



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### Obama Trade Agenda Cites 'Imbalance' in Doha Talks, Urges Focus on Environment, Labour

The Obama administration will push to “correct the imbalance” in the Doha Round trade talks at the WTO and strive to incorporate stricter requirements on labour and the environment in pending and future US trade deals, according to a trade agenda that was released by the new US leadership on Monday.

The 467-page document, available [here](#), provides a snapshot of current US trade policy and outlines the “underlying goals and priorities” of the new administration on everything from investment treaties to bilateral free trade agreements to the Doha Round of trade talks at the WTO.

“Simply lowering tariffs and eliminating tariffs will not produce a successful trade policy,” the administration said in the document. Other priorities identified include helping US workers adjust to the changes brought about by shifts in the global economy and taking into account how increased liberalisation might affect people in developing countries.

“Fundamentally, our trade policy needs a keen appreciation of its economic consequences for our workers, their families, and their communities, a fact recognised in the progress our Congress is making to upgrade our existing adjustment assistance programs for workers.”

“We particularly recognise the need to pay special attention to how our policies influence the well being of people struggling both at home and in the poorest regions of the world,” the report said.

In line with pledges that Obama had made on the campaign trail, the trade agenda promises that

environmental and workers' rights issues will be front and centre in the administration's thinking on trade policy. But the report does not go so far as to propose drastic new approaches on either subject; rather, it appears as though the new administration will work to include environment and labour provisions in pending and future trade deals, and, at the multilateral level, work within the bounds of existing institutions.

### **'Imbalance' at the WTO**

One thing is certainly made clear in the report: the Obama team will be an active, if potentially controversial, player at the multilateral level. Indeed, the administration is fully prepared to engage with its trading partners to achieve a Doha Round deal at the WTO, the report said, but only if the US stands to get more out of the agreement.

"It will be necessary to correct the imbalance in the current negotiations in which the value of what the United States would be expected to give is well-known and easily calculable, whereas the broad flexibilities available to others leaves unclear the value of new opportunities for our workers, farmers, ranchers, and businesses," the report said.

The report singled out major emerging economies, most likely a reference to countries such as Brazil, China and India, as prime candidates for WTO Members that Washington says could offer deeper concessions in the talks.

"The linchpin to Doha Round success will remain securing meaningful market access commitments in agriculture, NAMA and services, particularly from key advanced developing countries that have been the fastest growing economies and are increasingly key players in the global economy," the report said.

"Key emerging markets must take on the additional responsibilities that come with their increased influence in the global economy and make commitments that result in meaningful new trade flows."

Responding to the proposed agenda, a Brazilian official said he was not surprised by the Obama administration's stance.

"I can say exactly the same: I expect others to make more contributions – what is in the package is not enough for Brazil, we would like a lot more from others," Roberto Azevedo, Brazil's ambassador to the WTO, said in an interview with Reuters.

But Azevedo added that Brazil would not agree to completely re-work the package of tariff and subsidy cuts that trade negotiators have so carefully constructed in the more than seven years since the Doha Round was launched.

### **Environment and labour issues key to NAFTA, FTAs**

At the regional level, the administration said in the report that it will work with fellow NAFTA members Canada and Mexico "to identify ways in which [the North American Free Trade Agreement] could be improved without having an adverse effect on trade."

Obama had promised on the campaign trail to make NAFTA more beneficial for US workers and manufacturers, a pledge that inspired unease to both the north and south of the US border (see Bridges Weekly, 6 November 2008, <http://ictsd.net/i/news/bridgesweekly/32652/>).

"I will start with a re-evaluation of NAFTA and a renegotiation effort to fix it, and I will ensure that US products are treated on a level playing field with those of other countries," Obama said in a response to a questionnaire on trade during the campaign.

One potential 'NAFTA fix' that the Obama administration has already put forward is to incorporate existing side agreements on environment and labour into the core text of the 15-year-old trade deal. Obama raised this possibility with Canadian Prime Minister Stephen Harper last month (see Bridges Weekly, 25 February 2009, <http://ictsd.net/i/news/bridgesweekly/41648/>).

"My argument has always been that we might as well incorporate [the side agreements] into the full agreement so that they're fully enforceable," Obama said in an interview with Canadian television during his visit.

The administration's trade agenda also stresses the importance of including stricter environmental and labour standards in the US' bilateral free trade deals.

"We need to ensure that expanded trade is not at the expense of workers' welfare and that competitiveness is not based on the exploitation of workers. Building on the provisions concerning labour in some of our FTAs is a way forward in this regard," the report said.

The report makes clear that the administration does not intend to let already-negotiated agreements that have yet to win Senate approval gather dust in the corners of the Capitol building. "We hope to move on the Panama Free Trade Agreement (FTA) relatively quickly. And we plan to establish benchmarks for progress on the Colombian and South Korean FTAs," the report said.

While the Panama deal is considered to have a good chance of winning the Senate's approval, the Colombian FTA faces greater challenges, as it has been censured by US labour groups and some congressional Democrats who argue that the agreement does not go far enough to address workers' rights abuses in Colombia. The South Korean FTA also faces an uphill battle in Congress, as the US auto industry has announced that it strongly opposes the deal.

