



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

US, Brazil Agree to Negotiate End to Cotton Dispute

Defusing a long-running trade dispute over American cotton subsidies, the United States and Brazil agreed last week to begin negotiating a compromise deal that could prevent the implementation of Brazilian trade sanctions on a wide range of US goods and intellectual property. Brazil agreed to hold off on retaliation as a result of the deal, which was announced on 6 April, although punitive trade measures could still be imposed at a later date.

The agreement to negotiate came just one day before Brazil was to impose retaliatory tariffs on more than 100 US goods, ranging from automobiles and tyres to cosmetics and pharmaceuticals.

To stave off those penalties and to take the first step towards a negotiated settlement, US officials agreed to make three concessions: to offer Brazil US\$147.3 million per year in a “technical assistance” fund; to make changes to an export credit programme that supports buyers of US cotton; and to begin a process that could open up the US market to imports of Brazilian meat.

“Now we have a serious negotiating process,” Carlos Cosendey, head of the Brazilian Foreign Ministry’s economic department, told journalists last week, according to a report from Bloomberg. “Given these signs, Brazil agreed to postpone the retaliation.”

The three concessions offered by the US are the subject of preliminary negotiations until 21 April. If Brazil is satisfied with the initial results of the talks, then the delay on Brazilian retaliation will continue as negotiators try to hammer out the framework for a final compromise deal before a

second deadline in June. However, should the negotiations go awry, Brazil could still implement retaliatory measures on US goods and intellectual property worth more than US\$ 800 million.

A WTO compliance panel authorised those sanctions last year, seven years after Brazil brought its case against US cotton subsidies to the global trade arbiter. A WTO dispute settlement panel first ruled against Washington's cotton subsidies in 2004, declaring that several aspects of the support illegally tipped the playing field in favour of US producers. The WTO's Appellate Body upheld that ruling the following year. In 2008, a compliance panel ruling concluded that subsequent US cotton reforms had not gone far enough to bring the subsidies in line with WTO rules. Last year's follow-up arbitration review established the type and level of trade sanctions that Brazil is allowed to impose in retaliation.

The threat of those measures loomed large, as the WTO granted Brazil the right to break patents and copyrights on US intellectual property (IP), in addition to the more traditional right to impose punitive tariffs on imports of US goods. Following 20 days of public consultations, the Brazilian government is now weighing how it would go about imposing the IP sanctions, which would likely target US pharmaceuticals, biotechnology, films and music. That process is continuing even as US and Brazilian officials are working toward a negotiated settlement to the dispute. If Brazil were to follow through with the cross-retaliation, it would be the first country ever to do so in the history of the WTO.

The battle ahead: The Farm Bill

Despite last week's breakthrough announcement, Brazil may have to wait at least two years to secure any significant changes to US cotton subsidies. All forms of cotton support, along with the rest of US agriculture subsidies, are set out in the Farm Bill, a far-reaching piece of legislation that Congress renews roughly every five years. The most recent Farm Bill was passed in 2008, and the next revision is not due until 2012.

Because the Farm Bill is both written and voted on by Congress, US negotiators haggling with their Brazilian counterparts will be hard put to

make any promises for specific reforms in the next version of the legislation. Brazilian officials seem to have accepted this political reality, and are willing to work around it.

But the US cotton lobby is sure to put up a fierce fight when Farm Bill hearings begin next year. Supporters of strong agriculture subsidies have some close friends on Capitol Hill, including Blanche Lincoln, a Democrat from Arkansas who currently chairs the Senate Agriculture Committee. Lincoln, whose family until recently owned a rice farm that was generously subsidised by the government, has long been a vocal advocate for strong farm support.

Scott Lincicome, a blogger and international trade lawyer, says that if the Brazilians are hoping for significant cotton reforms in the next Farm Bill, they are "optimistically ignoring decades of reality."

"We've seen over and over and over that congressmen and senators who are big supporters of agribusiness don't care about WTO rulings," says Lincicome. "US cotton farmers are a very powerful agricultural lobby."

Indeed, the National Cotton Council, a group that represents US cotton growers, welcomed the 6 April announcement. The decision to negotiate a settlement to the dispute "puts the serious discussion concerning changes in the US cotton programme before Congress in the 2012 Farm Bill, which is where that discussion belongs," Eddie Smith, chairman of the National Cotton Council, said in a statement.

But the ongoing threat of retaliation from Brazil could make the idea of reform more politically palatable in Washington. Indeed, the US has already ceded ground on three fronts and the negotiations are just getting underway. In one of the concessions announced last week, the US made a substantive shift in its cotton support: it agreed to cut off any further payments through its GSM-102 programme, an initiative that offers credit guarantees to foreign buyers of US cotton. The WTO has ruled that the programme is illegal. Similar moves from the US could be announced in time for the first deadline next week.

C-4 on the sidelines

If agreed, a US-Brazil cotton deal would have implications beyond the US and Brazilian economies, some analysts say. An accord could strengthen the hand of developing nations that have been fighting for reductions in rich-country farm subsidies in the WTO's Doha Round of trade talks, says Rabih Nasser, a law professor at Fundação Getúlio Vargas, a university in São Paulo.

