



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### 'Cautious' Lamy Presents Doha Road-Map, Previews G20

WTO Director-General Pascal Lamy presented delegates with a packed schedule of meetings over the next three months at a meeting of the Trade Negotiations Committee on Tuesday morning. But the mood among trade officials "is sombre," one delegate said, as many continue to question whether domestic politics in the United States will prevent any progress in the talks.

Lamy's remarks to open the meeting departed slightly from the ever-optimistic tone that he has usually adopted in past addresses to delegates.

"At this stage I remain cautious in my forecast. It would be premature for me to predict today that the necessary political engagement will in fact take place over the next three months," Lamy said. "We should be in a position to judge by December whether or not this has happened."

Lamy outlined what he called an "intensive, structured programme of work" (available at [http://ictsd.net/downloads/2009/09/programme\\_dda\\_sept\\_dec09\\_e-1.pdf](http://ictsd.net/downloads/2009/09/programme_dda_sept_dec09_e-1.pdf)) to guide delegates as they try to hammer out remaining differences in the Doha Round trade talks, which have been ambling along but avoiding conclusion for nearly eight years. The agenda, which was negotiated by trade delegates last week, sets out meetings almost every day between now and 18 December, when the organisation will break for the winter holidays, and includes several sessions with capital-based officials.

The "regular presence" of these senior negotiators in Geneva "will be an important factor in joining up the dots of the negotiation and making sure that that political commitment leads to action," Lamy told the members. Senior officials will

return to Geneva the weeks of 19 October, 23 November and 16 December.

But Lamy acknowledged that political difficulties lie ahead, and that the amount of progress that negotiators make in the talks will ultimately depend on the will of the members. "A work programme in itself, as necessary as it may be, will not deliver a substantive result," he told delegates.

The negotiations are at "a very delicate crossroads," Eckart Guth, European Ambassador to the WTO, said in an interview. The work plan has been set, "but now it needs to be filled with life and substance." He added that a 'reality check' would come at some point between now and the end of the year.

Most delegates who spoke to Bridges this week seemed doubtful of a positive outcome to the talks this autumn. In describing last week's meetings, various delegates described their colleagues as 'going through the motions', 'play acting', and 'going around in circles'. "Many of us are playing the game to keep the thing alive," one official acknowledged.

### **All eyes on Washington**

The delegates who spoke to Bridges this week universally blamed a lack of political will in the United States for the slow progress in the talks, a theme that has emerged frequently in recent weeks (see Bridges Weekly, 16 September 2009, <http://ictsd.net/i/news/bridgesweekly/55284/>). Officials from Washington quibbled about process during last week's meetings, several sources said, and failed to bring anything new to the table. To the consternation of many, the US delegation has indicated that it wants to re-open parts of the draft texts that were presented by the chairs of the negotiating groups on agriculture and industrial goods in December 2008. Washington is alone in its desire to re-visit the texts, several delegates said.

"We are not satisfied either, but we can live with it," Guth said of the texts now on the table. Officials in Washington "want to have the cherry on the cake," he added.

But US negotiators say their hands are tied by politics back in Washington, and officials in Geneva recognise that trade is not the highest priority on US President Barack Obama's agenda, as fights over healthcare reform, climate change, and revamping the domestic economy have largely taken centre stage.

"There is a huge uncertainty whether the United States will be able to bridge the gaps," Guth acknowledged.

Other delegates concurred. One official blamed the recent WTO ruling on the retaliation that Brazil can take against US cotton subsidies for stirring up anti-WTO sentiment on Capitol Hill. Other observers have pointed to Obama's decision earlier this month to impose 35 percent tariffs on imports of Chinese tyres as a sign of his administration's reluctance to embrace free trade (see Bridges Weekly, 16 September 2009, <http://ictsd.net/i/news/bridgesweekly/55281/>).

But Michael Derham, a fellow at the Progressive Policy Institute in Washington, says trade observers should be careful not to over-interpret the president's recent move. "I don't see it as an indication of a concerted campaign of protectionist policies," Derham said in an interview, referring to the tyre tariffs.

"Every administration in DC has to show its bona fides to US domestic groups," Derham added. "They have to establish themselves before than can really push their own agendas."

Derham pointed out that Congress is moving on other trade issues, including a potential new deal with Panama and the extension of a set of trade preferences to Andean countries that is set to expire at the end of the year. If a Doha deal were to show up for a vote, the lawmakers would consider it, he said.

Back in Geneva, many delegations remain wary. In speeches to delegates after Lamy's address to the TNC, both Costa Rica and South Africa called on "one delegation" to show more flexibility in the talks. The US representative did not intervene.

## G20 preview

In his address on Tuesday, Lamy also outlined the message that he plans to deliver later this week when he drops in on a summit of heads of state from the Group of 20 major economic powers.

"I will tell them, in a nutshell, that we in Geneva have done what they asked us to do. They now have the road mapped out, but they still have to walk it," Lamy told delegates.

