



Bridges Weekly Trade News Digest

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LEAD STORIES

G-20 Compromise on Deficit Reduction, But Spectre of Mercantilism Looms

Leaders from the world's biggest economies agreed over the weekend to a timeline for reducing their budget deficits and debt levels, as well as to plans for new regulations aimed at enabling banks to withstand severe financial crises.

At a summit in Toronto, the Group of 20 leading industrialised and developing countries said that solidifying the still-fragile economic recovery required governments to strike an appropriate balance between fiscal stimulus and restoring health to battered public finances. Rebalancing global demand would go a long way to making growth more sustained, they stressed.

The leaders' statement also contained the standard incantations against protectionism and about concluding the Doha Round that were present in declarations from their previous summits in Pittsburgh, London, and Washington. Notable by its absence was mention of any date for reaching an agreement in the struggling multilateral trade talks.

Fiscal consolidation: now or later?

For all the apparent concord, the Toronto meeting papered over gaps on some significant issues.

Foremost among these is a divide on whether the fragile global economy needs fiscal consolidation right now or whether this can wait until the economic recovery is firmer. The issue reflects differences of opinion that could have enormous ramifications for international trade relations.

Policymakers and analysts are divided on whether governments should continue to spend freely, at

least in the short term, to make up for shortfalls in private demand, or whether spending must be ramped down and revenues increased – soon – to prevent more debt crises like the one in Greece.

Germany has led the latter camp, warning about the risk of inflation and the dangers of becoming “addicted to borrowing” as a means of stimulating demand.

Berlin argues that cutting government spending will actually spur investment by a private sector spooked by the prospect of higher interest rates. The United Kingdom’s new government has also backed the push for austerity sooner rather than later, as has Jean-Claude Trichet, president of the European Central Bank.

In contrast, the United States has warned that, if introduced too soon, spending cuts and tax increases could kill the economic recovery and job creation, damaging progress towards medium-term fiscal health.

“We must be flexible in adjusting the pace of consolidation and learn from the consequential mistakes of the past when stimulus was too quickly withdrawn and resulted in renewed economic hardships and recession,” President Barack Obama wrote to G-20 leaders ahead of the Toronto summit.
(<http://www.america.gov/st/texttrans-english/2010/June/20100621111451bpuh0.780769.html#ixzz0sEb4aO6J>)

“I am concerned by weak private sector demand and continued heavy reliance on exports by some countries with already large external surpluses,” he added, in a phrase widely understood to be directed at Germany and China. Stressing that a durable recovery would rest on “our ability to achieve a pattern of global demand growth that avoids the imbalances of the past,” he urged surplus economies to take steps to boost domestic consumption.

Some of the rhetoric has overtaken reality. Germany’s generous social benefits acted as ‘automatic stabilisers’ that increased government spending as unemployment grew. Nevertheless, the policy differences are real, and the product of each country’s historical memory. Washington’s

nightmare is the Great Depression; Germany’s, the hyperinflation of the interwar period.

In Toronto, the G-20 nodded to both sets of concerns. Developed country members of the G-20 agreed to halve deficits by 2013 and stabilise or reduce government debt-to-GDP ratios by 2016. But they also agreed that how governments pursue fiscal consolidation should depend on their national circumstances.

The compromise, proposed by the host, Canadian Prime Minister Stephen Harper, allowed both camps to claim victory. Germany could point to a focus on deficits and debt. Meanwhile, the timeline fit neatly with several countries’ existing goals for medium-term fiscal consolidation, including the US’s as outlined by Obama in his letter to the G-20.

The declaration outlined what different countries would have to do to create a more even basis for global economic growth. Industrialised countries with deficits would try to boost savings and enhance export competitiveness, without closing their own markets. Those with surpluses would try to boost domestic demand. Developing country surplus economies, such as China, promised to increase domestic consumption by increasing exchange rate flexibility and strengthening social safety nets to reduce precautionary savings.

Obama: Exporting to US not world’s path to prosperity

The fact that leaders could agree on a statement does not mean that they will carry out the policies necessary for reducing imbalances.

Simon Evenett, a professor of trade and economic development at the University of St. Gallen in Switzerland, noted that while the G-20 had made “the right observations” on how to rebalance the global economy, they made no plans for monitoring each others’ policies or exerting peer pressure. “It’s got to make you wonder how much agreement there really is,” he told Bridges.