Speaking to Bridges on Friday, Nicolas Imboden, Executive Director of the NGO Ideas Centre Geneva, lamented the fact that cotton-producing countries in Africa were being left on the sidelines of the cotton negotiations between the US and Brazil. The so-called C-4 countries – Benin, Burkina Faso, Chad and Mali – have been pushing hard in the WTO's Doha Round of global trade talks for the US to trim down its domestic cotton support. The African countries have long argued that US subsidies depress world cotton prices and undercut their domestic producers. So far, to the growing frustration of the C-4, the US has declined to take part in any serious negotiations on the matter.

But even if the African countries are not a party to the current dispute, Imboden said, at least the US has finally shown that it is willing to consider reforming its cotton subsidies, and “that’s a big success in itself.”

ICTSD reporting; “Brazil delays US trade retaliation to allow for more talks,” BLOOMBERG, 6 April 2010.

OTHER NEWS

China Hints at Currency Appreciation as US Delays Key Report

New twists have emerged in the strained debate between Beijing and Washington over whether China's government is intentionally keeping its currency low in order to boost exports by making them artificially cheap.

Top Chinese policymakers have in recent weeks dropped hints that some appreciation might be in the offing for the renminbi, which China has maintained at a fixed level against the dollar since mid-2008. But they have stressed that Beijing will move on the issue at its own pace. And they have also used the revelation that China ran a trade deficit in March – the first after six years of surpluses – to suggest that the exchange rate is not the major problem that Washington claims it is.

Meanwhile, the Obama administration has eased some of the pressure it was exerting on Beijing to let its currency rise, possibly for fear that US comments were having the opposite of the desired effect.

Early this month, US Treasury Secretary Timothy Geithner delayed the scheduled 15 April release to Congress on international exchange rate policies. Although the stated reason was to defer to upcoming high-level meetings involving Chinese and US officials, the decision allowed him to duck the contentious issue of whether to accuse China of ‘manipulating’ its currency.

Manipulation is a loaded term in currency discussions. Many Congressional lawmakers blame the Chinese exchange rate for job losses in the US. Some who are already seeking to slap Chinese imports with extra duties to compensate for the alleged undervaluation had wanted the Treasury Department report to use the word. (Recent Treasury reports had not done so, though they were critical of China's exchange rate regime.) Branding China a currency manipulator, on the other hand, would have incensed Beijing.

Observers of bilateral economic relations said that postponing the report would relieve the rising tensions between China and the US, and actually facilitate flexibility from a Beijing determined not to be seen as yielding to foreign pressure. “The guillotine has been removed from the scene,” Nicholas Lardy, a China expert at the Washington-based Peterson Institute for International Economics, told the Associated Press. “Now, they will feel more comfortable in moving.”

Soon afterwards, Geithner made a surprise visit to China, where he met with Vice Premier Wang

Qishan. During the treasury secretary's trip, speculation grew that China would allow the renminbi to appreciate modestly, with numerous press reports citing economists, analysts, and always anonymous government officials to suggest that an announcement was imminent.

On Saturday, however, data issued by China's customs agency revealed that the country ran a trade deficit of US\$7.24 billion in March, compared to a surplus of US\$7.61 billion in February. Surpluses against the US and China were more than offset by deficits with Japan, Taiwan, and Korea. China's trade surplus for the first quarter of 2010 was \$14.49 billion, down some 77 percent from a year earlier.

Economists said that the March deficit was probably temporary, attributable to the dip in production and exports during the weeklong lunar new year holiday in February. Nevertheless, the commerce ministry in Beijing used it to argue that the value of the renminbi was not responsible for China's large trade surplus with the US, an issue that has become politically explosive as unemployment remains high in the United States.

"China's trade surplus continued to fall and China even posted a trade deficit in March under a basically stable renminbi exchange rate," said ministry spokesperson Yao Jian, reports Xinhua. "This proved again that in an era of economic globalisation, it is market supply and demand, and other factors that decide trade balance."

Chinese President Hu Jintao struck a less combative note while in Washington this week to attend a nuclear security summit. In response to US President Barack Obama's call for China to move toward a "more market-oriented exchange rate," Hu refrained from defending the current value of the renminbi, saying only that Chinese policy would be "based on its own economic and social-development needs."

According to an analysis in the New York Times, the Chinese government's liberty to act on the currency is being limited by nationalist public opinion that views the value of the currency as a matter of national sovereignty. The Chinese blogosphere is ablaze with discussions of the issue, with some suggesting that the US is seeking

revaluation to undermine China's economic progress.

The US is not the only country affected by China's currency policy. Arvind Subramanian, a senior fellow at the Peterson Institute and the Center for Global Development, has argued that Chinese undervaluation hurts other developing countries, which compete to produce similar products, more than it does the US or the EU.

Hu will likely face questions about the renminbi in Brazil, his destination following the US. Henrique Meirelles, the president of Brazil's central bank, recently said that the weakness of China's currency, creates "severe distortions in the world economy" and problems for some industrial sectors, although Brazil was affected less than most. "We have expressed our opinion that all the currencies should float, and the Chinese currency should float as well," he told Bloomberg in an interview, predicting a rise in the renminbi in the upcoming year.

