



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

US Trade Rep Vows Strict Enforcement of Trade Rules

Washington is about to get tougher on countries that violate trade agreements, Ron Kirk, the Obama administration's top trade official, said in a major policy speech last week. Speaking to a crowd gathered in a steel plant in the industrial city of Pittsburgh on 16 July, Kirk announced several new enforcement initiatives and pledged to "to identify and solve problems at the source."

"Enforcement cannot be an afterthought. It needs to be a centrepiece of trade policy," he said.

The speech comes amid growing calls from trade unions and some lawmakers for the Obama administration to step up its efforts to protect US workers from foreign competition. Several members of the President's own Democratic Party have been especially vocal about the need for the government to fight for American jobs in light of the ongoing economic slump. Kirk's speech seemed to be aimed directly at those critics.

"I can tell you with no reservations: the Obama administration is both willing and able to enforce our trade agreements," Kirk told the crowd. "American workers deserve no less."

Kirk, whose official title is US Trade Representative, said that the US has done well with its enforcement efforts on telecommunications trade and intellectual property rights, and that Washington plans to apply similar approaches in two other areas: health and safety standards – known as sanitary and phytosanitary (SPS) measures in trade parlance – and technical barriers to trade, or TBT.

This means that Washington will likely take a 'name and shame' approach to encourage

countries to honour their SPS and TBT obligations. The US has used a similar strategy, known as Special 301, to call out those governments whose intellectual property laws are 'of concern' to Washington. Kirk described this programme "one of our biggest, strongest enforcement tools."

Thus, countries that banned imports of US pork in the wake of the recent H1N1 'swine flu' outbreak could soon see their names on a similar list, Kirk said. Washington and other pork exporters like Canada and Mexico maintain that such embargoes cannot be justified on health grounds, a position that has been supported by several intergovernmental organisations (see Bridges Weekly, 1 July 2008, <http://ictsd.net/i/news/bridgesweekly/49943/>). Touching on a flashpoint issue for many Democrats, Kirk promised to take swift action against potential violations of labour laws in countries that trade with the US.

"We will engage governments of countries that violate the rules, to restore workers' rights quickly. If those governments can't seem to fix their labour problems, we will help them find a way. And if they won't fix their labour problems, we will exercise our legal options," he said.

US lawmakers' concerns over workers' rights have been the primary stumbling block to the Senate's ratification of a free trade deal with Colombia that was signed by the leaders of both countries in 2006. But Kirk has insisted that his office is still working with the Colombian government to resolve outstanding concerns. He has said the same of the similar negotiated-but-not-ratified agreements with Panama and South Korea.

The US will also continue using 'trade remedies' like anti-dumping and anti-subsidy actions to ensure that domestic industries do not have to compete with under-priced imports, Kirk added. And, when necessary, Washington will bring legal challenges against those governments that do not fulfil their obligations on trade, he said, although he noted that "legal remedies are never our first choice."

Kirk also stressed that stronger trade enforcement will require close co-ordination across US

government agencies. To that end, the Office of the USTR will work more closely with the Departments of State, Agriculture, Labour, Treasury and Commerce in pursuing trade offenders, Kirk said.

Speech draws mixed reactions

The strong words from the USTR were warmly welcomed by representatives of US industry, which has taken a hit in recent months.

"This emphasis...on enforcing trade agreements, on enforcing countervailing duty, anti-dumping laws, that's extremely important for us," John Surma, the CEO of US Steel Corps, told reporters after Kirk's speech. "Enough or not, it's hard to say, but we're very delighted with the direction," he said.

But other business interests hinted that there might be some traces of hypocrisy in Washington's newly toughened stance.

"Enforcement cuts both ways," the pro-business US Chamber of Commerce said in a statement. "The United States has not always lived up to its own commitments under trade agreements...Retaliatory tariffs have already cost thousands of American jobs. Keeping our own trade commitments gives us credibility when we call on others to keep their own."

Reactions on Capitol Hill were mixed. Senators Max Baucus and Debbie Stabenow, both Democrats, praised the USTR's tougher stance, but Senator Sherrod Brown, a traditional trade sceptic, called for more thorough reform.

"We should not confuse a key part of the USTR's job – trade enforcement – with a new direction in trade policy," Brown, a Democrat, said in a statement. "Our trade strategy is broken."

Brown's comments echo recent calls from lawmakers in the House of Representatives, who say they want the administration to review, and perhaps re-think, Washington's stance on trade. The Trade Reform, Accountability, Development and Employment (TRADE) Act, which was introduced in the House at the end of June, calls for just such analysis. The draft legislation "would

mandate trade pact reviews, establish standards, protect workers, and help restore congressional oversight of future trade agreements,” according to a statement from the office of Congressman Michael Michaud, a leading proponent of the bill. So far the bill has attracted 115 co-sponsors, the vast majority of whom are Democrats.