Fears are growing that Germany will try to rely on the newly cheap euro to base growth on exports rather than domestic demand. This would do little to rectify the imbalances – surpluses in Germany

and Asia, deficits in an increasingly indebted United States – that helped bring the global economy to grief two years ago.

Arvind Subramanian, an expert at the Peterson Institute for International Economics in Washington, said that China's announcement of greater exchange rate flexibility (presumably leading to smaller surpluses) just before the Toronto summit signalled Beijing's willingness to contribute to global rebalancing. "It is time to demand the same of Germany, which is the other large surplus country in the world economy," he wrote in the *Business Standard*, an Indian newspaper, last week. While sympathetic to Germans' "visceral need" to balance their books, he said the world would be better off if the G-20 could persuade Germany to shed what he called "its basic but neighbour-unfriendly instincts."

Martin Wolf, the *Financial Times*' widely respected economics commentator, has warned that Europe is blundering into a "beggar-my-neighbour" policy with respect to the US – a policy that would be exacerbated by premature fiscal retrenchment.

"A decision to turn the eurozone into a huge Germany would – and should – be seen as an act of mercantilist warfare upon the US," Wolf recently wrote. "How long would the latter put up with the hypocrisy of surplus countries that blame borrowers for the deficits their own surpluses make inevitable? Not much longer, would be my guess."

President Obama sounded a similar warning at a press conference following the G-20 summit. "After years of taking on too much debt, Americans cannot – and will not – borrow and buy the world's way to lasting prosperity. No nation should assume its path to prosperity is simply paved with exports to the United States." He pointed to China's currency reforms as something that Washington would be watching closely, stressing that he expected the yuan to rise.

Governments pledge to refrain from protectionism

While system-wide mercantilist pressures may be growing, the G-20 pledged to avoid specific

protectionist policies. "We renew for a further three years, until the end of 2013, our commitment to refrain from raising barriers or imposing new barriers to investment or trade in goods and services, imposing new export restrictions or implementing World Trade Organization (WTO)-inconsistent measures to stimulate exports, and commit to rectify such measures as they arise," said the statement, echoing a pledge from last fall's summit in Pittsburgh.

They also expressed support for bringing the Doha Round to "a balanced and ambitious conclusion as soon as possible," although they dropped last year's call to do so by the end of 2010. G-20 leaders are to "discuss the status of the negotiations and the way forward" at their next summit, scheduled for November in Seoul.

Professor Evenett, who also directs the Global Trade Alert, a service that provides real-time monitoring of protectionist policies along with their likely victims, said that the failure to mention a date for a Doha accord was "just an inevitable recognition of where things are at."

"The question is where they pick [the round] up and under what circumstances," he said, but "they can't say when, and they won't say how – this is what's missing."

Evenett also noted that the G-20's request for several international organisations "to report on the benefits of trade liberalization for employment and growth" at the group's next summit risked turning up some surprises. If studies link trade to jobless growth, with GDP increases but no employment creation, it could potentially strengthen the hands of protectionists, he suggested.

One of the G-20's top priorities, financial sector reform, saw a separate compromise, which evolved in the weeks prior to the summit. European countries dropped a proposal for a global bank levy to build a contingency fund for future crises, in the face of opposition from governments such as India, China, and Canada, whose banking systems did not require bailouts in the past two years. G-20 leaders agreed to "aim" to implement, by the end of 2012, a to-be-

developed set of capital requirements for banks. The looser deadline made more stringent requirements easier to swallow. Individual governments may still pursue national bank levies.

In addition, the leaders' statement highlighted cooperation on several issues, such as funding increases for the multilateral development banks, giving developing countries greater voting shares at the World Bank and International Monetary Fund, and debt relief for earthquake-stricken Haiti. They also pledged to maintain efforts to increase trade-related development assistance.

Progress on phasing out fossil fuel subsidies has largely been abandoned to the initiative of individual governments. The Indian government did announce on the eve of the summit that it would end subsidies to gasoline and make small cuts to support for kerosene (used by many poor people for cooking and light), diesel, and natural gas.

