



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### Mexico Slaps Retaliatory Tariffs on US Goods in Trucking Spat; Obama Vows Swift Response

Mexico has imposed retaliatory tariffs on US\$ 2.4 billion worth of US exports in response to Washington's recent termination of a pilot programme that allowed Mexican long-haul trucks to cross into US territory. The tariffs took effect 19 March, just one day after Mexico City announced the measures.

"We believe the United States is wrong in this action as it is protectionist and clearly violates NAFTA. To protect their carriers, the US has decided to influence competition and competitiveness of our countries and the region, impacting many other sectors," said the Mexican Secretary of Economy, Gerardo Ruiz Mateos.

The retaliatory actions were prompted by a measure in the omnibus spending bill, signed into law by US President Barack Obama signed on 11 March, that terminates funding for a pilot programme intended to gradually open the US market to Mexican trucks.

According to the terms of the North American Free Trade Agreement, which took effect in 1994, the US was to give full access to Mexican trucks by 2000. Washington failed to meet that commitment and Mexico brought a challenge to a NAFTA arbitration panel in 2001. The panel backed the Mexican complaint, and thus the country won the right, as laid out in NAFTA Article 2019, to suspend "benefits of equivalent effect until such time as [the parties concerned] have reached agreement on a resolution of the dispute."

Mexico says that the US' refusal to honour its NAFTA commitments has a strong impact on its

exports, since nearly 70 percent of Mexican goods that go to the US, Mexico's largest trading partner, are transported by road. Mexican officials say that the retaliatory tariffs are intended to inflict losses roughly equal to the US\$ 500 million in losses they claim to have suffered thanks to Washington's refusal to allow Mexican trucks on its territory. Those losses were calculated according to a formula that took into account the value of trade that Mexican trucks would transport, the distance of travel, as well as the expected market shares that Mexico would capture in the US if its trucks had full access, Mexican officials said.

Washington has claimed that it maintains the restrictions because it wants to keep unsafe vehicles off US highways. But others say that the measure is simply intended to protect US truckers, noting that the pilot programme, which was launched by the Bush administration, had demonstrated that Mexican trucks perform just as well as their US counterparts on safety tests.

"This isn't about the safety of American roads. This is protectionism," said Mexican Ambassador to the US Arturo Sarukhan.

Sarukhan is not alone in taking that view. In an editorial titled "Bad Example," The Washington Post reprimanded the Obama administration earlier this week for terminating the pilot programme, saying that "almost everyone was happy with the deal" except for US truckers, "for whom economic turf rather than safety has always been paramount."

The US farm lobby also spoke out against Congress' nixing of the programme. Bob Stallman, president of the American Farm Bureau Federation, urged President Obama "to find a resolution that will honour our obligations under NAFTA, eliminating any cause for Mexico to halt US trade."

"This action by Congress has come at a cost to US agriculture and our exports to one of our top markets," Stallman said in a letter dated 23 March.

"The retaliation will affect hundreds of millions of dollars worth of fruit, vegetable, nut, juice, wine, processed foods and oilcake exports to Mexico."

Targeted products include agricultural goods such as onions, pears, frozen potatoes, Christmas trees and almonds, as well as manufactured items like carpets, home appliances, cordless phones, sunglasses and jewelry. Roughly half of the products have been slapped with tariffs of between 10 percent and 20 per cent, while some, like fresh grapes, are now being taxed at a 45-percent rate. The retaliation is expected to affect 40 US states, primarily Texas, California, Michigan, Washington and Oregon.

But the list of goods slated for retaliation steers clear of agricultural products like corn, beans, rice, wheat and meat, of which the US is a substantial supplier. However, Beatriz Leycegui Gardoqui, Mexico's Undersecretary for the Economy, warned that retaliation would be extended to other goods if the Obama administration persists in violating its NAFTA obligations.

#### Obama Promises Quick Response

For its part, the Obama administration has made clear that it intends to address the matter quickly. White House spokesman Robert Gibbs told reporters that Obama considers resolving the dispute with Mexico "an important priority." Although no "specific timetable" has been set for pushing through new legislation to bring the US into compliance with its NAFTA commitments, it "would be one of the most important things" on the President's agenda, Gibbs said.