At a summit in L'Aquila, Italy in July, the G8+G5 countries called for a conclusion of the Doha Round before the end of 2010, a call that has been echoed by trade ministers and heads of state around the world many times since. Another iteration of the vow is expected to emerge from the Pittsburgh summit, but at this point, strong words alone will do little to spur progress in the Doha talks.

"Leadership is about responsibility," Lamy told delegates. "Failure to act — not just in Pittsburgh, but also here in Geneva — will be hard felt by the entire international community at this time of economic crisis."

ICTSD reporting.

## OTHER NEWS

### Global Investors Anxious to Cash in on Low-Carbon Economy

A major group of investors representing some US\$13 trillion in capital is calling on policy makers to strike a strong and binding international climate change treaty when they meet in Copenhagen this December.

The international group of 181 investment institutions - including banks, pension funds, and asset management organisations - says the current state of uncertainty on climate change policy is holding back global investment. The low-carbon investment opportunities that would be created by a firm Copenhagen deal would be a boon to the global economy, the group said.

The statement emerged on 16 September at an all-day forum on international investment and climate change hosted by Thomas DiNapoli, New York State Comptroller who is responsible for the US\$116.5 billion New York State Common Retirement Fund.

The forum was also notable for the presence of Nicholas Stern, the former World Bank chief economist, who delivered the keynote address.

"Unmitigated climate change poses a threat to the global economy," Stern told participants. "But building a low carbon economy creates opportunities for investment in new technologies that promise to transform our society in the same way as the introduction of electricity or railways did in the past."

### Aggressive targets

The policy statement calls on Parties to agree to cut emissions by 50 to 85 percent below 1990 levels by 2050. The investors envision a two-pronged plan with developed countries making the majority of cuts.

In the statement, developed countries are expected to reduce emissions by 20 to 40 percent by 2020, with a long-term goal of 80 to 95 percent cuts by 2050. For their part, developing countries are expected to deliver "measurable and verifiable emission reductions."

But the current state of negotiations suggests that this goal is unlikely to be agreed upon without significant changes in the tone of key states. All eyes are on the US as the December meeting of the UN Framework Convention on Climate Change draws nearer. But the American Clean Energy and Security Act goal of 17 percent emissions cut below 2005 levels - rather than 1990 levels - by 2020 falls far short of the target outlined in the investors' statement.

Yet in his speech, Stern said he is optimistic based on what has been accomplished in recent years. "Progress over these last two to three years has been quite remarkable, and I think we've got a good chance for getting all that," Stern said. "Maybe we won't get all the details of the treaty

framed up at Copenhagen, but we need clear sense of direction.”

Hopes for deeper emissions cuts were buoyed in recent days when Yukio Hatoyama, Japan’s new prime minister, pledged to cut emissions by 25 percent below 1990 levels by 2020. Under the previous government, Japan - the fifth largest greenhouse gas producer - had pledged an 8 percent cut below 1990 levels.

Hatoyama is set to meet with US President Barack Obama and Chinese President Hu Jintao next week at a UN climate change summit on 22 September in New York. Observers say the meeting is meant to break the current deadlock between developed and developing countries on how to share the burden of emissions cuts.

The deep divisions between rich and more industrialised developing countries - such as China and India - are seen as one of the primary obstacles in the run-up to Copenhagen. There was some room for optimism on the issue when on 17 September India announced that reducing greenhouse gas emissions - in addition to mitigation - would now be an equal part of its climate change strategy. Still, the emerging economy insisted that these reductions would not be legally binding.

### **Investment as a tool to combat climate change**

Participants at the investors’ forum voiced their frustration over the absence of solid policy that would allow them to confidently take advantage of an increasing number of low-carbon investment opportunities.

Low-carbon investments are already helping to shape a “cleaner, quieter, safer, and more biodiverse” world, said Stern, who now chairs the Grantham Research Institute on Climate Change at the London School of Economics. “But these investments will be much more effective if the right climate policies are in place. Investments will drive the political process.”

Of key importance to investors are large-scale billion dollar projects, such as nuclear and gas-fired power plants, that are awaiting a clear policy

stance from government. “Without the policies to encourage clean energy, investors are stuck at the starting gates,” said Mindy Lubber, president of Ceres - a Boston-based coalition of investors and environmentalists - and director of the Investor Network on Climate Risk, which helped organise the forum.

“Investors have a crucial role to play in building a low-carbon, energy efficient global economy,” Lubber said. “But without strong policies that encourage clean technologies and discourage high-polluting technologies, their hands are tied.”

In addition to their call for emissions cuts, the investors’ statement called on negotiators to create conditions to move toward an ambitious and effective global carbon market and called for revisions to the Kyoto Protocol’s Clean Development Mechanism (CDM) that would ensure real, permanent, and verifiable emission reductions.