From an international perspective, Kirk’s Pittsburgh speech may shed a bit more light on the Obama administration’s views on trade. More than six months into the Obama presidency, many US trading partners are still complaining that the new administration has yet to take any concrete action on trade, especially at the multilateral level. But more clarity could be coming in the next few months. Obama is expected to deliver a major speech on trade soon, perhaps also in Pittsburgh, when the G20 group of major world economic powers meets for its summit in the western Pennsylvania city in September.

ICTSD reporting; “US trade enforcement strategy a good start-US Steel,” REUTERS, 16 July 2009.

NAMA, Ag Talks Pick Up at the WTO, with a Focus on Scheduling

Although an accord in the Doha Round negotiations remains far on the horizon, trade negotiators spent much of last week looking at how to calculate and present future tariff levels for thousands of agricultural and non-agricultural products arising from a multilateral trade agreement.

This process, called ‘scheduling’ since it refers to changes to the schedules in which Members list their product-specific tariff commitments, is a necessary precursor to a final Doha accord, as countries will have to review and accept each others’ future tariff levels. It has also been the subject of some debate recently, with disagreement over whether a formal agreement on ‘modalities’ - formulae and figures for tariff cuts and exceptions - is necessary before governments proceed to scheduling (see Bridges Weekly, 6 May 2009, <http://ictsd.net/i/news/bridgesweekly/46289/>).

Industrial goods talks ‘very helpful’

During the workshop on scheduling on industrial goods, sources report that the WTO secretariat prepared ‘electronic negotiating files’ for each Member state. Secretariat staff presented how negotiators could calculate and present their new binding tariff caps. Countries were broadly divided into three categories - those applying the standard tariff reduction formula (industrialised and relatively large developing countries), those slated for gentler tariff treatment than the formula (small and vulnerable economies and those with relatively few binding tariff caps), and those not required to cut tariffs under the Doha Round (least-developed countries and some countries that acceded very recently to the WTO).

One trade diplomat described the process as “very helpful,” as well as very technical. The negotiator said that the secretariat was preparing to hold similar exercises in different regions of the world for the benefit of capital-based officials.

Despite its technical nature, the scheduling process in the industrial goods talks is of major commercial significance: only when developing countries detail their future tariff levels on a product-by-product basis will it be fully clear which manufacture goods they have elected to shield from the full force of tariff cuts.

Non-agricultural market access (NAMA) negotiators are also seeking to determine how to proceed with negotiations in autumn. At a 17 July session of the negotiating group, the chair, Swiss Ambassador Luzius Wasescha, said that he had been consulting with various countries on a potential ‘road map’ for work after the August holiday. He anticipated work to focus initially on on-tariff barriers, and then on sector-specific liberalisation initiatives. Talks at the WTO are expected to pick up speed after a meeting of trade ministers from major developed and developing countries in New Delhi in September.

The chair of the NAMA talks has also been meeting with Argentina, Venezuela, and South Africa, each of which are seeking special tariff treatment to accommodate sensitivities, arising in part from membership in customs unions in the

case of Argentina and South Africa. Wasescha described the consultations as constructive, and said that South Africa was ready to discuss the matter with trading partners.

Wasescha urged Members to engage more seriously in negotiations, likening himself to the captain of a boat no one seemed to want to board.

Agriculture talks focus technicalities

Agriculture delegates have engaged in similar negotiations over the past two weeks. The meetings, which have drawn some capital-based trade officials, are intended to lay the framework for a 'rapid conclusion' to negotiations, according to the chair of the agriculture negotiations, Ambassador David Walker of New Zealand.

Initial discussions in the meetings this week centred on how the talks should proceed. The G20 group of developing countries and the Cairns Group of agricultural exporters stated their opposition to the idea of skipping modalities. Noting that this was the general sentiment of WTO Members, Walker clarified that the current meetings are not intended to skip the modalities process; rather, they are meant to provide Members with more clarity on how the implementation of the current draft texts might translate into actual changes in tariffs and subsidies.

In the process of scheduling their commitments, Members will need to agree on the product classification system that they will use. Uruguay Round agreement commitments were scheduled under the Harmonised System (HS) 1992 of product classification. Members may have to update their customs classifications to a more recent iteration of the Harmonised System, most likely 2002. On subsidies, data on the value of production will allow Members to determine what their commitments will be on overall trade distorting support, including its components, such as the 'Blue Box'. Additionally, the complex process of converting quotas and other non-tariff measures into tariffs, or ad valorem equivalents, will need to be completed.