Currency is on the agenda of a 15-16 April summit of so-called BRIC (Brazil, Russia, India, China) leaders in Brasilia. However, it will be in the context of a discussion on diversifying the currencies used in trade, and reducing dependence on the dollar.

ICTSD reporting. "Geithner China visit likely to spur currency shift," ASSOCIATED PRESS, 9 April 2010; "Geithner visit China as currency plan appears to take shape," WASHINGTON POST, 9 April 2010; "China Says Trade Data Justify Its Yuan Policy," WALL STREET JOURNAL, 11 April 2010; "China's March deficit shows currency not cause of trade imbalance: spokesman," XINHUA, 10 April 2010; "Hu Says China Follows Own Path on Yuan as Obama Seeks Revalue," BLOOMBERG, 13 April 2010; "Spotlight Complicates China Steps on Currency," NEW YORK TIMES, 13 April 2010; "Yuan to Rise 'a Bit More,' Brazil's Meirelles Says," BLOOMBERG, 14 April 2010; "BRIC Leaders to Discuss Currencies for Trade at Brasilia Summit," BLOOMBERG, 9 April 2010.

ACTA Draft Stokes Controversy as Talks Resume in New Zealand

As negotiators gather in New Zealand this week for the eighth round of negotiations toward an Anti-Counterfeiting Trade Agreement (ACTA), several civil society groups are scaling up their concerns of the scope and possible effects of some of the provisions under negotiation.

Though countries negotiating the agreement have refused to release the negotiating text despite repeated demands by civil society groups, a leaked full draft text of ACTA appeared in late March on the website of La Quadrature du Net, a French digital rights group that opposes the prospective treaty. The 56-page document details the proposals made by the different countries in the negotiations.

While in many aspects, the text still reflects diverging views among the participants – which include major economies like the EU, the US, Japan, Canada, New Zealand, Australia, Switzerland and Mexico, as well as a handful of developing nations – the wide scope of the agreement and its implications appear to confirm speculations that, if agreed, ACTA would become a significant landmark in the global intellectual property and enforcement landscape.

Indeed, the draft agreement seeks to strengthen the legal framework for the enforcement of intellectual property rights (IPRs), addressing a number of issues for which “an international legal framework does not exist or needs to be strengthened,” in the words of the participants. It builds upon efforts and policies that industrialised countries, particularly the US and EU, have pursued for a number of years in their domestic legislation and in free trade agreements. Norm setting areas included in ACTA’s scope include civil enforcement, criminal enforcement, border measures and IPRs enforcement in the digital environment. Government enforcement practices -- methods used by authorities to apply legal norms – also figure in the draft agreement, as do measures concerning international cooperation, technical assistance and institutional arrangements.

According to a joint paper written by ACTA parties hoping to “clarify” the objectives of the agreement and summarise “key elements” under discussion, the intended focus of the proposed deal is on “counterfeiting and piracy activities that significantly affect commercial interests, rather than on the activities of ordinary citizens.”

The paper emphasises that the agreement is not intended to interfere “with a signatory’s ability to respect its citizens’ fundamental rights and civil liberties,” and it stresses that the deal will be consistent with WTO rules and declarations on intellectual property and public health. Remedies in the context of IPRs enforcement in the digital environment are specified to be without prejudice to “the availability of exceptions and limitations.”

Civil society organisations, particularly in the US and EU, have rebuffed such affirmations. Before the beginning of the eighth round of negotiations, participants at a public ACTA conference in New Zealand adopted a “Wellington Declaration” that encapsulates many civil society concerns regarding possible future ACTA provisions.

Public health groups such as Health Action International (HAI) have expressed concern that some provisions currently under discussion could hinder access to medicines, especially in the developing world. HAI fears that “injunctions, storage fees and information requirements” imposed on alleged infringers of the agreement could make it difficult for generic manufacturers to compete, “The same holds true for criminal and financial penalties for patent violations that hold manufacturers of active pharmaceutical ingredients (APIs) liable,” the group added. The inclusion of border measures in the scope of the ACTA agreement has also been a source of concern, in view of recent detentions of generic medicines in transit, particularly in the EU.

Meanwhile, digital rights activists such as Philippe Aigrain and Michael Geist worry about how ACTA provisions might restrict access to knowledge and curtail users’ rights in the digital environment. According to Geist, the combined effect of ACTA provisions under negotiation in this area would “dramatically reshape Canadian copyright law and eliminate sovereign choice on domestic copyright policy.”

Aigrain is particularly critical of European negotiators, who he claims are pushing criminal sanctions in ACTA that are “offensive to fundamental rights and go well beyond existing EU law.” While EU officials have denied that provisions for cutting off internet access for serial copyright infringers were part of the negotiations, ACTA provisions on internet service providers’ liability still raise many questions in this regard.

According to the Wellington Declaration “disconnection, account suspension, or limitation of service, have disproportionately negative consequences for civil rights.” In relation to assertions that the “intended focus” of ACTA is on counterfeiting and piracy activities taking place on “a commercial scale,” Aigrain argues that ACTA would represent “an unprecedented step in extending the interpretation of ‘commercial scale’ as including activities without motivation for financial gain.”

