



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

Concluding Doha is 'Top Priority': Cairns Ministers

An ambitious and balanced outcome to farm trade talks in the WTO's troubled Doha Round must be “top priority” for the organisation's members, said trade ministers from the Cairns Group of countries, a 19-member bloc that supports far-reaching farm trade reform.

The ministers, who met from 19 to 20 April in Punta del Este, Uruguay, also underscored the role of the WTO's rules-based system in helping countries to emerge from recession. “As the recovery gets underway, the WTO remains the right platform for trade to grow strongly once again,” they declared in a communiqué issued after the meeting.

Ministers from Argentina, Australia, Canada, Chile, New Zealand and Paraguay were at the gathering, as well as from host country Uruguay. However, ash from a volcanic eruption in Iceland disrupted travel plans for officials from Costa Rica, Malaysia, Pakistan, South Africa and Thailand, who were unable to attend as a result. Other countries were represented by senior officials or Geneva-based ambassadors.

Although not Cairns Group members, the US, the EU and Japan joined discussions as “special guests,” along with Mexico and Egypt. The US was represented by its chief agriculture negotiator, Isi Siddiqui, although the recently confirmed US ambassador to the WTO, Michael Punke, was also marooned in Geneva due to the air traffic chaos.

Multilateral process

“Maintaining the primacy of the multilateral process in Geneva is critical,” said the ministers, who nonetheless emphasised that “negotiations in

other formats and configurations should support this process.” Farm trade talks have tended to involve both small-group consultations and larger meetings with the full WTO membership – although developing countries in particular have argued that negotiations must be transparent and inclusive.

The ministers also underscored that efforts “at both the technical and political level” were needed – a pointed reference to the slow progress in talks recently, which many officials have blamed on a lack of high-level US engagement.

More ministerial meetings would be needed to bring the Doha negotiations to a successful conclusion, the group said – including on the margins of forthcoming meetings of the Asia-Pacific Economic Cooperation (APEC) group and the Organisation for Economic Cooperation and Development (OECD). However, the communiqué stopped short of calling for a gathering of all WTO ministers, reflecting a widely shared consensus that another high-profile failure could be damaging for the faltering Doha round.

Weighing in on the sidelines, the Cairns Group Farm Leaders – an umbrella group that represents the agriculture associations of the Cairns member countries – stressed that the group’s trade ministers should “not allow a lowering of ambition” in the Doha Round talks. “Any additional trade distorting mechanisms within the negotiations must be strongly resisted,” the group added, “including the possible misuse of the Special Safeguard Mechanism (SSM).” Disagreement over the SSM – a tool intended to protect developing country farmers from large swings in prices and trade volumes – has been widely blamed for the collapse of major trade talks in July 2008.

Geneva: chair plans 'ice-breaker'

Meanwhile, sources reported that the chair of the farm trade talks was planning further meetings in Geneva to discuss next steps with WTO members. The chair of the agriculture negotiations, Ambassador David Walker (New Zealand), reportedly intends to convene trade officials on 3 May for an 'ice-breaker' discussion that delegates said was meant to initiate a debate

on the rationale and timetable for further technical-level work.

The chair is planning a “twin-track process,” said officials, with discussions likely to take place both on the outstanding negotiating issues in the farm trade talks and also on the data that WTO members will need to provide to finalise an eventual Doha deal.

If negotiators agree, technical talks would begin again around 17 May, said sources, although members would need first to concur that this would be useful. The chair “won't force people to talk,” said one official, noting that there is “no point in calling meetings in which people sit round the room and look at each other.” Recently, stalemate in the talks at a political level has made many negotiators reluctant to move beyond established positions.

Paris: five-party talks

Five major trading powers are due to meet in Paris at ministerial level next week, said sources, at what is believed to be the initiative of US ambassador Punke. Consensus amongst the countries concerned – Brazil, China, the EU, India and the US – is seen as a critical condition for achieving a Doha deal. “If they can crack something, there's some progress to be made,” said one trade source, who nonetheless expressed scepticism that the talks would lead to any significant breakthrough.

ICTSD reporting.

