



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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Contributors to this issue of Bridges Weekly Trade News Digest© are Andrew Aziz, Trineesh Biswas, Jonathan Hepburn, Bill Kraus, Paige McClanahan and Caroline Valvardi. Editor: Paige McClanahan. Director: Ricardo Meléndez-Ortiz.

## LEAD STORIES

### BRICs Show New Influence at G20 Finance Ministers Meeting

Emerging economies displayed a new level clout at a gathering of finance ministers from the Group of 20 old and new economic powers over the weekend, winning pledges for increased funding from international financial institutions, as well as a greater say in how those institutions are run.

The G20 ministers, whose nations together represent roughly 85 percent of the world economy, pledged to stimulate bank lending, resist protectionism in domestic policies, and pour more money into developing countries. But they fell short of agreeing on an overall approach to mitigating the economic crisis, as the group remained divided among some, like the US and Japan, who stress the importance of more stimulus spending and others, namely European nations, who say the focus should be on strengthening regulatory oversight.

The declaration the ministers agreed at the one-day meeting in Southeast England is meant to lay the groundwork for a summit of their heads of state that is set for 2 April in London.

In a significant first for the G20, Brazil, Russia, India and China (the so-called BRIC countries) issued a joint declaration outlining their vision for how world leaders should respond to the crisis.

Their list of priorities included a boost in funding to the International Monetary Fund, calling current IMF resources "clearly inadequate." The IMF offers technical and financial assistance to countries in need, but has recently suffered from a shortage of cash.

The BRICs also asserted themselves on the political front, stressing that the next leaders of

the IMF and the World Bank should be chosen "through open merit-based processes, irrespective of nationality or regional considerations." Traditionally, Europe has appointed the head of the IMF, while the US has selected the World Bank chief.

"The IMF should increase the share from emerging economies, and treat all members equally," Wu Xiaoling, the former vice governor of the People's Bank of China, said in Shanghai this week. "A new set of rules should be set up to regulate the world economy, with a focus on global superpowers."

World Bank President Robert Zoellick agreed that a new approach was in order. "Looking ahead, one can't just rely on the old models of economic recovery, US consumption alone will no longer rescue the world," Zoellick said ahead of the finance ministers meeting. "One will have to have a new model that must be broader and include the developing world."

### **Calls for a Focus on Doha**

The statement on the global financial system that the ministers released at the end of the meeting made no reference to the Doha Round of trade talks at the WTO. But on the sidelines of the gathering, many observers continued the now-familiar calls for the world's economic powers to resist protectionism and push for a swift conclusion of the seven-year-old Doha Round of trade talks at the WTO.

"The leadership of the G20 will be tested this time," Valentine Rugwabiza, the WTO's deputy director general, told Reuters in an interview after an IMF meeting in Tanzania. "The poorest countries, which were not the source of the current crisis ... can't be asked to wait until the developed economies fix their crisis before reverting to the Doha Agenda," she said.

The Global Services Coalition warned against countries' raising new trade barriers. "These ill-advised inward-looking actions, which continue apace, are significantly compounding the uncertainty already plaguing the world economy," the group warned in a letter to the leaders of the G20.

"Now is the time for a clear political decision to conclude the negotiations of the Doha Round by the end of this year," the group said.

Although the G20 pledged in November to temporarily refrain from erecting new barriers to trade, the extent to which the countries are living up to such pledges is increasingly coming into question (see World Bank story, this issue).

### **African leaders: Economic crisis could trigger violent conflict**

In another meeting looking ahead to the 2 April summit, a group of African leaders met with British Prime Minister Gordon Brown on Monday to argue for the need to provide greater support for the continent amid the global downturn. African countries are being hit hard by the economic crisis, thanks to a fall in tourism, price drops for key commodities, and a decrease in remittances sent home from workers that have moved abroad.

Such changes could undermine stability in many African countries, the leaders warned, and could ultimately drive post-conflict countries such as Ethiopia and Liberia back into violence.

"Some countries could go under and that would mean total chaos and violence," Ethiopian Prime Minister Meles Zenawi said on Monday. "In the end the cost of violence is going to be much higher than the cost of supporting Africa. We are talking about the range of money that is being spent on the mid-sized banks. Consider Africa as one of those banks," he said.

Liberian President Ellen Johnson-Sirleaf echoed Zenawi's message, stressing that the cost of investing in reform and recovery in the near term would pale in comparison to the cost of future peacekeeping.

The African leaders pressed the G20 to make international financial institutions more flexible and to increase the availability of trade finance. South Africa is the only African country that is a member of the G20. But Ethiopian president Meles, who is the chair of the New Partnership

for Africa's Development (NEPAD), will also attend the summit in London next month.

Tanzanian President Jakaya Kikwete also weighed in, calling on rich countries to meet their aid commitments.

"This is a very unprecedented problem. Africa is a victim. We are not responsible for its genesis but all of us are suffering," he said.