Since the meetings have been focused on technical aspects of the negotiations, political disputes did not take centre stage. However, some developing countries raised the point that they lack the resources to bring capital-based officials to participate in the discussions, an African delegate told Bridges. A representative from the WTO Secretariat noted that it does not have funding to provide for travel expenses of officials from capital for regular committee meetings. However, it does sometimes fund travel expenses through a technical assistance programme expressly for workshops related to committee meetings.

By the end of the week, the agriculture delegates will need to agree on where they will pick up when WTO work resumes after the organisation's annual August break. The current meetings will allow them to create electronic 'templates' of their commitments when they return, but some delegates remain sceptical about what the discussions mean for the Round.

ICTSD reporting.

Procurement: Taiwan Accedes to GPA, Controversy over 'Buy American' Continues

Taiwan formally became a party to the WTO Government Procurement Agreement (GPA) last week, giving their manufacturers preferential access to a market estimated at US\$ 960 billion per year. But as a signatory to the agreement, Taiwan will also be opening up its US\$ 21 billion market in government contracts to increased competition from other member nations.

The WTO Committee on Government Procurement granted accession to Taiwan during its latest meeting, held 14-15 July in Geneva. The agreement ensures that governments do not discriminate against manufacturers from other signatory countries in their procurement activities. Taiwan's accession to the agreement was the culmination of nearly 15 years of talks. Taiwan, which began negotiating its entry to the agreement in 1995, now joins 40 other parties to the GPA, including Canada, the 27 EU member states, China, Hong Kong, Iceland, Israel, Japan, Korea,

Liechtenstein, the Netherlands, Norway, Singapore, Switzerland, and the US.

US Trade Representative Ron Kirk praised Taiwan for joining the agreement. "I applaud Taiwan for fulfilling this commitment, which was made when Taiwan became a WTO member in 2002," he said. The US represents the overwhelming majority of the government procurement market, providing US\$ 760.5 billion in contracts annually.

'Buy American' Controversy Ongoing

The 'Buy American' provisions included in the stimulus bill signed by US President Barack Obama earlier this year have been a continuing source of controversy in the Committee on Government Procurement.

The provisions require the US government to purchase domestic iron, steel, and manufactured goods for public works projects, including US\$ 48 billion for transportation projects and another US\$ 30 billion for infrastructure development (see Bridges Weekly, 18 February 2009, <http://ictsd.net/i/news/bridgesweekly/41050/>). These provisions have drawn criticism from other parties, who think that the law violates the GPA's prohibition against favouring domestic producers in government purchasing.

The EU is sceptical that the provisions fulfil world trade rules. On 3 July, Brussels issued a set of questions through the WTO Committee on Government Procurement, asking that the US explain certain applications of the Buy America provisions. The EU asked for clarification of terminology, such as the scope of the "inconsistent with public interest" exemption, as well as an explanation of procedures, such as the type of proof required for foreign and domestic bidders on construction projects. The EU member states have not threatened retaliation against US manufacturers.

Brussels asked that the US respond to the questions in writing before the Committee's next meeting 14-15 July, but the US did not meet that tight deadline. "We just received the latest [EU] questions last week (on Mon. July 6) and are still reviewing them," according to a USTR

spokeswoman. "We discussed them generally with the [EU] this week in Geneva and will provide responses in due course."

USTR Ron Kirk has downplayed the provisions' significance, saying that the Buy American language in the stimulus bill is just a codification of US policy over the past 30 years.

"We would like a robust trade policy that is one that American people believe operates fairly in their favour as opposed to just the interest of one industry...as well as protecting the rights of workers that helps us to implement the president's number one objective that is to put Americans back to work," he said Wednesday, Reuters reported.

Kirk added that the Buy American provisions "would be implemented in a manner fully consistent not only with our obligations of the WTO but also our obligation under any of our existing free trade agreements."

The law creates three exceptions for the purchase of foreign goods: if US goods are not available in sufficient quantity or quality; if the use of domestic material would increase the cost of a project by more than 25 percent; or if an agency head deems it 'in the public interest' to use foreign materials.

The Buy American provisions were added in a last-ditch effort to move the bill through Congress, since the vote was expected to be tight and fall along party lines. Democrats from states with large manufacturing industries were reluctant to sign the US\$ 787 billion stimulus package without protection for these sectors. Republicans largely opposed the bill.

Although the bill received immediate criticism from US trading partners, who referred to the provisions as 'protectionist', the US has not changed its course. In April the Office of Management and Budget, which assists the President in executing policy, issued a memorandum that provided updated guidance for government officials on how to spend the stimulus money, including advice on correctly implementing the Buy American provisions.