OTHER NEWS

BRIC Summit Builds Political Ties Among Emerging Economies

Heads of state from Brazil, Russia, India and China met in Brasilia last week to find common ground on a handful of political issues before G20 leaders convene for a summit in Toronto in June.

The so-called BRIC nations have been tied together by a catchy acronym since a Goldman Sachs economist coined the term in 2001. The

countries are similar insofar as their economies hold enormous potential for growth. So far, however, political alliances among the BRICs – which account for 42 percent of the world population and a quarter of the Earth's total land area – have been weak. A first heads-of-state gathering in Russia last year established a tentative foundation for future coordination, but that meeting produced little in the way of concrete results.

Last week's summit, which had been scheduled for 15 and 16 April, was cut short by a day when Chinese President Hu Jintao decided to return home to manage the government's response to the earthquake that hit western China on 14 April, killing more than 600 people.

But despite its brevity, the Brasilia summit – which brought together Brazilian President Luiz Inácio Lula da Silva, Russian President Dmitry Medvedev, Indian Prime Minister Manmohan Singh and China's Hu – showed that the BRIC leaders are serious about taking a unified stand on the global stage, at least on the handful of issues on which they see eye-to-eye.

Strong calls for reform of the UN

"A comprehensive reform of the UN" is among those issues that the BRIC leaders hold dear. In a communiqué issued at the end of the summit, the leaders stressed the importance of the multilateral system and threw their support behind Brazil's and India's "aspirations to play a greater role" in the multilateral institution. China and Russia already hold permanent seats in the UN Security Council; Brazil and India have been lobbying – so far unsuccessfully – to have their names added to that list.

The BRIC leaders also slammed the "legitimacy deficits" of The World Bank and the International Monetary Fund (IMF). The four countries claimed that the two Bretton Woods institutions – whose structures have been largely static since the organisations were established in the mid-1940s – have long needed a major overhaul, especially with regards to their governance structure. To that end, at the top of the BRIC reform agenda is "a substantial shift in voting power" toward emerging markets and developing countries. The

BRICs also called for the heads of the World Bank and IMF to be chosen on merit – "irrespective of nationality." Historically, the United States has picked one of its own to head the World Bank, while the chief of the IMF has always been European.

The leaders called for officials from the World Bank and the IMF to address these questions at their annual spring meetings, which will be held in Washington over the weekend.

Reasserting their role in the governance of the global economy, the heads of state welcomed the fact that the G20 has been "confirmed as the premier forum for international economic coordination and cooperation." The group noted that the G20 – which includes the BRICs as well as the traditional economic heavyweights and industrialising nations like Indonesia, Mexico and South Africa – is a "broader, more inclusive, diverse, representative and effective" than "previous arrangements."

"BRIC countries have a fundamental role in the construction of a fairer international order," Brazil's Lula da Silva told a press conference.

Collectively, the BRIC economies are expected to account for 60 percent of global growth between now and 2014. Taken together, the four countries' economies are on track to surpass that of the US by 2020.

The heads of state did not broach the prickly topic of the low value of China's currency, which has negative impacts on other BRIC countries' exports. However, echoing a theme from last year's summit, the leaders reportedly explored how they might move away from relying on the US dollar for intra-BRIC trading, although that appears to remain a distant goal.

Such questions will likely be taken up at the next BRIC summit, which China has offered to host next year.

ICTSD reporting; "The trillion dollar club," THE ECONOMIST, 15 April 2010; "BRICs speak louder about cooperation," XINHUA, 16 April 2010; "China, Brazil sign deals at shortened BRIC summit," REUTERS, 15 April 2010.

Flight Ban Ruptures Trade Links with Developing Countries

While airline losses and stranded travelers grabbed headlines in the wake of last week's eruption of an Icelandic volcano, producers in Africa and other parts of the world confronted a less publicised struggle to bring their perishable goods to market.

The eruption of the volcano Eyjafjallajökull, which sent a plume of ash 6 to 11 kilometres (3.8 to seven miles) high into the atmosphere, forced the closure of airspace over a large swath of the continent through early this week, burying the profits of horticultural producers, who rely on air transport to deliver perishable goods to the market.