But an official from the Department of Transportation, which is taking the lead on developing a new programme, told Reuters on Tuesday that Transportation Secretary Ray LaHood "wants to get something pulled together before the president goes to Mexico." Obama is scheduled to meet with his Mexican counterpart, Felipe Calderón, on 16 and 17 April.

Indeed, officials from the Department of Transportation, the office of the US Trade Representative, and the State Department have already begun to craft a new trucking programme, media sources reported. LaHood has already met with Republican Senator Kit Bond, who advocated compliance to NAFTA as well as Democratic Senator Byron Dorgan, a harsh critic of the pilot trucking programme.

The officials certainly have an incentive to act quickly.

"The moment the United States takes up the agreed commitments again, we will eliminate the sanctions we have applied," Economy Secretary Ruiz told reporters in Mexico City on Tuesday. Ambassador Sarukhan was somewhat more cautious.

"We will wait to see what the proposal looks like," Sarukhan said. "But we are certainly willing to continue working cooperatively to find a solution that ensures the United States complies with its NAFTA obligations."

ICTSD reporting; translated and adapted from Puentes Quincenal, Volume 6, Number 5; "US eyes new Mexico truck plan before Obama trip" REUTERS, 24 March 2009.

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## While Economic Turmoil Grabs Headlines, Food Crisis lingers

The combined effects of the financial crisis, increased protectionist policies, continued rich country subsidies, and climate-induced changes in patterns of agricultural production are likely to hit farmers in developing countries hardest. Thanks to the confluence of these factors, a long-term solution to the global food crisis has not been reached, experts agreed at two recent summits on agriculture.

With agricultural commodity prices at or recovering from their lowest levels in recent years, experts say that agricultural producers are getting conflicting signals. High prices made headlines early last year (see Bridges Weekly, 23 April 2008, <http://ictsd.net/i/news/bridgesweekly/11073/>), but prices have since plummeted and are now slightly above their pre-peak levels.

But producers in some poor countries that lack strong links to the international market may not yet be feeling the full effects of that price drop. In some cases, particularly in Sub-Saharan Africa, prices remain high for key staples.

## Expectations of production

Many analysts, including some at the UN Food and Agricultural Organization, blamed much of last year's high prices on a decline in food stocks.

Though the situation has improved slightly, the FAO predicts that yields for cereals in 2009 are likely to be below last year's levels. For example, winter wheat harvests are expected to fall by 50 percent in Argentina and some parts of China. At the global level, though, more cereal will be produced than will be consumed. World cereal stocks are expected to return to levels not seen since 2002, possibly providing a cushion against volatility.

Wheat played a key role in driving prices up last year. Droughts in Australia, Canada, and other 'bread baskets' led to lowered levels of production, causing prices to skyrocket and triggering panic in the market for wheat. According to Josef Schmidhuber of the FAO, among other causes, "the price rise for wheat played an important role for price rise in the rice market. It first led to a perceived then to an actual scarcity which was reinforced by export restrictions and export taxes..."

This year, with minor producers struggling, analysts say that total global output of wheat will largely hinge on the success of crops in major exporters such as Canada, Argentina and Australia. At this point, though, experts predict wheat output for 2009 will be down from last year, which saw a record high.

Droughts in South American planting regions and increased planting costs are helping reduce the expected output of maize.

Rice, which witnessed an unprecedented price spike in 2008 and which played an important role in drawing attention to the issue of food prices, is expected to have an increased output for the coming year. The boost in rice production could help dampen price volatility, since only seven to eight percent of rice consumed is ever traded internationally.

## Long-term trends in demand and supply

Long-term production patterns are changing. As incomes rise and populations increase, the demand for food will grow, but perhaps not as dramatically as food prices spiked last year. Meanwhile, agriculture in some rain-fed areas may become untenable due to water scarcity or an increase in the frequency of droughts.

Although changes in crop production patterns cannot be directly attributed to climate change, experts such as Schmidhuber believe that the "droughts last year maybe a harbinger of changes to come."