### **Obama to pursue TPA 'with the proper constraints'**

Whether at the bilateral, regional or multilateral level, a critical trade tool for any US president is the authority to negotiate trade deals and present them to lawmakers for an up-or-down vote, without the possibility of amendments or filibuster.

But this power, known as fast-track or trade promotion authority (TPA), does not come automatically; a majority of members of the House and Senate must vote to grant it to the president. And while TPA is considered a critical tool for achieving breakthroughs in trade liberalisation, some lawmakers hesitate to give the

executive that much authority in international negotiations.

Obama's trade agenda shows that he intends to urge Congress to grant him TPA, but within limits.

"We will only ask for renewed trade negotiating authority after engaging in extensive consultation with Congress to establish the proper constraints on that authority and after we have assessed our priorities and made clear to this body and the American people what we intend to do with it," the document said.

History clearly shows that TPA can jump-start the pace of trade talks. Using TPA, then-President Bill Clinton pushed through Congress the legislation that authorised the North American Free Trade Agreement, as well as the Uruguay Round legislation that created the WTO.

The Bush administration had TPA authority for five years, from 2002 to 2007, during which it won congressional approval of free trade deals with Chile, Singapore, Australia, Morocco, Bahrain and Oman, as well as a regional deal with Central America and the Dominican Republic.

But TPA expired on 1 July 2007, and Congress did not renew it. At the time, WTO Director-General Pascal Lamy said that the lapse of fast-track signalled that the US had "lost faith" in the Doha Round negotiations.

ICTSD reporting. "Poor countries say trade deal must promote development," REUTERS, 4 March 2009; "Obama wants to reopen NAFTA but keep trade flowing," REUTERS, 18 February 2009.

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## **Obama Budget Calls for Deep Cuts to Agribusiness Subsidies**

US President Barack Obama has called for cutting billions of dollars of farm subsidies over the next decade as part of efforts to rein in growing budget deficits in the face of increased government spending.

The new administration's budget proposal, released last week, would phase out so-called direct payments, which are made on the basis of acreage irrespective of whether the land is under production, to farmers with annual sales of over US\$ 500,000. It would also limit payments under commodity programmes to US\$ 250,000, on the grounds that the cap would "help ensure that payments are made only to those that most need them."

Also slated for cuts are government support for cotton storage and the marketing of branded products overseas. Funding would be increased for conservation efforts, food security, rural renewable energy projects and child nutrition schemes.

In his first address to Congress last week, Obama promised to "end direct payments to large agribusiness that don't need them."

While the president can present a blueprint for spending, Congress will determine the final budget. What emerges from lawmakers' horse-trading may be unrecognisably different from the White House's proposal.

Agriculture spending is notoriously hard to cut, since it faces stiff bipartisan resistance from farm-state members of Congress. A case in point is the current subsidy-laden farm bill: the Bush administration had sought to scrap subsidies for farms with an annual gross income of more than US\$ 200,000. Under the bill that was ultimately passed, however, individual farmers with incomes of up to US\$ 750,000, and married farmers with joint incomes twice that, remained eligible for certain subsidy payments.

Some senior Democrats and Republicans from farm states have already expressed opposition to changing the five-year farm bill that was approved last year. Bob Stallman, the president of the influential American Farm Bureau Federation, warned that "deeper cuts in agricultural supports would have drastic impacts at the farm level and would certainly curtail much-needed economic activity without yielding deficit reduction of any significant degree."

According to The New York Times, some 116,000 out of 2.2 million farms had sales revenues of at least US\$ 500,000 in 2007. Cutting direct payments to them would save US\$ 9.8 billion in projected expenditures over ten years. The Obama administration's budget projects some US\$ 15 billion in savings.

Beyond getting tighter caps through Congress, a critical issue will be how the rules governing payment limits are structured. Michael Roberts, an agricultural economist at North Carolina State University, wrote on his blog that high-revenue farmers have circumvented payment limits through creative bookkeeping, for instance, by nominally breaking the farm up into multiple pieces.

"The devil is in the details, and we haven't seen the details," said Sandra Schubert, director of government relations for the Environmental Working Group, a Washington-based non-profit that monitors farm subsidy spending. She said that clear rules and regulations could reduce the ability of farms to 'game the system', but that the full details of what the White House intends to pursue have not yet been released.

US farm spending has long been an irritant in the troubled Doha Round of global trade negotiations at the WTO. Several of Washington's trading partners have demanded steep cuts in US spending limits.

However, direct payments are not the most contentious kinds of subsidies in the talks. So long as they meet WTO requirements to be unlinked to the type or volume of production, they are deemed to fall into a 'green box' category of payments that are exempt from reduction. The most contentious types of subsidies vary with world market rates; they rise when prices go down, distorting production decisions and trade.

"A cut in direct payments would do little or nothing for the [Doha Round] talks," Dan Sumner, a farm and trade policy specialist at University of California-Davis told Reuters.

Nevertheless, other countries have welcomed a sign that the US is willing to cut any farm

payments, even if motivated primarily by domestic budgetary concerns.