Wednesday’s forum was co-organised by Ceres, the Institutional Investors Group on Climate Change, the Investor Group on Climate Change Australia/New Zealand, the P8 Group, and the UN Environment Programme Financial Initiative.

### **More information**

A copy of the policy statement can be accessed here: <http://www.incr.com/Page.aspx?pid=1126>

ICTSD Reporting; “Global Investors Call For Binding Climate Policy,” REUTERS, 17 September 2009; “Investors Worth \$13 Trillion Urge Strong Global Climate Treaty,” ENVIRONMENT NEWS SERVICE, 16 September 2009; “Change on climate: India ready to quantify cuts,” INDIAN EXPRESS, 17 September 2009; “Largest Group Ever of World Investors Calls For Strong Global Climate Change Treaty,” REUTERS, 16 September 2009.

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## **IP Authorities Tackle Challenges Facing Global IP Infrastructure**

High-level officials from national and international intellectual property (IP) authorities discussed

challenges facing the global IP infrastructure, including the effects of the current financial crisis, at a two-day meeting hosted by the World Intellectual Property Organization (WIPO) last week. The participants outlined several key goals for the future, first of which was reducing the worldwide backlog of 4.2 million unprocessed patent applications through increased coordinated international action to enhance the efficiency of operations and improve the quality of patents. Francis Gurry, WIPO's Director General, stressed that IP authorities should focus on modernising the global IP infrastructure by non-legislative, practical measures, including cost reduction collaboration and standardisation.

Addressing the issue of the backlog, Alison Brimelow, president of the European Patent Organization (EPO), underlined that, paradoxically, the structure of the current patent system rewards slowness and low quality and "doesn't seem to be delivering quite the effect on innovation and competition it was supposed to." Instead, the system's extensive backlog of unexamined patent applications breeds uncertainty. What is needed are better and fewer applications including better prior art searches. The EPO remains far from that goal: about 60 percent of the applications it received in 2008 are expected not to be granted. Worldwide, the current patent backlog is increasing by 8.7 percent per year, a growth rate that Gurry called "unsustainable."

### **Collaboration arrangements to be prioritised in Patent Cooperation Treaty**

Participants agreed that national patent offices can help reduce the backlog by collaborating with their counterparts in other countries. Unlike the harmonisation of substantive patent law, technical collaboration, work sharing, standardization and global information services seem less controversial.

For instance, the so-called "IP5" offices – from China, Europe, Japan, South Korea, and the United States – are sharing information in their network on the basis of the Patent Prosecution Highway (PPH). The PPH is a series of bilateral agreements in which a second national or regional patent office accepts certain preliminary work or

documents from the first. "We would like to see all of these experiments multilateralised in the PCT," Gurry mentioned.

In this context, the United States Patent and Trademark Office (USPTO), Japanese Patent Office (JPO) and EPO, partners of a trilateral PPH Agreement, signalled their readiness to integrate PCT work products, such as international preliminary reports on patentability, in their PPH projects. Koichi Minami, the deputy commissioner of JPO, said that these plans with the IP5 group are beginning to reflect the "growing demand for work sharing". The IP5 received 1.4 million patent requests in 2007, of which 420,000 were duplicate applications.

New initiatives for work-sharing were presented at the meeting, including a Nordic Patent Institute, the Vancouver group (Australia, Canada and the UK) and a Latin American project for work-sharing in research and data examination (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Suriname and Uruguay in partnership with the Inter-American Development Bank). All of these initiatives are ultimately compatible with a strengthened PCT system, Gurry said.

Addressing concerns of developing countries over the harmonisation of substantive patent law through strengthening the PCT, Gurry said that the roadmap for the future of the PCT is not about to eliminate flexibilities in the WTO's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Jorge de Avila, President of the Brazilian National Institute of Industrial Property, commented that any harmonisation beyond that which is necessary for practical cooperation would be "radical at the moment."

### **Influence of the economic crisis on IP systems**

The impact of the economic crisis on the IP system has varied across the regions of the world, Gurry noted. Patent applications dropped by 14 percent in the United States, he said, but they jumped 19 percent in China. Worldwide, patent applications are expected to fall by 5 percent this year. However, the financial crisis could present some real challenges to the current system.

“History has shown ... that companies and countries which continue to invest in new products and innovation during times of economic recession will be those that will be best positioned to take advantage of the recovery, when it arrives,” the director-general noted.

The World Intellectual Property Indicators report showed that up until the financial crisis of 2008, patent and trademark filings were still rising. According to the report, residents of the United States and Japan owned nearly half of all of the patents in force in the world in 2007. But thanks to the current 8 percent drop in patent applications in at EPO, the crisis can give the organisation a chance to reorient the administrative infrastructure of the patent system, as Brimelow stated.