Others, such as Nobel-Prize winning economist Paul Krugman, speaking at the Forum for the Future of Agriculture in Brussels, have observed that although "world population growth has slowed," the world could "really use another green revolution." Schmidhuber predicts that "average production potential may increase with moderate climate change but will decline if temperatures rise beyond 2°C - 2.5°C." However, "swings in production and thus in prices are likely to rise even in an environment of moderate climate change."

Krugman further cautioned that "shifts in existing patterns of agricultural productivity," will hit poorest countries hardest.

On the demand side, in fast-growing countries such as China, consumption of milk has grown seven-fold, olive oil six-fold, and vegetable oil two-fold. Consumption of animal protein such as poultry and beef has also risen substantially. Additionally, some niche products such as wine have quadrupled in consumption.

Such drastic increases cannot be met by current productive capacity. Land, crop production, and other inputs for farm goods are unlikely to double or quadruple in the recent future. But barring changes in consumption patterns, demand for such agricultural products is expected to grow.

"I would never tell you that agriculture is recession-proof...I will tell you that most people intend to continue eating" said Monsanto Executive Vice President Brett Begemann at a Reuters summit in Washington DC, whose

company has set high growth targets despite the slumping economy.

### Trends in trade policy

Restrictive trade policies have also been blamed for contributing to high food prices.

Managing Director of the World Bank, Ngozi Okonjo-Iweala, at the Reuters Summit, challenged developed countries to resist the temptation to impose protectionist measures, maintaining that the world must keep borders open and "trade our way out of the crisis."

The World Bank recently issued a study warning that protectionist policies were increasing amid the global financial crises. According to the report, 17 members of the Group of 20 leading financial powers have taken steps to restrict trade since November, when the group vowed to resist such policies. Additionally, according to the FAO, nearly 67 countries, including the EU, implemented new measures by the end of 2008 to restrict trade in agriculture so as to limit the impact of high food prices.

"Developing countries see developed countries putting in measures to protect their own agriculture and producers, it is very difficult to then argue that those same developing countries shouldn't do the same," said Okonjo-Iweala of the World Bank.

The study also reported that China has banned imports of certain European agricultural goods. Ecuador raised tariffs on nearly 600 goods by between five and 20 percent. Indonesia is now requiring that all food items, as well as some other goods, pass through five designated ports and airports.

The EU, even in the face of scathing criticism from agricultural exporters in recent months, has introduced new subsidies for certain dairy exports. Developing countries such as China and India have also increased the support prices they pay farmers of certain crops, but the scale and effect of such measures pale in comparison to those implemented by the largest subsidisers.

A developing country exporter optimistically observed that although "the US has withdrawn

workers visas and India has imposed safeguard duties to prevent a flood of imports... in general the temptation to restrict trade has been avoided." He went on to note that "Chinese and Indian [agricultural] production has increased" and that "if prices in agriculture hadn't increased then investment in agriculture wouldn't have increased."

At the summit in Brussels, Franz Fischler, former EU Agriculture Commissioner, drew attention to the need for global food security and environmental protection. He noted that Europe is "clearly self sufficient" and that the EU has a responsibility to help reduce the number of starving people in the world, who number close to one billion. Paul Krugman warned that "primary exporting countries have been hit worse in many ways than the industrial countries. This is not good for anybody but it may be particularly bad for agriculture."

ICTSD reporting; "Food price crisis not over: World Bank," REUTERS, 19 March 2009; "Green shoots," THE ECONOMIST, 19 March 2009; "Monsanto sees robust demand despite recession," REUTERS, 19 March 2009; Interviews from the Forum for the Future of Agriculture at Blogactiv.eu.

## IN BRIEF

### EU, US Trade Reps Vow to Work toward Doha Deal

The top trade officials from the EU and the US vowed last week to fend off protectionism and work to conclude a world trade deal at the WTO "as soon as possible."

EU Trade Commissioner Catherine Ashton was in Washington on Thursday to pay a visit to new US Trade Representative Ron Kirk, who was officially confirmed by the US Senate just the previous day. In a joint statement released after the meeting, the leaders stressed the importance of the trade relationship between the US, the world's biggest national economy, and the EU, its largest trading bloc. Two-way trade in goods between the

economic powerhouses totalled 435 billion euros (US\$ 585 billion) last year.

Ashton and Kirk also addressed the ongoing economic crisis, which they said would "demand extraordinary leadership" from their countries.