A precise definition of “commercial scale” has long eluded IP negotiators. The WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) uses the term but does not elaborate it. In the WTO dispute the US initiated against China at the WTO on IPRs enforcement, the WTO panel, in its 2009 report, did not accept US views of what constituted “commercial scale” IP infringement in the Chinese marketplace. In this regard, the Wellington Declaration emphasises “that ACTA must not attempt to reframe personal use and private acts to fit a definition of ‘commercial’ infringement.” ACTA, it adds, “must recognise the need for proportionate criminal provisions acknowledging the problem of large-scale commercial infringement, for profit, that is direct and intentional.”

In early April, James Love of Knowledge Ecology International (KEI), a Washington and Geneva-based NGO, issued a research note on ACTA provisions on injunctions and damages that details how the proposed language in ACTA would require changes in US laws and laws of other countries.

According to the note, examples include injunctions in cases of “innocent infringement” -- when the alleged violator was not aware of

breaking any rules -- and “statutory exceptions” to injunctions allowed by TRIPS article 44.2. According to this article, governments may limit injunctions in cases of “use by governments, or by third parties authorised by a government” or “where these remedies are inconsistent with a member’s law.” According to KEI, the US and European ACTA proposals for injunctions “do not allow the flexibilities” spelled out in the above-mentioned TRIPS article.

Countries participating in the ACTA negotiations point out that many of the most controversial issues are still open and that the final outcome is not yet known. ACTA proposals on issues like damages and IPRs enforcement in the digital environment remain highly bracketed, reflecting significant divergences among negotiating parties. In the case of damages and border measures, disagreement also prevails on whether ACTA provisions addressing these issues should apply to infringements of all IPRs or solely to copyright piracy and trademark counterfeiting.

While ACTA negotiations will proceed beyond the current round of negotiations, they are likely to remain controversial as secrecy will continue to fuel speculations and mobilise civil society about the possible contents of a future agreement.

ICTSD reporting.

Slow Progress in Bonn Confirms Fragility of Climate Talks

UN climate talks held in Bonn, Germany over the weekend produced only modest progress in the negotiations toward a global deal to cut emissions of greenhouse gases. The sluggish pace of the weekend discussions suggests that 2010 may turn out to be a painfully slow year for the multilateral climate talks.

The UN Framework Convention on Climate Change (UNFCCC) session, which ran from 9 to 11 April, had a fairly simple mandate: clarify the negotiation process to pave the way towards a global deal at the Conference of the Parties (COP) in Mexico this December. In essence, countries

were asked to define the organisation of work and the methods of work for 2010.

Specifically, parties needed to determine whether additional meetings were necessary beyond the two-week session already scheduled for June in Bonn. They also needed to clarify the basis for negotiation – what text, which issues, what negotiating format -- and to instruct the Chair, Margaret Mukahanana-Sangarwe of Zimbabwe, on the extent of her responsibilities for the next meeting. These issues were addressed and eventually hammered out in the wee hours of the morning on Monday.

AWG-LCA, AWG-KP make some progress

In the Ad-hoc Working Group on Long-term Cooperative Action (LCA), which adjourned two minutes before midnight on Sunday, officials agreed to plan two additional meetings in 2010, each of which will be at least one week in length (FCCC/LCA/AWG/2010/L.2). The locations of the meetings have not been confirmed, but France is rumoured to have offered the city of Lyon. The chair was also instructed to prepare a draft negotiating text “under her own responsibility” to facilitate negotiations. In reality, this text is prepared by the Secretariat with the chair’s involvement and final approval. Notably, the United States serves as vice-chair this year, meaning that Washington will most likely be deeply involved behind the scenes in this preparation process.

Officials also decided that the UNFCCC Subsidiary Body meeting in June should consider a proposal for a high-level session to provide policy direction prior to the Mexico COP. Finally, parties agreed that the draft text should be allowed to reference COP 15 decisions, without explicit mention of the Copenhagen Accord – the agreement brokered by a small group of heads-of-state in Copenhagen last December that failed to garner consensual support and was therefore simply noted in the climate conference’s final decisions.

The Ad-hoc Working Group on the Kyoto Protocol gavelled the end of their meeting at 1:30 in the morning. Their conclusion covered the question of further commitments for developed countries, or “Annex 1 parties,” and their work programme for 2010

(FCCC/KP/AWG/2010/L.2). They agreed to focus in 2010 on Annex I parties' aggregate and individual emission reductions beyond the Kyoto Protocol’s first commitment period, which ends in 2012, and to continue working on "other issues." They echoed the LCA’s call for two more sessions before the COP in Mexico.

G77/China position unchanged as EU shifts

The Group of 77 and China – a large bloc of developing nations – continued to stress throughout the meeting the importance of maintaining the Bali Action Plan as the guide for the talks and keeping the negotiations within the purview of the United Nations Convention. The coalition’s language pointedly lashes out against a number of plurilateral climate debates that have sprung up alongside the fully inclusive multilateral UN process. The group believes that a multilateral agreement would be the most effective – and equitable – kind of deal.