Speaking to reporters in Ottawa, Canadian Agriculture Minister Gerry Ritz described the call to end direct payments to US agribusiness “a good right step,” according to Reuters.

Ritz said that it would help move towards reviving the Doha Round talks, but that it would not suffice to do so. “It’s one of the aspects. On the top 10 list, it’s one of them,” he said.

ICTSD reporting; “Canada cheers Obama remarks on U.S. farm subsidies,” REUTERS, 25 February 2009; “Drilling Down on the Budget: Agriculture,” NEW YORK TIMES, 26 February 2009; Obama farm subsidy cut won’t revive Doha: experts,” REUTERS, 25 February 2009.

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### **ASEAN Pushes for Deeper Integration, Signs FTA with Australia, New Zealand**

The Association of Southeast Asian Nations signed a free trade deal with Australia and New Zealand and announced plans to accelerate progress toward an EU-style trading bloc at an annual summit in Thailand last week.

Gathering at the Thai beach resort Hua Hin from 27 February to 1 March for ASEAN’s 14th summit, leaders from the 10 countries that comprise the regional coalition also renewed their commitment to keeping trade lines open amidst the global economic crisis.

The free trade deal with Australia and New Zealand, which was signed on 28 February and will take effect in December, will be one of Asia’s largest trade agreements. The pact is projected to increase the flow of goods and services among the signatories by US\$ 48 billion over the next decade.

The deal will reduce or do away with tariffs on cars, coffee, vegetables, dairy and minerals over a period of 12 years. The agreement also covers investment, competition policy, electronic commerce, and trade in the services sector,

including financial services and telecommunications.

The agreement “powerfully demonstrates Australia’s – and the region’s – strong commitment to opening up markets in the face of this crisis,” Australian trade minister Simon Crean said Friday.

“Such a move is even more essential in these times of economic difficulties, when interdependence, cooperation, and openness are increasingly crucial to our economies and when paving the way for businesses to reap tangible benefits is vital,” Singapore trade minister Lim Hng Kiang said, Bloomberg reported.

Thailand and Malaysia, both of which depend heavily on exports, have been particularly hard hit by the economic crisis. Exports from both countries fell by roughly 25 percent in January from a year earlier, marking three months in a row of double-digit drops for Thailand.

In addition to the New Zealand/Australia deal, ASEAN has also negotiated trade pacts with China, Japan, and South Korea. Final approval of a pending trade deal with India was postponed in early February, after New Delhi requested a delay in its implementation.

And talks are ongoing toward a bloc-to-bloc trade deal with the EU, although slow progress in the negotiations, which have been ongoing for nearly two years, have led some to speculate that liberalisation should be pursued at a bilateral level, rather than a regional one.

But the trade minister from Indonesia, ASEAN’s largest ASEAN economy, refuted that position last week.

“We still maintain that if there’s going to be an ASEAN-EU FTA then it has to be region to region. ASEAN has not changed on that position,” Indonesian Trade Minister Mari Pangestu said in an interview with Agence-France Presse.

“If some countries are going to be approached for bilaterals, that’s another issue...that is their right to do it,” Pangestu said. “But I don’t think we want

to have a situation where they negotiate bilaterally with only a few and then try to add it up for that becoming an ASEAN-EU [deal].”

ASEAN Secretary-General Surin Pitsuwan said in August last year that a free trade deal with the EU is “probably one of the most challenging agreements that we are negotiating.”

Indeed, little progress has been made since free trade talks between the two blocs were launched in May 2007 (see Bridges Weekly, 9 May 2007, <http://ictsd.net/i/news/bridgesweekly/7589/>).

Although Pitsuwan has declined to offer any explanation for the lack of movement, some observers say that the fact that military-ruled Myanmar is an ASEAN member and thus would be part of the trade deal poses a challenge for the talks.

### **Leaders press for deeper regional and multilateral integration**

Continuing the momentum generated with the signing of the ASEAN charter in December, ASEAN leaders at last week’s summit agreed on a ‘roadmap’ for the creation of an integrated economic community, without a common currency, by 2015. But analysts say that the member countries still need to make deep concessions in terms of national sovereignty before such a goal can be realised.

Addressing the ongoing economic crisis, the ASEAN leaders called for “bold and urgent reform of the international financial system,” and stressed the importance of “standing firm against protectionism” and intensifying efforts to conclude a Doha Round trade deal at the WTO.

“We urged all Members of the World Trade Organisation, especially the major players, to expeditiously reengage and exercise flexibility to bring about an early conclusion of the Round,” the leaders said in a joint declaration. “We believe that an early conclusion to the modalities negotiations, and thereafter, the Doha Round, would help to restore confidence and growth in the global economy.”

Echoing recent statements made by WTO Director-General Pascal Lamy, the leaders said

that a Doha Round deal would effectively serve as a “stimulus package’ at a multinational level” to help countries weather the ongoing financial crisis.

In another move in response to the economic crisis, ASEAN finance ministers meeting the week before the summit agreed to increase a regional emergency fund from US\$ 80 billion to US\$ 120 billion. The funds will be used to provide loans to member countries in need. Most of the additional money will be supplied by non-ASEAN countries China, Japan, and South Korea.