"We met today at an extremely difficult time for the global economy, a time that is testing the resilience of the rules-based multilateral trading system that has played such a critical role in building the global economy," the trade officials said the statement.

"We agreed on the importance of achieving an ambitious and balanced outcome to the WTO Doha Development Agenda as soon as possible," they added.

That pronouncement could bring a modicum of comfort to trade observers who have doubted the degree to which the new US administration will push for a conclusion to the WTO's Doha Round of trade talks, which has stalled repeatedly since its launch in the Qatari capital in 2001. Geneva-based trade delegates have been waiting to see how Kirk will approach the talks. Some are sceptical about whether the US will agree to the tariff-cutting and subsidy-lowering measures that would comprise a global trade deal while its economy continues to suffer.

Underscoring the US role in the negotiations, WTO Director-General Pascal Lamy also paid Kirk a visit in Washington recently. The DG was in the US capital on Monday and Tuesday of this week to press his agenda with a number of business and government leaders, but his first stop was with the new USTR.

"At the moment, [Lamy]'s not clear on what they want from the Doha Round and he wants a bit of clarity as to their intentions," a spokesman for the Director-General said, Reuters reported.

During his two-day visit to Washington, Lamy also planned to meet with Treasury Secretary Timothy Geithner. On Capitol Hill, the Director-General had scheduled visits with Congressman Charles Rangel, who chairs the House committee that deals with trade issues, as well as Senator Chuck Grassley, the lead Republican in the Senate's Committee on Finance.

ICTSD reporting; “WTO’s Lamy presses US as world trade tumbles,” REUTERS, 23 March 2009.

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## Ashton, EU Parliament Make New Push on EPAs

The EU has demonstrated renewed vigour in its push to ink Economic Partnership Agreements (EPAs) with African, Caribbean and Pacific (ACP) countries, speaking directly to foreign government officials and initiating a flurry of activity at the European Parliament.

On 25 March, the European Parliament voted to support an interim EPA with Côte d'Ivoire. The same day, European lawmakers also passed resolutions affirming their resolve to continue work on agreements with a number of other states and partnerships within the Pacific and African regions, including the East African Community (EAC) and the South African Development Community (SADC).

Brussels considers the EPAs a WTO-compatible method to promote growth and economic integration in the developing world. But critics assert that such agreements liberalise trade too much and too quickly, overwhelming emerging economies.

Yet recent statements from Brussels contend that such criticisms are misplaced, as the EU appears committed to moving forward with the agreements.

The EU has “absolutely no interest whatsoever” in creating agreements “that make any country poorer,” said EU Trade Commissioner Catherine Ashton on Monday.

“I believe that these are good agreements that support economic development and integration in the ACP and provide stability in these economically turbulent times . . . they are agreements that provide the opportunity for ACP states to lift their citizens out of poverty through the dignity of their own labour and the genius of their own ideas.”

Reaffirming her commitment to further liberalisation, Ashton also sent a letter to African trade ministers on 20 March, pressing SADC officials to set a date for signing interim agreements – a move which Ashton claims is necessary to ensure legal security for preferences offered to Botswana, Lesotho, Namibia, Mozambique and Swaziland.

Despite attempts to conclude the agreement, the SADC EPA is now nearly fifteen months past the original deadline of January 2008. In the latest effort to move the talks forward, trade officials met in Namibia to address concerns of Angola, Namibia and South Africa, a meeting seen as productive by many observers.

However, officials from some African nations were hesitant to solidify the interim agreements and requested more time from Brussels.

“Many countries feel that the EPA in its current form would undermine the regional integration agenda,” said South African Deputy Director of Trade and Industry of Xiam Carim.

Other African representatives remain non-committal on exact signing dates, indicating that some nations await approval from their respective trade ministers. “We’re ready to sign, we’re just waiting to be advised accordingly,” Swaziland Foreign Affairs Ministry official Clifford Mamba said in an interview last week.

Yet in light of strong support within the European Parliament, Brussels was optimistic regarding the development of additional EPAs.

“I welcome the Parliament's vote on the Economic Partnership Agreements. It is an important political signal that the European Parliament has given its assent to the first examples of a new generation of agreements that safeguard the EU's special relationship with the ACP,” said Catherine Ashton.

