for trade” she noted that “this is a test of enormous responsibility.”

ICTSD reporting.

AMIDST LOW EXPECTATIONS, UN CLIMATE TALKS UNDERWAY IN POZNAN

The latest session of United Nations climate change negotiations got underway on 1 December in the Western Polish city of Poznan. But even before the meeting began, many delegates were already looking ahead towards late 2009, when governments are scheduled to meet in Copenhagen to try to hammer out a successor agreement to the Kyoto Protocol.

Indeed, while the 14th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), or COP-14, will offer negotiators a moment to reflect on the progress made over the past year, several factors are standing in the way of immediate progress.

Uncertainty about the global economy, political limbo in the United States as Americans await the swearing-in of their new president, and persistent differences between developed and developing countries mean that the Poznan meeting is unlikely to yield much more than a schedule for stepped-up negotiations in the coming year.

But Poznan is important nonetheless. More than any other stop on the road from last year's climate conference in Bali to the crucial one Copenhagen, COP-14 will be a telling barometer as to the prospects for fruitful negotiations next year.

Commitment issues

The development and transfer of low carbon technology from developed countries to developing countries is an essential requirement for the international community if it wants to succeed in addressing climate change.

While ironing out the details of a functional technology transfer scheme will be a paramount issue for ministers, political will is the true obstacle. Given the significant cleavage still existing between developed and

developing countries, significant short-term progress is unlikely.

A recent proposal by the Group of 77 (G77) developing countries and China that industrialised nations divert as much as one percent of their gross national product (GNP) to help achieve this goal met a lukewarm response, suggesting that finding the magic formula will be not be easy.

Moreover, many observers now say that even harder than agreeing on the numbers and the nature of a technology transfer package will be getting one of the two sides to commit first.

Developing countries say that the industrialised world - and the US in particular - must take the lead, committing to steep emissions cuts and pledges of technical and financial assistance, before poor nations can be expected to promise anything about their much lower per capita emissions.

Meanwhile, developed countries are looking to certain developing countries to make binding commitments to limit their rapidly growing emissions. Many in the developed world insist that negotiations will not move forward without ambitious commitments from emerging economies such as China.

Developing countries are uncomfortable with the suggestion that they be split into separate groups according to their differences – both in terms of emissions and their capacity to help mitigate them. The more industrialised among them resist the notion as it could increase their burden of responsibility under a future global climate plan.

Thus, negotiating a ‘shared vision’ for long-term cooperative action on climate change, including a long-term global goal for emission reductions by 2050, becomes all the more critical. Ministers will have to grapple with that, and build the political consensus needed amongst developed and developing countries on the nature and level of commitments in the long-run.

Negotiations and the financial crisis

But even with the widely expected stronger engagement on climate change by the US under Barack Obama's administration, pessimism abounds about governments' willingness to foot the bill for climate change mitigation and adaptation in the global economic downturn.

Nevertheless, UN climate chief Yvo de Boer insists that the financial crisis is an opportunity for combating climate change, rather than an obstacle. “Clean industry and investment have proven that they offer

secure and long-term profits and returns,” de Boer said in a recent interview with Reuters.

Emissions trading

The prospect for implementing a functional emissions trading structure has led to some optimism over the past year. Creative initiatives such as the recently unveiled UN Reduced Emissions from Deforestation and Forest Degradation Programme (UN-REDD) – which aims to allow tropical forested developing countries to sell carbon credits for ‘avoided deforestation’, are being closely watched.

What’s more, some developed countries have shown that they are interested and willing to participate in carbon offsetting schemes. Norway has already committed US\$ 35 million to the UN-REDD programme and has pledged to support the programme in the future if the initial stages prove to be promising.

The REDD initiative is not without its critics, however. Some environmental organisations are saying forest protection should be handled in a holistic way, outside of the climate regime. Critics also caution that the current carbon market structure is underfunded and in need of better access to financial resources.