In Kenya, where the horticulture industry represents the country's largest foreign exchange earner, the meltdown of the critical air link to Europe has cast aside any doubt that the Great Rift Valley is inextricably linked to the global economy. As a result of the eruption in Iceland, the industry has landed losses of US\$ 3 million per day, while 5,000 day labourers have already been left without work as their jobs go dormant. Many in the industry have called the current situation the worst they have ever faced.

While globally, international trade relies more heavily on shipments by sea – which accounts for 98 percent of world trade – as well as by road and rail, the disruption of air travel has been devastating for producers from Africa to the Caribbean who trade perishable items to Europe, which must be transported by air. Of the 1,000 tonnes of produce and cut flowers shipped each day from Kenya, 82 percent is destined for Europe.

As there is no diversionary market for many such items, many growers have been forced to discard their products. In Kenya, 10,000 wilting flowers were destroyed and produce was fed to livestock as warehouses reached their limit. “Flowers and courgettes are not something the average Kenyan buys,” said Stephen Mbithi, the chief executive officer of the Fresh Produce Exporters Association of Kenya, according to a report in The New York Times.

Elsewhere, in South Africa and the Netherlands, flower producers were unable to export for days, while agricultural products destined for export in Israel had to be preserved in coolers. In some regions, if supply chains continue to be seriously disrupted, small-scale farmers who rely on bank loans to finance their operations could default on payments, making it difficult to get funding for next season.

Agriculture producers were not alone in their struggles. Agence-France Presse reported on Wednesday that more than 1,000 tonnes of garments have piled up in Bangladesh's main airport in Dhaka thanks to the European flight cancellations.

“We have been hugely affected by the volcanic ash,” Abdul Mannan, head of a private cargo operator, told AFP. “The last week was horrible. Many garment exporters and air cargo operators are looking at millions of dollars in losses.”

Due to the unpredictability of such events and the lack of consensus among governments on what constitutes a safe level of ash in the atmosphere, there is fear that renewed eruptions over the following days or weeks would necessitate a longer-term re-organisation of supply chains. Many traders have already booked trains, trucks, and barges between northern Europe and airports that had remained open further south, which causes delays and could raise prices.

By Wednesday afternoon, as 75 percent of European flights were scheduled to return to operation, there was hope that the situation would begin returning to normalcy. However, even if the volcano stops emitting ash immediately, it could take more than two weeks for airlines to re-organise their schedules.

ICTSD reporting; “With Flights Grounded, Kenya's Produce Wilts,” NEW YORK TIMES, 19 April 2010; “Detours for Perishable Goods,” WALL STREET JOURNAL, 20 April 2010; “Volcano's destruction in Kenya: 10 million roses thrown away, 5,000 workers laid off,” CHICAGO TRIBUNE, 19 April 2010; “Outlook: cloudy,” ECONOMIST, 19 April 2010; “Volcanic ash turns northern Europe into no-fly zone,” REUTERS, 15 April 2010; “Flights resume as ash

fear recedes,” BBC NEWS, 21 April 2010; “Garment mountain grows in Bangladesh due to air chaos,” AFP, 21 April 2010.

ADB Forecasts ‘Healthy Rebound’ in Asia

Developing country economies in Asia will rebound strongly this year and continue to strengthen in 2011, the Asian Development Bank (ADB) predicted in the “Asian Development Outlook 2010” report, its annual examination of trends and forecasts for the region.

Released on 13 April, the report expects “robust growth” of 7.5 percent in developing Asia this year, thanks in large part to the revitalisation of international trade and the implementation of various fiscal and monetary stimulus programmes. The ADB expects the “healthy rebound” to continue in 2011 at nearly the same annual rate of growth, 7.3 percent, decreasing slightly once the stimulus programmes conclude.

In contrast, the economies of the United States, Japan and the Eurozone are expected to grow by an average of only 1.7 percent in 2010 and 2.0 percent in 2011.

The expected growth rates for developing Asia fall below the record level of 9.6 percent experienced in 2007 but are still worthy of note, considering the region’s 2009 growth rate of only 5.2 percent. Despite last year’s slow growth, developing Asia was the first area to “emerge from the global turmoil,” as the report states.

“Today many count upon Asia to help the world economy recover from the recession,” said Deputy Director-General of the WTO Harsha V. Singh when opening a presentation of the ADB’s report at WTO headquarters on 16 April.