The G-20 reiterated its commitment to the Millennium Development Goals, an agenda adopted by the United Nations that calls for halving extreme poverty by 2015, in addition to making progress on hunger, disease, education, and women's equality.

But the World Bank warns that the economic crisis threatens to reverse progress towards these goals. In a report prepared for the G-20 summit, it estimated that this year, 64 million more people in developing countries would be living on less than \$1.25 per day (and 76 million more on less than \$2 per day) than there would have been in the absence of the crisis. Much of this increase is projected to persist through 2015, thanks in part to job losses.

Even though developing countries now contribute half of global growth, the report warned that increased borrowing by industrialised countries risked crowding out developing country borrowers.

The report stressed that investments in human capital and 'soft infrastructure', such as governance and regulation, would help developing countries boost growth. So too would a return to growth in the world as a whole, including Europe.

"Without it, fiscal adjustments will be more painful and politics more unmanageable. What we are seeing is not just 'financial crisis, part two', it is 'sustainable growth challenge, part one.'"

ICTSD reporting; "Germany Warns US Not to Become 'Addicted to Borrowing'," DER SPIEGEL INTERNATIONAL, 25 June 2010; "Why plans for early fiscal tightening carry global risks," FINANCIAL TIMES, 15 June 2010; "New imbalances will threaten global recovery," FINANCIAL TIMES, 10 June 2010; "Toronto summits: Leaders divided over tackling national deficits," THE GUARDIAN, 25 June 2010; "Arvind Subramanian: The G20 and 'Chermany'," BUSINESS STANDARD, 23 June 2010; "India Cuts Subsidies for Fuels," NEW YORK TIMES, 25 June 2010.

WIPO Copyright Body Fails to Agree on Instrument For Visually Impaired

Talks in the World Intellectual Property Organization's copyright committee broke down without agreement last Thursday, dashing hopes that member governments would soon be able to agree on how to loosen international copyright rules in order to ease access to print material for the blind and visually impaired.

Minutes before midnight on 24 June, WIPO's Standing Committee on Copyright and Related Rights (SCCR) had to adjourn its four-day session without agreement on the draft conclusions put together by the chair, Jukka Liedes (Finland).

Once again exceptions and limitations to copyright protection – particularly to ease access to copyright-protected works for the visually impaired -- were the most significant issue discussed during the committee's session.

Visually impaired people have in recent years complained about the low number of books available to them in accessible formats, even in the richest countries. This "book famine" has been exacerbated by the fact that copyright exceptions are national in scope, with the consequence that one book might be transcribed into Braille (or

made available in other accessible formats, such as text-to-speech) on several separate occasions by specialised organizations in different countries, even if those countries share a common language.

In May 2009, Brazil, Ecuador, and Paraguay (later joined by Mexico) tabled a treaty proposal aimed at improving access by visually impaired persons to works under copyright protection (WIPO document SCCR/18/5). Based on a text prepared by the World Blind Union (WBU), the proposed treaty set out a range of conditions under which it would be permissible to make copyrighted works accessible to the visually impaired without the authorisation of the copyright owner. These conditions included requirements for copies to be supplied only to visually impaired people, on a non-profit basis. Blind people would be authorised to make copies of, say, a text-to-speech rendering of a book, but only for personal use. For-profit copies were authorised, provided notice and remuneration were given to the copyright holders.

At the current session, the four countries submitted a timetable for adopting the treaty, with negotiations through 2011 culminating in a diplomatic conference in spring 2012 to finalise an accord (WIPO document SCCR/20/9).

The United States responded by proposing a draft 'consensus instrument' (WIPO document SCCR/20/10) – unlike a treaty, this would be non-binding -- establishing guidelines for the exportation of special format copies for persons with print disabilities. As per its terms, WIPO members would be able to export physical Braille versions of published works made under exceptions to domestic law without authorisation from the copyright holder. Copies in other kinds of special formats would only be allowed to be exported to 'trusted intermediaries' -- a government agency or non-profit body dedicated to helping people with print disabilities that has the trust of both the reading impaired and copyright rights holders.

Trusted intermediaries also figured in a new proposal from the European Union for a 'Draft Joint Recommendation' instead of a treaty (WIPO document SCCR/20/12). Like the US proposal, it focused on the cross-border trade of works in

accessible formats produced under copyrights exceptions. It too would require the import or export of such products to occur exclusively through trusted intermediaries.