ICTSD reporting; "G20 underscores emerging economies' growing clout," REUTERS, 15 March 2009; "WTO says G20 leaders must focus on Doha Round," REUTERS, 12 March 2009; "African leaders tell G20 crisis threatens 'chaos'," AFP, 16 March 2009; "Downturn 'risks Africa conflict'," BBC NEWS, 16 March 2009; "World Bank head urges help for poorer countries," AP, 13 March 2009.

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## US, EU, Quizzed on Farm Subsidies, Other Trade Measures

The latest US farm bill and the reintroduction of EU export subsidies were among the controversial issues discussed at a 12 March meeting of the WTO's regular agriculture committee. Officials took advantage of the deadlock in the Doha Round talks to scrutinise the trade measures that countries must notify regularly to the WTO, trade sources said.

Delegates also discussed how the 'notification and review' process could be improved to ensure that Members' submissions are timely and complete. In recent years, many countries have slipped several years behind schedule in their notifications, prompting calls for the existing system to be reformed.

In a separate development, the chair of the agriculture negotiations, Ambassador Crawford Falconer, announced he was planning to return to capital in April (see article, this issue).

## Exporters challenge US on subsidy notifications

Several countries questioned the US about its subsidy notification for marketing years 2006/07, submitted in January. Australia, Brazil and Japan queried why US direct payments were still being classed as minimally trade-distorting 'green box' subsidies, a category that is exempt from reduction commitments, despite a WTO dispute ruling that found the direct payments did in fact distort trade. Trade-distorting subsidies are normally classed as 'amber box', and subject to reduction commitments.

The US defended the classification, arguing that the payments were unrelated to production levels because they were based on fixed and unchanging historical base periods.

Subsequent dispute cases brought by Canada and Brazil have claimed that because these payments had been mis-classified, the US had been in breach of its maximum permitted levels of amber box support in several of the previous years (see Bridges Weekly, 17 January 2007, <http://ictsd.net/i/news/bridgesweekly/7186/>) and 18 July 2007, <http://ictsd.net/i/news/bridgesweekly/6534/>).

The latest notification suggests that amber box subsidies were at a historic low of US\$ 7.7 billion in 2006 and US\$ 6.25 billion in 2007 – although green box subsidies were as much as US\$ 76 billion in both years.

Overall trade distorting support was also at particularly low levels, with the US notifying only US\$ 7.9 billion in 2006 and US\$ 6.5 billion in 2007 – far below the current ceiling of around US\$ 48 billion, and also lower than the proposed limit of around US\$ 14.4 billion that would result from the cuts in the latest draft Doha negotiating text. Unusually high prices during the notification period had meant that US farmers had not benefited from 'countercyclical' support that is normally activated by low prices, sources said – although some expressed concern that the fall in commodity prices following the global economic downturn could now reverse this trend.

Australia, Brazil and Japan also queried why US countercyclical payments were classed as not

being product-specific support, when the dispute settlement finding on the Brazil-US cotton case had said these payments did in fact support cotton. The US denied that the payments provided support that was specific to any one product.

### **US Quizzed on Farm Bill**

The 2008 US farm bill also sparked a number of questions from exporters, with Argentina, Australia and Canada asking questions about the functioning and appropriate WTO classification of the 'Average Crop Revenue Election Programme' (ACRE). Canada reportedly cited research showing that this programme could potentially push subsidy levels to new highs, depending on how it was implemented. The US told the meeting that it was still too soon to be able to say how ACRE payments would be notified.

### **China lambasts US poultry prohibition**

A dramatic statement from China lambasted a provision in a new US law which, officials said, unfairly singled out poultry imports from China. The clause – section 727 of the federal budget that was signed into law on 11 March – prohibits funds made available under the Act from being used “to establish or implement a rule allowing poultry products to be imported into the United States from the People’s Republic of China.” The law renews a similar provision included in a 2008 Act, despite US assurances to the contrary, China said.

The US suggested that the article should be dealt with under the WTO's committee on sanitary and phytosanitary measures, which deals with food safety, animal and plant health – a proposal rejected by the Chinese, who argued that the SPS agreement was “irrelevant” to the clause in question.

### **EU export subsidies in the spotlight**

Exporters expressed their disappointment at the reintroduction of export subsidies for EU dairy products (see Bridges Weekly, 28 January 2009, <http://ictsd.net/i/news/bridgesweekly/38827/>). Widely seen as amongst the most harmful and distorting of trade measures, Members had agreed under the current Doha Round that developed

countries would eliminate export subsidies by the end of 2013, with developing countries doing so three years later – although their use is still technically allowed under existing rules. No end-point for the subsidies has been set, the EU said, in response to a question from New Zealand – even though the measure has been described as 'temporary'.

In comments after the meeting, one delegate from an exporting country described the reintroduction of the subsidies as sending “a very negative signal... one that can be used by others to follow suit”. The EU has defended the legality of the new export subsidies under current WTO rules.