The ADB’s report expects investment to “remain strong” and private consumption to “improve.” China, India and Indonesia, the three largest economies in Asia, have shown commendable “resilience” in investment and domestic consumption.

The strongest recovery within the region will occur in East Asia, where this year’s expected economic growth rate is 8.3 percent, according to the ADB. China, Hong Kong, Taiwan and Mongolia are quickly regaining the economic ground they lost last year.

Upcoming challenges

The report included a section – labelled “the juicy part” by Ann Quon, principal director for the ADB’s Department of External Relations – on the challenges facing Asian economies as the financial crisis fades.

An important task will be for Asian economies to continue to grow in the face of global uncertainty. “Now the question is how to shift from the monetary and fiscal policies’ support to the robust private sources to sustain growth,” said Dr. Jong-Wha Lee, Chief Economist of the ADB, at a press conference held for the report’s release. “Asian governments must take the challenge of adjusting monetary, fiscal and exchange rate policies to prepare their economies for the changing environment in the post-crisis period.”

The ADB’s report encouraged a return to prudence and discipline in fiscal and monetary policy. “Unusually easy monetary policies throughout the region cannot be kept for too long, and there is a need to revert to a normal stance,” said Lee. Without tighter monetary policy, inflation rates could become problematically high.

“Inflation pressures are now increasing, but are likely to be manageable in most of the region,” Lee added, given proper management of monetary policy. The ADB expects inflation to return to its historical norm of 4 percent during the next two years.

Lee cited further threats to the momentum of the Asian recovery coming from global uncertainty and volatile capital flows.

Outside developing Asia, the rest of the globe may remain mired in recession. The pick-up in demand in major industrial countries has been sluggish, slowing recovery in the rest of the world. If this pattern continues, low levels of international trade will affect economic growth in Asia.

The swift recoveries of many Asian economies and their relatively high interest rates have attracted potentially volatile investment capital flows from other countries. Sudden changes in foreign investment flows could drastically impact the region and lead to macroeconomic uncertainty.

Additionally, the report cited worries that “a sharp increase in international commodity prices, deteriorating fiscal positions and the persistence of global imbalances” could disrupt Asian economic growth.

Recommendations

The ADB report made several recommendations to its member countries. According to Lee, the first suggestion is close coordination between monetary policy and financial regulations in order to better monitor and prevent price bubbles while still focusing on inflation.

An “excessive focus on export competitiveness” in exchange rate policy is inefficient and does not allow shocks to be easily absorbed. The report urges countries to move away from such a policy. “The greater flexibility of the Chinese yuan is in [China’s] interest and the global economy’s interest,” said Lee in response to a question.

Sound fiscal policy to encourage domestic sources of growth ought to be continued in order to “secure adequate fiscal space for the future shocks,” said Lee. This will help mitigate uncertainty and rebalance the economy.

The ADB also recommended close policy coordination to help diminish fears of losing export competitiveness. By coordinating exchange rate policies, Asian countries can boost the value of their currencies when necessary without losing export volume.

ICTSD reporting; “Developing Asia’s Recovery from Crisis Takes Firm Hold – ADB,” ASIAN DEVELOPMENT BANK, 13 April 2010.

IN BRIEF

Under Scrutiny, ACTA Negotiators Release Draft Text

Plurilateral negotiations toward an agreement to strengthen intellectual property enforcement became more transparent today, as the parties to the talks made their first public release of the official draft negotiating text. Since 2007, negotiators from roughly a dozen countries plus the EU have been trying to hammer out the details of an Anti-Counterfeiting Trade Agreement (ACTA). Save for a few leaks, those talks have been conducted under a thick veil of secrecy – until today.

The release of an official draft comes after growing civil society mobilisation and public pressure on the parties to make the negotiations more transparent. A previous version of the text – dated January 2010 – was leaked online last month, but official information has been scant.