The ASEAN region has a combined GDP of US\$ 2 trillion and a population of 570 million, more than that of either the EU or the member countries of NAFTA – Canada, Mexico and the US.

The ten ASEAN members include Brunei Darussalam, Cambodia, Indonesia, Lao, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The regional grouping was founded in 1967.

Last week’s meeting was the group’s first official summit since the enactment in December of the ASEAN charter, which established the group as a legal entity (see Bridges Weekly, 17 December 2008, <http://ictsd.net/i/news/bridgesweekly/36580/>).

ICTSD reporting; “ASEAN wants EU talks as group,” AGENCE-FRANCE PRESSE, 1 March 2009; “ASEAN, armed with new charter, remains far from EU dream,” BLOOMBERG, 2 March 2009; “ASEAN, Australia, New Zealand, sign free-trade deal,” BLOOMBERG, 27 February 2009; “Slump in exports, output mean more Thai GDP pain,” REUTERS, 27 February 2009; “Economics May Overshadow Human Rights, Burma at ASEAN Summit,” VOA NEWS, 26 February 2009.



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**IN BRIEF**

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**EU Approves Duties on US Biodiesel Imports**

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Looking to support their struggling biodiesel producers, European governments voted Tuesday to impose temporary anti-dumping and anti-subsidy tariffs on imports of US biodiesel.

Inside US Trade reported that 20 of the 27 EU governments that took part in the informal vote on Tuesday supported the anti-subsidy duties, while 17 governments voted in favour of the anti-dumping tariffs. Only Belgium, Denmark and Sweden voted against the anti-subsidy duties; other countries abstained from the votes.

“It went through with no problem,” a source close to the meeting told Reuters.

Starting 13 March, imports of US biodiesel will be slapped with tariffs ranging from 26 euros to 41 euros per 100 kilograms.

Once the duties have been in place for six months, the European Commission can propose that the tariffs be made permanent. Such a move would have to be approved by EU governments. The approval of the import duties was welcomed by EU biodiesel producers, who claim that the support the US provides its biofuels industry has made their products much less competitive in the European market (see Bridges Weekly, 25 February 2009, <http://ictsd.net/i/news/bridgesweekly/41654/>).

“This will re-establish a level playing field and put an end to unacceptable and artificial prices created by US biodiesel producers,” said Raffaello Garofalo, secretary general of the European Biodiesel Board, Reuters reported.

“Whatever the action of the United States will be – even in front of the WTO – our complaint and our case is well grounded,” Garofalo said.

ICTSD reporting; “EU slaps duties on US biodiesel imports – sources,” REUTERS, 3 March 2009; “EU clears way for antidumping,

antisubsidy duties on US biodiesel,” INSIDE US TRADE, 3 March 2009; “EU backs plan to impose tariffs on US biodiesel,” INTERNATIONAL HERALD TRIBUNE, 3 March 2009.

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**Senior US House Members Push for Trade Reforms**

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A prominent group of US congressmen has outlined how they would like the Obama administration to move US trade policy forward. The plan is outlined in a letter that was sent to President Barack Obama on 26 February. The letter describes several areas the congressmen feel are in need of reform, including the US position in the WTO’s Doha Round of trade talks, the North American Free Trade Agreement (NAFTA), and what they call a ‘failed’ US-China trade relationship.

The letter was initiated by Democrat Mike Michaud, co-chair of the House Trade Working Group, and has been signed by 54 Members of Congress, including six committee chairs and 17 subcommittee chairs.

The memo censures the trade agenda implemented by the former Bush Administration – particularly those policies that were implemented near the end of Bush’s term in office – and calls for trade that benefits more Americans as a whole.

“It will be challenging to remedy the considerable damage that our past trade and globalisation policies have wrought,” the letter reads. “However, we are confident that, working together, we can replace the failed policies of the past with those that deliver broadly shared benefits. We look forward to working with you to seize this exciting opportunity to create a more just American trade policy.”

The issue of addressing the US-China trade relationship leads the list of issues put forward in the letter. In particular, the congressmen blame the trade imbalance between the two countries on the China’s manipulation of Yuan to ensure the

prices of Chinese imports are kept low. The letter also asks Obama to halt the Bilateral Investment Treaty (BIT) negotiations initiated by the Bush administration, and calls for improvements to import safety regulations on goods from China and other countries.

The congressmen's proposal also calls on the president to revisit several of the country's free trade commitments. With regard to NAFTA and the Central American Free Trade Agreement (CAFTA) the proposal calls for a renegotiation of specific elements of the agreements, such as a tightening of foreign investor privileges and private enforcement systems, new limits placed on domestic procurement policy, and increased food-safety protections.

The proposal calls for an end to bilateral free trade agreements (FTAs) that represent what the congressmen call a 'more-of-the-same' model introduced under the previous administration. This includes FTAs with Columbia, Panama, and Korea.

"Many of the most serious problems with the previous trade-agreement model are replicated in these FTAs," the letter reads. "They must be renegotiated to ensure that these pacts at a minimum pass the most conservative 'do no further harm' test."