Meanwhile, criticism from some of the US' largest trading partners is still growing. In May, the Federation of Canadian Municipalities (FCM) endorsed a countervailing procurement measure that would allow Canadian cities to retaliate against countries that put trade restrictions on Canadian products. However, FCM recommended that the measure not take effect for 120 days while Canadian trade officials lobby Washington to remove the Buy America provisions. The US is Canada's largest trading partner, and Canada is the US' largest partner for trade in goods.

"This US protectionist policy is hurting Canadian firms, costing Canadian jobs and damaging Canadian efforts to grow our economy in the midst of a worldwide recession," Jean Perrault, the mayor of Sherbrooke, Québec and the president of FCM, told Reuters.

Canadian Trade Minister Stockwell Day sees the retaliation by municipalities as counterproductive. He has asked Canadian cities to pledge that they will not discriminate against American companies bidding for infrastructure contracts, a pledge he plans to use as leverage in negotiations with Washington.

"We understand that [the US needs] to take some time to look at this, but the longer they wait, the more at risk some of their own businesses and workers will be in terms of bidding into the US," Day told the Toronto Star.

President Obama and Canadian Prime Minister Stephen Harper discussed the provisions at last week's G8 summit in L'Aquila, Italy. The heads of state reached an understanding that Washington would wait for a proposal from Ottawa before moving forward.

ICTSD reporting; "U.S. trade chief says 'Buy American' in line with WTO." REUTERS, 22 July 2009; "Tackling 'Buy America,'" THE TORONTO STAR, 19 July 2009; "Canadians angered over 'Buy American' rule," REUTERS, 6 June 2009.

IN BRIEF

APEC Trade Ministers Condemn Protectionism

Asia-Pacific trade ministers vowed this week to resist protectionist policies, even those that may not violate world trade rules, and to conclude the WTO's Doha Round of trade talks in 2010.

The biggest gathering of trade ministers so far this year, the meeting, held on 21 and 22 July in Singapore, brought together officials from countries around the Pacific Rim, ranging from Thailand, Chile and Papua New Guinea to Australia, China and the United States. WTO Director-General Pascal Lamy also attended the summit.

Echoing calls from recent summits of the G20 and the G8, the APEC trade ministers – whose countries account for nearly half of both the global population and world commerce – vowed to keep trade lines open as their countries continue to struggle through the global economic slump.

"We acknowledge that there are growing protectionist pressures worldwide...We are very conscious that if protectionism is not controlled, this could be a severe setback to our growth prospects," said Singaporean Trade Minister Lim Hng Kiang, who chaired the meeting, according to a report from Agence-France Presse.

"It will invite tit-for-tat retaliation and all the gains of trade liberalisation over the last few years could be unravelled," Lim added. "In this spirit, we will avoid implementing any measures that have protectionist effects even if they are compatible with WTO rules."

The ministers also agreed to push for a conclusion of the Doha talks next year. Securing a global deal to cut tariffs and subsidies would be "the most effective way" to guard against protectionism, the ministers said in a joint statement, Xinhua reported.

'Buy local' provisions that were written into many rich-country stimulus packages attracted criticism from the ministers.

"We are saying 'please don't impose any more protectionist measures', as they have been hurting our exports," Thai Commerce Minister Pornthiva Nakasai told journalists on Tuesday, Reuters reported.

But United States Trade Representative Ron Kirk, whose country's 'Buy American' policies have come under fire recently (see related story, this issue), defended the domestic-sourcing measures, saying that they were in line with the commitment to resist protectionism that US President Barack Obama made at the G20 summit in April (see Bridges Weekly, 8 April 2009, <http://ictsd.net/i/news/bridgesweekly/44813/>).

Other trade-related issues were also on the ministers' agenda. A survey issued in conjunction with the summit concluded that trade finance – the loans and other forms of credit that oil the wheels of global commerce – is "an area of concern for most APEC economies."

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

"The most commonly cited reasons for tightness in trade financing were increased risk aversion of financial institutions towards companies, higher perceived counterparty risks, and general liquidity shortage in the economy," the report concluded.

ICTSD reporting,"Protectionism issue to rule APEC meeting," THE JAKARTA POST, 21 July 2009; "APEC decries protectionism, commits to Doha by 2010," REUTERS, 21 July 2009; "APEC trade ministers warn against protectionism," AGENCE-FRANCE PRESSE, 22 July 2009; "Completing Doha Round talks most effective to resist protectionism: APEC trade ministers," XINHUA, 22 July 2009.