### **What data are countries obliged to provide?**

Delegates debated the extent to which Members are obliged to provide each other with data relating to their agricultural support programmes, following an Argentinean request for data on the value of production used to calculate EU payments notified under the 'blue box' – covering certain kinds of support that have been partially decoupled from production. Countries disagreed with the EU's argument that it was not obliged to provide the data under existing commitments, arguing instead that the current agriculture agreement allowed them to raise and seek information on “any matter relevant to the implementation of commitments.” The EU said it would try to provide the data.

Argentina also asked the EU to explain how it intended to classify support programmes that would replace blue box payments that reimburse farmers who must 'set aside' land by taking it out of production. The EU indicated that in the future farmers would be compensated under 'green box' programmes that were decoupled from production – although Argentina observed that returning land to agricultural use would in fact affect production.

### **Notification delays: how to reform the system?**

Members discussed how to overcome the ongoing problem of late notifications, which delegates have long complained hinders them from properly understanding other countries' trade policies, and

undermines Doha Round negotiations on subsidy and tariff reductions. Several delegations supported the idea of a workshop to discuss the problems countries face in submitting notifications, and suggested this could be held adjacent with the next meeting of the agriculture committee in June. Other ideas included circulating a questionnaire for countries to fill in, and initiatives to overcome a lack of capacity in developing countries.

### **Doha deadlock prompts renewed notification focus**

Several delegates commented that slow progress in the Doha Round negotiations had prompted a renewed focus to the regular work of the agriculture committee, including sharper attention to trading partners' notified trade measures, and a more interactive discussion than usual.

However, many also regretted the negotiating stalemate, with one negotiator observing that Members had been "taken hostage by one country." The lack of clear signs of engagement from the new US administration has prevented talks from restarting this year, say many, although some hope that a meeting of 20 global economic powers on 2 April in London could revitalise the trade round.

ICTSD reporting.

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## **Trade Issues Emerge as Climate Policy Hits US Agenda**

With a new administration in power and a major international conference on the horizon, climate change policy has re-emerged on the agenda in the US Congress. But as the much-anticipated issue takes centre stage, some politicians are already calling for trade barriers to help US industry cope with anticipated challenges if a cap-and-trade scheme is introduced.

Perhaps the most notable concern regarding US President Barack Obama's proposed US emissions trading policy came from US Senator Sherrod Brown, who says that a climate change bill should

include tariffs to protect domestic manufacturers. "If a US company, say a steel mill in Ohio, if their cost goes up dramatically for cutting carbon, it's one more reason to think they're not going to be competitive...they lose jobs," Brown said during a recent speech at US think-tank Worldwatch Institute.

Also, Senator Brown continues to advocate the inclusion of border tariffs in the climate change bill, a measure that some analysts say would violate WTO regulations.

But despite the assertion from some analysts that such tariffs would violate WTO regulations, other lawmakers have said they share Brown's sentiment – especially those in Midwestern states that depend heavily on industry and foresee an enormous economic burden if a US emissions trading programme is approved.

### **Consumers will foot the bill, say some senators**

Last June, Brown was part of a group of senators that presented a letter to Senate Majority Leader Harry Reid and California Senator Barbara Boxer criticising a proposed climate change bill and the money generated from selling carbon emissions permits.

"Much of these funds will be indirectly paid for by consumers through increased energy prices," the letter reads. "The federal government has a fundamental obligation to ensure these funds are being spent in a responsible and wise manner."

### **Bill faces bipartisan opposition**

Although Obama's Democratic Party holds a majority in the US Congress, not every member of his party fully backs the emissions trading policy. But Reid seems ready to move forward with climate change legislation and announced recently that Congress would try to have an emissions trading bill approved by the middle of this year.

Obama does support the granting of subsidies through a climate bill, specifically for renewable energy, which could make the legislation more appealing to wavering Congress members. But recent studies show that such subsidies would

significantly increase the cost of the emissions policy. Also, some US policymakers are demanding extra incentives for their states, such as permit price caps and returned revenue from the sale of permits.

Within the Republican Party, opposition is considerable. Lisa Murkowski, a senator and member of the Senate Energy and Natural Resources Committee, has advised against a hasty drafting of a climate change policy bill. "To merge energy and climate change legislation and pass the bill this year would likely founder because of strong differences among lawmakers over ways to control greenhouse gas emissions and allocate the costs," Murkowski said earlier this week.

Evidently there are divergent views throughout the US Congress about how and when to draft a climate change bill, which is being watched closely by the international community. Many countries have said in the past that they are waiting to see a final US climate change policy, as it could influence negotiations at the next UN Framework Convention on Climate Change (UNFCCC) conference, to be held in Copenhagen this December.

### **Congress still reluctant to commit**

The US Congress has long been reluctant to act on climate change. Despite contributing more than one-fourth of total global greenhouse gas emissions, the US declined to ratify the Kyoto Protocol.

With political and economic concerns strongly tied to the prospect of drafting legislation to combat greenhouse-gas emissions, Congress is still reluctant to commit to anything binding, especially the emissions trading policy that has been proposed by President Obama.