The letter also blasts the current WTO Doha Round, calling it 'long-beleaguered' and 'outdated'. Moreover, the congressmen suggest that the WTO has contributed to the expansion of the US trade deficit and has negatively affected WTO member countries in the developing world.

"Developing countries that have most faithfully adopted WTO rules have seen significant declines in their growth rates, and a global food crisis has caused growing hunger in many poor nations," the proposal reads.

The letter opposes elements of the Doha Round that would facilitate the visa application process for foreign workers and initiatives to liberalise the services sector, particularly in the finance and energy sectors. The congressmen urge Obama to call for a new WTO agenda that addresses more

contemporary concerns, such as the need to address climate change.

A full-text copy of the letter can be found here: <http://www.citizen.org/documents/HTWGLetterToObama022609.pdf>

ICTSD reporting.

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## EU, South Korea Inch toward FTA

Officials from South Korea and the European Union are meeting in Brussels this week in an attempt to work through controversies over auto trade and rules of origin that have slowed progress toward the finalisation of a free trade agreement between the two trading partners. Although some European countries have expressed concerns about the deal, EU Trade Commissioner Catherine Ashton has said she is confident that an agreement can be reached.

But before any progress can be made on the deal, Ashton will have to appease officials in Berlin, Paris and Rome who are worried about how the deal, which would reduce tariffs on imports of Korean cars, might impact their domestic auto industries. An official from the EU trade commission said that while Ashton is concerned about the effect of the deal on the European auto industry, she thinks that the deal, which could be worth over US\$ 100 Billion, should not be held hostage at the expense of the overall benefits that the agreement would bring to the European economy.

"The Commissioner agreed that the car issue still needed to be sorted out in a satisfactory manner. Negotiations are still ongoing with Korea, so the Commissioner is confident this can be ironed out," the official said, Reuters reported last week.

German Economy Minister Karl-Theodor zu Guttenberg said that Berlin supported the agreement but that "it must be balanced for the car industry," Reuters reported.

"I have told the Commissioner to hone in on these points in her further discussions with Korean partners," zu Guttenberg said.



Experts say the new agreement could bolster bilateral trade, which totalled US\$ 93 billion in 2007, by as much as 40 percent in the long term. Both trading partners have said they have an interest in far-reaching liberalisation of service and investment along with furthering the growth of two-way trade through increased cooperation in sectors such as transport, energy, science and technology, industry and environment.

South Korea is the EU's fourth-largest non-European trade partner, while the 27-nation EU is South Korea's second largest export market after China. The EU is also Seoul's leading foreign investor.

The eighth round of the negotiations, which began in Seoul in May 2007, will be held in the Korean capital later this month (see Bridges Weekly, 16 May 2007, <http://ictsd.net/i/news/bridgesweekly/7591/>).

Thus far, the two sides have already managed to agree on important issues such as antitrust and merger aspects of competition policy, domestic regulatory issues and transparency, and dispute resolution mechanisms.

ICTSD reporting; "EU trade chief sees S.Korea pact after German talks," REUTERS, 27 February 2009; "S Korea, EU to hold talks on inter-session FTA," Xinhua New Agency, 3 March 2009; "EU trade chief sees S. Korea pact after German Talks," Alibaba, 27 February 2009.

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## **Obama Names Former Governor Gary Locke to Commerce Post**

Former Washington Governor Gary Locke is US President Barack Obama's pick to lead the Commerce Department, the White House announced last week. Accepting the nomination Wednesday, Locke vowed to "harness the resources and the talent of the Department of Commerce" to help the administration fulfill its "commitment to the American people to build a stronger and more prosperous nation."

Locke's nomination to the Commerce post is the third such announcement that Obama has made in recent months. Initially, the key position was to be filled by New Mexico governor and once presidential challenger Bill Richardson, who withdrew his acceptance of the position in January amidst a state contracting investigation. In February, the administration tapped Republican Senator Judd Gregg for the position; however, Gregg withdrew several days later citing a policy split with the administration, particularly regarding the US economic recovery package (see BRIDGES Weekly, 18 February 2009, <http://ictsd.net/i/news/bridgesweekly/41032/>).

In the White House press release, it was clear that the Obama administration looked forward to a pro-stimulus Secretary in Locke. The release highlighted the importance of the position for economic recovery under the plan, noting that the recovery package would "save or create three and a half million jobs over the next two years," with "90 percent of those jobs created in the private sector."

The state of Washington is one of the most trade-dependent in the US, and during his two terms as the nation's first Chinese-American governor, Locke was very active in developing international commerce. As governor, Locke was seen as instrumental in drafting a salmon treaty with Canada, increasing the state's exports to China to over US \$5 billion annually, opening a state trade office in Germany, and leading ten trade missions to Asia, Mexico and Europe.

Accepting the nomination last week, Locke indicated that he intended to lead an active commerce branch. "The Department of Commerce plays a critical role in nurturing innovation, expanding global markets, protecting and managing our ocean fisheries, and fostering economic growth. The Department of Commerce can and will help create the jobs and the economic vitality our nation needs," said Locke.

