



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

Volume 13 · Number 4, 4 February 2009

LEAD STORIES

- 'Buy American' Provision in Stimulus Bill
Rankles US Trading Partners..... 1
- Brazil Slams EU for Seizure of Generic Drugs... 4

IN BRIEF

- African Leaders Vow to Work toward 'United
States of Africa'..... 5
- UN Meeting Calls for 'Food Security for All'..... 6
- Czech President Denies Global Warming..... 7
- OECD Confirms Drop in Rich Country Trade
Flows 8

WTO IN BRIEF

- Trade Ministers Pledge to Push for Doha Closure
This Year..... 8
- Chair Calls for Focus on Technical Aspects of
NAMA Talks..... 9

EVENTS & RESOURCES

- Events..... 10
- Resources 11

Bridges Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD), an independent, not-for-profit organisation based at Ch. de Balexert 7, 1219 Geneva, Switzerland, tel: (+41) 22-917-8492; fax: 917-8093.

To subscribe to Bridges Weekly Trade News Digest or access back issues, visit <http://ictsd.net/news/bridgesweekly/>.

Bridges Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK) and NOVIB (NL). Bridges Weekly also benefits from support for the Bridges series of publications from donors including the Rockefeller Foundation and the Swiss Agency for Development and Cooperation.

Excerpts from Bridges Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

Contributors to this issue of Bridges Weekly Trade News Digest© are Ammad Bahalim, Trineesh Biswas, Bill Kraus, Paige McClanahan and Meredith Payton. Editor: Paige McClanahan. Director: Ricardo Meléndez-Ortiz.

LEAD STORIES

'Buy American' Provision in Stimulus Bill Rankles US Trading Partners

Free trade advocates and US trading partners are up in arms over the 'Buy American' provision included in the US\$ 819 billion economic stimulus bill that was passed by the US House of Representatives last week. Critics of the provision say the move is a blatant resort to protectionism, but proponents argue that the import restriction is in line with international trade rules and will create thousands of vital manufacturing jobs amidst the economic downturn.

But the fate of the provisions was thrown into question on Tuesday, when US President Barack Obama revealed in several interviews that he has reservations about the measures.

"I think it would be a mistake...at a time when worldwide trade is declining for us to start sending a message that somehow we're just looking after ourselves and not concerned with world trade," Obama said in an interview with Fox News.

"That is a potential source of trade wars that we can't afford at a time when trade is sinking all across the globe," Obama said in a separate interview with ABC News.

The controversial provisions would require, with some exceptions, the purchase of US-made iron and steel in certain public works projects that are funded by the stimulus package, which includes tax cuts and spending provisions aimed at rebuilding the country's transportation infrastructure and creating millions of manufacturing jobs in the process. Members of the House largely stuck to party lines in their votes on the proposed legislation, with Democrats voting in favour and Republicans opposed. The

Senate is expected to vote on its version of the legislation later this week.

The passage of the bill drew immediate scrutiny from overseas.

"We regard this legislation as setting a very dangerous precedent at a time when the world is facing a global economic crisis," John Bruton, the EU's ambassador to the US, said earlier this week.

"Measures of this nature, if they breach WTO rules, are likely to be the subject of legal action," he said. "There is always the possibility of retaliatory measures to be taken."

Italian Trade Minister Adolfo Urso also took a hard line: "A dangerous new steel war is looming and we need to counter it with strong and decisive actions," he warned on Monday.

Major US blue-chip firms General Electric, Caterpillar, Boeing and FedEx also oppose the measure, out of concern that it could provoke other countries into raising their own trade barriers, thus dampening demand for their exports.

But US Vice President Joe Biden defended the provisions in an interview last week.

"I don't view that as some of the pure free-traders view it, as a harbinger of protectionism," Biden, a long-time advocate of organised labour, told CNBC. "I don't buy that at all. So I think it's legitimate to have some portions of Buy American in [the stimulus bill]."

"I don't think there's anything anticompetitive or antitrade in saying when we are stimulating the US economy that the purpose is to create US jobs," he said.

"The same thing's happening in Britain, the same thing's happening in Europe, the same thing's happening in China, and they're not worrying about American jobs."