Dominique Foray of the École Polytechnique Fédérale de Lausanne welcomed the trend towards giving greater attention to economic analysis in the work of IP offices. Patents are doing good in some sectors and harm in others, he said, and policy makers will have to more carefully design the patent system according to the specific and differentiated economic needs of each sector. Understanding how economics and patents affect innovation is crucial to improving the international patent system, he concluded.

ICTSD reporting; WIPO PR/2009/604, Geneva, 18 September 2009, WIPO Symposium Concludes Global patent Application Backlogs unsustainable; WIPO PR/2009/603, 18 September 2009, WIPO Report Shows Growth in IP Rights before Onset of Economic Crisis; World Intellectual Property Indicators report, IPW, WIPO, 20 September 2009; IP-Watch, 17 September 2009, Brimelow Stresses Need For Better Patent System, Discusses Harmonisation; IP-Watch, 21 September, “IP Authorities” Pay Homage TO PCT, Call For Action on Harmonisation, Backlog.

## IN BRIEF

### World is ‘One Step Closer’ to a Climate Deal after NY Summit: UN Chief

A climate-centred meeting of roughly 100 heads of state convened by UN Secretary General Ban Ki-moon drew strong assertions from several world leaders 70 days before negotiators will meet in Copenhagen to try to strike a deal on global warming.

Chinese President Hu Jintao said that his country would reduce its emissions per unit of GDP by a ‘notable’ margin, but did not specify further. Japan’s Prime Minister, Yukio Hatoyama, renewed his vow that Japan would cut its greenhouse gas emissions 25 percent of 1990 levels by 2020, and Maldives President Mohamed Nasheed pledged that his country would become climate neutral by the same year.

US President Barack Obama admitted that the United States had been slow to react to climate change, but said that the country had entered ‘a new era’.

“Yes, the developed nations that caused much of the damage to our climate over the last century still have a responsibility to lead,” Obama said. “But those rapidly-growing developing nations that will produce nearly all the growth in global carbon emissions in the decades ahead must do their part as well.”

Ban praised the leaders for the commitment they displayed and called on them to keep working. “While the summit is not the guarantee that we will get the global agreement, we are certainly one step closer to that global goal today,” Ban told the summit.

The all-day meeting in the UN General Assembly Hall was long on rhetoric but short on substance. Over the weekend, however, lead negotiators from key countries discussed technicalities of a potential deal with Ban, former British Prime Minister Tony Blair, former World Bank economist Nicholas Stern, Columbia economist Jeffrey Sachs and OECD chief Angel Gurría.



Those present agreed that a new global climate deal should include a comprehensive adaptation programme, and that it should prioritise the delivery of financing – from a variety of sources – to least-developed countries and small island states.

ICTSD reporting.

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## **Foreign Investment Flows 'Plummeted' 67% this Year: UNCTAD**

Global flows of foreign direct investment (FDI) took a nose dive in the first half of 2009, largely thanks to a drop in cross-border mergers and acquisitions, a United Nations agency said in a report last week. The fall-off in investment has hit hard in both rich and poor countries, although developing nations have fared somewhat better than traditional economic powers, the agency found.

The report from the UN Conference on Trade and Development predicts that inflows of FDI will fall to less than US\$1.2 trillion this year, down from US\$1.7 trillion in 2008 and a record high of nearly US\$2 trillion in 2007. The agency forecasts a slight uptick in FDI in 2010 but cautions that the world will likely not see a significant recovery in investment flows before 2011.

"The 29 percent decline in FDI inflows to developed countries in 2008 was mostly due to cross-border M&A [mergers and acquisitions] sales that fell by 39 percent in value after a five-year boom ended in 2007," the agency concluded. "Worldwide mega deals – those with a transaction value of more than US\$1 billion – have been particularly strongly affected by the crisis."

The drop in global FDI flows cannot be blamed on restrictive government policies – the 'covert protectionism' of buy-local provisions written into some national stimulus bills – the report found. "Overall policy trends during the crisis have so far been mostly favourable to FDI, both nationally and internationally," the agency concluded.

Unlike the world's major economies, developing countries in Africa, Latin America, the Caribbean and Asia saw an increase in FDI flows through the end of 2008. But the first quarter of 2009 brought a drop in investment for them as well. Nevertheless, the world's poorer nations might see some opportunity in the current crisis. "While the United States maintained its position as the largest host and home country in 2008, many developing and transition economies emerged as large recipients and investors," the agency said.

The report put a special emphasis on cross-border agricultural investment, which it said can play an important role in boosting food output in developing countries. South-South investment in agriculture appears to be on the rise, the report concluded, a trend that "is set to continue over the long term."

### **More information**

The UNCTAD report is available online at <http://www.unctad.org/Templates/webflyer.asp?docid=11904&intItemID=1397&lang=1&mode=highlights>

ICTSD reporting.

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## **WTO IN BRIEF**

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### **Palestinians Seek Observership Status at the WTO**

The Palestinian Authority is seeking observership status at the WTO, and a delegation of Palestinian officials is in Geneva this week in an attempt to drum up support for their bid.