An emissions trading – or cap-and-trade – scheme, which was developed previously through the Kyoto Protocol, would allow Congress to determine a certain limit for carbon emissions each year. Permits would then be auctioned to different industries in the US so that they could pollute, but only up to the amount designated by the permit. Less polluting industries could then

sell their permits to more heavily polluting industries.

But some members of Congress consider the market-driven aspect of emissions trading a critical drawback of Obama's bill, due to the current economic downturn and the dismal state of the European Union's emissions trading program (see Bridges Trade BioRes, 20 February 2009, <http://ictsd.net/i/news/biores/41136/>).

### **Developed / developing country divide still a barrier**

The US has been especially resistant to signing on to international treaties and agreements on climate change because it argues that major emerging economies, namely China, should be held more accountable for their heavy industrial polluting, despite the fact that they are classified as developing countries. But many developing nations insist that rich countries carry the burden to act, and say they need greater access to climate change mitigating technologies from the developed world before they can implement cleaner industrial practices.

The developed-developing country divide continues to be an obstacle, a fact that was made apparent during the most recent Conference of the Parties, held in December of last year in Poznan, Poland, when consensus on most issues remained elusive (see Bridges Trade BioRes, 15 December 2008, <http://ictsd.net/i/news/biores/36372/>).

Now, world leaders are scrambling to find some sort of common ground before the next conference in Copenhagen, where Parties hope to create a new climate change policy as the 2012 expiration of the Kyoto Protocol approaches.

Ongoing rhetoric since Obama has been elected seems to indicate that he is serious about environmental issues, especially greenhouse gas emissions. He already has allocated a sizeable portion of the almost US\$ 800 billion financial stimulus package to energy and cleaner environmental practices and he has also been working closely with the US Environmental Protection Agency, ordering it to develop higher fuel-efficiency standards for cars.



But some observers say the severe economic downturn, both in the US and around the world, could impede Obama's environmental goals. Indeed, Obama's lack of action on establishing a comprehensive climate change policy thus far has some pundits speculating that the environment portfolio has slipped somewhat on the new president's agenda.

ICTSD reporting; "U.S. Climate Change Takes Center Stage In Congress," REUTERS, 13 March 2009; "Sins of omission," THE ECONOMIST, 12 March 2009; "The greening of Canada?," THE ECONOMIST, 23 February 2009; "Trade Concerns Raised in U.S. Climate Debate," WORLDWATCH INSTITUTE, 13 March, 2009; "US cap/trade bill may not pass this year-senator," REUTERS, 16 March 2009; "NFTC Cautions Against Global Protectionism in Response to Financial Crisis," NATIONAL FOREIGN TRADE COUNCIL, 28 January 2009.

## IN BRIEF

### World Bank Warns of 'Worrisome' Rise in Protectionism

Seventeen of the 20 nations that comprise the G20 group of economic powers have enacted restrictive trade measures since they made a joint pledge to resist such policies in November of last year, a report from the World Bank concluded this week.

Counting back from the onset of the financial crisis in September, countries around the world, including the G20, have enacted a total of 78 new trade restrictions, the report said.

Underscoring the fact that trade barriers can come in many forms, only one third of those measures came in the form of a tariff increase. Non-tariff barriers included non-automatic licensing requirements in Argentina, tightened import standards in China and India, and export subsidies in the EU, which the report called "particularly egregious."

The report, titled "Trade Protection: Incipient but Worrisome Trends," also detailed recent auto industry subsidies, which amount to US\$ 48 billion worldwide. The US accounts for more than one third of the total, but Argentina, Brazil, Canada, China, France, Germany, Italy, Sweden and the UK have also provided direct or indirect subsidies for their car makers, the report said.

While the effects of such measures on trade flows are still relatively minor from a global perspective, they have significant impacts on exporters in particular sectors, the World Bank warned. And as the fallout from the economic crisis continues, world leaders may be tempted to take even greater measures to protect domestic industries.

"Leaders must not heed the siren-song of protectionist fixes, whether for trade, stimulus packages, or bailouts," said World Bank President Robert Zoellick. "Economic isolationism can lead to a negative spiral of events such as those we saw in the 1930s, which made a bad situation much, much worse."

The study called on the G20 nations to commit to reporting new trade restrictions to the WTO at three-month intervals, instead of yearly. It also urged an increase in Aid for Trade for developing countries, and swift progress in the stalled Doha Round of trade talks at the WTO.

WTO Director-General Pascal Lamy is also expected to release a report on recently enacted protectionist policies. His review is due out next week.

To access the World Bank report, click [here](#).

ICTSD reporting.

### Obama Administration Denies Request to Release ACTA Docs

Barack Obama's administration has refused to make public a series of documents related to secretive international negotiations on an

intellectual property rights enforcement treaty, citing national security concerns.

The documents at issue include government proposals for the content of the prospective Anti-Counterfeiting Trade Agreement, which is currently under negotiation by a group of mostly industrialised countries (see BRIDGES Weekly, 9 October 2008, <http://ictsd.net/i/news/bridgesweekly/30876/>).