The European Union, still recuperating from the disappointment of Copenhagen, which fell far short of their expectations, seemed to shift its tack slightly at this meeting, stressing the US\$2.4 billion of “fast start financing” that the bloc is putting forward to help developing countries adapt to climate change and reduce their emissions. While this number is only a fraction of the US\$30 billion of funding that was promised under the Copenhagen Accord, the EU’s pledge seems to indicate goodwill and a shift in approach to the negotiations.

The EU was previously reluctant to discuss specific finance numbers for developing countries until the latter offered more details on the extent to which they would reduce emissions of greenhouse gases. The G77 and China bloc has long held that the UN climate convention requires developed countries to provide them with financial and technical support to help them reduce their emissions and adapt to a changing climate. The developing country coalition maintains that this commitment has never been fulfilled.

In addition to the EU pledge, France also announced that at a recent meeting of 54 countries to discuss reducing emissions from deforestation, countries agreed to put forward

US\$3.5 billion of fast action financing to address climate change through forests.

Notable proposals scuppered

Parties tabled a number of proposals early in the discussion that did not get sufficient traction or consensus, or that were crowded out by more contentious issues.

Early on, the EU asked for funding pledges from other developed countries and called for an implementation plan to spell out how the climate financing will be put to use. A number of countries asked to include reference to the UN Charter, principles, procedures, and process in addition to references to transparency and inclusiveness in the draft text. However, none of those proposals garnered enough support to be incorporated into parties' future work.

Several other issues were debated but ultimately left unresolved. Parties remain at odds over whether the chair can include the Copenhagen Accord in the negotiating text. They also left to future meetings questions relating to Mexico's role as COP President this December, a clear reaction to the blunders by the Danish government at last year's COP.

Analysis

The discussions in Bonn reflect the current fragility of the UN system as the locus for producing a global solution to climate change. Many agree that the current international instruments that address climate change – the UNFCCC and its Kyoto Protocol – are insufficient to respond to both the magnitude of the climate threat and the complexity of the economic and development challenges involved. The situation is further complicated by the enormous amount of pressure that has built up around the international talks leading up to the Copenhagen COP, and the hangover that has lingered after the disappointing results of that meeting.

The question now is whether countries can restore enough commitment to the UNFCCC process for it to serve as the primary forum for the debate on climate change. If the multilateral stalemate continues, however, countries may turn their focus to national or regional initiatives, or perhaps even plurilateral agreements on specific pieces of

the puzzle, such as forestry, energy, and technology.

ICTSD reporting.

IN BRIEF

China Relaxes Restrictions on Government Purchasing

China announced over the weekend that it will be easing proposed rules that would have severely curtailed foreign firms' access to the lucrative Chinese government procurement market.

The original "indigenous innovation" rules that Beijing introduced in November last year – but which were never fully enforced – stipulated that any firm hoping to sell high-tech products to the Chinese government had to prove that their goods used technology that had been developed and patented in China.

The measures, which were intended to spur technological innovation at home, triggered an outcry from foreign firms, who argued that they were being unfairly squeezed out of the Chinese market. In an open letter sent to three high-level Chinese officials in December, more than 30 Western business groups said that they were "deeply troubled" by the indigenous innovation rules, and urged the measures to be dropped. A report released last month by the Office of the US Trade Representative claimed that the rules unfairly discriminated against US companies.

Five months after introducing the measures, China has stepped back. The proposed rules that were announced over the weekend require that patents and trademarks that are used in government purchases simply be registered in China; the domestic innovation requirement has been dropped. The Chinese government has posted the draft rules [on its website](#).

The indigenous innovation rules would have affected billions of dollars worth of government purchases of personal computers, software, energy-efficient equipment, and the like.

Signatories to the WTO's Agreement on Government Procurement (GPA) are forbidden from implementing domestic purchasing requirements like the indigenous innovation rules. China has not signed the GPA, but it is currently negotiating its entry into the agreement. Forty-one WTO members, including the US and the EU, have already joined the deal.

Business leaders welcomed the recent announcement. "This is an important sign that policymakers in China recognise the role that fair competition plays in developing and enhancing China's high-tech capabilities," the European Chamber of Commerce said in a statement.

But John Neuffer of the Information Technology Industry Council, a group that represents many US-based tech firms, was somewhat less certain. "It's clear that they've responded to criticisms and that's positive, but it doesn't address all of our concerns," Neuffer told The Wall Street Journal. "We have to fully digest this. The language is still vague."

ICTSD reporting; "Foreign firms are welcome in China," XINHUA, 6 April 2010; "Beijing revises purchase policies," THE WALL STREET JOURNAL, 12 April 2010.

EU Farm Commissioner Launches Debate on Subsidies

European farm subsidies – ever the source of controversy, both within and outside the EU – are once again the subject of an official public debate as EU officials prepare to draw up reforms to the bloc's Common Agricultural Policy, or CAP.

In a speech before the European Parliament on Monday, European Agriculture Commissioner Dacian Cioloș of Romania officially launched a public debate on how the CAP, which soaks up more than 40 percent of the EU's budget, should be reformed. (Submissions to the debate can be made on the Commission's website.)

"Certainly, there are criticisms. There are imperfections. There are hopes for reform. All of these must be taken into account," Cioloș said.