Trade Volumes Continue to Drop, But at Slower Rate, Says OECD

International trade flows continued to drop in the first quarter of 2009, according to a new study by the Organisation for Economic Co-Operation and Development (OECD), but the decline is less drastic than the drop in trade registered in the fourth quarter of 2008.

"Compared with the previous quarter, the value of exports and imports of goods and services in OECD countries... continued to drop significantly, albeit less dramatically," the report stated. First quarter exports from OECD countries dropped by 13.4 percent, whereas imports fell by 15.2 percent during the same period. The OECD counts 30 high-income countries as members, most of which are in North America and Europe.

Within the Group of 7 major world economies -- Canada, France, Germany, Italy, Japan, the UK, and the US -- the drop in exports was similar to that of the OECD group as a whole, at 13.6 percent. However, the G7 countries did not experience such a drastic decrease in imports, which fell only 10.5 percent. But this fact should not understate the group's sharp decline in trade in the midst of the global economic crisis. Year-on-year exports from the G7 fell by 22.8 percent and imports by 16.8 percent. Given the similar patterns of decreasing trade flows across member countries, the OECD described the current economic climate as a 'synchronized trade collapse'.

Japan has been hit particularly hard by the current economic downturn. The country has suffered a 26.7 percent drop in quarter-to-quarter exports, with imports down 12.9 percent. Compared to the first quarter of 2008, Japanese exports have plummeted 42.1 percent, while imports have sunk 18.1 percent. Japan's top exports include motor vehicles, electronic equipment, and machine tools. The OECD's analysis of trade flows for the second quarter of 2009 will be released in October.

Additional Information

A copy of the report is available on the OECD website at <http://www.oecd.org/dataoecd/15/2/43319682.pdf>.

ICTSD reporting.

WTO IN BRIEF

China Sues US over Chicken Import Ban

Beijing and Washington continue to butt heads over a five-year-old US ban on imports of chicken from China. At Monday's meeting of the WTO Dispute Settlement Body (DSB), China formally requested a panel to rule on the legality of a US law that bans its poultry imports.

The request was blocked by the United States, which invoked a WTO rule that allows the respondent in a trade dispute to block the creation of a panel once. But that does not deny a complaining country the opportunity for legal recourse. Beijing requested a special session of the DSB on 31 July, where it is expected to raise the issue again. A request for a panel will only be denied a second time if all present Members agree to block the request, which has never occurred at the international trade court. A panel for this case will likely be created by the end of the month.

"While violating various WTO rules, the measure has severely undermined the stable development of Sino-US trade (in) poultry products and damaged the lawful rights and interests of China's poultry industry," a Chinese official said at the meeting. "This constitutes a typical discriminatory protectionism measure in international trade."

Washington denies that the measure is protectionist. A member of the US delegation told the DSB that the ban was "an objective, science-based consideration." Under the Agreement on Sanitary and Phytosanitary (SPS) Measures – the WTO agreement that addresses plant and animal health standards – food safety regulations must be based on science.

China requested consultations with the DSB in April in response to a provision in the US federal budget, which was signed into law by US President Barack Obama in March. Section 727 of the bill prohibits the use of any federal money to facilitate the import of Chinese poultry products (see Bridges Trade BioRes, 1 May 2009, <http://ictsd.net/i/news/biores/45933/>).

Among its allegations, Beijing claims that Section 727 amounts to a quantitative restriction on poultry products from China in violation of Article XI:1 of the General Agreement on Tariffs and Trade and Article 4.2 of the Agreement on Agriculture. China also alleges that the US import restrictions are not 'sanitary and phytosanitary measures' within the meaning of the SPS Agreement.

The poultry dispute has been ongoing since 2004, when the US and China banned each others' poultry products in response to an outbreak of the bird flu. The trading partners agreed to lift the bans at the Sino-US Joint Commission on Commerce and Trade, held later that year. Beijing lifted its ban, but the US did not, as Washington said it had ongoing concerns about the safety of Chinese chicken. China claims these concerns are unfounded, and that the US has not taken the necessary steps to restore trade. In 2006, Washington determined that some poultry products from China met US import standards, but the Department of Agriculture has not yet taken the necessary steps to allow the imports.

But Washington is expected to put up a fight, especially given that there is some concern among US consumers. "In short, removing the existing ban is not tenable given the continuing limitations with respect to the food safety standards in (China)," advocacy groups Public Citizen and the Consumers Union said in a joint letter June 2.

"As repeated incidents of import safety breakdowns have demonstrated, [China's] food safety standards are neither adequate nor enforced properly," the letter added.