Obama was enthusiastic about the nomination.

"Gary will be a trusted voice in my Cabinet, a tireless advocate for our economic competitiveness, and an influential ambassador for

American industry who will help us do everything we can, especially now, to promote our industry around the world," the president said at a press conference.

Locke now must be confirmed by the US Senate before he can assume the post, a process undergone by neither Richardson nor Gregg, who both withdrew before hearings could commence.

Joking with reporters, Obama referred briefly to the previous nominations.

"I'm sure it's not lost on anyone that we've tried this a couple of times, but I'm a big believer in keeping at something until you get it right."

"Gary is the right man for this job," he said.

ICTSD reporting.

## WTO IN BRIEF

### Lamy Hopes to Conclude Doha Deal This Summer

World trade ministers could gather to conclude the Doha Round of trade talks before the WTO's summer holiday, which starts 1 August, WTO Director-General Pascal Lamy said during a visit to Australia on Wednesday.

"What I hope is that before the summer break there will be a window of opportunity to bring them back," Lamy said, referring to trade ministers.

Lamy said that he thought this schedule would accommodate upcoming elections in India and allow new US President Barack Obama's trade team enough time to get on its feet.

Last year, an end-of-July gathering of ministers sought to achieve the same goal, but that meeting collapsed when ministers proved unable to overcome their differences on an agricultural safeguard mechanism. Several controversial issues,

including cotton subsidies and sector-specific liberalisation initiatives in the industrial sector, also remained unresolved after the meeting.

"These subjects would have gained steam had we been successful last year but, to our great dismay, agreement proved elusive," said Lamy, although he remained optimistic about future prospects for a deal.

"What remains to be coped with is a small portion of the big list we had to cope with last July. A large part of that is already stabilised, so normally with a bit more political energy on a smaller number of topics, normally it should work," Lamy said.

Echoing recent statements from Lamy, Brazilian President Luiz Inácio Lula da Silva recently called for a speedy conclusion to the Doha Round of trade talks.

"If the United States, Europe, Brazil close themselves, the crisis could become much bigger and produce chaos instead of a solution," Brazilian President Lula told industry leaders in Sao Paulo last week, Reuters reported.

"The Doha round was almost finished but we had elections in the United States and then India and politics dominated. Now, nothing stands in the way," said Lula. "The Doha round is more of a political than a financial decision."

But others have less confidence in the Geneva-based global trade body.

Bark Tae-ho, dean of the Graduate School of International Studies at Seoul National University, said this week that the WTO system "has already collapsed," given its inability to monitor and tackle protectionist trade policies.

ICTSD reporting; "Brazil's Lula: finish Doha round or face chaos," REUTERS, 27 February 2009; "WTO chief hopes for new trade talks in northern summer," REUTERS, 3 March 2009; "The WTO is crumbling," CHOSUN, 3 March 2009.

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## China Renews Calls to Avoid Protectionism, Proposes WTO Oversight

The international community should resist protectionism during the economic crisis and the WTO should take an active role in ensuring that national stimulus packages are not used to promote solely domestic interests, China's commerce minister said last week.

Speaking in London on Friday, Chinese Minister of Commerce Chen Deming proposed that the global trade body could oversee the stimulus packages that many governments have enacted in recent months and play a role in coordinating the international response to the crisis.

"Some countries are working away to protect their own national interests," Chen said, as reported by Reuters. "I think perhaps the WTO can do some kind of evaluation or review of these stimulus packages and then as a result the WTO can share some recommendations with these economies."

Chen's message echoes statements he made in an opinion piece in the Wall Street Journal a week earlier. In that article, he noted that "the fundamental interest of every country is to step up consultation and cooperation and keep international trade smoothly flowing. Healthy international trade can help revive the world economy."

"In the heat of the crisis, it's critical that all countries refrain from pointing fingers at each other or pursuing their own interests at the expense of others," Chen wrote.

For several months, Beijing has openly criticised national stimulus measures such as the 'Buy American' provisions in Washington's US\$ 787 billion recovery package that was signed into law last month (see BRIDGES Weekly, 18 February 2009, <http://ictsd.net/i/news/bridgesweekly/41050/>).

However, a WTO report released last November estimated Beijing's global surplus at US\$ 262 billion in 2007, (see BRIDGES Weekly, 12 November 2008,

<http://ictsd.net/i/news/bridgesweekly/33313/>), a figure that has caused some critics to view China's call for anti-protectionism with scepticism.

"Major economies should be working together to rebalance the system, and if China is flooding the world with its goods while not buying any in return, why should politicians in the US or Europe, or in South East Asia, keep their trade barriers open and watch their own workers lose their jobs?" said Malcolm Moore, Shanghai Correspondent for The Telegraph.

But Beijing is not blind to such criticism.

"We see clearly that we shall make our import and export trade more balanced and we shall strike a balance in our international payments," Chen said in London last week.

Speaking to reporters from Britain, the minister was in Europe last week as part of a 200-member delegation promoting free trade. During the trip, China unveiled US \$10 billion in trade deals with Germany, and another US \$2 billion with the UK, covering goods such as airplane engines, Jaguar and Land Rover cars, and railway equipment.