"We have to take these into account not to weaken or dismantle the CAP, but to ensure it continues to be a powerful instrument for the farmers of the EU of today."

Following several weeks of consultations, the European Commission is expected to draw up a report on potential changes to the CAP in mid-summer. The Commission's official "Communication on the CAP" is to be presented before the end of the year, and Cioloș is expected to offer his personal recommendations in mid-2011. The reforms themselves are on a slightly longer timeline: they would not take effect until the beginning of 2014, when the EU's current budget expires.

The debate over how far those reforms should go is expected to pit the fiscally conservative United Kingdom against supporters of robust farm subsidies – countries like France and Greece. Experts say that changes to the CAP will likely include a shift of funds toward Eastern Europe – a prospect that does not sit too well with some politicians who represent the more traditional recipients of European farm aid. The arguments have already begun.

"Disappointingly, the debate on CAP reform has so far focused on who the support should go to," George Lyon, a Scottish MEP who is serving as the European Parliament's rapporteur on CAP reform, said last month. "This kind of talk will get us nowhere. The debate needs to shift to the big battle of defending the CAP budget from deep and painful cuts."

ICTSD reporting; "Cut the EU's farm cash? Non!" THE WALL STREET JOURNAL, 12 April 2010.

Belarus, Kazakhstan Raise Doubts about Customs Union with Russia

Belarus and Kazakhstan are raising complaints about their new customs union with Russia, although the union of the three former Soviet states will likely continue as planned, experts say.

Kazakh officials still support the move toward a customs union, but business leaders are much

more critical. The new union has so far only increased prices of external goods, as Kazakhstan had to raise its traditionally low import duties to match higher Russian tariffs.

Beginning in January 2010, Belarus, Kazakhstan and Russia dropped most of their respective duties on mutual trade. On 1 July, they are scheduled to adopt a common external tariff and remove customs controls between Belarus and Russia. Customs controls with Kazakhstan are scheduled for elimination in July 2011.

Belarus and Kazakhstan fully supported the customs union plan when it was first announced in 2009, foreseeing the benefits of cheap energy and a larger market for Belarusian uranium, consumer goods and foodstuffs and Kazakh metals.

Now, Kazakhstan and Belarus complain that their interests are being neglected in the trade deal. "This is going to hit our wallets," said Talgat Akuov, leader of Kazakhstan's Independent Association of Entrepreneurs.

Researchers have argued that the potential benefits for the smaller former Soviet states lie mainly in long-term development and diversification of their economies and in an increased flow of investment. Russian economists claim that the benefits that Belarus and Kazakhstan will gain through greater access to the large Russian market will considerably outweigh the substantial costs.

However, others contend that Russia comes out far ahead of the other two countries, as the customs union will allow Moscow to strengthen its regional clout in addition to gaining access to the Belarusian and Kazakh markets for Russian exports. Some experts worry that Russia will use the customs union as leverage to pressure the two other members, especially Belarus.

Furthermore, Russian producers in industries such as automobiles, metals and dairy products will likely win out. Their counterparts in Kazakhstan and Belarus are not as competitive, according to Ralph de Haas and Alex Plekhanov, two economists from the European Bank for Reconstruction and Development.

The origins of the three-nation trade bloc are related to Russia's attempts to join the World Trade Organization. By far the largest economy not yet a member of the WTO, Russia has been negotiating its membership in the 153-nation organisation since June 1993. The progress of the country's WTO bid has had its fair share of ups and downs, most notably in September 2008 thanks to the Russian invasion of Georgia.

In June 2009, Russia announced a plan to join the WTO with Belarus and Kazakhstan as a single-entity customs union, possibly hoping to fast-track WTO accession. However, with no precedent for a customs union entering the WTO, the unified accession idea was dropped several weeks later. Currently, the three countries are continuing with separate accession negotiations, although they are trying to coordinate closely.

The three countries still plan to join the WTO simultaneously once the negotiations are complete. Russia's accession is much further along, however, so this will depend on Moscow's willingness to wait for the others.

ICTSD reporting; "Kazakhstan: Belarus, Kazakhstan Lukewarm over Customs Union," BANKS AND FINANCIAL INSTITUTIONS NEWS, 6 April 2010; "Belarus, Kazakhstan Lukewarm Over Customs Union," MOSCOW TIMES, 6 April 2010.

EVENTS & RESOURCES

Events

15-16 April, Paris, France. ADVANCING THE AQUACULTURE AGENDA: POLICIES TO ENSURE A SUSTAINABLE AQUACULTURE SECTOR. Organised by the Trade and Agriculture Directorate of the Organisation for Economic Co-operation and Development (OECD), this workshop will provide a platform for policy makers, technical experts, international organisations, the private sector and nongovernmental organisations to examine policy challenges that OECD governments face in aquaculture development. It will also inform participants about critical economic, environmental and social aspects of the

aquaculture sector and analyse interactions with other sectors. For more information, please contact Nicole Franz at nicole.franz@oecd.org or visit

http://www.oecd.org/document/3/0,3343,en_2649_33901_44041283_1_1_1_37401,00.html#practical_info.