On the basis of the little information about the talks that has come to light, civil society groups fear that the negotiations could impede access to affordable medicines and threaten to criminalise acts like non-commercial file sharing over the internet.

Knowledge Ecology International, a Washington-based organisation, had in late January requested the release of the seven documents under the US Freedom of Information Act, a law governing public access to government records.

But the White House has chosen to keep all seven out of the public sphere. "Please be advised that the documents you seek are being withheld in full," Carmen Suro-Bredie, a senior official in the US trade representative's office, wrote to KEI Director James Love in a letter dated 10 March. She said that the information had been deemed "properly classified in the interest of national security," in line with a 1995 presidential order authorising the government to keep material pertaining to economic and technological matters classified if its disclosure would cause identifiable harm to national security.

In response to an earlier request by the Electronic Frontier Foundation, the Bush administration had used similar reasoning to justify withholding or censoring all but ten of some 806 pages of records related to the ACTA talks.

Declan McCullagh wrote on Cnet News that the Obama administration's decision did not sit easily with the new president's instruction that government agencies "adopt a presumption in favour of disclosure," a reversal of the Bush White House's policy of reticence in the face of FOIA requests.

One of Obama's first acts in office was to sign a memo declaring that "the Freedom of Information Act should be administered with a clear presumption: In the face of doubt, openness prevails. The Government should not keep information confidential merely because public officials might be embarrassed by disclosure, because errors and failures might be revealed, or because of speculative or abstract fears."

In his column on the Huffington Post website, KEI's Love wrote that although the public did not have access to the ACTA negotiating documents, a group of "cleared" advisers (mostly well-connected lobbyists) for the pharmaceutical, software, entertainment and publishing industries" did.

Governmental secrecy about the ACTA negotiations has been criticised in other participating countries. Most recently, the European Parliament last week called on the Commission to "make available all documents related to the ongoing international negotiations on the Anti-Counterfeiting Trade Agreement – which will contain a new international benchmark on intellectual property right enforcement."

ICTSD reporting; "Copyright treaty is classified for 'national security,'" CNET NEWS, 12 March 2009; "James Love: Obama Administration Rules Texts of New IPR Agreement are State Secrets," HUFFINGTON POST, 12 March 2009.

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## EU, South Korea Appear Set to Announce FTA Next Month

The EU and South Korea are "very close" to concluding a free trade deal, a Korean official said Monday. Officials are expected to wrap up the any outstanding issues at an eighth round of trade negotiations, to be held in Seoul next week. An announcement of the conclusion of the deal is expected to come on the sidelines of the G20 summit in London on 2 April.

If agreed, the deal will do away with tariffs on 96 percent of goods from the EU and 99 percent of South Korean products over the course of three years, South Korean officials said. The FTA



would be the EU's first trade deal with an Asian nation.

The pending announcement signals that negotiators have overcome their differences on the treatment of auto imports, which has been a sticking point in the negotiations since talks were launched in May 2007 (see Bridges Weekly, 16 May 2007, <http://ictsd.net/i/news/bridgesweekly/7591/>).

The dispute has pitted European car makers, who fear having to compete with a surge in cheaper imports, against Korean auto producers, who are eager to get greater access to the lucrative EU market.

Korean officials hinted this week that negotiators have struck a compromise that would allow tariffs on autos with engine displacement of more than 2.5 litres to be phased out within three years, while cars with lower engine displacement would be made tariff-free over a five-year transition period. South Korea now imposes an eight percent import duty on European cars, while the EU taxes South Korean autos at a rate of 10 percent.

If the agreement goes ahead as planned, the economic impact could be substantial, especially for South Korea. The Korea Institute for International Economic Policy estimates that the pact could boost South Korean exports by US\$ 11 billion and increase the country's gross domestic product by more than 3 percent.

Trade between the South Korea and the 27-nation EU totalled roughly US\$ 80 billion last year. The EU is South Korea's second-largest trading partner, after China.

South Korea has negotiated a number of free trade deals as part of its strategy to strengthen its export-orientated economy. Such agreements include bilateral agreements with the US, Chile, Singapore, the European Free Trade Association and a partial agreement with the Association of Southeast Asian Nations. An FTA with the EU would be South Korea's largest so far.

A successful conclusion of the deal could put pressure on US lawmakers to approve the FTA that the Bush administration negotiated with Seoul in April 2007 (see Bridges Weekly, 4 April 2007,

<http://ictsd.net/i/news/bridgesweekly/7581/>).

That agreement has since languished in the US Senate, thanks largely to opposition from the auto and beef industries.

ICTSD reporting; "South Korea says nearing trade deal with EU," AP, 16 March 2009; "Officials: S Korea, EU agree on free trade deal announcement," XINHUA, 16 March 2009; "S. Korea, EU to announce FTA deal in early April," THE KOREA TIMES, 16 March 2009; "S. Korea, EU close to trade deal," REUTERS, 16 March 2009.