"We are here to lobby and request a status of an observership in the general council and all associated bodies of the WTO," said Palestinian economy minister Bassim Khoury, who is heading the delegation, according to Agence-France Presse. "We do that because we dream of an eventual full accession to WTO," he added.

The Palestinian officials have met with a range of WTO members this week, including the US, the

EU, China and Japan, and have also sat down with WTO Director General Pascal Lamy and Ambassador Mario Matus of Chile, the chair of the WTO's General Council.

"Yes, we are optimistic," says Dr. Ibrahim Khraishi, the Palestinian Authority's ambassador to the United Nations. He noted that technically there are no obstacles to the bid, as the WTO allows both states and customs territories to become observers to the organisation, or even full members. Current non-state members of the WTO include Hong Kong, Macau and Taiwan.

So far this week, the Palestinian delegation has gotten "very positive" reactions, Khraishi said, although he added that the Israelis "are still without any clear position."

The Palestinians plan to make their official bid at a meeting of the WTO's General Council scheduled for 20 and 21 October. As with most WTO business, the matter will be decided by a consensus vote of the organisation's 153 members.

Twenty-nine states, plus the Vatican, are currently classified as observers to the WTO. The organisation's rules require observers – with the exception of the Vatican – to start negotiating the terms of their full WTO membership within five years of attaining the status.

ICTSD reporting; "Palestinians want support for WTO observer status bid," AGENCE-FRANCE PRESSE, 22 September 2008.

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## US, Brazil Trade Envoys Talk Cotton, Doha

The United States and Brazil are willing to negotiate a settlement to a long-running dispute over Washington's cotton subsidies, but in the meantime Brazil is continuing to prepare a list of US exports to be sanctioned, the countries' top trade officials said on Thursday.

US Trade Representative Ron Kirk was in Brazil on 16 and 17 September to meet with Brazilian Foreign Relations Minister Celso Amorim. In

addition to the cotton ruling, the officials also discussed the WTO's Doha Round of trade talks and the possibility of a bilateral trade deal. But the cotton case seemed to top the officials' agenda.

In a ruling delivered on 31 August, the WTO gave Brazil authorisation to implement tariffs on US exports in retaliation against Washington's cotton subsidies, which the global trade body has deemed illegal (see Bridges Weekly, 9 September 2009, <http://ictsd.net/i/news/bridgesweekly/54716/>). Brazil has yet to announce the list of goods, services and intellectual properties that it intends to hit with the new duties. Kirk said in Sao Paulo last week that he hoped the country's retaliation would be "deliberate and thoughtful," AFP reported.

"We would usually prefer a negotiated settlement, but in the wake of the conclusion of this long process, the time is for reflection on our next move," said Brazil's Amorim, Dow Jones reported. "At the moment we're studying what measures we might take in case the US resolves not to change its position on subsidies."

The leaders found some common ground on the WTO's Doha Round of trade talks, which have struggled to maintain political momentum amid the global economic slowdown (see related story, this issue).

"On multilateral issues, we're both looking for a way to thread the needle to make an agreement on Doha become a reality," Kirk said, according to Dow Jones. "If we enter into negotiations in good faith, there's a possibility to get it done in 2010."

The trade envoys also hinted that they were considering working toward a bilateral deal to boost their countries' economic ties. Trade in goods and services between the US and Brazil – the two biggest economies in the Americas – totalled US\$64 billion in 2007. The US is Brazil's second-largest trading partner, after China.

ICTSD reporting; "Brazil, US study resolution to WTO cotton ruling impasse," DOW JONES, 17 September 2009; "US official urges 'thoughtful' WTO reprisals by Brazil," AFP, 17 September 2009; "US interested in promoting bilateral trade



with Brazil, in spite of Mercosur," MERCOPRESS, 18 September 2009.

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## Russia, with US Backing, Hopes to Enter WTO Next Year

Russia hopes to finalise its membership in the WTO before the end of 2010, and the US will support Moscow's bid, senior officials from the two countries said after meeting in Washington this week.

Igor Shugalov, Russia's First Deputy Prime Minister, discussed Moscow's bid with US Trade Representative Ron Kirk on Monday. Both men said the meeting went well. "My contacts with Kirk this morning let us think that we can achieve our accession, maybe next year, if we all work together," Shuvalov said.

Kirk was slightly more cautious. "Ambassador Kirk welcomed the prospect of renewed engagement with Russia on its WTO accession negotiations following a period of uncertainty regarding Russia's intentions," the Office of the USTR said in a statement. "However he again noted that progress in these multilateral negotiations has always depended, and will still depend, on Russia's dedication and work toward that end," the statement said.