A statement released by the negotiating parties at the end of their eighth round of negotiations, which were held last week in New Zealand, reaffirmed that ACTA will not interfere with a signatory’s ability to respect its citizens’ fundamental rights and liberties. The officials also vowed that the deal under negotiation will be consistent with WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and that it will respect the WTO’s Declaration on TRIPS and Public Health. Responding to specific concerns raised by some members of civil society, the statement added that there are no plans to require border authorities to search travellers’ baggage or their personal electronic devices for infringing material. It also denied affirmations that ACTA would require governments to mandate a “graduated response” or “three strikes” approach to copyright infringement on the Internet.

The United States Trade Representative (USTR) affirmed in a separate statement that it “continues to oppose extending provisions on criminal and border enforcement against trademark

counterfeiting and copyright piracy to cover patents or other forms of intellectual property.”

“The text makes clear what ACTA is really about,” said EU Trade Commissioner Karel De Gucht. “It will provide our industry and creators with better protection in overseas markets which is essential for business to thrive. It will not have a negative impact on European citizens.”

James Love, director of the NGO Knowledge Ecology International, was not as enthusiastic. “It’s late, very late, and missing a key element of transparency – the country positions,” Love said on Wednesday. “Governments had to be forced by civil society groups to make the ACTA text public. Let’s hope that the precedent for the future is to publish the texts, and to publish them much sooner.”

“Now that the text is out, it will be easier to have public debates about its contents. It is unfortunate that the country positions were eliminated from the published version,” Love added.

The next ACTA meeting will be held in Switzerland in June 2010. Negotiators have said that they hope to conclude the talks before the end of the year.

ICTSD reporting.

Brazil Scraps Ethanol Tariff as US Considers Extending Its Own

Brazil has eliminated its 20 percent tariff on ethanol imports until 2012, the country’s Chamber of Foreign Trade announced earlier this month. The temporary measure is widely seen as an attempt to pressure the United States into lowering or even removing its own trade barriers on ethanol imports.

Under existing US policy, ethanol imports are subject to a 2.5 percent ad valorem tax plus a tariff of 54 cents per gallon. Additionally, a tax credit for ethanol blenders of 45 cents per gallon – the Volumetric Ethanol Excise Tax Credit or VEETC – supports US ethanol consumption. As these policies are set to expire at the end of 2010, a new

bill has been introduced in Congress to extend them for five more years.

The US is the world’s largest producer of ethanol, but Brazil, the second-largest producer, is the largest exporter of the biofuel, with 1.365 billion gallons sold abroad in 2008. The countries produce two different types of ethanol – corn-based in the US and sugarcane-based in Brazil – but both kinds may be used interchangeably. Because cane-ethanol is cheaper to produce than corn-ethanol, the Brazilian ethanol industry is highly competitive.

The VEETC is not restricted to domestically produced US ethanol but can be paid to ethanol blenders using imported fuel. But because the tariff on imports is higher than the tax credit, Brazilian ethanol producers operate at a disadvantage to US producers, according to analysis by Robert Rapier, Chief Technology Officer for Merica International, a bioenergy holding company.

“If our energy policy goals are promotion of renewable energy, then the tariff is a partial obstacle,” Rapier wrote in his blog for Forbes.com. “If our energy policy goals are only to promote domestic renewable energy, then the tariff serves that purpose at the potential expense of taxpayers, consumers and ethanol exporters.”

Lowering the cost of ethanol consumption would encourage use of the alternative fuel. “Consumers win when industries compete,” said Joel Velasco, the chief North American representative of the Brazilian Sugarcane Industry Association (UNICA). “Brazilian ethanol producers are willing to compete for consumers. What about American producers?”

The American Farm Bureau supports the continuation of the tax credit and tariff as a way to secure energy security for the United States, move away from fossil fuels and develop a domestic industry.

The US corn-ethanol lobby group Growth Energy has launched a major push for the tax benefits to be extended. The group’s campaign includes a US\$2.5 million series of ads broadcasting the benefits of ethanol. UNICA came out with an ad

campaign to end the subsidies, calling cane-ethanol a “sweeter alternative.” UNICA has often allied with the US lobby in the past to promote consumption of ethanol, but it is now acting in the interests of Brazilian ethanol.