ICTSD reporting; "U.S. blocks WTO panel on China poultry dispute," REUTERS, 20 July 2009; "China ups ante in US WTO dispute over poultry," AGENCE FRANCE PRESSE, 20 July

2009; “China requests WTO panel to probe U.S. poultry import ban,” XINHUA NEWS, 20 July 2009.

Balance is Key for Contingency Measures: WTO

The latest version of the WTO’s annual World Trade Report, which was released on 22 July, focuses on the role of contingency measures – provisions that help countries manage unforeseen circumstances – in international trade agreements.

Traditional contingency measures include anti-dumping and other countervailing duties imposed by recipients of illegally subsidised exports, as well as safeguards, which are temporary protections that countries can offer to vulnerable domestic industries. The report takes a broader view of the subject and also addresses tariff re-negotiations, export taxes, and access to the ‘overhang’ between bound and applied tariffs.

“The core challenge in the design of these measures is to make them flexible enough to be useful, but not so flexible as to undermine the integrity of an agreement,” said WTO Director-General Pascal Lamy, who spoke at the report’s Singapore launch Wednesday. “The need for this balance has sometimes been a key issue in negotiations.”

The report highlights both the benefits and costs of contingency measures. On the one hand, these mechanisms give countries a ‘safety valve’ during times of economic crisis. But when the measures are used for protectionism, they can retard economic growth, the report concluded. Data from the WTO Secretariat show an inverse relationship between the number of anti-dumping duties imposed and global GDP growth; when GDP contracts, countries tend to introduce anti-dumping measures with greater frequency.

The report’s theme, “Trade Policy Commitments and Contingency Measures,” which was chosen last year, was ‘serendipitous’ – in the words of Pascal Lamy – in light of the global financial crisis.

“We had little idea then of what we would be confronting now and of the shared challenges we face in lifting the world economy out of its worst crisis in many decades — certainly the worst since the birth of today’s system of international global governance,” he said.

The report warns that protectionism could exacerbate the economic slump. “Experience tells us that while restrictive trade policies are not necessarily the root cause of episodes of economic downturn – they were not the trigger for the Great Depression – a protectionist response to the pain of contraction is a recipe for deepening and prolonging an economic crisis,” the report stated.

In June, the WTO revised its March forecast for this year’s contraction in trade volume from 9 percent to 10 percent.

Additional Information

An electronic version of the report is available at http://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report09_e.pdf.

ICTSD reporting.

Canada and EU Resolve Trade Dispute on GMOs

Canada and the European Union have settled an ongoing trade dispute regarding Brussels’ restrictions on imports of genetically modified organisms (GMOs). In exchange for Canada dropping its complaint at the WTO Dispute Settlement Body (DSB), the EU agreed to meet bi-annually with Canadian authorities to discuss issues relevant to genetically modified products. The two parties will notify this settlement to the international trade court as a mutually agreed solution.

“The European Community has committed to an ongoing dialogue with Canada on biotechnology that will continue to help improve market access,” Canadian international trade minister Stockwell Day said in a statement. The result is “positive news for Canadian producers,” he added.

Canada, along with the US and Argentina, filed separate complaints with the DSB in May 2003 challenging the EU's import restrictions on GMOs (see Bridges Weekly 14 May 2003 <http://ictsd.net/i/news/bridgesweekly/5750/> and Bridges Trade BioRes 21 Mar 2002 (<http://ictsd.net/i/news/biores/8716/>).

In November 2006, the DSB ruled that the EU's methods of approving GMO imports from 1984 to 2004 were in violation of the WTO's Agreement on Sanitary and Phytosanitary Measures. Part of the grounds for the WTO decision involved the EU's 'suspension of approval' (in effect, a de facto ban) of GMO imports from June 1999 to August 2003 (see Bridges Trade BioRes 7 Mar 2002 <http://ictsd.net/downloads/biores/biores2-4.pdf>).

Following the ruling, the parties agreed to hold technical discussions on biotech-related issues, and they also agreed to a 12-month Reasonable Period of Time (RPT) for implementation of the talks. The initial deadline was set for November 2007, but Canada agreed to extend its RPT twice, first until January 2008, and then until 31 July 2009.

The Canadian complaint focused on canola, as this product had been previously banned by the EU on GMO grounds. The canola issue was resolved in March of this year when Brussels approved the last GM canola seed used by Canadian farmers, according to Trish Jordan, a spokeswoman for Monsanto Canada. Since then, Ottawa has consulted seed producers and farmers regarding the future of the trade complaint.

"All issues for Canadian biotech farmers have essentially been approved," Jordan told The New York Times. "That should allow the marketing of Canadian canola to Europe."