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## Brazil's Lula Presses Obama on Doha

Brazilian President Luiz Inacio Lula da Silva paid a visit to the White House on Saturday, making him the first Latin American head of state to meet with US President Barack Obama in Washington. The two leaders discussed the global financial crisis and ongoing world trade talks at the WTO, with Lula leaning on his US counterpart to push for movement in the negotiations.

"We need to discuss the Doha Round," Lula said before the meeting, referring to the WTO talks. "We need to make it clear that protectionism can offer some short-term relief, but in the medium term, it can cause a disaster in the world economy," he said. "Brazil is against the return of protectionism."

Brazil, the world's tenth-largest economy and major agricultural exporter, has long pushed for a conclusion to the Doha Round. But the Obama administration has not been as explicit in its support for a deal that would lock in tariff and subsidy cuts.

"It may be difficult for us to finalise a whole host of trade deals in the midst of an economic crisis like this one," Obama said. But the US has "committed to sitting down with our Brazilian counterparts to find ways that we can start closing the gap on the Doha Round and other potential trade agreements," he added.

The leaders also discussed ethanol production, which Obama acknowledged had been “a source of tension between the two countries.”

The US slaps a tariff of US\$ 0.14 per litre (US\$ 0.54 per gallon) on imports of biofuels, a measure that critics say is a protectionist tactic intended to tilt the playing field in favour of US corn producers. Last summer, Brazil threatened to challenge the tariff at the WTO's Dispute Settlement Body (see Bridges Weekly, 4 September 2008, <http://ictsd.net/i/news/bridgesweekly/27688/>). But no official complaint has been filed.

“It's not going to change overnight, but I do think that as we continue to build exchanges of ideas, commerce, trade around the issue of biodiesel, that over time this source of tension can get resolved,” Obama said.

The US is the world's largest producer of the biofuel, while Brazil is the largest exporter. Lula continued his US tour this week, meeting with business leaders in New York City.

ICTSD reporting; “Lula to talk credit, protectionism with Obama,” REUTERS, 13 March 2009; “Obama says investors can be fully confident in US,” BLOOMBERG, 14 March 2009.

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## WTO IN BRIEF

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### Chair of WTO Farm Talks is Set to Leave Post

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The chair of the Doha Round agriculture negotiations, Ambassador Crawford Falconer of New Zealand, has told negotiators that he plans to go back to his home country in April - seemingly reversing a decision he made in December to postpone his return (see Bridges Weekly, 17 December 2008, <http://ictsd.net/i/news/bridgesweekly/36487/>). Back in Wellington, Falconer will take on the post of Deputy Secretary at the Ministry of Foreign

Affairs and Trade, the New Zealand government said in a statement on Wednesday.

“Originally scheduled to end in December, Mr. Falconer's term in Geneva was temporarily extended to continue negotiations that culminated in a further revised agriculture modalities text,” New Zealand Trade Minister Tim Groser said Wednesday.

“This text provides a strong basis for completion of the agriculture negotiations in the near future,” he added.

So far this year, however, progress in the farm talks appears to have stalled in the absence of clear engagement from the fledgling US administration.

Speaking privately, negotiators have frequently praised Falconer's personal contribution to the drawn-out Doha talks, noting that it will be hard to find a replacement who can match the New Zealander's combination of listening skills and technical knowledge of the talks (see Bridges Weekly, 19 November 2008, <http://ictsd.net/i/news/bridgesweekly/34108/>).

David Walker has succeeded Falconer as New Zealand's Permanent Representative in Geneva. The next chair of the farm talks will be decided by the WTO Membership.

ICTSD reporting.

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### Lamy Hosts Trade Finance Meeting, Will Attend G20 Summit

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WTO Director-General Pascal Lamy met with a high-level group of bankers and finance officials at WTO headquarters in Geneva today to assess the market for trade finance, which has been crumbling since the onset of the economic crisis.

Many developing countries rely on trade finance - loans tied directly to trade transactions - to ship their goods overseas. But with many banks hesitant to lend out cash, such loans have become hard to come by and poorer nations have struggled to get their products to market.

Lamy first addressed the issue in November, when he met with 30 representatives of private banks, financial institutions and export credit agencies to discuss the extent of the problem and potential ways to mitigate it (see Bridges Weekly, 19 November 2008, <http://ictsd.net/i/news/bridgesweekly/33962/>).

The WTO has no authority to regulate trade finance, but Lamy has said that he thinks the global trade body can serve as a catalyst, helping to coordinate an international response to the crisis.

Participants at Wednesday's meeting reportedly told Lamy that, despite the drastic drop in trade flows in recent months, the gap between supply and demand for trade finance has grown significantly. The experts discussed several ways to address that shortfall. Medium-term goals they identified include increasing opportunities for banks to share risks, improving transparency mechanisms, and promoting co-financing among private banks, international financial institutions and export credit agencies.