ICTSD Reporting; “EC Pushes for Interim EPA to be Signed ASAP,” THE SWAZI OBSERVER, 24 March 2009; “EC pushes for trade pact signature date,” BUSINESS DAY, 23 March 2009.



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**WTO IN BRIEF**

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**World Trade Will Drop 9% in 2009:  
WTO**

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World trade flows will fall by roughly 9 percent this year – the biggest drop in more than 60 years – thanks to the ongoing economic downturn, the WTO said Monday.

Global trade grew by just 2 percent in 2008, not the 4.5 percent that was forecasted a year ago, the WTO said, attributing the over-estimation to the unexpected and very sharp drop in global production in the final quarter of 2008.

The marked drop in trade has been triggered in part by a rapid contraction in the availability of credit to finance the movement of imports and exports, the report concluded. A decline in asset prices, weakened demand, and decreased production also contributed to the decline.

“Production for many products is sourced around the world so there is a multiplier effect — as demand falls sharply overall, trade will fall even further. The depleted pool of funds available for trade finance has contributed to the significant decline in trade flows, in particular in developing countries,” said WTO Director-General Pascal Lamy.

Growth in real global output amounted to 1.7 percent last year, down from 3.5 percent the year before. In 2009, the WTO predicts world production will fall by between 1 percent and 2 percent, marking the first decline in global output since the 1930s.

WTO Director-General Pascal Lamy warned that as demand falls sharply overall, trade will tumble even further.

“Trade can be a potent tool in lifting the world from these economic doldrums. In London G20 leaders will have a unique opportunity to unite in moving from pledges to action and refrain from any further protectionist measure which will render global recovery efforts less effective,” said

Lamy, referring to a gathering of key heads of state that is set for 2 April.

Many government-led programs aim to address the economic crisis through policies such as bank bailouts and mortgage assistance for homeowners. But, the WTO reports warned, conventional monetary policy may be reaching the limits of its effectiveness, with interest rates in the United States and elsewhere approaching zero. Economic recovery may now depend on the effectiveness of proposed fiscal stimulus plans.

ICTSD reporting.

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**China, US Accept Mixed Verdict in  
Piracy Dispute**

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China and the US have officially accepted a WTO ruling in a piracy dispute that Washington launched against Beijing nearly two years ago. Speaking at a meeting of the WTO’s Dispute Settlement Body on 20 March, both countries indicated that they would not appeal the decision.

The final ruling in the case, which was released in late January, found that some aspects of China’s laws governing intellectual property protections are inconsistent with world trade rules (see Bridges Weekly, 28 January 2009, <http://ictsd.net/i/news/bridgesweekly/38830/>). But Washington’s claim that Beijing sets too high of a bar for punishing copyright infringements with criminal prosecution could not be substantiated, the dispute panel concluded.

The announcement of the mixed verdict drew claims of satisfaction from both sides.

“Today, the membership of the WTO agreed that China must bring its intellectual property rights enforcement regime into conformity with its WTO obligations,” newly confirmed US Trade Representative Ron Kirk said in a statement.

“China has consistently repeated its intentions to abide by WTO rules. In that spirit, I look forward to China’s prompt compliance with the WTO’s rulings in this dispute,” added Kirk, who promised US lawmakers earlier this month that he would

take a strong stance on enforcing trade law (see Bridges Weekly, 11 March 2009, <http://ictsd.net/i/news/bridgesweekly/42815/>).

But Beijing insisted that the WTO had ruled largely in its favour. Yao Jin, a spokesman for China's Ministry of Commerce said that the ruling "rebutted the great majority of the US side's claims and broadly vindicated China's intellectual property system," Reuters reported.

The announcement of the verdict marked the end of a dispute that has been closely followed by US film, music, publishing and software companies, who claim that Chinese piracy costs them billions of dollars each year.

In its initial request for consultations in April 2007, the US cited three specific complaints (see Bridges Weekly, 18 April 2007, <http://ictsd.net/i/news/bridgesweekly/7741/>).

The WTO affirmed two of those claims but rejected the third.