According to trade specialist Matthew McConkey of law firm Mayer Brown JSM, such visits are "sending the message, 'we're being a good international player.'"

"This is how the wheels of commerce turn," McConkey said.

ICTSD Reporting; "China urges WTO overview of global stimulus packages," REUTERS, 27 February 2009; "Protectionism Doesn't Pay," WALL STREET JOURNAL, 20 February 2009; "China Leads the Way in Protectionism," THE TELEGRAPH, 2 March 2009; "Europe to get \$15 Billion in China Trade," THE WALL STREET JOURNAL, 25 February 2009.

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## SPS Committee Continues Private Standards Debate

WTO Members are slowly moving forward in their examination of the use of private sector standards in international trade, but the issue remains controversial, as developing countries continue to argue that import requirements set by private actors penalise their exports.

The WTO's Committee on Sanitary and Phytosanitary measures considered the issue, hearing various Members' perspectives, at a meeting on 25 and 26 February.

At an ad hoc meeting earlier in the week, the chair of the committee, Marinus Huige of the Netherlands, reported on the responses to a survey, circulated in December, that had sought to gauge Members' direct experiences with private sector standards, a WTO official said.

Summarising the survey results to date, Huige said that the responses showed that commercial producers view private sector standards as the primary, if not the only, conditions that they feel they must comply with in order to access importing markets.

Other responses indicated that, although complying with private standards can help producers gain market access, some requirements may be too complicated or too costly for small producers to meet.

But still others argued that private standards and certification are critical since they can provide consumers some assurance that the products they purchase are safe, the official said.

"An underlying preoccupation of a number of participants in the group was the importance of preserving the principles and relevance of the SPS Agreement in international trade matters related to sanitary and phytosanitary issues, and in not undermining the value of international standards," Huige said after the meeting.

Addressing private standards represents relatively new territory for the SPS committee, which traditionally deals with guidelines set by

governments or international standards-setting bodies. Private sector issues were first raised in the committee in 2005 (see Bridges Weekly, 6 July 2005, <http://ictsd.net/i/news/bridgesweekly/6158/>).

Several developing countries have criticised the use of private sector standards, arguing that they reduce the efficacy of the SPS regime by establishing higher standards that are beyond government control. These countries stress that the standards are arbitrary and end up penalising developing countries that lack the capacity and funding to comply with strict rich-country import requirements. Governments should to take responsibility for standards set by private-sector actors within their boundaries, many developing countries argue. Others, especially developed countries, say that private sector standards fall outside the remit of the WTO and its SPS Agreement (see Bridges Weekly, 2 July 2008, <http://ictsd.net/i/news/bridgesweekly/12250/>).

To date, 14 countries have filled out the questionnaire on private sector standards; the chair said that there is still time for other Members to respond to the survey. All of the responses will be compiled and summarised before the committee's next meeting in June.

Participants in last week's meeting also addressed specific trade concerns, including bird flu and bovine spongiform encephalopathy (mad cow disease).

The WTO's SPS Agreement, the implementation of which the committee oversees, is intended to allow governments to protect human, animal, and plant life or health by restricting trade. Trade restrictions implemented by Members must be based on scientific assessment and not used as a front for unfairly discriminatory or protectionist policies.

ICTSD reporting.

## EVENTS & RESOURCES

### Events

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

#### Coming up this week

10-11 March, Geneva, Switzerland. EXPERT MEETING ON MAINSTREAMING GENDER IN TRADE POLICY. This meeting of experts will discuss the impact of trade policies on gender by presenting cases where trade liberalisation has been associated with rising employment and entrepreneurial opportunities for women, as well as cases in which trade liberalisation has exacerbated existing gender inequalities and worsened women's economic and social status. The meeting will also provide the opportunity to discuss relevant strategies to make trade policies more responsive to gender considerations. Lastly, the meeting will attempt to present the occasion for member countries to agree on possible ways that UNCTAD, in cooperation with the United Nations Task Force on Gender and Trade and other relevant stakeholders, could further promote and advocate gender mainstreaming in trade policy. For more information please refer to <http://www.unctad.org/Templates/Meeting.asp?m=16435&intItemID=1942&lang=1>

#### WTO Events

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

9-11 March: WTO: Trade Policy Review Body—Brazil

13 March: Committee on Trade and Development

16-17 March: Technical Barriers to Trade Committee Workshop on the Role of International Standards in Economic Development

23-27 March: Standing Committee on the Law of Patents

#### Other Upcoming Events

13-16 April, Ooty, India. THE GRADUATE COURSE IN INTELLECTUAL PROPERTY RIGHTS AND TECHNOLOGY TRANSFER. The central role of this four-day programme is to examine the role of Intellectual Property (IP) as a technology transfer tool using case studies, best practices, and interactive discussions. Faculty for this program is comprised of senior IP practitioners, decision makers, academicians, drawn from prominent public research institutions and global international organisations involved in IP Management. For further information please refer to <http://www.iprsonline.org/calendar/index.htm#feb>

16-22 March, Istanbul, Turkey. 5TH WORLD WATER FORUM: BRIDGING DIVIDES FOR WATER. This forum will be an open, multi-stakeholder process that aims to raise awareness and understanding of water issues and propose concrete solutions addressing global challenges. Organised every three years by the World Water Council, this forum, which was last held Mexico City in March 2006, focusses on putting water firmly on the international agenda. For more information please refer to <http://www.worldwatercouncil.org/index.php?id=1842>.