The Director-General will summarise the results of Wednesday's meeting and present it in a report to the WTO's Working Group on Trade, Debt and Finance, which is scheduled to meet on 31 March.

Also expected from Lamy that week is an update to the report on new protectionist policies in WTO Member countries that the Director-General first presented in January. The revised version is being prepared in advance of the upcoming summit of the Group of 20 nations, a meeting that Lamy will attend, the WTO confirmed on Tuesday.

"He's been asked by Prime Minister Brown to come – trade is on the agenda," WTO Spokesman Keith Rockwell told Reuters.

Lamy will be able to bring G20 heads of state up to speed on trade finance, as well as protectionism, the Doha Round and Aid for Trade, Rockwell said.

ICTSD reporting; "WTO meeting to reveal bigger trade finance gap," REUTERS, 17 March 2009;

"WTO's Lamy to attend G20 London summit," REUTERS, 17 March 2009.

## EVENTS & RESOURCES

### Events

If you would like to submit an event, please email [bridges\\_weekly@ictsd.ch](mailto:bridges_weekly@ictsd.ch).

#### Coming up: 19-25 March

19-21 March, Taj Chandigarh, India. INTERNATIONAL CONFERENCE ON ENERGY AND ENVIRONMENT. This conference, conducted by the National Institute of Technology, aims to address the challenges in the emerging areas of energy and environment to achieve sustainable development. The Conference, EnviroEnergy 2009, shall provide a forum for academics, technologists, entrepreneurs and policy makers to exchange concepts and emerging technologies in the fields of energy and environment. It shall include a highly focussed technical programme consisting of presentations on regular and specialised tracks at the intersection of business and technology; exhibits of new products, technologies and solutions from academia and industry will also be on offer. For more information visit <http://www.enviroenergy2009.org/>.

23-27 March, Geneva, Switzerland. STANDING COMMITTEE ON THE LAW OF PATENTS: THIRTEENTH SESSION. The Committee will continue its work on various issues relating to patent law and the international patent system, as agreed at the Twelfth Session of the Committee, held in June 2008. The comprehensive review of issues will be attended by member states and observer delegations. For more information please refer to [http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=17448](http://www.wipo.int/meetings/en/details.jsp?meeting_id=17448).

24 March, London, United Kingdom. GLOBAL FINANCIAL REGULATION: THE FALLOUT FROM THE FINANCIAL CRISIS. This event examines the crucial issue of the global regulatory system, bringing together many international actors and stakeholders. The day will be divided

into three general areas of discussion: lessons from the financial crisis; restoring confidence and stability to the financial markets; and market regulation after the credit crisis. Panel discussion will follow presentations by several speakers from academia, the media, and the financial industry. For information and registration refer to [http://www.chathamhouse.org.uk/global\\_financial\\_regulation/](http://www.chathamhouse.org.uk/global_financial_regulation/).

24 - 27 March. Bonn, Germany. FIFTH ADAPTATION FUND BOARD MEETING: The Adaptation Fund has been established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol. This will be the fifth meeting of the Board. For more information refer to <http://www.adaptation-fund.org/>

### WTO Events

An updated list of forthcoming WTO meetings is posted [http://www.wto.org/meets\\_public/meets\\_e.pdf](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.

20 March: Dispute Settlement Body

24 March: Council for Trade in Goods

25+27 March: Trade Policy Review Body- Fiji

26 March: Informal Committee on Import Licensing

30 March: Working Party on GATS Rules

30 March: Committee on Trade and Development - Special

31 March: Working Group on Trade, Debt and Finance

### Other Upcoming Events

26 March 2009, Geneva, Switzerland. SUSTAINABLE WATER USE AND MANAGEMENT: LEADERSHIP FOR POSITIVE CHANGE. The Geneva Institute for Water, Environment and Health (GIWEH) in partnership with the United Nations Environment Programme (UNEP) will hold this symposium on the occasion of World Water Day. The symposium is the first in a series aimed at harmonizing policy and leading scholarship in water management. Case studies will be presented, followed by roundtable discussion, as the symposium aims to both identify patterns of effective leadership and provide guidance for policymakers. For more information please see <http://www.environmenthouse.ch/#>.

26-27 March 2009, Cape Town, South Africa. THIRD ANNUAL AFRICA TRADE AND INVESTMENT CONFERENCE. Exporta's 3rd Annual Africa Trade & Investment Conference is an international event attended by the senior decision-makers of the trade and export industry. With a consistent year-on-year growth in average GDP, the African continent represents the final frontier for intrepid investors looking for long-term gains. Moreover, the return to traditional banking activities like trade, structured commodity and export finance mean that deals are becoming bankable that were not just a year ago. This conference looks at the opportunities that the current climate is creating, and the challenges that are still discouraging potential risk-takers from entering the fray. For more information please visit <http://www.exportagroup.com/conferences/3rd-Annual-Africa-Trade-&-Investment-Conference-157/>.