The WTO upheld the US allegation that Beijing was wrong to deny copyright protections to materials like music and DVDs that had not been approved by Chinese censors. The WTO said that that provision contravened WTO's the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement), as well as Article 5(1) of the Berne Convention, which requires countries to grant foreign authors the same protections that they bestow on domestic authors.

The global trade body also backed Washington's charge that China's rules governing the disposal of trademark-infringing imports are inconsistent with Article 46 of the TRIPS Agreement, which states that, other than in "exceptional cases," countries cannot simply remove the infringing logos from counterfeit goods, then release those goods into the market.

But the WTO did not agree with one of Washington's most serious allegations: that Beijing sets too high of a bar for punishing copyright infringements with criminal prosecution. This laxness, the US had argued, has permitted large-scale trade in pirated movies and music. But the WTO was not convinced; "the United States has not established that the criminal thresholds are

inconsistent with China's obligations," the final report said.

Following the acceptance of the ruling, the main question that remains is how China will bring its IP laws into compliance with the WTO ruling.

"China will be examining the report carefully and will advise the [Dispute Settlement Body] of its intention in respect of the implementation," Beijing said in a statement before the WTO court on Friday.

ICTSD reporting; "China, US trade barbs over WTO piracy case," REUTERS, 20 March 2009.

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## EU Reports Drop in Trade-Distorting Payments, but Farm Support Still High

New figures that the EU has recently submitted to the WTO show a dramatic fall in the overall trade-distorting support that the bloc provides. However, as minimally trade-distorting 'green box' payments have increased by a similar amount, total support remains largely unchanged.

Green box subsidies, which are meant to cover payments that cause not more than minimal trade distortion, have practically doubled in recent years, suggest the notifications, which cover marketing years 2004-05 and 2005-06. The dramatic increase corresponds to the introduction of the Single Payment Scheme, and is part of the EU's move to 'decouple' farm subsidies from production levels.

Payments that are directly linked to production have been heavily criticised for contributing to over-production, harming farmers in developing countries, damaging the natural environment, and shielding farmers from market signals, which leads them to take inefficient production decisions. In the current Doha Round of trade negotiations, Members have agreed to reduce overall-trade distorting support (OTDS), by cutting the total amount of payments in the WTO's 'amber box', 'blue box' and 'de minimis' categories.



The new EU figures suggest that OTDS dropped from 60.5 billion euros in 2004/05 to 43.1 billion euros in 2005/06. However, because green box spending increased from 24.39 billion to 40.3 billion over the same period, total subsidy spending has remained roughly constant, at around 84 billion euros.

The bulk of the reduction has been in the production-limiting 'blue box', where subsidies dropped from a historic high of 27.2 billion euros in 2004/05 to 13.44 billion euros in 2005/06. EU subsidies in the highly-distorting 'amber box' have fallen steadily from around 50 billion euros in 1995 to 31.2 billion in 2004/05 and 28.4 billion in 2005/06.

While green box payments have hovered around the 20 billion euro mark since 1995 until 2004, total payment levels have fluctuated: these rose to 95.4 billion in 1996 before falling to 75.6 billion in 2002, and then rising again to 83.4 billion in 2005/06. While green box payments represent about half of all farm support in the EU, they constitute over ninety percent of support in the US (see Bridges Weekly, 18 March 2009, <http://ictsd.net/i/news/bridgesweekly/43463/>).

The OTDS reduction during the notification period is "still not enough," said Isabel Mazzei of Oxfam International, who argued that the continued total support levels meant "business as usual" for the EU. The latest draft text from the chair of the agriculture negotiations proposes an 80 percent cut in the EU's base level of overall trade-distorting support, bringing this down to 22.1 billion euros over a five-year implementation period – still considerably lower than the 43.1 billion reported in the notification.

Developing country delegates cautiously welcomed the shift away from trade-distorting support in the amber and blue boxes, whilst also warning that many of the payments being reported in the green box could still have trade-distorting effects. The move towards rural development and environmental programmes was "a positive thing," said one negotiator, who nonetheless cautioned that the large amounts of green box support would still affect the competitiveness of EU producers.

In separate developments, an informal meeting of the regular committee on agriculture was reportedly due to be held on 26 March, at which Members would discuss how to improve the timeliness and completeness of notifications.