Vladimir Putin, Russia's prime minister, caused a minor storm among trade observers when he announced in June that the country would abandon its unilateral bid to join the WTO and instead pursue membership as a customs union, jointly with former Soviet states Belarus and Kazakhstan (see Bridges Weekly, 10 June 2009, <http://ictsd.net/i/news/bridgesweekly/48333/>). Such an approach is unheard of in the organization's nearly 15-year history.

Russia seems to be sticking by its customs-union approach, although Shugalov, when pressed by reporters, conceded that heads of state can always change their minds.

Russia, by far the largest economy outside the WTO, has been trying to negotiate its entry into the organisation for 16 years. The accession talks

proceeded in fits and starts for more than a decade, and stalled in August 2008 when conflict broke out between Russia and Georgia. Angered by what it considered Russian aggression against a smaller neighbour, the US threatened to block Moscow's bid to join the global trade body. Russia hit back, vowing to drop some of the commitments it had already made in the accession talks (see Bridges Weekly, 4 September 2008, <http://ictsd.net/i/news/bridgesweekly/27680/>). At the WTO, a consensus-based organisation, any single member can block another country's accession.

But that controversy now seems like water under the bridge.

"We would like to finalise our accession," Shuvalov said after the meeting with Kirk. "It's not easy. We've doing this for 16 years."

ICTSD reporting; "Russia has indication of 2010 WTO accession, Shuvalov says," BLOOMBERG, 22 September 2009.

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## China Appeals Ruling on Imports of Books, Movies, Music

In the latest chapter of an ongoing trade spat between the world's two largest economies, China on Tuesday appealed a WTO ruling that upholds a US complaint against its restrictions on foreign books, movies and music.

"China has appealed to the WTO over the publication ruling," said a spokesman for the Ministry of Commerce in Beijing, Bloomberg reported.

In August, a panel of WTO judges ruled against Beijing's requirement that copyrighted publications and audiovisual products be imported and sold domestically through state-approved or state-owned distributors (see Bridges Weekly, 9 September 2009, <http://ictsd.net/i/news/bridgesweekly/54713/>). The WTO's Appellate Body – the organisation's highest court – will now consider China's request. The seven-member body has the power to

uphold, modify or reverse the findings of the lower panel.

Trade tensions between the US and China have intensified in recent weeks, as the two countries have sparred over trade in tyres, chicken and autos. Last week, Beijing initiated a separate WTO dispute with Washington over the 35 percent tariffs on imports of Chinese tyres that US President Barack Obama announced earlier this month (see Bridges Weekly, 16 September 2009, <http://ictsd.net/i/news/bridgesweekly/55281/>). The duties are scheduled to take effect on Saturday.

ICTSD reporting; “China appeals WTO ruling on book, film imports that backed US,” BLOOMBERG, 22 September 2009.

## EVENTS & RESOURCES

### Events

#### Coming up: 23-30 September

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 organizations 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](mailto:publicforum2009@wto.org), or see the event's website [http://www.wto.org/english/forums\\_e/ngo\\_e/forum09\\_background\\_e.htm](http://www.wto.org/english/forums_e/ngo_e/forum09_background_e.htm)

29 September, Geneva, Switzerland. TRADE AND CLIMATE CHANGE CODE WITH GARY HUFBAUER. As climate change policy shifts into high gear ahead of the end-of-year Copenhagen Summit, there is an increased need to better manage and perhaps

remodel the interface between trade and climate change policies and agreements. There is a need for new and improved tools to organise convergence (and manage likely divergences) at the trade-climate change interface, and to explore the scope for – and consequences of – changing current trade disciplines and the assumptions that underlie them. One of the most interesting proposals made to date in this regard is that of a “Trade and Climate Code” advanced by Gary Hufbauer, Steve Charnovitz and Jusun Kim in their recent book *Global Warming and the World Trading System*. At this event, co hosted by ICTSD and WTI Advisors, Gary C. Hufbauer of the Washington-based Peterson Institute for International Economics, Washington, will present his proposal to a Geneva audience. His presentation will be followed by comments from Gary Horlick, of The Law Offices of Gary Horlick, Washington D.C., Hannes Schloemann, WTI Advisors, Geneva, and Johannes Bernabe of ICTSD. For more information, please email Cecile de Gardelle, [cdegardelle@ictsd.ch](mailto:cdegardelle@ictsd.ch)

29 September, Geneva, Switzerland. GLOBAL NETWORKING TO INCREASE MEMBERSTATE CAPACITY WITHIN THE DISPUTE SETTLEMENT PROCESS. While the DSU is intergovernmental in nature, WTO Dispute Settlement would not be possible without the involvement of a wider network of stakeholders. Private firms, legal counsel, and nongovernmental organisations all provide invaluable assistance to Member states hoping to overcome disagreement via the mechanism. This point has particular salience with respect to overcoming the unfortunate underrepresentation of developing country Member states in WTO Dispute Settlement. This panel event, hosted by ICTSD at the WTO Public Forum, will address the role of non-state actors in WTO disputes and will consider how they are now used – and how they might be used further – to help increase the capacity of Member states to engage in the

process. For more information, please email Cecile de Gardelle, [cdegardelle@ictsd.ch](mailto:cdegardelle@ictsd.ch)