19 April, Washington DC, US. US REGULATORY AGENCIES AND INTERNATIONAL TRADE. In this seminar, part of the Washington International Trade Association's Professional Development Series, participants will explore how regulatory agencies in the United States affect world trade. Independent regulatory agencies play a critical role in shaping and enforcing domestic US policies on some of the most competitive US issues. How do these independent agencies work in conjunction with the Executive Branch with respect to imported goods and services? The speakers will be representatives from the Food and Drug Administration, Federal Communications Commission, Consumer Products Safety Commission and the Office of the United States Trade Representative. For more information, please visit <http://www.wita.org/ht/display/EventDetails/i/43496/pid/317> or email events@wita.org.

21-23 April, Seoul, South Korea. GLOBAL SUMMIT: POWERING GROWTH FOR THE GLOBAL GREEN ECONOMY. The Business for Environment Global Summit (B4E) will address resource efficiency, renewable energies, new business models and climate policy and strategies. At the meeting, CEOs and senior executives join leaders from government, international agencies, NGOs and media to discuss environmental issues, forge partnerships and explore innovative solutions for a greener future. For more information, please contact Michelle Ko: tel: +65 6534 8683 +65 6534 8683 ; fax: +65 6534 8690; email: michelle.ko@globalinitiatives.com or visit: http://www.b4esummit.com/?page_id=106.

WTO Events

An updated list of forthcoming WTO meetings is posted at 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.

20 April: Dispute Settlement Body

Other upcoming events

24-25 April, Washington DC, USA. 2010 SPRING MEETINGS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK GROUP. The Spring Meetings of the IMF and World Bank Group provide an opportunity for discussion of the work of these organisations on sustainable development. Press registration is open until April 24. Civil society registration is open until April 12. Events are not open to the public. The tentative schedule includes a Development Committee meeting, an International Monetary and Financial Committee meeting, a G-24 meeting, and multiple press briefings. For more information, please visit: <http://www.imf.org/external/am/index.htm>.

26 April, New York City, US. GLOBAL FINANCIAL FORUM: BUILDING A NEW FINANCIAL ORDER. Hosted by Chatham House, BritishAmerican Business and the Foreign Policy Association, this forum examines what is necessary to create a new, more stable global financial order. This conference will examine the impact of the proposed regulatory measures on the financial markets, consider the outlook for the global economy, discuss if new financial regulatory rules will contain excessive risk-taking, and debate the extent to which it is possible to prevent future financial crises. The conference will take place in three sessions: Rebalancing the Global Economy, Restructuring the Financial Sector, and Restoring Financial Stability. For more information, please see <http://www.chathamhouse.org.uk/NY2010/> or contact Chatham House at: email conferences@chathamhouse.org.uk; tel. +44 (0)20 7957 5753; or fax +44 (0)20 7321 2045.

1-4 May, Tashkent, Uzbekistan. ASIAN DEVELOPMENT BANK ANNUAL

MEETING. The 43rd Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) will provide an occasion for the Governors to discuss ADB administrative, financial and operational directions. Additionally, it will be an opportunity for member governments to interact with ADB staff, nongovernmental organisations, media and representatives of observer countries, international organisations and the private sector. Multiple presentations and seminars will be hosted, including a seminar on 2 May on “Financing Climate Change and Sustainable Development Action in Asia and the Pacific.” For more information, please contact Jill Drilon, the ADB Annual Meeting Coordinator: tel +632 632 5999; fax +632 636 2483; e-mail annualmeeting@adb.org; or visit the event’s website at: <http://www.adb.org/AnnualMeeting/2010/>.

5-7 May, Dar es Salaam, Tanzania. WORLD ECONOMIC FORUM ON AFRICA: RETHINKING AFRICA’S GROWTH STRATEGY. The 20th World Economic Forum on Africa will be held for the first time in East Africa. In addition, the Forum’s Young Global Leaders Summit will be held concurrently in Dar es Salaam, integrating over 200 of the world’s young leaders in the meeting. Discussions will address how African nations are managing relations with key economic partners, with an increasing trend towards greater South-South cooperation. As Africa joins India and China in crossing the billion person mark, its young population, natural resources and market potential are catalysts for significant future growth and development. Implications of the financial crisis will be discussed, as well as how African leaders are using it as an opportunity to redesign a sustainable roadmap for the continent’s future within the new global economy. For more information, please contact Gemma Burke: fax +41 (0)22 594 8097; email Africa@weforum.org; or visit <http://www.weforum.org/en/events/WorldEconomicForumonAfrica2010/index.htm>.

28-30 May, Bonn, Germany. FIRST WORLD CONGRESS ON CITIES AND ADAPTATION TO CLIMATE CHANGE. Jointly hosted by Local Governments for Sustainability, the City of Bonn and the World Mayors Council on Climate Change, Resilient Cities 2010 will offer an

opportunity for participants to share the latest scientific findings, state-of-the-art approaches and effective programs on climate change adaptation and resilience-building in cities and urbanised areas. Case examples of local adaptation practice will illustrate approaches and experiences. The conference aims at setting the direction for future planning of and investment in urban infrastructure. For more information, please contact Alice Balbo, Conference Secretariat; tel: +49-(0)228 / 976 299-28; e-mail: bonn2010@iclei.org; or visit: <http://resilient-cities.iclei.org/bonn2010/home/>.