But some analysts say that domestic purchasing requirements may not actually create any new US manufacturing jobs. A recent study by the DC-based Peterson Institute for International

Economics found that, under some scenarios, the import bans could in fact lead to a net loss in jobs across the sector.

"The negative job impact of foreign retaliation against Buy American provisions could easily outweigh the positive effect of the measures on jobs in the US iron and steel sector and other industries," the study concluded. "The difference is that jobs lost would be spread across the entire manufacturing sector, while jobs gained would be concentrated in iron and steel and a few other industries."

A ban, with three exceptions

The bill, as passed by the House, would force government contractors to purchase US-made materials and equipment for stimulus-funded projects, but with three exceptions. First, the requirement could be waived if US iron and steel makers could not produce the quantity or quality of materials needed. Second, foreign goods could be purchased if the use of domestic products would raise the cost of the project in question by more than 25 percent. Finally, the head of a federal department or agency could waive the requirement if its application "would be inconsistent with the public interest."

Critics say that the Buy American provision would violate world trade laws. Indeed, several bilateral trade deals that the US has recently enacted forbid such import restrictions, as does the WTO's Agreement on Government Procurement (GPA), to which the US is a signatory.

But proponents of the Buy American clause argue that the 'public interest' exception included in the House bill could be used to allow purchases from countries that have signed on to the WTO procurement agreement or that have negotiated bilateral deals with the US.

If government officials used the public interest waiver in such a way – although the law provides no guarantee that they would – then products from NAFTA members Canada and Mexico would be safe from the restrictions, as would goods from countries like Costa Rica, Jordan, Oman and Peru that have signed bilateral trade deals with the US.

Moreover, products from the EU, Japan, Korea, Switzerland and a handful of other countries that have signed the GPA would be exempted from the ban. But because the GPA is a plurilateral, as opposed to multilateral, agreement, only those countries that have signed it would be protected against discrimination in government spending.

Thus, major emerging economies Brazil, China, India, and Russia, none of which have signed the GPA, could potentially see their exports to the US drop as a result of the Buy American provision. No international treaty, at least, would forbid Washington from discriminating against their goods.

The message, not the technicalities

But some observers argue that the question of whether the Buy American provision violates international law is beside the point. The real issue, they say, is the message that such a trade restriction would send to the international community.

Since the onset of the financial crisis in September, world leaders have been struggling to prevent a slide into the kind of tit-for-tat protectionism that in the 1930s transformed what began as a recession into a global economic depression. To that end, in November, the leaders of the world's 20 largest economies signed a declaration outlining their commitment to keeping their borders open to trade despite the economic turmoil.

"We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty," the declaration said. "In this regard, within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports."

Even if Washington can justify the trade restrictions in terms of international trade law, in principle, some critics argue, the Buy American provision represents a significant departure from

the spirit of openness that inspired the declaration.

"I don't think we ought to use a measure that is supposed to be timely, temporary and targeted to set off trade wars when the entire world is experiencing a downturn in the economy," Republican Senator Mitch McConnell said Monday. "It's a bad idea to put it in a bill like this, which is supposed to be about jump-starting the economy."

But others disagree.

"Domestic sourcing is not protectionism," Scott Paul, head of the labour group Alliance for American Manufacturing, said in statement. "It is a longstanding policy of the US government that is completely compliant with our international trade obligations."

Pundits say that if US trading partners begin taking similar measures to prop up domestic industries, the argument against Buy American might be harder to make. So far, though, such measures do not appear to be widespread. The Economist reported last week that the Swedish government has offered Saab and Volvo as much as US\$ 3.5 billion in loans and credit guarantees on the condition that the automakers spend that money in Sweden. Similar provisions have cropped up in Britain and France, but not on the scale of the proposed US domestic sourcing plans.

ICTSD reporting; "Buy American' rider sparks trade debate," THE WASHINGTON POST, 29 January 2009; "US House approves 'Buy America' steel measure," REUTERS, 28 January 2009; "For sale," THE ECONOMIST, 29 January 2009; "Saab and Volvo are on the block, but where are the buyers?" THE ECONOMIST, 29 January 2009; "Buy American' stimulus plan riles trade partners," AFP, 30 January 2009; "EU warns Obama on protectionism in stimulus bill," AP, 3 February 2009.