The Obama Factor

Campaigning on a platform of ‘hope’ and ‘change’ has left the world looking to Barack Obama to deliver on just that. The new US administration is committed to introducing a cap-and-trade system to curb emissions at home, and appears set to engage actively in global climate change negotiations.

But those expecting massive new funding initiatives for climate change will likely be disappointed. Delegates have acknowledged that public funding from developed countries should be the main financial source of any future technology transfer mechanism, but US funding, despite the more sympathetic government, is not a given.

While the future Obama administration is likely to be more proactive than what was seen under George W. Bush, no new funding for technology transfer, such as that being asked for by China and others, has been proposed.

The fact that Obama is sending a delegation to Poznan is viewed as promising. However, it will likely not be until February 2009 – once the new president is firmly ensconced in the White House – that we get a clear sense of the role Washington intends to play on the road to Copenhagen.

ICTSD reporting.

BUSH SUSPENDS PREFERENTIAL TREATMENT TO BOLIVIA, CITING INSUFFICIENT ACTION AGAINST DRUGS

US President George W. Bush last week moved to suspend preferential trade access for Bolivian exports, a step the Latin American country has decried as “political vengeance.”

According to the White House announcement on 26 November, Bolivia’s benefits under the Andean Trade Preference Act (ATPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) will be suspended as of 15 December. Under these agreements, goods from Bolivia, Colombia, Ecuador and Peru have been granted largely duty-free entry to the US, in exchange for their cooperation with US efforts to fight drug cultivation in the region. The trade preferences seek to weaken incentives to grow narcotic crops, by encouraging the production and export of legal goods to the US.

“The suspension ... is the result of Bolivia’s failure to cooperate with the United States on counternarcotics efforts,” White House Press Secretary Dana Perino explained.

Perino did not rule out a reversal of Bush’s recent decision. “If Bolivia were to improve its performance under the ATPA and ATPDEA programs’ criteria, the President would have the discretion to issue a proclamation to redesignate Bolivia as a beneficiary country,” she said.

Bolivian President Evo Morales slammed Washington’s move at a press conference last week as a political decision. His leftist administration ordered US Ambassador Philip Goldberg and the US Drug Enforcement Administration out of the country in mid-September on charges of conspiring against the government. And earlier, local coca farmers had pushed out officials from the US Agency for International Development, declaring their programmes ineffective.

US officials denied involvement in Bolivia’s domestic politics. Nonetheless, Bolivian representative Gustavo Guzman was expelled from Washington in a standard tit-for-tat response.

Morales also denied claims that his country has failed to cooperate in anti-narcotics efforts. According to UN statistics, in 2007 Bolivia’s performance on drug seizures and reducing coca cultivation was better than

that of Colombia and Peru. Moreover, UN reports suggest that the raw material used to make cocaine is grown on significantly less land in Bolivia than in the other two Andean nations: Colombia was estimated to have 250,000 acres under coca cultivation in 2007, compared to 124,000 acres in Peru 124,000 and 69,200 acres in Bolivia.

Like Peru, Bolivia permits coca cultivation for legal traditional uses. And Morales, who entered the public arena as the chief of the coca growers' union, was elected upon his promise to end the forced eradication of coca. He maintains that forced eradication, though favoured by Washington, only leads to violent confrontations. Instead, his government has focused on cocaine seizures and promoted new industrial applications for the leaf, following the official state policy: "Coca, si. Cocaine, no."

Indeed, Morales announced in November that during the first 10 months of 2008, Bolivia sequestered 25.5 tonnes of cocaine – 7.5 tonnes more than were confiscated in 2007.

US concerns were made clear in September legislation which extended ATPDEA preferences for Bolivia and Ecuador for only six months, and conditional upon review by the next administration (see BRIDGES Weekly, 9 October 2008, <http://ictsd.net/i/news/bridgesweekly/30882/>). But Ecuador is forecast to have little trouble meeting the eligibility criteria for further extensions of the agreement, and the other ATPDEA participants, Colombia and Peru, were granted another a year of easy US market access.