The chairs of the General Council and of the Dispute Settlement Body were also reported to be holding consultations on possible a replacement for the chair of the agriculture negotiations committee, who will be returning to capital in April (see Bridges Weekly, 18 March 2009, <http://ictsd.net/i/news/bridgesweekly/43437/>). The ambassadors of New Zealand, Uruguay and Brazil were reportedly being considered for the role at present.

ICTSD reporting.

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## NAMA Committee Takes up Non-Tariff Barriers

The WTO committee that deals with industrial goods zeroed in on non-tariff barriers to trade, or NTBs, at its most recent meeting on 19 March. Chief on the agenda was an EU proposal to create a speedier mechanism for resolving disputes over NTBs, which include measures such as import licences, packaging and labelling standards, or complex regulatory requirements.

Paragraph 16 of the Doha Declaration mandates WTO Members to pursue the "reduction or elimination of... non-tariff barriers, in particular on products of export interest to developing countries."

Versions of the EU proposal have been discussed in the WTO's Non-Agricultural Market Access (NAMA) committee for almost three years, but the measure has so far failed to win universal backing (see Bridges Weekly, 17 May 2006, <http://ictsd.net/i/news/bridgesweekly/7541/>).

Supporters of the proposal argue that going through the formal channels of the WTO's Dispute Settlement Body is expensive and time-consuming, and that the WTO committees that

oversee Members' implementation of their obligations are ineffective at resolving trade spats.

Instead, the EU and its supporters have proposed that quarrelling countries be allowed to call on expert 'facilitators' to help them broker a compromise, without delving into whether the NTB in question is permitted by world trade rules. Should this new mechanism fail to produce a mutually satisfactory solution, the Dispute Settlement Body (DSB) could be used as a last resort, the proponents say.

The proposal has won the support of the African Group, Canada, the Group of Least-Developed Countries, the NAMA-11 group of developing countries, the Developing Country Group, as well as New Zealand, Norway, Pakistan and Switzerland.

But the US, for one, has not been won over; Washington expressed its opposition to the measure at last week's meeting, saying that such concerns should be handled within regular WTO committees. In past meetings, the US has argued that the new mechanism could undermine the authority of the DSB. Other Members expressed concerns about the confidentiality of the process, what role the facilitator would play, as well as what the cost implications might be.

In other committee business, delegates worked to simplify, explain and merge texts on how to address NTBs in a number of sectors, including electronics, textiles, forestry products and fireworks and lighters. The meeting also saw much discussion and questioning of a US proposal, also backed by Japan and Switzerland, for a ministerial decision on trade in remanufactured goods.

ICTSD reporting.

## 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**

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/>.

27 March, Geneva, Switzerland. **ROUNDTABLE DISCUSSION: REFLECTING ON RECENT DEVELOPMENTS AND FUTURE CHALLENGES IN THE AREAS OF ACCESS TO MEDICINES, IP AND HEALTH INNOVATION.** Médecins Sans Frontières, the International Centre for Trade and Sustainable Development (ICTSD) and the University of Amsterdam are sponsoring this roundtable discussion to address a number of issues relating to drug patents, access to medicines, and health innovation. From the recent seizures of generic drugs in transit to announcements by some major pharmaceutical companies in relation to patent pools and cheaper drugs for the poorest countries, both issues of access and innovation remain pressing concerns on the global agenda. Frederick Abbott of Florida State University will speak at this event and Ellen 't Hoen, UNITAID Senior Advisor on IP & Medicines Patent Pool, will present her book *Global Politics of Pharmaceutical Monopoly Power*, which suggests that the policy agenda for access and health innovation needs to tackle the fundamental question of how to structure incentives for research and development so that they do not create access barriers. For more information on this event please visit <http://ictsd.net/i/events/dialogues/43492/>.

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/>.