Brazil Slams EU for Seizure of Generic Drugs

The Brazilian ambassador to the WTO condemned the EU on Tuesday for seizing a shipment of generic drugs that was bound for his country, claiming that the move “sets a dangerous precedent” for public health.

The cargo, 500 kilograms of the hypertension drug losartan potassium, was confiscated on 4 December while the ship that was delivering it to Brazil was docked in a port in the Netherlands. The Dutch authorities held the shipment for 36 days before returning it to India, where the drugs had been manufactured (see Bridges Weekly, 28 January 2009, <http://ictsd.net/i/news/bridgesweekly/38841/>).

Under the existing intellectual property architecture (which includes the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, or TRIPS Agreement), patents are territorial and protected according to each country's national system.

Losartan potassium is patented in Europe, where DuPont and Merck Sharp & Dohme own the patent and marketing rights to the drug, according to media sources. The medicine is not patented in Brazil or India.

The seizure of the drugs has added new fuel to an ongoing debate between rich and poor countries over how best to ensure that people in the developing world can have access to affordable medicines.

“The protection of intellectual property cannot supersede the protection of more fundamental values, such as the protection of life and the right to promote public health,” Brazilian ambassador Roberto Azevedo said at the WTO's General Council meeting on Tuesday.

“The decision to impede the transit of a cargo of generic medicines – which was not headed for the Dutch market – is unacceptable and sets a dangerous precedent,” Azevedo said. “Worse still, there are indications that this is not an isolated incident.”

Azevedo alleged that the EU's action violates the ‘freedom of transit’ section (Article V) of the General Agreement on Tariffs and Trade, which provides that “traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit.”

Seconding Brazil's criticism, India also decried the EU's actions, stressing the potential ramifications of establishing such a precedent.

“Barriers to legitimate trade of generic drugs will seriously impair the efforts of organisations like the Medecins Sans Frontieres, Clinton Foundation, Bill and Melinda Gates Foundation and a whole lot of other organisations engaged in providing medicines and improving public health in the least developed parts of the world,” Indian ambassador Ujal Singh Bhatia said.

Bhatia also drew attention to what he called the recent trend toward a ‘maximalist’ approach to the enforcement of intellectual property, or IP, norms in various international fora. This push he said, represents an “effort to upset the delicate balance between the rights of [intellectual property rights] holders and the public policy objectives under the TRIPS Agreement.”

Sixteen other WTO Members also supported the Brazilian ambassador's statement, sources said. The other countries were Argentina, Bolivia, Burkina Faso, China, Costa Rica, Cuba, Ecuador, Egypt, Indonesia, Israel, Nigeria, Peru, Pakistan, South Africa, Thailand and Venezuela.

But EU Ambassador Eckart Guth defended the EU's actions. The seizure “is allowed by TRIPS and is based on provisions in EU customs law that allow customs to temporarily detain any goods if they suspect that these goods infringe an intellectual property right,” Guth said, according to IP Watch.

He claimed that the actions could be justified under the TRIPS Agreement, which permits customs authorities to temporarily hold goods that

they suspect might be in violation of intellectual property laws.

Specifically, Guth referred to Article 51 of the TRIPS Agreement, which allows rights holders who suspect that a batch of imported goods might violate intellectual property law "to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods."

But Guth maintained that Brussels in no way intends to damage public health as it seeks to protect its patent holders.

"Let me make it very clear that the EU has absolutely no intention to hamper any legitimate trade in generic medicines or to create legal barriers to prevent movement of drugs to developing countries, nor have our measures had this effect...We are absolutely committed to all the efforts that are being made to facilitate access to medicines," Guth said.

Brazilian foreign minister Celso Amorim has indicated that Brazil is willing to challenge the EU's actions at the WTO, the Associated Press reported last week. Amorim met with Indian trade minister Kamal Nath on the sidelines of the World Economic Forum this week to discuss their approach to the issue.