It is estimated that 50,000 factory jobs and around US\$ 380 million in exports under preferential agreements are endangered by the suspensions, according to Reuters. Undoubtedly, Morales will now look to President-elect Barack Obama's administration, which takes power in January, for an opportunity to renegotiate the trade preference arrangement.

ICTSD reporting; "Bush suspends trade accord with Bolivia in anti-drug dispute," BLOOMBERG, 27 November 2008; "Bolivia calls US trade move 'political vengeance'," REUTERS, 27 November 2008; "US suspends Bolivian trade deal over drug war," THE ASSOCIATED PRESS, 27 November 2008; "Bolivian president slams US for ceasing trade benefits," REUTERS, 28 November 2008. "Morales believes Bolivia's trade benefits with US will be restored under Obama," LATIN AMERICAN HERALD TRIBUNE, 28 November 2008.

IN BRIEF

US GOVT MISTAKENLY GIVING MILLIONS IN FARM SUBSIDIES TO MILLIONAIRES, GAO FINDS

The US government gave over US\$ 49 million in subsidies from 2003 to 2006 to farmers whose incomes exceeded US\$ 2.5 million in contravention of US farm spending law, a non-partisan government watchdog has found.

In a report released on 24 November, the Government Accountability Office (GAO), the investigative arm of Congress, found that the US Department of Agriculture (USDA) had given subsidies to some 2702 farmers whose income crossed the US\$ 2.5 million threshold, with less than 75 percent of income coming from farming. These subsidies go against the 2002 farm act, which limited the eligibility of farmers receiving these subsidies.

The GAO cited the USDA's lack of proper management controls as the source of the problem. "The sample that the USDA draws does not test for income eligibility; instead, the USDA reviews compliance with eligibility requirements other than income, such as the amount of farm program payments a farming operation received in the previous year, and whether it experienced a change in ownership," said the report. The GAO argued that it is this lack of oversight that makes the USDA unable to ensure that only individuals who meet the income eligibility caps are receiving farm payments.

Of the 2,702 ineligible individuals, nine were living outside of the US, and most of them lived in or near metropolitan areas, the report found. And compared with other taxpayers, people who participated in the farm program were three times more likely to report incomes over US\$ 500,000.

US President-elect Barack Obama pointed to the US\$ 49 million as "a prime example of the kind of waste" he intends to end as president, in a speech the day after the report was released.

In a response to the report, the USDA noted that only a small percentage of the total farm program payouts were made to people who did not meet the requirements. But the GAO countered that this number will grow when the 2008 farm bill goes into effect. With eligibility set to be limited further, "the USDA could be at greater risk of making these improper payments unless it has better management controls in place," it warned. If the 2008 farm bill guidelines are used to calculate the number of ineligible people paid in 2006, as many as

23,506 farmers who were paid would have been ineligible.

The GAO recommended that the USDA work more closely with US tax authorities to better monitor the incomes of their recipients. In the most recent farm bill, the USDA is given a mandate to establish statistically valid procedures of auditing. Though the Internal Revenue Service is not authorised to provide tax information without a waiver from the individuals being audited, the GAO suggested that the USDA find a system of obtaining waivers from all recipients, or if they do not have the authority to carry that out, ask Congress for the authority.

ICTSD reporting; "President-elect Barack Obama announces Office of Management and Budget Director and Deputy Director," CHANGE.GOV, November 25, 2008.

WTO IN BRIEF

WTO RULES AGAINST EU BANANA IMPORT RULES, AGAIN; ECUADOR THREATENS DOHA VETO IF ISSUE UNRESOLVED

The WTO's highest dispute court on November 26 upheld a ruling against the EU in its extended battle over banana trade with Latin American countries and the US.