Canada and other countries have been lobbying the EU to accept genetically modified food since 1998, but the EU Trade Commission still faces resistance from some of its member states. Surveys also show European consumers are opposed to GMOs due to fears of health risks and

the development of herbicide-resistant 'superweeds'.

Although Brussels has remained firm on its broader restrictions on GMOs, its agreement with Ottawa may suggest that it is prepared to consider GMO products on a case-by-case basis, such as in the case of the July 2004 approval of imports of modified corn by Monsanto (see Bridges Trade BioRes 10 November 2004 <http://ictsd.net/i/ip/39594/>). The settlement with Canada does not require the EU to modify its policies, but rather to be open to an exchange of information aimed at avoiding barriers to trade. "The mutually agreed solution with Canada is a clear sign that this type of dialogue works," EU Trade Commissioner Catherine Ashton told Bloomberg. "I hope we can follow the same constructive approach with Argentina and the United States."

The EU's discussions with the US and Argentina are ongoing.

ICTSD reporting; "Canada Settles a Crop Trade Complaint Against Europe," NEW YORK TIMES, 15 July 2009; "EU and Canada settle WTO case on Genetically Modified Organisms," EUROPA, 15 July 2009; "EU, Canada Settle WTO Case on Gene-Modified Products (Update2)" BLOOMBERG, 15 July 2009; "EU drops ban on Canadian genetically modified canola," NATIONAL POST, 15 July 2009.

EVENTS & RESOURCES

Events

If you would like to submit an event, please email bridges_weekly@ictsd.ch.

Coming up: 23 – 29 July

23-24 July, Montreal, Canada. WORKSHOP ON BEST PRACTICES IN ASSESSING THE ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY OF BIO-BASED PRODUCTS. This OECD workshop will identify emerging Best Practices for assessing the environmental and economic sustainability of bio-

based products. It will compare existing methodologies; articulate what constitutes a comprehensive assessment; and identify key elements of best practices. Participants will include experts from industry, government, academia and policy makers. The workshop is by invitation only. For more information, please contact Mr. Alexandre Bartsev at alexandre.bartsev@oecd.org for further details.

23-24 July, Manila, Philippines. HIGH-LEVEL REGIONAL WORKSHOP ON SOCIAL ASSISTANCE AND CONDITIONAL CASH TRANSFER. This workshop, organised by the Asian Development Bank, will bring together about 40 ADB participants, developing member countries, partner development agencies, research institutes and civil society organisations who will share their views through interactive panel discussions. The regional workshop will serve as a venue for sharing ideas, experiences, and information on social assistance and conditional cash transfer (CCT) interventions in Asia and the Pacific. Specifically the workshop will help identify relevant gaps in design, targeting, monitoring of CCT in selected projects and countries; facilitate sharing of experiences among stakeholders in implementing CCT in selected countries; and develop recommendations for improving the design, targeting, and impact assessment of CCT. For more information, contact Sri Wening Handayani, email: swhandayani@adb.org, or visit <http://www.adb.org/documents/events/2009/high-level-social-assistance/default.asp>.

29 July, Geneva, Switzerland: UNCTAD AD HOC EXPERT MEETING ON CONTRIBUTION OF MIGRANTS TO DEVELOPMENT: TRADE, INVESTMENT AND DEVELOPMENTAL LINKS. The twelfth session of UNCTAD, held in Accra, Ghana in April 2008, mandated the secretariat in relation to the contribution of migrants to development to (a) conduct research and analysis on the potential benefits and opportunities of trade, investment and developmental links between countries of origin of migrants and their communities abroad; (b) analyse the potential of migrants' remittances to contribute to development, maximise benefits derived and minimise costs through policies such as expanding migrants' access to financial services. This subject will be discussed in the context of the

impact of the financial crisis. Topics of discussion will include migration trends; the impact of the economic crisis on migration; trade, investment and development linkages of migration; and policy frameworks to enhance migrants' contributions to development. For further information contact Mina Mashayekhi or Deepali Fernandes, tel: (+41) 22-917-5866/5652; fax: (+41) 22-917-0044; e-mail: mina.mashayekhi@unctad.org or deepali.fernandes@unctad.org; internet: <http://www.unctad.org/Templates/meeting.asp?intItemID=2068&lang=1&m=17729&info=not>

WTO Events

An updated list of forthcoming WTO meetings is posted

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

24 July: Working Party on the Accession of Azerbaijan

27+29 July: Trade Policy Review Body – Zambia

28-29 July: General Council

Other upcoming events

16-22 August, Stockholm, Sweden. 2009 WORLD WATER WEEK. Organised by the Stockholm International Water Institute (SIWI), the 2009 edition of this annual event will focus on the theme: "Responding to Global Change: Accessing Water for the Common Good." This event will bring together experts, practitioners, decision makers and leaders from around the globe to exchange ideas, foster new thinking and develop solutions. By harnessing and linking best practices, scientific understanding, policy insight and decision-making, the programme aims to transcend rhetoric and provide real answers to the world's water-related problems. This event features a comprehensive agenda of workshops,

seminars and side events that undertake in-depth examinations of the most critical issues, complemented by prize ceremonies, field trips and events that provide an abundance of opportunities for the professional networking. For more information, visit

<http://www.worldwaterweek.org/>.