ICTSD reporting. "Concern erupts over WTO system and medicines shipments; TRIPS talks rekindling," IP WATCH, 3 February 2009; "Developing states attack EU on generic drug seizure," REUTERS, 4 February 2009; "Brazil slams Dutch for seizing medicine shipment," AP, 30 January 2009; "India, Brazil to take on EU over regulation," LIVEMINT, 30 January 2009.

IN BRIEF

African Leaders Vow to Work toward 'United States of Africa'

African leaders meeting at a summit in Ethiopia this week agreed to work to forge a 'United States of Africa', despite the fears of some nations that such a move could threaten national sovereignty. The heads of state and senior officials present at the African Union summit, which met from 1-3 February in Addis Ababa aimed to hash out the details of how to bring the continent together under a single pan-African government, as well as how the continent's leaders should respond to the ongoing economic crisis.

The outgoing president of the African Union, Tanzanian President Jakaya Kikwete, said the goal was to create an institution with a bigger mandate, eventually moving toward a union government.

"In principle, we said the ultimate is the United States of Africa," Kikwete said. "How we proceed to that ultimate, there are building blocks."

On Sunday, the officials agreed to set up a new African Union Authority to replace the existing AU commission. The authority, which the leaders hope to have up and running by mid-year, will have slightly more power to deal with issues such as poverty, infectious diseases, education, and other legal issues. However, the authority will have the difficult task of alleviating the doubts that many African nations harbour about whether the new authority will respect national sovereignty, and how resources and power will be divided between the national and regional levels. Funding for the authority has not yet been made clear.

"Essentially, it's a compromise between those who would have wanted an accelerated transformation to a union government, and those who were looking for a gradualist approach towards this transformation," says Professor Onyejekwe a participant in the discussion of African Unity.

"But what this does basically is now to create secretaries with various responsibilities at the continental level, but falling short of now

transforming the AU into a United States of Africa," he said.

Some officials that oppose say the new authority say that it would add a layer of bureaucracy that the continent does not need.

The main agenda of the summit, boosting Africa's energy and transport networks, was overpowered by the global economic recession. Several African nations have recently experienced volatility in their stock markets and currencies, said Abdou Jannet, chief of the UN Economic Commission for Africa. The official also called on the African nations to assemble a "coordinated and coherent" response to the current global financial crisis, climate change, and challenges of peace and security on the continent.

"We need to increase agriculture production and diversify into manufacturing and services in order to provide jobs...Diversification will also give our economies the resilience to deal with future economic shocks," Jannet said at the meeting.

Ethiopian Prime Minister Meles Zenawi set an ominous tone for the economic debate:

"Our economic prospects are such that unless we act, and act now and decisively, the majority of African states could become failed states over the coming decade," said Zenawi. "The consequences of such an outcome are dire."

Also during the summit, Muammar Gaddafi of Libya was elected the new chairperson of the African Union. While some leaders consider Gaddafi too erratic for the position, it was the turn of a North African representative to lead the bloc, and the controversial Libyan was the only one present. Gaddafi led the calls for the AU to create a union government that he believes would boost Africa's international standing, and vows to push for this unity during his chairmanship.

"I shall continue to insist that our sovereign countries work to achieve the United States of Africa," Gaddafi said.

"Conflicts overshadow talks on African Union's Future," AFP, 2 February 2009; "UN deputy chief calls for coordination of African nations," CHINA VIEW, 1 February 2009; "UN urges

African economies to diversify," REUTERS, 29 January 2009; "Leaders claim progress made toward unified Africa," ASSOCIATED PRESS, 1 February 2009; "African Union to Adopt Proposals to Strengthen Commission," VOA NEWS, 3 February 2009; "African Summit hears dire economic forecasts," VOA NEWS, 3 February 2009.

UN Meeting Calls for 'Food Security for All'

A meeting of the heads international organisations and representatives from 126 countries was convened in Madrid by the Spanish government to address ongoing problems caused by high food prices in the developing world. The crisis, which drew significant media attention over the summer, has recently been overshadowed by the turmoil in the global economy.