The Appellate Body backed a WTO compliance panel's determination that the way the EU's import regime for bananas discriminates against Latin American exporters, and that Brussels has failed to comply with earlier WTO rulings.

The 27-nation trading bloc has a duty-free import quota from some former European colonies in the group of African, Caribbean and Pacific (ACP) countries, along with a standard import tariff of 176 euros per tonne, which applies to Latin American and other exporters.

Brussels introduced the current import rules in 2006, in the wake of a series of unfavourable WTO rulings against its old system of duties and quotas. Ecuador has argued that the new system discriminates against non-ACP banana suppliers, and fails to meet an EU pledge to "at least maintain total market access" for countries not benefiting from preferential access.

The Appellate Body addressed complaints from Ecuador, a leading banana exporter, and the US, which, though not a direct exporter, is home to three

major multinational companies – Chiquita, Del Monte and Dole – with plantations in Latin America.

"It is time for the EU to do the right thing and implement a tariff-only regime for bananas that meets the interests of all parties involved," US Trade Representative Susan Schwab said in a statement.

Following the ruling, Ecuador warned that it would veto any agriculture agreement in the struggling Doha Round of global trade talks if the dispute is not resolved to its satisfaction. Ministers from several WTO Members are likely to meet in Geneva later this month to try to reach a framework Doha deal on cutting tariffs and subsidies; the consensus of each of the WTO's 153 Members is necessary for an agreement.

Brussels and a group of Latin American nations struck a tentative deal on banana trade in July, during the last attempt by ministers to negotiate a breakthrough in the WTO talks. In it, the EU promised to cut its banana tariffs over seven years to 114 euros per tonne. But the EU insists that the banana accord was part of the Doha round talks, and is now moot, given the breakdown of the July meeting.

Nonetheless, Brussels, after accepting the appeals ruling, said it would seek a final resolution "once and for all" to the longstanding dispute this month, as negotiations for a Doha deal once again intensify.

ICTSD reporting; "WTO rules against EU in bananas dispute," THE ASSOCIATED PRESS, 26 November 2008; "Ecuador threatens Doha deal over banana dispute," REUTERS, 26 November 2008; "WTO rejects EU appeal over banana ruling," AGENCE FRANCE PRESSE, 26 November 2008.

CANADA CONTESTS US LABELLING LAWS AT WTO

Canada has taken the first step in WTO dispute proceedings against US country-of-origin labelling measures for livestock and meat exports.

"While Canada is firmly committed to a cooperative trading relationship, we believe that the country-of-origin legislation is creating undue trade restrictions to the detriment of Canadian exporters," said Stockwell Day, Canada's trade minister, in a statement announcing the request for formal WTO consultations Monday. "Under these circumstances, Canada has no choice but to assert its WTO rights in defence of our exports."

His colleague Gerry Ritz, the agriculture minister, concurred. While “we are committed to a respectful working relationship with our American neighbours,” he said, “these new regulations must not discriminate against Canadian producers.”

The US country-of-origin labelling law, known as COOL, was created to provide additional information on certain products – including beef, lamb, seafood and some other perishables – for consumers as part of the 2002 US Farm Bill.

The mandatory labelling requirements were made more comprehensive in this year's Farm Bill. For a commodity to be considered as a US product, all production activities have to occur in US territory. Products from of the North American marketplace require information indicating the country in which each stage of production, such as birth, rearing or slaughter, has occurred.

But Ottawa is concerned that COOL imposes additional costs at each phase of the production process for companies using Canadian livestock. For instance, it is now necessary for stock from Canada and that from the US to be segregated at the time of slaughter, in order to identify where they were raised. Additionally, Ottawa fears the measures could lead to restrictive labelling requirements in other countries as well.

Canadian livestock and meat producers have already complained that COOL is hurting exports. According to a 1 December statement by the Canadian Pork Council, since the implementation of the measures on 30 September this year, US hog buyers have announced their intent to curb or even cease purchasing animals born outside of the US.