At the opposite end of the spectrum in terms of the scope of limitations and exceptions sought was the African group. During past sessions of the SCCR, many African countries, while supporting an international treaty to address the needs of persons with print disabilities, had also expressed preference for a broader approach to copyright limitations and exceptions that would also address the needs of educational institutions and libraries.

Reflecting this preference, the African group presented at this session a proposal for a comprehensive treaty on exceptions and limitations for the disabled, as well as educational and research institutions, libraries and archive centers (WIPO document SCCR/20/11).

The African proposal was welcomed by organisations representing the library community such as the International Federation of Library Associations (IFLA) and Electronic Information for Libraries (eIFL). eIFL stated its support for the "holistic approach put forward by the African Group" and for "provisions that enable libraries .. to use works for education, research or private study... as many national laws don't cater for such uses by libraries, and many more lack provisions for virtual learning environments."

Both library groups, recognising the urgency of addressing the situation facing persons with print disabilities, applauded the timetable proposal from Brazil, Ecuador, Mexico and Paraguay to adopt a treaty by 2012.

The World Blind Union (WBU) endorsed the notion of a timetable for adopting an international treaty instrument on limitations and exceptions to copyright protection for the blind and visually impaired, and suggested that it would be useful for member governments to develop a single proposal starting from the four drafts already on the table.

Knowledge Ecology International (KEI), a non-governmental organisation that favours a binding instrument, expressed strong support for the

timetable submitted by Brazil, Ecuador, Mexico and Paraguay.

A different view came from the International Federation of Reproduction Rights Organization (IFFRO), a copyright rights holders' group, which encouraged the adoption of a moderate approach as proposed by the US or the EU, arguing it offered prospects for quicker, more concrete results.

More generally, the meeting's deliberations reflected significant fault lines between developing countries that want a treaty for improved access to copyrighted works by persons with print disabilities, and developed countries such as the US and EU, which prefer a non-binding instrument, at least at the moment.

The role of 'trusted intermediaries', central to the US and the EU proposals, remains contentious, with treaty backers concerned that giving major roles to such intermediaries could limit the scope of copyright limitations and exceptions for persons with print disabilities.

Despite these differences, countries seemed to agree on the need to work towards an agreement that took into consideration the four proposals. In the end, however, they proved unable to agree on the chair's conclusions summarising the committee's deliberations and suggesting a way forward.

The main point of disagreement centred on the wording of a request asking the WIPO secretariat to prepare a comparative table of the four proposals, as well as to organise informal consultations in Geneva to advance work towards an international consensus regarding copyright limitations and exceptions for persons with print disabilities. The suggestion for a comparative table came from Brazil, Ecuador, Paraguay, and Mexico; it received support from the WBU, KEI and some other groups as a means of helping WIPO members find a compromise.

As phrased, the draft conclusions stated that exceptions and limitations for persons with other disabilities, as well as for educational and research institutions, libraries and archives would be explored.

The US favored inserting language recognising the 'maturity' of considering limitations and exceptions for persons with print disabilities. However, the African group called for wording recognising 'the need to concurrently address all the issues with a view to achieving progress on all of them' – or in other words, that their concerns about educational institutions and libraries should be dealt with at the same time. Ultimately, the differences proved irreconcilable.

During its session, the SCCR also addressed two other longstanding issues on its agenda: the protection of audio-visual performances and the protection of broadcasting organizations. A number of countries called for renewed momentum to advance international discussions on the protection of performers in the audiovisual industry.

Discussion on all of these issues will continue at the copyright committee's next session, from 8-12 November. It is likely that countries will meet informally before then to try to reach an agreement on how to proceed with limitations and exceptions concerning people with print disabilities.

ICTSD reporting.

OTHER NEWS

Taiwan and China Sign Landmark Trade Pact

China and Taiwan have signed a landmark trade and investment pact, marking a new step in political cooperation between the former rivals.

The Economic Co-operation and Framework Agreement (ECFA) was signed Tuesday in Chongqing, China following a successful final round of bilateral talks last week.

Taipei hopes the pact will help Taiwanese companies minimise displacement resulting from China's FTA with the Association of Southeast

Asian Nations (ASEAN), which went into effect at the beginning of this year.