The gathering was one of a series of meetings on the global food crisis, including a prominent meeting hosted by the FAO in Rome last year.

At the conclusion of the meeting last week, the government of Spain pledged to provide €200 million per year over the next five years "for the fight against hunger."

UN Secretary-General Ban Ki-moon and Spanish Prime Minister Rodriguez Zapatero emphasised that they "will work together with nations and other stakeholders to explore options for a global partnership that sustains a movement against hunger and promotes smallholder agriculture."

Reactions to the meeting were mixed. Some participants were critical of the fact that, although the gathering put a strong emphasis on the need to support smallholder farmers in alleviating poverty and addressing the food crisis, few such farmers were present at the meeting.

Anne-Laure Constantin of the Institute for Agriculture and Trade Policy noted that "no substantial discussion took place" and there was "no real confrontation of the problem" of the current model of agricultural production.

However, she welcomed an initiative to build a new global partnership on agriculture.

Discussions on the role that trade has played in the food crisis were limited, although the final statement that emerged from the meeting called for "eliminating all forms of competition-distorting subsidies in order to stimulate and conduct agricultural trade in a fair way."

In recent weeks, the EU has faced strong criticism from WTO Members for reinstating a policy of providing export subsidies, one of the most controversial trade-distorting subsidies, for dairy products and increasing the payments on some poultry exports (see Bridges Weekly, <http://ictsd.net/i/news/bridgesweekly/38827/>, 28 January 2009). Some observers have blamed subsidies for agricultural production in developed countries for destroying the economic incentives for investment in and production of farm goods in developing countries.

A session on monitoring short- and long-term measures to ensure food security addressed trade issues directly. Background documents for the meeting were uncritical of the role that tariffs and export taxes may have played in influencing food prices. Instead, the documents detailed how some countries that have eliminated or reduced food tariffs in an effort to bring price reliefs have suffered a loss of revenue as a result.

WTO Deputy Director General H. Singh, in his intervention in the session on trade, sounded a positive note on trade liberalisation, pointing out that "from 2008 and January 2009...the number of countries adopting trade liberalisation policies [to address the global food crisis] were more than those resorting to trade restriction."

To ease the concerns of those seeking domestic food security, Singh elaborated on the safeguard mechanisms included in the most recent draft modalities on agriculture at the WTO.

One of the "biggest achievements" of the meeting, according to Oxfam representative Jenny Heap, was that "it instilled a participatory approach to the process." Meeting participants agreed that "the South should be given a strong voice" in the food crisis response, Heap noted.

But Heap underlined the importance of maintaining international attention on the food crisis and fulfilling funding pledges made at the FAO meeting in Rome last year. Only about 20 percent of the monetary commitments made in Rome have been met so far, she said.

ICTSD reporting.

Czech President Denies Global Warming

Czech President Václav Klaus, whose country now holds the rotating EU presidency, insisted this week that climate change does not exist.

"I don't think that there is any global warming," Klaus said at a meeting on the sidelines of the annual World Economic Forum in Davos, Switzerland. "I don't see the statistical data for that. I don't believe the results of the IPCC," he said, referring to the UN's Intergovernmental Panel on Climate Change, which concluded in 2007 that there is a less than 5 percent chance that natural processes alone are causing the recorded rise in global temperatures.

Klaus specifically took aim at former US Vice President Al Gore, a prominent climate change campaigner.

"Environmentalism and the global warming alarmism is challenging our freedom. Al Gore is an important person in this movement."

"I'm afraid that the current crisis will be misused for radically constraining the functioning of the markets and market economy all around the world," he said.

Klaus has long been a harsh critic of environmental activism. In an op-ed in the Financial Times in 2007, the Czech president said that "ambitious environmentalism" constituted "the biggest threat to freedom, democracy, the market economy and prosperity."

ICTSD reporting; "Le réchauffement climatique n'existe pas, affirme le président tchèque," LE

MONDE, 31 January 2009; “Czech president attacks Al Gore's climate campaign,” AFP, 1 February 2009; “Freedom, not climate, is at risk,” THE FINANCIAL TIMES, 13 June 2007.