As per WTO rules, the parties now have 30 days for formal discussion to attempt to resolve the dispute. If consultations fail the matter can be referred to a WTO dispute settlement panel.

ICTSD reporting; “Canada challenges US meat labeling laws at WTO, official says,” BLOOMBERG, 1 December 2008; “Canada hauls US to WTO over beef, pork rules,” THE ASSOCIATED PRESS, 2 December 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: 4-10 December

4 December, London, UK. BUILDING A LOW CARBON INDIAN ECONOMY. Hosted by Chatham House, the speakers will discuss the possibility of a low carbon economy in India and the opportunities this will bring to India's economic growth and development. For further information, please refer to <http://www.chathamhouse.org.uk/events/view/-/id/1007/>.

4-7 December, Ankara, Turkey. HIGH-LEVEL WORKSHOP FOR NON-AFRICAN LDCs. This workshop will focus on status and trends for Asian, Caribbean and Pacific least developed countries (LDCs) with respect to the following issues: the current economic situation and implications for LDCs; financing and managing development; emerging relations of LDCs with new development partners; and what difference can be made in the areas of trade, investment and technology. The Workshop will be attended by the Permanent Representatives of Asian, Caribbean and Pacific LDCs, with the participation of relevant international agencies. The outcome of the workshop will be circulated to the United Nations (UN) group coordinators in order to contribute to the next UN-LDC conference. For further information, please refer to <http://www.unctad.org/Templates/meeting.asp?intItemID=2068&lang=1&m=16588>.

6 December, Poznan, Poland. FOREST DAY 2. The Centre for International Forestry Research will co-host Forest Day 2 in collaboration with partner organisations in the Collaborative Partnership on Forests (CPF), coinciding with United Nations Framework Convention on Climate Change's 14th Conference of Parties. Forest day provides an international, multi-stakeholder forum on forest and climate change policies at global, national and local levels. For more information, please refer to http://www.cifor.cgiar.org/Events/CIFOR/forest_day2.htm.

8 December, London, UK. UNIVERSAL DECLARATION OF HUMAN RIGHTS: SIXTY YEARS ON. At this event to mark the 60th anniversary of the Universal Declaration of Human Rights (UDHR), signed in December 1948, Francesca Klug will ask why we are celebrating this milestone; what is its significance; and what is its relevance today? The speaker will also discuss how the UDHR represents a turning point in human rights thinking and started the 'second wave' of human rights development. For further information, please refer to <http://www.chathamhouse.org.uk/events/view/-/id/998/>.

8 December, Ottawa, Ontario, Canada. BLUEPRINT FOR CANADA-US ENGAGEMENT UNDER A NEW ADMINISTRATION. During the past nine months, a group of Canadian and American experts have prepared a series of policy papers addressing themes that will be critical to Canada-US engagement. These include the border, defence cooperation, the Arctic, the energy-environment nexus, competitiveness, institutional linkages, the fallout from the financial crisis, the Americas, and engagement with the US and other key allies. For further information, please refer to <http://www.carleton.ca>.

8-9 December, Brussels, Belgium. **RESOLVING THE FINANCIAL MARKETS CRISIS, THE NEED FOR A GLOBAL RESPONSE.** In only a few weeks, the 2008 financial crisis completely reshaped the world and the financial system. The turmoil is far from being over yet and it is already apparent that the financial system will need a prolonged timeframe to recover from the consequences. When carefully observing the current market happenings, it is not bizarre to claim that the world economy has not experienced such turmoil since the ravaging times of the Great Depression of the 1930s. Organised by the European Finance Convention, this international discussion forum aims to provide a platform for a comprehensive debate on scenarios from different financial markets, presenting from a pan-European perspective and placing emphasis on various geographic regions. For more information, please refer to http://www.euroconvention.com/events.php?action=details&event_id=16&sub=intro&PHPSESSID=82394d23dd79cae3eb147dd48afb1e2a.