WTO members who enact large-scale policies to reduce greenhouse gas emissions without also lowering tariffs on clean technologies that would help reach reduction goals are acting nonsensically, said Marcos Jank, President and CEO of UNICA, in a presentation to WTO Director-General Pascal Lamy, who visited Brazil’s largest sugarcane-growing region on 17 April. Ethanol ought to be included in the “list of environmental goods for which import tariffs must be abolished,” added Jank.

Jank emphasised the importance of keeping legally binding sustainability criteria in line with WTO trade rules. “Sustainability must be a given and we all want to ensure that it is always a vital consideration, but any binding criteria must be science based and measurable in practice,” said Jank. “Otherwise, we will be opening doors to a serious risk of creating new trade barriers.”

ICTSD reporting; “Brazil Announces Temporary Elimination of Ethanol Tariff,” NACS ONLINE, 7 April 2010; “Implications of the US Ethanol Tariff,” FORBES BLOG, 15 April 2010; “Brazil Records Record Ethanol Exports in 2008: Report,” BIOFUELS DIGEST, 27 January 2009; “Cane ethanol fires back at the corn-based variety,” THE HILL E2 WIRE, 12 April 2010; “Renewable Energy Tax Incentives,” AMERICAN FARM BUREAU FEDERATION, April 2010.

US Senate Climate Bill to be Revealed on 26 April

Three US senators are expected to introduce new climate change legislation on 26 April, media sources reported on Friday. It is still unclear whether the bill will contain a provision for “carbon tariffs” on imports from countries with less stringent climate regulations, but a senior administration official hinted on Tuesday that such a measure was likely.

The bill – which has been crafted over the past six months by Senators John Kerry (a Democrat), Lindsey Graham (a Republican) and Joe Lieberman (an Independent) – reportedly keeps the cap-and-trade structure that was written into the version of the bill passed by the US House of Representatives last summer. Under the Senate bill, however, the system would apply only to electric power plants until 2016, when it would be expanded to include other large manufacturers. Senator Kerry has insisted that the bill will maintain the goal of securing a 17 percent drop in heat-trapping emissions from 2005 levels by 2020, the same objective that was written into the House bill last year.

Political observer and Washington Post columnist Steven Pearlstein has estimated that the Kerry-Graham-Lieberman bill – or a simplified form of it – has a roughly 50-50 chance of being passed by the Senate this year. Somewhat less optimistic, Emilie Mazzacurati, an analyst at the consulting group Point Carbon, told journalists on Thursday that the bill had just a 30 percent chance of winning senators’ approval in 2010, thanks in large part to opposition from lawmakers from oil- and coal-heavy states, Reuters reported.

Regardless of the bill’s final fate, it will definitely find its way into the Senate’s busy summer schedule, as Majority Leader Harry Reid has vowed to carve out time for debates over the bill on the Senate floor, the New York Times reported. Unofficially, of course, the debate has already begun.

On Thursday, a group of ten Democratic senators, most of whom represent industry-heavy states like Michigan and Ohio, wrote a letter to the bill’s three sponsors urging them to draft the legislation so that it supports US manufacturing.

One of senators’ key criteria was that the bill should include “border measures” that would slap a tariff or other form of adjustment on imports from countries that have not implemented emissions reduction requirements that are “comparable” to those taken by the United States. Such measures would encourage other countries to take similar actions to cut emissions, the senators wrote, and it would help guarantee that the climate bill “will be trade neutral.”

But the notion of including some form of “border carbon adjustment” in a Senate climate bill will likely stir up controversy, both domestically and overseas. The Indian environment minister recently threatened to bring a WTO case against any country that imposes such measures, which are also reportedly being considered in the European Union.

Closer to home, US President Barack Obama spoke out against border carbon adjustment after lawmakers in the House included them in the climate bill they passed last summer. But the president since seems to have changed his mind. The New York Times reported on Tuesday that Carol Browner, Obama’s energy and climate advisor, has said that the administration is open to using trade measures in a climate bill.

“There's going to have to be mechanisms that recognise they compete in a global market,” Browner said on Tuesday, referring to US manufacturers in sectors like steel, cement, and glass. “I think it's fair to say a final bill will be very mindful of the needs of these particular sectors of the economy.”