OECD Confirms Drop in Rich Country Trade Flows

International trade flows declined over the last three months of 2008, a recent report has revealed, confirming fears that the ongoing economic turmoil has slowed the pace of global commerce.

Analysing statistics from the Group of Seven world economic powers, the Organisation for Economic Cooperation and Development found that merchandise export volumes fell 0.2 percent in the third quarter, while import volumes rose 0.4 percent.

The G7 includes Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

The report, released on 28 January, provides information on the three months from October to December 2008, the third quarter under the OECD system, and contrasts those numbers with trends from the previous year. The data is separated by merchandise trade for the G7 nations as well as trade in goods and services for both the G7 as well as the 23 other rich countries that are members of the OECD.

On a year-on-year basis, G7 merchandise import volumes fell 1.4 percent in the third quarter, while exports rose 1.9 percent, the report found. These figures mark the first decline and lowest growth, respectively, since the third quarter of 2006.

The report noted that within the United States, growth in merchandise exports continued to be the highest of the G7, with a yearly increase of 8.3 percent and positive growth in the third quarter of 2008. Compared to the same quarter in 2007, however, the report found that US import volumes had declined 3.6 percent.

Also notable was a growth in quarter merchandise import volume within Germany, where an increase of 3.4 percent marked the highest rate within the G7. But the nation saw exports decline by 2.9 percent in the third quarter of 2008, generally stagnating over the course of a year.

Looking at trade across the OECD's 30 members, the report also analysed changes in trade in goods and services. The report indicated declines across the board, as the value of exports and imports of goods and services in the OECD area fell 1.6 percent and 0.2 percent respectively from the previous quarter. Additionally, growth in the value of exports and imports of goods and services slowed to 15.6 percent and 17 percent, respectively, on a year-on-year basis.

Gabriel Stein, chief international economist at London based Lombard Street Research, said that the report signifies that “the global economy is doing very badly.” He further added that the report is already “old news” in the rapidly changing financial market, and that the next report is likely to show worse numbers.

The report is available now at <http://www.oecd.org/dataoecd/14/55/42058488.pdf>.

ICTSD Reporting; “Trade Falls are ‘awful news’ for global economy,” FUND STRATEGY, 28 January 2008.

WTO IN BRIEF

Trade Ministers Pledge to Push for Doha Closure This Year

Trade ministers from 24 countries have pledged to resist protectionism and strive to conclude the seven-year-old Doha Round of trade talks before the end of the year, according to a statement that emerged from an informal high-level gathering on the sidelines of the World Economic Forum in Davos over the weekend.

But such progress may not be easy to achieve given recent and upcoming changes in administration in several countries, as well as the particular challenges to further trade liberalisation posed by the ongoing economic crisis.

Despite such obstacles, the ministers agreed “to continue to attach the highest priority to achieving a successful conclusion of the WTO’s Doha Development Agenda with an ambitious and balanced outcome.”

“We recognise the major progress made in 2008 towards finalising modalities in the Doha Development Round, which provides a sound basis for an early resolution of the remaining differences in 2009,” the ministers wrote.

They also agreed “to refrain from raising new barriers to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports.”

Swiss minister Doris Leuthard, the host of the gathering, laid out a tentative timetable for how the negotiations might proceed this year, stressing that “more meetings of ministers” would be needed.

“Possibly, a first meeting could even take place before the G20 meeting in April,” she said. “There could be another meeting on the margin of the OECD ministerial at the end of June, before Pascal probably will invite us to Geneva for July,” she said, referring to WTO Director-General Pascal Lamy. The WTO is headquartered in Geneva.

Also on the sidelines of the annual Davos gathering, DG Lamy held a one-on-one meeting with Chinese premier Wen Jiabao. The two agreed on the importance of keeping trade lines open during times of economic hardship; both pledged to work toward a successful Doha conclusion.

But actual progress in the trade negotiations will likely not come easily. The ministers will need to overcome a sense of political inertia still lingering from last year. Hard pushes to strike modalities deals, the first step towards a full trade agreement, have fallen short twice in the past seven months.