30 September, Geneva, Switzerland. NEW LABOUR AND ENVIRONMENTAL PROVISIONS IN REGIONAL TRADE AGREEMENTS AND HOW SUCH PROVISIONS RELATE TO THE MULTILATERAL TRADING SYSTEM. The number of RTAs notified to the WTO is growing. The EU and the US are placing their efforts in negotiating and implementing a new generation of regional and bilateral trade agreements. Examples are recent cooperation agreements with Central America, CARIFORUM and Andean countries. Moreover India is currently negotiating RTAs with the EU and ASEAN. One of the main reasons for the increasing number of such agreements is that they allow WTO members to achieve progress toward trade liberalization that they cannot attain in the multilateral system. In the package of issues being covered by RTAs, especially in those between developed and developing countries, new issues are brought to the agenda. At the systemic level: MFN clauses, the relation with Article XXIV and the non execution clause have important implications for developing countries engaging in RTAs. Also regulatory aspects on the relationship between environment and labour standards are starting to arise. While developing countries tend to look at these issues with some level of distrust; consumer and market preferences are reshaping these perceptions. This panel event, organised by ICTSD for the WTO Public Forum, will explore these issues and their implications. For more information, please email Cecile de Gardelle, [cdegardelle@ictsd.ch](mailto:cdegardelle@ictsd.ch)

30 September, Geneva, Switzerland. STRENGTHENING MULTILATERALISM IN TRADE FOR SUSTAINABLE DEVELOPMENT: REFORMING THE WTO FOR THE FUTURE. This session, which will be co

hosted by ICTSD and the Global Economic Governance Programme of the University of Oxford, will address the challenge of strengthening the multilateral trading system for trade and sustainable development. The starting point for discussion will be that the WTO is a vital and valuable institution, but that changes need to be made to ensure the multilateral trading system addresses the changing times, the new political and economic realities of the trading system, and the pressing challenges of sustainable development. The event will be held during the WTO Public Forum. For more information, please email Cecile de Gardelle, [cdegardelle@ictsd.ch](mailto:cdegardelle@ictsd.ch)

### WTO Events

An updated list of forthcoming WTO meetings is posted at [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.

23-25 September: WORKSHOP ON ENVIRONMENTAL GOODS AND SERVICES

24 September: COMMITTEE ON AGRICULTURE

24 September: WORKING PARTY ON THE ACCESSION OF TAJIKISTAN

25 September: COMMITTEE ON BALANCE-OF-PAYMENTS RESTRICTIONS

25 September: DISPUTE SETTLEMENT BODY

28 September: WTO PUBLIC FORUM 2009  
- REGISTRATION OF PARTICIPANTS

28-30 September: WTO PUBLIC FORUM  
2009 - GLOBAL PROBLEMS, GLOBAL  
SOLUTIONS: TOWARDS BETTER  
GLOBAL GOVERNANCE

### **Other upcoming events**

14-16 October, London, United Kingdom. FIFTH INTERNATIONAL FORUM ON ILLEGAL, UNREPORTED AND UNREGULATED FISHING. This conference, hosted by Chatham House, will bring together experts and policy-makers working on issues related to illegal fishing from around the world to explore the latest initiatives, regulations and research in fisheries governance and trade in illegal fish products. Building on the success of previous meetings, the agenda will contain sessions on the new EU IUU fishing regulation, the economic implications of IUU fishing, addressing IUU fishing in Africa and the Asia-Pacific region, controlling & monitoring IUU fishing and fisheries governance. To kick off the conference, Chatham House and WWF will be hosting a screening of the film "The End of the Line: How Overfishing is Changing the World and What We Eat" on 14 October from 6.00 to 8.30 pm at Chatham House. The film will be followed by a discussion with panellists from industry, government and civil society. The Forum and film screening are open to all. However, pre-registration is essential and must be received by Friday 2 October to guarantee admission. To register, please contact Tim Eaton at [teaton@chathamhouse.org.uk](mailto:teaton@chathamhouse.org.uk) and let us know which event(s) you would like to attend. More information on the forum is available at <http://www.chathamhouse.org.uk/events/view/-/id/1218/>.