8-9 December, Toronto, Ontario, Canada. **THE INTERNATIONAL ECONOMIC FORUM OF THE AMERICAS: GLOBAL CITIES IN CHALLENGING TIMES.** Cities, transport infrastructure and productivity: economists know that a well-developed transport infrastructure is a key ingredient to a productive and prosperous city. But what is the best way to maximise its contribution? How can a city gain a competitive edge from its transportation infrastructure? For further information, please refer to <http://www.forumforglobalcities.com>.

8-9 December. Monterey, California, US. **ON THIN ICE.** The waters of the Arctic Ocean are warming and the Arctic ice is melting. As the ice melts, new opportunities arise. With these opportunities come new risks and challenges, including the potential for clashes to occur over disputed boundaries and resources increases. Now is the time for stakeholders involved to work together to prevent conflict in the Arctic region. This conference will bring together representatives from communities with diverse interests and perspectives to identify, raise awareness, and discuss points of conflict and confrontation or disagreement in order to help minimise them. For further information, please refer to www.csrns-nps.org.

8-10 December, Washington DC, US. **BIODIVERSITY IN A RAPIDLY CHANGING WORLD.** This conference will provide an opportunity to look at what is happening to biodiversity in the context of radical climate disruption, human population rise, land use changes, globalisation and other economic forces. We will collectively develop a twenty-first century biodiversity science and conservation strategy. For further information, please refer to <http://www.preventionweb.net/english/professional/trainings-events/events/v.php?id=3599>.

9-12 December, Quebec City, Quebec, Canada. **INTERNATIONAL ARCTIC CHANGE 2008 CONFERENCE.** Arctic Change 2008 invites researchers, students, policy makers, and stakeholders from all fields of arctic research and all countries to address the global challenges and opportunities brought by climate change in the circum-Arctic. With over 600 participants expected to attend, Arctic Change 2008 will be the largest trans-sectoral international Arctic research conference ever held in Canada. For further

information, please refer to <http://www.arctic-change2008.com>.

10-11 December, Kampala, Uganda. **NEPAD-OECD HIGH-LEVEL MEETING ON ADVANCING INVESTMENT POLICY REFORM IN AFRICA.** On the first day, the annual high-level meeting will bring together ministerial and top-level African actors key to investment policy reform to explore measures to implement concrete plans for sustainably improving countries' investment climates. It will discuss ways to engage the business sector as an agent for development and how comprehensive investment policy reform can best be carried through, taking advantage of Africa's own peer review process (APRM) and of multilaterally-backed policy tools such as the Policy Framework for Investment. On the second day, the expert roundtable on investment in transport infrastructure and regional integration aims to draw on experience sharing and best practice to identify the factors that are holding investment back in African countries' transport sector. For more information, please refer to http://www.oecd.org/document/35/0,3343,en_2649_34893_41395555_1_1_1_1,00.html.

10-11 December, Geneva, Switzerland. **JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE, FORTY-SECOND SESSION.** The annual meeting of the Joint Advisory Group will examine the activities of the International Trade Centre (ITC) and make recommendations to the United Nations Conference on Trade and Development (UNCTAD) Trade and Development Board and the World Trade Organisation's General Council. Discussions will focus on the strategic plan and strategic framework and the 2009 Programme Document. One session will be set aside for a presentation of ITC's programmes for poverty reduction, trade and environment, and gender in trade. This meeting is open to United Nations specialised agencies and bodies and to other intergovernmental organisations with observer status and non-governmental organisations with an interest in trade promotion. For further information, please refer to <http://www.unctad.org/Templates/meeting.asp?intItemID=2068&lang=1&m=16528>.

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.