“We have a problem of credibility, because we repeat discussing the same issues without being able to conclude the Doha Round,” Leuthard admitted in her personal conclusions from the meeting.

Moreover, the economic crisis may tempt countries to impose new barriers to trade in an effort to shield domestic industry.

At the WTO on Tuesday, Lamy reiterated his desire to see the negotiations towards tariff- and subsidy-cutting deals continue in 2009. He insisted that the political will exists to bring the round to a successful end.

“Let me remind you that, at our December meetings, we heard many members call for a speedy conclusion of the Doha Round,” Lamy told delegates at a WTO General Council meeting.

“Since then, we have continued to hear similar calls coming from all regions, and political and business leaders alike.”

“Our biggest challenge today... is to ensure trade is part of the solution as opposed to aggravating an already serious crisis which risks making the recession longer and deeper,” Lamy said.

“To paraphrase Mahatma Gandhi, who said ‘an eye for an eye makes the whole world blind’, today we could say that ‘if it is a job for a job, then we will have massive unemployment’.”

ICTSD reporting. “Ministers promise 2009 trade deal,” BBC NEWS, 31 January 2009.

Chair Calls for Focus on Technical Aspects of NAMA Talks

The chair of the WTO negotiations on industrial goods trade is working to develop a plan for technical work that trade diplomats could undertake in the upcoming months, without having to tackle persistent differences on countries’ future ceilings on manufacturing tariffs.

Luzius Wasescha, Switzerland’s ambassador to the WTO, hopes to present Members with a work

plan in the second half of February. He identified some potential subjects for such talks during a 28 January meeting of the non-agricultural market access (NAMA) negotiating committee. They included technical details about sector-specific liberalisation initiatives, non-tariff barriers, the scheduling of product-specific liberalisation commitments, and some individual countries' demands for exceptional treatment in the tariff-cutting negotiations.

Technical work is all that is feasible at the moment on the divisive issue of initiatives for countries to deeply cut tariffs on entire industrial sectors, such as chemicals, forest products, or industrial machinery. The US, Canada, and Japan want to be sure that major markets like China, Brazil, and India will participate in some 'sectorals'. The developing countries counter that the negotiating mandate clearly states specifies that participation in such initiatives is voluntary. But even without resolving that critical difference of opinion, trade officials could still clarify details about how sectoral initiatives would work, for instance, which products would be covered, or whether developing countries' concerns could be addressed if industrialised nations were required to make deeper tariff cuts within certain sub-sectors.

Sources report that most countries, including the US, the EU, Uruguay, Colombia, Canada, and Japan, agreed that moving forward with technical work was preferable to a prolonged lull in activity. They also accepted Wasescha's suggestion that his contentious December 2008 draft text could serve as a reference on which to base further work. China reiterated its view that sectoral initiatives should be voluntary, although it signalled its openness to pursuing technical clarifications.

Argentina complained that the NAMA talks in general were failing to live up to the negotiating mandate for "less than full reciprocity" in reduction commitments by developing countries. It has long argued that by requiring developing countries to cut their bound tariff ceilings by a deeper average margin than rich countries, the parameters for tariff cuts under consideration violate this mandate. South Africa raised similar views, suggesting that the current figures would entail major job losses.

In his opening remarks to the meeting, Wasescha had asked for greater "multilateral clarity" on the meaning of 'less than full reciprocity'.

ICTSD reporting.

EVENTS & RESOURCES

Events

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

Coming up this week

4-7 February, Delhi, India, DELHI SUSTAINABLE DEVELOPMENT SUMMIT 2009. This meeting will focus on finding equitable and ethical approaches to arrive at a global consensus on climate change beyond 2012. It is open to industry leaders, opinion makers, and climate change experts to attain a level of understanding among all stakeholders in order to formulate constructive dialogue on climate change. For more information please refer to <http://www.sdgateway.net/events/default.asp?EventID=6066>.