30-31 March 2009, Auckland, New Zealand. ELEVENTH ANNUAL STRATEGIC & SUSTAINABLE PROCUREMENT CONFERENCE. Senior management are increasingly looking to the supply chain, and in particular the procurement function, to drive down costs while at the same time to find new and innovative ways to become sustainable. Sustainability has moved from being a nebulous social responsibility concept to being a driver of competitive advantage, a key marketing tool, and a method of extracting new efficiencies from your supply chain. This conference will look at how

sustainable procurement can lead to overall operational performance. For more information please refer to <http://www.conferenz.co.nz/11th-annual-strategic-sustainable-procurement-conference.html>.

2 April 2009, London, United Kingdom. G20 SUMMIT. World leaders from the Group of 20 nations will meet to enhance global coordination in order to help restore global economic growth amidst the current financial crisis. Summit goals include initiating action to stabilise financial markets and enable families and businesses to get through the recession, to strengthen and reform the financial system, restore confidence and trust, and put the economy on track for sustainable growth. For more information please refer to <http://www.londonsummit.gov.uk/en/>.

27 April- 1 May 2009, Geneva, Switzerland. COMMITTEE ON DEVELOPMENT AND INTELLECTUAL PROPERTY (CDIP): THIRD SESSION. WIPO's technical assistance programmes and activities are designed, formulated and implemented in close consultation and cooperation with the countries concerned in order to respond to their specific needs. The assessment of needs and country demands will be reviewed with the country and the plan updated every biennium. Mechanisms will be developed to dovetail and integrate them with national plans. Over time, project design frameworks will be standardised for WIPO to ensure full project definition and description, quality control and approval processes, objective setting and monitoring activities, risk identification and management, performance and results definition and appraisal. For more information please refer to [http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=17382](http://www.wipo.int/meetings/en/details.jsp?meeting_id=17382)

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## Resources

BOOM FOR WHOM? FAMILY FARMERS SAW LOWER ON-FARM INCOME DESPITE HIGH PRICES. By Timothy A. Wise and Alicia Harvie, Global Development and Environment Institute, February 2009. According to US

Department of Agriculture figures for 2008, the average farm operator household income was \$86,864 in 2008, 27% higher than in 2003. However, this paper illustrates how such figures can be "true, but truly misleading." Wise and Harvie suggest in this study that mid-sized family farmers actually saw lower incomes from farming operations in 2007 than they did in 2003, with high costs and reduced government support outpacing the rise in income from higher crop prices and that the only reason their household incomes were higher was an unprecedented rise in off-farm income. To access this paper, please refer to <http://www.ase.tufts.edu/gdae/Pubs/rp/PB09-02BoomForWhomFeb09.pdf>.

THE GLOBAL DEBATE ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AND DEVELOPING COUNTRIES. By Carsten Fink and Carlos Correa, The International Centre for Trade and Sustainable Development, March 2009. This new issue paper brings together two studies in the area of intellectual property rights (IPRs), a pressing issue on the global trade and intellectual property agenda. The first paper by Carsten Fink, entitled "Enforcing Intellectual Property Rights: An Economic Perspective," provides a much needed economic perspective on the enforcement of IPRs. The second paper, written by Carlos Correa is entitled "The Push for Stronger IPRs Enforcement Rules: Implications for Developing Countries" and addresses the push for stronger IPRs enforcement rules and its implications for developing countries. To access this issue paper, please refer to <http://ictsd.net/downloads/2009/03/fink-correa-web.pdf>.

THE COLLAPSE OF GLOBAL TRADE, MURKY PROTECTIONISM, AND THE CRISIS: RECOMMENDATIONS FOR THE G20. Edited by Richard Baldwin and Simon J. Evenett, Centre for Economic Policy Research, March 2009. This compilation of nineteen essays provides an overview of the current trade developments in light of the global financial crisis, presenting both insight and recommendations for stakeholders. Discussions within the study include such essays as "Jobs, global trade and the perils of protectionism: the imperative of restoring

confidence” and “Resist green protectionism – or pay the price at Copenhagen,” running the gambit from general to the specific. In sum, the paper provides both useful information and healthy academic debate regarding the causes and solutions to the deterioration of global trade and growing protectionism. To access this paper, please refer to [http://www.voxeu.org/reports/Murky\\_Protectionism.pdf](http://www.voxeu.org/reports/Murky_Protectionism.pdf).

RESURGENT PROTECTIONISM: RISKS AND POSSIBLE REMEDIES. By Uri Dadush, Carnegie Endowment for International Peace, March 2009. Few doubt that aggressive action is required to address the global financial crisis, however, national recovery measures may inadvertently provoke a global trade war. As such, stakes are high for the coming April meeting of the G20. This study argues that states must tread carefully as nearly 70 percent of trade measures enacted since November 2008 restrict trade, ultimately concluding that a trade war in the current financial environment could produce greater losses than those seen during the Great Depression. This study is available at [http://carnegieendowment.org/files/Resurgent\\_Protectionism.pdf](http://carnegieendowment.org/files/Resurgent_Protectionism.pdf).