4 December: COMMITTEE ON AGRICULTURE

5+8 December: COUNCIL FOR TRADE IN SERVICES

9 December: COMMITTEE ON TRADE AND DEVELOPMENT – SPECIAL SESSION

9 December: COMMITTEE ON GOVERNMENT PROCUREMENT

10-11 December: JOINT ADVISORY GROUP (UNCTAD/WTO)

10 December: WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY

Other Upcoming Events

11 December, Washington DC, US. THE WORLD BANK, THE FINANCIAL CRISIS AND THE TRADE AGENDA LOOKING FORWARD. The ongoing global financial crisis and economic slowdown has important consequences for world trade, which is expected to decline for the first time since the early 1980s. The Director of the World Bank's international trade program will survey this rapidly changing situation and discuss how the World Bank Group and others are responding. This session will examine: How is the World Bank Group responding to the global finance crisis through trade facilitation initiatives? How will exports from developing countries be affected by the higher cost of trade finance as well as reductions in demand? How will governments worldwide respond to pressure to increase subsidies in some countries and adjust trade policies in others? What actions are required to maintain the supply of trade finance and to resist pressures for protectionist responses? Can multilateral cooperation bring the Doha round to a successful close in the near future and delivering on Aid for Trade commitments in the current environment? For further information, please refer to

http://www.wita.org/index.php?tg=addon/4/form&id_app=25&rt_step=163.

11 December, San Salvador, El Salvador. FORUM ON SUSTAINABLE ENERGY FOR CENTRAL AND NORTH AMERICA. This Forum's main objective is to increase the sustainability of the energy sector by strengthening the collaboration and cooperation between the countries in Central and North America. The dialogue will be focused around the policies and mechanisms needed to catalyse the use and development of sustainable energy in this area, including such themes as renewable energy, market policies and sharing of experience in the use and deployment of advanced technologies. The Forum will be followed by a private sector seminar titled, Energy in Central America: Renewable Energy, Integration and Investments. For information on the seminar please visit the following website <http://www.iamerica.org/energy/events/central-america-energy--renewables-integration-and-investment.html>. For further information, please refer to <http://www.oas.org/dsd/reia/MeetingSICA.htm>.

15 December, Geneva, Switzerland. SYMPOSIUM ON PUBLIC SECTOR IP MANAGEMENT IN THE LIFE SCIENCES. Organised by the World Intellectual Property Organisation. Public research institutions account for a significant share of the research undertaken in the life sciences. Public funds also support a large amount of life sciences research by others. Given the direct public interest in this research and its results, coherent intellectual property (IP) strategies and policies will help to ensure that benefits from new technologies resulting from these investments, for instance in fields such as public health, agriculture and the environment, flow to the public. This symposium will explore different national approaches, institutional policies and public-

private partnerships, with a view to learning from practical experience. It will provide a forum for informal discussion on these themes with the aim of reviewing the central issues in public sector IP management in the life sciences. The event is open to the general public and is free-of-charge. For further information, please refer to http://www.wipo.int/meetings/en/2008/lifesciences/ip_iss3_ge/.

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 governments the policies, strategies and programmes for effective use and management of water resources. For further information, please refer to <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 further information, please refer to <http://www.fmdd.fr/synopsis.html>.

RESOURCES

BORDER CARBON ADJUSTMENT. Aaron Cosbey, August 2008. In June 2008, the International Institute for Sustainable Development collaborated with the Government of Denmark, the German Marshall Fund and the International Centre for Trade and Sustainable Development to convene a major seminar on trade and climate change in Copenhagen. Border Carbon Adjustment is one of the event's six background papers. To access this paper, please refer to http://www.iisd.org/pdf/2008/cph_trade_climate_border_carbon.pdf.