ICTSD reporting; “US climate bill seen raising gasoline prices,” REUTERS, 15 April 2010; “Senate climate bill to be unveiled April 26,” THE NEW YORK TIMES, 15 April 2010; “Congress worked out health care. Is climate change next?” THE WASHINGTON POST, 16 April 2010; “Obama open to trade protections in Senate climate bill, adviser says,” THE NEW YORK TIMES, 20 April 2010.

Africans Penalised by US Foot-Dragging on Cotton Subsidies, Study Finds

African farmers would have benefited from a boost in world cotton prices if the US had moved quickly to implement the recommendations of a WTO dispute panel, according to a new study from the International Centre for Trade and Sustainable Development.

The study, commissioned by ICTSD and conducted by Mario Jales of Cornell University,

suggests that cotton prices would have risen over a 1998-2007 base period if the US had cut the subsidies that were deemed unlawful by a dispute panel at the WTO, following complaints by Brazil. (ICTSD is the publisher of Bridges Weekly.)

A recently announced deal to resolve the dispute, which came on the eve of punitive retaliatory trade measures that Brazil was due to impose on the US, could leave African countries dependent on a negotiated settlement at the WTO. Under the bilateral accord, the US will review its export credit programme and provide US\$ 150 million in compensation to Brazil's private sector - leaving cuts to the controversial ‘countercyclical’ payments and marketing loan payment programmes to be discussed in subsequent talks.

The paper also finds that farmers in poor countries would have gained from an average 6 percent increase in world cotton prices over the same base period if the US had accepted proposals made by African nations to slash the lavish subsidies that Washington offers its domestic producers.

Cotton production in the US would have declined by as much as 15 percent, the study suggests, if African proposals in the Doha Round of trade talks had been in place over the ten-year period examined by the study. Production in the EU would have dropped even more dramatically under the same scenario, falling by as much as 30 percent. Meanwhile, however, production volumes would have increased by as much as 3-3.5 percent in Brazil, Central Asia and West Africa - with the value of production growing by up to 13 percent.

Similarly, if African proposals that are included in the Doha Round draft agriculture text had been in place during the ten-year period that the study examines, US export volumes would have fallen by 16 percent on average. Meanwhile, average export volumes would have jumped between 12 and 14 percent for Brazil and India, and edged upwards by 2-2.5 percent in Uzbekistan, the ‘C-4’ West African cotton producing countries (Benin, Burkina Faso, Chad and Mali), and Australia.

“There is an urgent need to rebalance existing trade rules that permit developed countries to

highly subsidise domestic production, depress world prices, push farmers elsewhere out of production and impair prospects for economic advancement in the developing world,” Jales argues in the paper.

He concludes that “the adoption of ambitious domestic support reforms for cotton in the Doha Round would be a significant step towards the establishment of a fair and market-oriented trading system.”

The paper is available online at <http://ictsd.org/i/publications/73808/>

ICTSD reporting.

EVENTS & RESOURCES

Events

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 will 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.

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 organizations on sustainable development. Press registration is open until 24 April. Civil society registration is open until 12 April. 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.

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.

26 April: Committee on Safeguards

26 April: Committee on Trade in Financial Services

26 April: Committee on Import Licensing

27 April: Committee on Subsidies and Countervailing Measures – Special Meeting followed by Regular Committee

27 April: Working Party on GATS Rules

27 April: Working Party on Domestic Regulation

27 April: Committee on Subsidies and Countervailing Measures

28 + 30 April: Trade Policy Review Body: Albania

28 April: Committee on Anti-Dumping Practices

28 April: Council for Trade in Services

28 April: Committee on Anti-Dumping Practices – Informal Group on Anti-Circumvention

28 April: Committee on Anti-Dumping Practices – Working Group on Implementation

Other upcoming events

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>.

24-28 May, Punta del Este, Uruguay. THE FOURTH ASSEMBLY OF THE GLOBAL ENVIRONMENT FACILITY (GEF). The Assembly, held once every three to four years, is the governing body of the GEF, in which representatives of 177 member countries participate. It is a strategic opportunity for GEF stakeholders to meet, take stock, and collectively strengthen strategies and actions for protecting the global environment and achieving sustainable development. The assembly will combine plenary meetings and high-level panels, exhibits, side events and GEF project site visits. Prominent environmentalists, parliamentarians, business leaders, scientists, and civil society organizations (CSO’s) and community leaders will discuss global environmental challenges within the context of sustainable development and other international development goals. More information can be found by contacting the GEF Secretariat: tel. +1-202-473-0508 ; fax +1-202-522-3240/3245 ; email secretariat@thegef.org or by visiting <http://gefassembly.org/j2/index.php>.