The pact will remove tariffs on some \$13.8 billion worth of goods that Taiwan exports annually to China, and generally liberalise cross-straits trade and investment.

Some 539 categories of Taiwanese goods and services are on an “early harvest” list for tariff cuts by China under the ECFA; Taiwan will cut tariffs on some 267 categories of Chinese goods. Even though Taiwan already enjoys a surplus in its \$100 billion annual trade with China, Beijing has promised Taipei that it would open its economy first as a sign of good faith.

Analysts say that the deal could see Taiwan, with its superior legal system and more transparent rules for business, emerge as a hub for international investment into China.

The Peterson Institute for International Economics, a Washington-based think tank, this month released a preliminary report on the potential impacts of the China-Taiwan ECFA. It found that both countries would benefit, although the effects would be more pronounced on Taiwan’s smaller economy.

The ECFA could lift Taiwan’s GDP in 2020 by as much as 5.3 percent above the current trend line, according to the report.

Despite benefits, scepticism in Taiwan

Despite the projected benefits, scepticism abounds in Taiwan over whether the agreement is just a tool for China to assert more control over the island, which a civil war divided from the mainland six decades ago.

Former Taiwanese President Lee Teng-hui has referred to the ECFA as an “Eventual Colonisation Framework Agreement that would cause Taiwan to be dominated by China,” reports the Financial Times.

Some of the protests have been led by Taiwan’s opposition Democratic Progressive Party, which fears that the agreement will bring Taiwan firmly

within China’s political influence, and make it scarcely different from Hong Kong or Macau.

An issue that had caused some controversy during the negotiations – namely, whether Taiwan would be able to pursue FTAs of its own – appears to have been resolved. China claims political sovereignty over Taiwan, and other countries have been wary of opening negotiations with Taipei for fear of alienating Beijing.

Chinese government officials until recently objected to official exchanges between Taiwan and China’s diplomatic allies. But Agence France Presse reports that Jiang Zengwei, China’s vice commerce minister, said Tuesday that his government would “make reasonable arrangements” to accommodate prospective FTAs involving Taiwan so long as they rejected the “one China” principle.

Thus, the ECFA with China may in fact free Taiwan to sign FTAs of its own. Taiwanese news sources report that Taipei is hoping to conclude deals with trading partners in Southeast Asia by as early as 2012.

In the past twenty years, Taiwanese companies have emerged as major investors in the mainland. But as recently as a few years ago, direct cross-straits trade links did not exist. To fly from Taiwan to the mainland, one had to go through Hong Kong. Since being elected to office in 2008, Taiwanese President Ma Ying-jeou has improved relations with China after eight frosty years under his pro-independence predecessor, opening shipping links and direct flights.

Bilateral and regional trade agreements have proliferated in recent years, particularly in Asia. While governments’ enthusiasm for pursuing new accords seemed undimmed, many economists have criticised such FTAs for diverting trade rather than creating it, and raising transaction costs for business.

ICTSD reporting; “Taiwan demonstrators scuffle with police over trade pact,” AGENCE FRANCE-PRESSE, 3 June 2010; “Taiwan, China finishing important trade pact,” ASSOCIATED PRESS, 24 June 2010; “Taiwan president faces hurdles in key China deal,” ASSOCIATED

PRESS, 3 June 2010; "Trade deal boosts Taiwan ties with China," FINANCIAL TIMES, 13 June 2010; "China to resolve Taiwan's FTA bids appropriately: negotiator," FOCUS TAIWAN, 24 June 2010; "Early harvest' list includes 539 Taiwan goods: premier," FOCUS TAIWAN, 24 June 2010; "Taiwan targets Asian countries for FTAs: report," AGENCE FRANCE PRESSE, 30 June 2010.

IN BRIEF

Trans-Pacific Trade Agreement Makes Progress

Plans for a new trade bloc involving eight countries from around the Asia-Pacific region are moving ahead, after officials met in San Francisco from 14 to 18 June for the second negotiating round of the Trans-Pacific Partnership.

Officials from Australia, Brunei, Chile, New Zealand, Peru, Singapore, the United States, and Vietnam are hoping to begin drafting a text for the agreement as early as October, during the next TPP negotiating round. They are also set to meet in Peru this August to work out more of the details.