MICROFINANCE AND CLIMATE CHANGE ADAPTATION. By Anne Hammill, Richard Matthew and Elissa McCarter, September 2008. Can microfinance services (MFS) be used to support adaptation to climate change? Anne Hammill, Richard Matthew and Elissa McCarter explore this question in the paper "Microfinance and Climate Change Adaptation" published by the Institute for Development Studies. They suggest that MFS can play an important role in vulnerability reduction and climate change adaptation among some of the poor, provided services better match client needs and livelihoods. To access the paper, please refer to http://www.iisd.org/pdf/2008/microfinance_climate.pdf.

REGIONAL ECONOMIC OUTLOOK: ASIA AND PACIFIC. The International Monetary Fund, November 2008. The biannual Asia and Pacific Regional Economic Outlook focuses on the difficult economic environment facing policymakers in the region. Chapter 1 provides an overview of the outlook for the region. With growth slowing, and the global financial crisis increasingly affecting the region, macroeconomic and financial policies will need to be proactive. Chapter 2 looks more closely at inflation in Asia, finding that it is increasingly imported and volatile, which raises important questions about monetary policy frameworks in the future. Chapter 3 takes a longer-term look at how the expected rapid aging of the region may affect capital flows and financial markets in the years to come. For further information, please refer to <http://www.imf.org/external/pubs/cat/longres.cfm?sk=22031.0>.

THE AGE OF TURBULENCE AND POOR COUNTRIES: THE CASE FOR MDB HELP WITH RISK MANAGEMENT. By Nancy Lee, Guillermo Perry and Nancy Birdsall, November 2008. The past year has offered a vivid lesson in the problems that high volatility presents for developing countries. Only a few months ago, poor countries that import fuel and food were hit with sudden price surges. Now demand and prices are falling, and poor countries that depend heavily on commodity exports—or indeed on exports generally—face the prospect of a sharp drop in demand. Many developing countries are also confronting sharp upticks in financial market volatility and some face sudden reversals of capital flows. Although this extreme volatility did not originate in developing countries, they are being hit hard. Developing countries—and poor people—are highly vulnerable to such volatility because they lack the coping mechanisms that are common in high-income economies. Drawing on a forthcoming report by Guillermo Perry, this brief argues that the World Bank and other multilateral development banks (MDBs) can play an important role in helping developing countries to better cope with such risks. MDBs can help solve both demand and supply market limitations for risk-management solutions. But doing so will mean looking beyond their traditional financing tools. For further information and to access the brief, please refer to <http://www.cgdev.org/content/publications/detail/967322>.

WORLD DEVELOPMENT REPORT 2009: RESHAPING ECONOMIC GEOGRAPHY. The World Bank, November 2008. This report is the flagship publication by the World Bank. This issue emphasises that economic growth will be unbalanced, but development still can be inclusive. The report argues that the most effective policies for promoting long-term growth are those that facilitate geographic concentration and economic integration, both within and across countries. It proposes spatial transformations along three dimensions: density and rapid urban growth and concentration; distance and migration for economic opportunities; and division and integration of economies in world markets. For further information, please refer to <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2009/0,,contentMDK:21955654~pagePK:64167689~piPK:64167673~theSitePK:4231059,00.html>.

Back issues of *BRIDGES Weekly Trade News Digest*® can be accessed at: <http://www.ictsd.org/weekly/archive.htm>.

BRIDGES Weekly Trade News Digest® is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>.

To subscribe to *BRIDGES Weekly Trade News Digest*, send an email to: bridges_weekly@ictsd.ch and type the words subscribe bridges in the message header.

To unsubscribe from *BRIDGES Weekly Trade News Digest*, send an email to: bridges_weekly@ictsd.ch and type the words unsubscribe bridges in the message header.

Contributors to this issue of *BRIDGES Weekly Trade News Digest*® are Ammad Bahalim, Trineesh Biswas, Jessica Thorn and Sarah Van Vliet. Editor of this issue: Trineesh Biswas. Director: Ricardo Meléndez-Ortiz. ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (+41-22) 917-8492; fax: 917-8093. Excerpts from *BRIDGES Weekly Trade News Digest*® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

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.