9-10 February, Windhoek, Namibia, HIGH-LEVEL MEETING: AFRICAN AGRICULTURE IN THE 21st CENTURY: MEETING CHALLENGES, MAKING A SUSTAINABLE GREEN REVOLUTION. This meeting will serve as an intercessional ministerial-level meeting of the UN Commission on Sustainable Development. It will consider how African governments and other stakeholders can take forceful policy and practical measures, in co-operation with the international community and development partners, to revitalise African agriculture and the broader rural economies in ways that are economically, socially and environmentally sustainable. For more information, please visit <http://www.un.org/esa/sustdev/sdissues/africa/events/index.htm>

WTO Events

An updated list of forthcoming WTO meetings is posted

http://www.wto.org/meets_public/meets_e.pdf.

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

4 and 6 February: Trade Policy Review Body - Guatemala

11 February: Dispute Settlement Body

Other upcoming events

15-16 February, Muscat, Oman: WIPO NATIONAL SEMINAR ON OMANI TRADITIONAL VALUES IN A GLOBALISED WORLD: THE INTELLECTUAL PROPERTY CHALLENGE. This seminar will create further understanding to the legal and technical aspects of intellectual property. Organised by the World Intellectual Property Organisation, this meeting will look at the international legal framework, along with the main substantive treaties in the field of industrial property. For further information contact WIPO, tel: (+41 22) 338 9111; Internet: http://www.wipo.int/meetings/en/details.jsp?meeting_id=7445

2 March, Geneva, Switzerland. SECOND ANNUAL UPDATE ON WTO DISPUTE SETTLEMENT. The Centre for Trade and Economic Integration is sponsoring a presentation and debate on cases and developments in WTO dispute settlement during 2008. More specifically, the meeting will cover WTO dispute settlement body developments and an annual report of the appellate body. A roundtable discussion and Q&A with five experts on WTO dispute settlement, facilitated by Joost Pauwelyn of the Graduate Institute will finalise the discussion. For more information please refer to http://ictsd.net/downloads/2009/02/annual_ds_update_2009_rev-29-jan-_2_.pdf

10-12 March, Copenhagen, Denmark. CLIMATE CHANGE: GLOBAL RISKS, CHALLENGES AND DECISIONS. This international scientific conference, hosted by the University of Copenhagen, will bring together a diverse array of international scholars and governmental leaders in cooperation with nine other universities. As part of the run up to the United Nations Climate Change Conference (COP-15), this event will expound upon current and emerging thinking in science, technology and policy with the goal of developing strategies for long term sustainability. For more information and registration, please refer to <http://climatecongress.ku.dk>.

Resources

WTO CONSTRAINTS ON DOMESTIC SUPPORT IN AGRICULTURE: PAST AND FUTURE. By Lars Brink, Agriculture and Agri-Food Canada, January 2009. This article first reviews domestic support under the WTO's Agreement on Agriculture. It then estimates the constraints on the various categories of trade-distorting domestic support in the future, using the provisions of the draft modalities for individual Members and the groups of Members that meet certain criteria. To access this paper, please refer to <http://www3.interscience.wiley.com/cgi-bin/fulltext/121645485/HTMLSTART>

DOES REGIONALISM AFFECT TRADE LIBERALISATION TOWARD NON-MEMBERS? By Antoni Esteveadeordal, Caroline Freund, Emanuel Omelas, October 2008. Using industry-level data on applied most-favoured nation tariffs and bilateral preferences for ten Latin American countries from 1990 to 2001, the authors observe the effect of regionalism on unilateral trade liberalisation. Resulting in external liberalization being superior if preferences are granted to important suppliers, the overall results of this study suggest that concerns about negative effect of preferential liberalization on external trade liberalization are unfounded. To access this article please refer to <http://econ.worldbank.org/external/default/mai>

n?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000158349_20081014133207

EXPANDING TRADE WITHIN AFRICA:
THE IMPACT OF TRADE FACILITATION.

By Dominique Njinkeu, John Wilson, Bruno Powo Fosso, December 2008. The paper observes the role of trade facilitation reforms, like increased port efficiency, improved customs, and regulatory environments, and upgrading services framework on trade between African countries. It provides an in depth analysis of the impact of trade facilitation on intra-African trade, highlighting that almost all regional trade agreements have a positive effect on trade flows. To access this article please refer to http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000158349_20081202142713