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 to set 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/>.

Resources

ARE BORDERS BARRIERS? THE IMPACT OF INTERNATIONAL AND INTERNAL BORDERS ON AGRICULTURAL MARKETS IN WEST AFRICA. By Jenny Aker, Michael W. Klein, Stephan A. O'Connell and Muzhe Yang. Center for Global Development, April 2010. This working paper addresses two important economic issues for Africa: the contribution of national borders and ethnicity to market segmentation and integration between and within countries. The authors find evidence of an international border effect between Niger and Nigeria for both a grain and a cash crop, although the effect is lower, however, if the cross-border markets share a common ethnicity. Ethnicity is also linked to higher price dispersion within Niger; there is a significant intra-national border effect between markets in different ethnic regions of the country. The authors provide suggestive evidence that the primary mechanism behind the internal border effect is related to the role of ethnicity in facilitating access to credit in agricultural markets. This publication can be accessed at <http://www.cgdev.org/content/publications/detail/1424038/>.

CHINA'S RISE: CHALLENGES AND OPPORTUNITIES. By C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy and Derek J. Mitchell. *The Peterson Institute for International Economics*, October 2009. The global economic crisis has made clear China's importance and expanding role on the world stage. This paper explains actions both China and the United States can take that will not only maximise the opportunities for China's constructive integration into the international community but also help form a domestic consensus that will provide a stable foundation for such policies. This book is

unique in that it analyses the authoritative data on China's economy, foreign and domestic policy, and national security. China is confronting domestic challenges that are in many ways side effects of its economic successes, while simultaneously trying to take advantage of the foreign policy benefits of those same successes. This publication can be accessed at <http://bookstore.piie.com/book-store/4341.html>.

ECONOMIC PARTNERSHIP AGREEMENTS AND FOOD SECURITY. By Alan Matthews. Institute for International Integration Studies, University of Dublin, March 2010. This discussion paper investigates whether the commitments undertaken by African, Caribbean and Pacific (ACP) governments when they signed Economic Partnership Agreements (EPAs) are a threat to food security. Analysis of the tariff liberalisation schedules suggests that ACP states have made use of their flexibility to exempt many food staples from liberalisation, but the EPA provisions on other border measures are more problematic. All of the EPAs require ACP signatories to make commitments which go beyond WTO disciplines. The paper recommends that disciplines which potentially might limit the policy measures which ACP governments could take to improve food security and which go beyond WTO-compatible provisions should be removed. The paper concludes that the potential of EPAs to improve food security can only be realised by a focus on greater agricultural investment and improved institutions. This publication can be accessed at <http://www.tcd.ie/iiis/pages/publications/discussionpapers/IIISDP319.php>.

RESILIENCE AMIDST RISING TIDES: AN ISSUE PAPER ON TRADE, CLIMATE CHANGE AND COMPETITIVENESS IN THE TOURISM SECTOR IN THE CARIBBEAN. By Keron Niles. International Centre for Trade and Sustainable Development, February 2010. This issue paper aims to deepen our understanding of the key mitigation and adaptation challenges the tourism sector faces in the Caribbean. The Caribbean is the most tourism-dependent region in the world, making it vulnerable to potential external shocks. Climate change forecasts suggest that the Caribbean is also particularly vulnerable to the impact of global warming. Tourism and other key economic

sectors such as fisheries and agriculture will be major impact-takers under climate change. To make those economies more resilient to climate change impacts and other exogenous shocks, both mitigation and adaptation measures will have to be pursued in the tourism sector. Mitigation actions could reduce energy consumption by improving energy efficiency, increasing the use of renewable energy, and implementing carbon-offsetting strategies and could additionally lead to the emergence of new business opportunities. This publication can be accessed at <http://ictsd.org/i/publications/71051/>.