23-28 August, Nairobi, Kenya. SECOND WORLD CONGRESS ON AGROFORESTRY. The overall Congress theme is “Agroforestry - The Future of Global Land Use.” Plenary, symposia, concurrent sessions, and poster sessions will be organised around different major topics, based on the following: markets as opportunities and drivers of agroforestry land use; tree-based rehabilitation of degraded lands and watersheds; climate change adaptation and mitigation; agroforestry's contribution to a multifunctional agriculture combining productivity with environmental sustainability; and policy options and institutional innovations for agroforestry land use. The conference is organised by ICRAF-The World Agroforestry Centre, in collaboration with UNEP and the Institute of Food and Agricultural Sciences (IFAS) of the University of Florida. For more information, email wca2009@cgiar.org or visit

<http://www.worldagroforestry.org/wca2009/>.

28-30 September, Geneva, Switzerland. WTO PUBLIC FORUM 2009. Under the heading “Global problems, global solutions: towards better global governance,” the World Trade Organization (WTO) Public Forum 2009 will gather civil society representatives, governments and international organisations to discuss the role of the multilateral trading system and the Doha Round of negotiations within the context of the current global economic crisis. For more information, send an email to publicforum2009@wto.org, or see the event's website

http://www.wto.org/english/forums_e/ngo_e/forum09_background_e.htm

Resources

SEEDS OF HUNGER: INTELLECTUAL PROPERTY RIGHTS ON SEEDS AND THE HUMAN RIGHTS RESPONSE. 3D Three, July 2009. This new publication examines the effects of intellectual property protection on seeds. The author argues that corporate control of agri-food systems coupled with rapid developments in agricultural biotechnology helped ensure that the World Trade Organization's (WTO) Agreement on Trade Related Intellectual Property Rights (TRIPS) included minimum standards of IP protection in agriculture. The TRIPS Agreement has been crucial to the spread of intellectual property rights, the author concludes, as countries must ratify the Agreement to join the WTO and comply with its provisions or face trade sanctions. The author also argues that bilateral trade agreements and biased technical assistance – from the World Intellectual Property Organization (WIPO), the WTO, the International Union for the Protection of New Varieties of Plants (UPOV) and certain donor governments – have also played significant roles in promoting stringent intellectual property regimes in agriculture sectors that go beyond the standards required by TRIPS. To read the executive summary, visit http://www.3dthree.org/pdf_3D/3D_THREAD_exsummary.pdf.

IMPLICATIONS FOR CHINA OF THE DECEMBER 2008 DRAFT AGRICULTURAL MODALITIES. Tian Zhihong, China Agricultural University, June 2009. With nearly 900 million people dependent on agriculture for income, China produces more wheat and paddy than any other country, yet it is a country dependent upon trade to both employ and feed its people. Moreover, China has some of the lowest agricultural tariffs of any WTO Member. The ongoing Doha Round of trade negotiations at the WTO may significantly alter the relationship of Chinese agriculture with the world. This study explores the latest draft WTO agreement on agriculture and what it means for China. This paper is available in English: <http://ictsd.net/downloads/2009/07/implications-for-china-of-the-december-2008v7.pdf> and Chinese:

<http://ictsd.net/downloads/2009/07/chinese-version4.pdf>.

ENSURING EU FARM POLICY SUPPORTS THE MILLENNIUM DEVELOPMENT GOALS.

The International Centre for Trade and Sustainable Development, June 2009. This short information note addresses how aid that governments provide to developing countries can often be undermined by their counteractive domestic agricultural policies. The EU's Common Agricultural Policy (CAP), originally intended to address post-war food shortages, now causes overproduction at home while undermining some development efforts abroad. Developing country farmers are not only unable to compete in the international market with subsidised European products, but are also denied access to the European market due to high tariff barriers. Although a series of reforms have taken place aimed at reducing overproduction and waste, more substantial reforms are needed in order to align EU farm policy with its policies on development. For a copy of the information note, visit

<http://ictsd.net/downloads/2009/07/capreformweb3.pdf>.