This round of TPP discussions focused on addressing four major tasks, according to the US trade representative's office. These included setting the grounds for a market access deal, ensuring that the TPP framework aligns with participants' existing FTAs, addressing issues regarding business-worker relationships, and working towards a draft agreement text.

While details about the market access component of the prospective agreement were slated for the August meetings, negotiators were able to decide how the TPP would fit in with existing FTAs. Should any conflict arise, the highest standard will prevail, whether that standard is part of the TPP or of the FTA in question.

The US invited several stakeholders to participate in the negotiations, including the American Farm Bureau Federation and the American Federation

of Labor and Congress of Industrial Organizations (AFL-CIO).

The trade deal has enjoyed widespread support from several US companies and business groups: nearly 100 of these organisations joined together to send a letter to US Trade Representative Ron Kirk, asking that the pact be finished in time for the Asia-Pacific Economic Cooperation (APEC) summit in November.

Kirk has referred to the upcoming agreement as a "launch pad for the Obama Administration's intention to dramatically increase American exports to the Asia-Pacific and create good jobs here at home." His office also announced that it was conducting an "unprecedented 50-state domestic outreach program to engage with the American people and involve them in the TPP negotiation process."

According to Reuters, Kirk is also interested in having the TPP eventually expand to include all APEC members, a move that would entrench the US as a key player in regional integration across the Pacific Rim region.

Trade ministers for the eight countries met at an APEC gathering in Sapporo, Japan, earlier this month to prepare for the talks in San Francisco. October's negotiating round will be held in Brunei.

ICTSD reporting; "New talks launched to forge Pacific trade deal," AGENCE FRANCE-PRESSE, 14 June 2010; "U.S. sees progress in Pacific basin trade talks," REUTERS, 18 June 2010; "US Trade Official: Ready To Draft Text For Pacific Trade Deal," THE WALL STREET JOURNAL, 23 June 2010.

US Announces New Attempt to Finalise Korea FTA

One of the more unexpected developments to emerge from the G-20 summit in Toronto was US President Barack Obama's announcement that his administration would attempt to solve outstanding disagreements on a free trade agreement with South Korea by November.

Washington and Seoul signed an FTA in June 2007. But it has languished unratified since then, despite the fact that it would represent the United States' most commercially significant FTA since the North American Free Trade Agreement in 1994.

Congressional concerns about the accord's provisions for beef and auto trade, particularly among Democrats, made the Bush administration reluctant to put the accord to a vote in Congress. And the Obama administration had heretofore not set any clear timelines for dealing with the Korea FTA or similar pending deals with Colombia and Panama.

Part of the motivation for the Obama administration's renewed interest in the Korea FTA is political: Washington wants to show support for Seoul at a time of increasing tension with North Korea.

There are also new economic reasons: the EU concluded talks on an FTA with Korea late last year.

Nevertheless, this does not mean that resolving differences will be easy. Korean Trade Minister Kim Jong-hoon on Wednesday categorically rejected any amendment to the agreement. "Adding or removing even a dot from the accord is making an amendment, but such a thing will not occur," he said, according to a report in the Korea Herald.

But, in a nod to the sort of accommodations that have smoothed political obstacles to trade deals elsewhere, Kim said that while renegotiation was not on the cards, an adjustment of some sort was possible, reports Arirang, a Korean news service.

For both beef and automobiles, it is non-tariff measures rather than import duties that are at issue.

Seoul maintains a partial import ban on US beef that has incensed US ranchers and lawmakers. It banned imports of US beef altogether in 2003, after a case of mad cow disease was found in Washington state. In 2008, it tried to end the ban but was forced by public protests to limit imports to beef from younger cattle, thought less likely to

carry the disease. US beef producers argue that the policy has no basis in reasonable safety concerns, and is instead designed to protect the Korean beef industry.

As for auto trade, the US automotive industry believes that the proposed FTA does not do enough to address Korean regulations favouring engine sizes uncommon to US automobiles.

US labour groups oppose the prospective agreement with South Korea. "We remain deeply concerned about and strongly opposed to the US-South Korea trade agreement as negotiated by the Bush Administration," said AFL-CIO President Daniel Trumka this week. "The agreement would exacerbate our already lopsided trade relationship with South Korea, putting at risk thousands of good US jobs in the auto, steel, and other industrial sectors."