22-23 October, Washington DC, USA. DIALOGUE ON FORESTS, GOVERNANCE, AND CLIMATE

CHANGE. Jointly organised by Chatham House, the Rights and Resources Initiative and the World Resources Institute, this is the second in a series of meetings aiming to promote learning and frank discussion on the key issues facing forests and forest communities as the world scales up efforts to mitigate and adapt to climate change. The meeting will focus on the international implications of the Waxman-Markey bill now working its way through the US Congress, as well as the preliminary steps by the UNREDD and FCPF to establish REDD Readiness in developing countries to date. The meeting is open to all, and there is no charge for admission. However, preregistration is essential, and you must register by the end of Friday 15 October to be guaranteed admission. To register, please send your name and affiliation to Lucy Ellinas at [climateforest.registration@chathamhouse.org.uk](mailto:climateforest.registration@chathamhouse.org.uk)

26-28 October, Geneva, Switzerland. THE 2009 BRIDGES CHINA DIALOGUE. CHINA AND GLOBAL SUSTAINABLE RECOVERY: TRADE, ENERGY CONSERVATION AND LOW-CARBON INITIATIVES. Against the backdrop of the current recession, China's economic and political landscape is of paramount importance in facilitating a speedy global recovery. The 2009 Bridges China Dialogue will bring together experts from government, business, academia and civil society organisations for an in-depth discussion and examination of China's market dynamics and policy implications with regards to a global sustainable recovery. For information on panels, speakers and attendance, please visit the meeting's website: [www.bridgeschina.com](http://www.bridgeschina.com)

2-3 November 2009, Bangkok, Thailand. ASIA-PACIFIC TRADE ECONOMISTS' CONFERENCE. Under the heading "Trade-led growth in times of Crisis," the conference will be an opportunity for trade researchers

and policy makers to discuss implications of the global economic crisis for trade in the Asia-Pacific region. The conference will feature panel discussions led by eminent trade specialists and presentations by researchers on a wide range of trade-related issues, including trade governance, trade facilitation, trade liberalisation in services, and trade and development. The conference will celebrate the 5th anniversary of the Asia-Pacific Research and Training network on Trade (ARTNeT) and is organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), in collaboration with the International Development Research Centre (IDRC), Canada, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) Regional Centre in Colombo, and the World Trade Organization (WTO). The conference brochure can be viewed at <http://www.unescap.org/tid/artnet/mtg/ARTNeT%20conference-1.pdf> with organizational details listed on the Conference website [http://www.unescap.org/tid/artnet/artnet\\_conference.asp](http://www.unescap.org/tid/artnet/artnet_conference.asp). Please register by writing to [artnetontrade@un.org](mailto:artnetontrade@un.org) (no registration fee).

for change and outlines the questions that must be resolved for a successful reform process that will safeguard world trade. The policy brief may be found at <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=23841&prog=zgp&proj=zie,zted>

**ASSESSING THE COSTS OF ADAPTATION TO CLIMATE CHANGE: A CRITIQUE OF THE UNFCCC ESTIMATES.** By Martin Parry et al. International Institute for the Environment and Development, August 2009. The book takes another look at the costs of adapting to climate change. The estimates for 2030 used by the UN Framework Convention on Climate Change are likely to be substantial under-estimates. In some parts of the world, low levels of investment have led to an adaptation deficit, and this deficit will need to be made good by full funding of development, without which the funding for adaptation will be insufficient. Residual damages also need to be evaluated and reported because not all damages from climate change can be avoided. There is an urgent need for more detailed assessments of these costs, including case studies of costs of adaptation in specific places and sectors. The report aims to demonstrate the need for the further and transparent refinement of cost estimates for responding to climate change. The report is available in .pdf form online at <http://www.iied.org/pubs/display.php?o=11501IIED>

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## Resources

**WTO REFORM IS NEEDED TODAY.** By Uri Dadush, Carnegie Endowment for International Peace, September 2009. The languishing Doha Round of global trade talks elicits questions about the limitations of the World Trade Organization, just as economic crisis and burgeoning protectionist pressures demonstrate the urgency of strengthening trade rules. In a new policy brief, Uri Dadush explains why the WTO needs to be reformed to be effective and to remain relevant. The WTO is increasingly bypassed in trade reform by unilateral, bilateral, and regional processes, and no new liberalisation of trade in goods has come from multilateral negotiations since the institution was founded in 1995. Dadush examines the calls

**A NEW TRADE THEORY OF GATT/WTO NEGOTIATIONS.** By Ralph Ossa, the University of Chicago, February 2009. I develop a novel theory of GATT/WTO negotiations. In this article, which won a WTO prize for best essay by a young economist, the author provides new answers to two prominent questions in the trade policy literature: First, what is the purpose of trade negotiations? And second, what is the role played by the fundamental GATT/WTO principles of reciprocity and non-discrimination? Relative to the standard terms-of-trade theory of GATT/WTO negotiations, the author's theory makes two main contributions: First, it builds on a 'new trade' model rather than the neoclassical trade model and therefore sheds new light on GATT/WTO negotiations between similar countries. Second, it relies on a production relocation externality rather



than the terms-of-trade externality and therefore demonstrates that the terms-of-trade externality is not the only trade policy externality, which can be internalised in GATT/WTO negotiations. The article is available at <http://faculty.chicagobooth.edu/ralph.ossa/research/wto.pdf>