## 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.

31 March Committee on Trade in Financial Services

2 April Committee on Trade and Development-Session on Aid for Trade

2 April Council for Trade in Services

6-8 April Trade Policy Review Body- European Communities

22 April Trade Policy Review Body-Mozambique

## Other Upcoming Events

27-29 April 2009, Geneva, Switzerland. EXPERT MEETING ON TRADE AND CLIMATE CHANGE: TRADE AND INVESTMENT OPPORTUNITIES AND CHALLENGES UNDER THE CDM. Geneva, Switzerland. At its fifty-fifth session, UNCTAD's Trade and Development Board approved terms of reference for a single-year expert meeting on trade and climate change. Accordingly, the expert meeting will focus on the trade and investment opportunities and challenges under the Clean Development Mechanism (CDM). For more information contact: Lucas Assunção; fax: +41 22 917 02 47; e-mail: [lucas.assuncao@unctad.org](mailto:lucas.assuncao@unctad.org); Internet:

<http://www.unctad.org/Templates/meeting.asp?intItemID=4714&lang=1&m=15861&info=not>

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)

19 May 2009, London, United Kingdom. SIXTH ANNUAL EMERGING MARKETS TRADE &

**POLITICAL RISK.** This conference will be held in London on May 19, at the Willis Building in Lime Street. The event will be especially relevant this year, given the ongoing shrinkage of export and trade finance liquidity for emerging markets, and will offer a window to decision-makers to ascertain the strength and depth of the credit and political risk insurance now available to companies operating internationally. For more information please visit

<http://www.exportagroup.com/conferences/6th-Annual-Emerging-Markets-Trade-&-Political-Risk-Conference-170/>

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## Resources

**.DISTORTIONS TO AGRICULTURE INCENTIVES IN AFRICA.** By The World Bank, Edited by Kym Anderson and William A. Masters, March 2009. This publication provides an overview of the evolution of distortions to agricultural incentives caused by price and trade policies in the Arab Republic of Egypt plus 20 countries that account for about of 90 percent of Sub-Saharan Africa's population, farm households, agricultural output, and overall GDP. Sectoral, trade, and exchange rate policies in the region have changed greatly since the 1950s, and there have been substantial reforms since the 1980s. Nonetheless, numerous price distortions in this region remain; others have been added in recent years, and there has also been some backsliding, such as in Zimbabwe. The new empirical indicators in these country studies provide a strong evidence-based foundation for assessing the successes and failures of the past and for evaluating policy options for the years ahead. To order, please visit [http://publications.worldbank.org/ecommerce/catalog/product?item\\_id=8612612](http://publications.worldbank.org/ecommerce/catalog/product?item_id=8612612).

**THE GLOBAL ECONOMIC CRISIS: SYSTEMIC FAILURES AND MULTILATERAL REMEDIES.** By UNCTAD, March 2009. This report highlights three specific areas in which the global economy experienced systemic failures and examines those that UNCTAD considers to be the core areas to be tackled immediately by international economic

policy-makers. Firstly addressed is how the ideology of financial deregulation within and across nations allowed the build-up of pressures whose unwinding has damaged the credibility and functioning of the market-based models that have underpinned financial development throughout the world. Secondly, the report addresses how the growing role of large-scale financial investors on commodities futures markets has affected commodity price volatility and fed speculative bubbles. And finally, the report considers the role of widespread currency speculation in exacerbating global imbalances and fuelling the current crisis in the absence of a cooperative international system to manage exchange rate fluctuations to the benefit of all nations. To download this report, please visit <http://www.unctad.org/Templates/webflyer.asp?docid=11200&intItemID=1397&lang=1&mode=downloads>.

**DOES TRIPS ARTICLE 66.2 ENCOURAGE TECHNOLOGY TRANSFER TO LDC'S?** By Suerie Moon, March 2009.

This policy brief, based on country self-reports to the TRIPS Council from 1999-2007, examines whether the Article 66.2 obligation led developed countries to increase incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to WTO least-developed country (LDC) Members. Moon's study underlines that the lack of definitional clarity regarding the terms "technology transfer" and "developed country" [1] in these reports makes it unclear which countries are obligated to do what. Furthermore, it points to the fact that many developed countries have never submitted a report and among countries that did, submissions have largely been irregular. The policy brief includes a number of recommendations to improve the reporting system under Article 66.2. The author suggests, for example, the use of a uniform reporting format that would be comparable across countries and time periods. She also proposes developing a "toolkit" for assessing best practices in both the reporting and functioning of incentives. To access this policy brief please visit <http://ictsd.net/i/publications/37159/>.