27-29 April 2009, Geneva, Switzerland. EXPERT MEETING ON TRADE AND CLIMATE CHANGE: TRADE AND INVESTMENT OPPORTUNITIES AND CHALLENGES UNDER THE CDM. At its fifty-fifth session, UNCTAD's Trade and Development Board approved terms of reference for a single-year expert meeting on trade and climate change. Accordingly, the expert meeting will focus on the trade and investment opportunities and challenges under the Clean Development Mechanism (CDM). For more information contact: Lucas



Assunção; fax: +41 22 917 02 47; e-mail: [lucas.assuncao@unctad.org](mailto:lucas.assuncao@unctad.org); Internet: <http://www.unctad.org/Templates/meeting.asp?intItemID=4714&lang=1&m=15861&info=not>

4-15 May, New York, US. SEVENTEENTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT. This policy session will focus on agriculture, rural development, land, drought, desertification and Africa. For more information, please refer to [http://www.un.org/esa/dsd/csd/csd\\_csd17.shtml](http://www.un.org/esa/dsd/csd/csd_csd17.shtml).

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

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## Resources

NEGOTIATION AND GLOBAL INFORMATION ECONOMY. By J. P. Singh, February 2009. This book explores the conditions under which negotiations matter and the ways in which diplomacy is evolving in the global commercial arena. The author argues that where there is a diffusion or decentralisation of power among global actors, diplomacy can be effective in allowing the adjustment of positions so that

mutual gains will result. In contrast, when there is a concentration of power, outcomes tend to benefit the strong. There will be little alteration in perception of interest, and coercion by strong powers is common. Singh's book suggests that there are possibilities for transformational problem-solving through multilateral diplomacy. Empirically, the book examines important information-age trade issues. For more information please refer to [www.cambridge.org/9780521731089](http://www.cambridge.org/9780521731089).

THE DEVELOPMENT OF INTELLECTUAL PROPERTY PROTECTION IN THE ARAB WORLD. By Mohammed El Said, 2008. This book focuses on the evolution and development of intellectual property protection in the Arab World. It identifies a number of areas and challenges facing countries in the region in the area of intellectual property protection-- such as access to health, education, research and development -- and argues that stronger levels of intellectual property protection arising mainly from the signing of several free trade and association agreements between countries from the region with the United States and the European Union is likely hamper these countries' development efforts and limit the policy space and implementation options available to them under the international regime as embedded under the TRIPS Agreement. The book provides a historical analysis of the development of intellectual property regulation in the Arab World and the elements that shaped and accompanied this process. At the same, the book links this evolution with other developments taking place under the international arena. For more information on this book please refer to <http://www.mellenpress.com/mellenpress.cfm?bookid=7465&pc=9>.

THE SPECIAL SAFEGUARD FIASCO IN THE WTO: THE PERILS OF INADEQUATE ANALYSIS AND NEGOTIATION. By Robert Wolfe, February 2009. The July 2008 attempt by a group of ministers to agree on modalities for the WTO's Doha Round broke down in part because they could not agree on a proposed 'Special Safeguard Mechanism' (SSM) for developing countries in agriculture. This paper offers a corrective to the conventional story that the breakdown was due to a simple conflict of



interests over the SSM between the United States and India. By the time of the ministerial, negotiators had been unable to agree on the purpose of the safeguard, or how it would work, including the agricultural products it would cover, how it would be triggered, the remedies (additional tariffs) allowed, or the transparency requirements for its operation. The SSM was therefore one of the least 'stabilised' parts of the text placed before ministers in July 2008. Members were far from reaching a shared understanding of the SSM, which resulted in a fiasco that might have been avoided. To download the paper, please visit [http://gem.sciences-po.fr/content/publications/pdf/Wolfe\\_SSMFiasco10022009.pdf](http://gem.sciences-po.fr/content/publications/pdf/Wolfe_SSMFiasco10022009.pdf)

WTO CHAIRS PROGRAMME. The WTO Chairs Programme (WCP) seeks to enhance knowledge and understanding of the trading system among academics, citizens and policy makers in developing countries by stimulating teaching, research and public debate on international trade and trade cooperation at the level of tertiary education and research institutions. The WCP contemplates the establishment of WTO Chairs to support academic institutions and associated individual scholars from developing countries in the following areas: course preparation, teaching, research and information. The WCP will provide funding to the Chairs for four years, up to a maximum of Swiss Francs fifty thousand (CHF 50'000.00) per annum. The Chairs will be allocated on the basis of a competitive bidding process. For more information, please see <http://ictsd.net/downloads/2009/03/call-for-tender-wtc-programme1.pdf>.