17-19 September, Hyderabad, India. PHARMACEUTICALS IN DEVELOPING AND EMERGING ECONOMIES: PRODUCTION, INNOVATION, AND ACCESS TO MEDICINES IN THE WAKE OF TRIPS. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement imposes global minimum standards for intellectual property protection to be phased in across all members of the WTO. The stated purpose is to improve the conditions for innovation and technology transfer. It is not evident, however, that the overall gap in the global pharmaceutical industry between developed and developing countries has diminished. There is scarce systematic knowledge of the present state and future prospects of pharmaceutical production and innovation across the global South – a deficiency addressed by this conference. Among the papers presented will be detailed studies of the impact of TRIPS on the pharmaceutical industry and public health in particular countries in all major regions of the developing world. The conference will be co-hosted by the University of Hyderabad, India and Deakin University, Australia. For more information, please see <http://www.deakin.edu.au/arts-ed/icg/events/conferences/pharma-conf10.php>

Resources

AID FOR TRADE AND CLIMATE CHANGE FINANCING MECHANISMS: BEST PRACTICES AND LESSONS LEARNED FOR LDCS AND SVES IN AFRICA. By Vinay Dey Ancharaz and Riad A. Sultan. *ICTSD*, January 2010. Climate change-related projects in

agriculture, fisheries, and livestock often have trade-related impacts and vice-versa. Both climate change and trade-related objectives could thus be addressed in a coherent way through the implementation of climate change financing mechanisms and aid for trade. This issue paper explores how climate change financing and aid for trade can address the climate change adaptation needs and specific supply-side constraints of African least developed countries and small, vulnerable economies in a complementary and supportive manner. The paper concludes that to make climate change financing and aid for trade complementary and mutually reinforcing, both African countries and donors need to recognise and specify the trade impacts of National Adaptation Plans of Action (NAPAs) projects and the climate change implications of aid for trade projects. Moreover, the analysis highlights that both NAPAs and Poverty Reduction Strategy Papers should be closely linked when designed, funded and implemented. This publication can be accessed at <http://ictsd.org/i/publications/71728/>.

THE ECONOMICS OF 350: THE BENEFITS AND COSTS OF CLIMATE STABILIZATION. By Frank Ackerman, Elizabeth A. Stanton, et al. *Economics for Equity and the Environment Network (E3)*, October 2009. The United States' largest network of independent climate economists, E3, issued this major report showing that the more aggressive world leaders are in curbing world carbon emissions, the greater the economic benefits will be. The two lead authors, Global Development And Environment Institute Research Fellows Ackerman and Stanton, co-authored the report with researchers from universities and think-tanks across the US. The report concludes that the estimated cost of reaching a target of 350 parts per million is roughly equivalent to one to three percent of world gross domestic product, while the financial, human and environmental cost of not stabilising the earth at 350 parts per million over the next 200 years will likely be much greater. This publication can be accessed at http://www.ase.tufts.edu/gdae/publications/other_books/economics_350.html.

TRADE REMEDIES IN NORTH AMERICA. By Gregory Bowman, Nick Covelli, David A.

Gantz and Ihn Ho Uhm. *Kluwer Law International*, March 2010. The implementation of the North American Free Trade Agreement (NAFTA) greatly enhanced trade among the United States, Canada and Mexico. Still, despite the agreement's title, a sizeable portion of trade among the three countries is not "free" at all, the authors argue. Even after successive multilateral trade deals and bilateral free trade agreements have been concluded individually by the NAFTA countries with other countries, a great deal of trade between the NAFTA countries and non-NAFTA countries remains subject to various restrictions and trade remedies, such as antidumping duties, countervailing duties and safeguards. The aim of this book is to bring together in a single detailed work for the first time the law and practice of trade remedies in all three NAFTA countries, including the role of legal and economic analysis in trade remedy determinations, in light of the relevant international trade rules and their economic and political underpinnings. This publication can be accessed at <http://www.kluwerlaw.com/Catalogue/titleinfo.htm?ProdID=9041128409&name=Trade-Remedies-in-North-America>.

THE GLOBAL FINANCIAL CRISIS AND DEVELOPING COUNTRIES: PHASE 2 SYNTHESIS. By Dirk Willem te Velde et al. *Overseas Development Institute*, March 2010. When the global financial crisis broke out in earnest in September 2008, it quickly became clear that developing countries would be affected, and that the impacts in the developing world would vary markedly. The Overseas Development Institute coordinated a multi-country study over January-March 2009 involving developing country teams in 10 countries. This showed that, while the transmission mechanisms were similar in each (trade, private capital flows, remittances, aid), the effects of the crisis varied by country, and much was not yet visible. As such, further country-specific monitoring was required. Most findings suggested that, as a result of time lags, the worst effects were yet to come. This synthesis of the effects of the global financial crisis on developing countries updates the description of the economic and social situation during the course of the crisis in 11 countries. The synthesis includes a series of easy-to-read comparative tables of how the 11 countries have been affected. This publication can

be accessed at
<http://www.odi.org.uk/resources/details.asp?id=4784&title=global-financial-crisis-synthesis>.