The National Foreign Trade Council (NFTC), on the other hand, supports the White House's new push to secure Congressional approval for the FTA with Korea. "The [Korea-US FTA] is the most commercially significant agreement in 16 years, and with the president's goal of doubling exports and creating two million US jobs in five years, ratification of the FTA is part of achieving that objective," said NFTC President Bill Reinsch. In 2007, the US International Trade Commission estimated that the reduction of Korean tariffs and tariff-rate quotas would boost US exports to Korea by \$10 billion annually, adding a comparable figure to the US's GDP.

ICTSD reporting; "U.S. Vows New Push in Korean Trade Pact," WALL STREET JOURNAL, 25 June 2010; "Trade Minister: No Changes to be Made in Korea-US Free Trade Agreement," ARIRANG, 30 June 2010; "Trade minister rules out amending Korea-U.S. free trade accord," KOREA HERALD, 30 June 2010.

Dutch Trial Underway in Toxic Dumping Case

Almost four years after petrochemical waste was dumped in Abidjan, Cote d'Ivoire's biggest city, a

multinational metals and oil trading firm is set to face criminal charges in the Netherlands.

Dutch public prosecutor Luke Boogert claims that Trafigura Baheer BV, along with Amsterdam Port Services BV, and Amsterdam city authorities put “self interest above people’s health and the environment” by illegally exporting hazardous cargo.

However, Trafigura denies any link between the waste and the casualties, calling the claims a “myth” concocted by green groups and the media. “It has not been proven that the events in Ivory Coast caused serious harm to the health of the population, or that they could have done,” defence lawyer Mischa Wladimiroff told the court Thursday.

Dutch prosecutors say that in July of 2006, Trafigura’s ship, Probo Koala, docked in Amsterdam and began offloading its hazardous cargo. After a dispute over processing costs, the waste was reportedly pumped back on board the Probo Koala and the Amsterdam Port Services granted the ship permission to leave, which is illegal under Dutch law.

The Ivorian government claims that in 2006 the Probo Koala arrived in Abidjan, the country’s economic centre, and unloaded 500 tons of petrochemical waste into 14 open pits. The government claims that the toxic sludge killed 16 people and caused respiratory and other health problems for thousands (see Bridges Trade BioRes, 8 September 2006, <http://ictsd.org/i/news/biores/9057/>).

Dutch prosecutors argue that this saved the firm €400,000 in processing fees that it would have otherwise been paid in the Netherlands. Boogert claims Trafigura’s decision to dump the waste in Africa was “cheap, but with consequences.”

In 2007, Trafigura paid €157 million to Cote d’Ivoire in return for indemnity against prosecution. Then, in September 2009, the firm handed over another €33 million to 31,000 people who claimed in a British court to have been affected by the petrochemical waste. In 2008, two Nigerian officials who were involved in handling the dump in Abidjan were sentenced to

imprisonment (see Bridges Trade BioRes, 31 October 2008, <http://ictsd.org/i/news/biores/32495/>).

The trial, which is currently underway in the Netherlands, represents the first time that the multinational will face criminal charges. Boogert is seeking the maximum fine under Dutch law for each of three charges, totalling €2 million. Trafigura is fighting the charges, stating that they are “a company which holds high doing business in a socially responsible manner and it is convinced it has followed the rules that are at issue.”

Boogert has also accused Amsterdam Port Services BV and Amsterdam city authorities of violating Dutch criminal and environmental law when they allowed Trafigura to depart with hazardous material. The hearings will be held on 9 July and the ruling is expected for 23 July.

According to a Basel Convention publication, the Abidjan incident falls within the regulations of a multitude of multilateral agreements including the Basel Convention, the Bamako Convention, MARPOL 73/78, the Rotterdam Convention, and the Stockholm Convention. However, the dumping case is often cited as a classic example showing the many loopholes that still exist in the toxic substance trade (see Bridges Monthly, September 2006, <http://ictsd.org/i/news/bridges/11704/>).

In related news, the UN Environment Programme (UNEP) has announced the establishment of a laboratory Abidjan to improve the monitoring of hazardous materials. The new facility, developed jointly between UNEP and the Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, is equipped to test for waste in ships entering the port.

ICTSD Reporting: “Trafigura in court over toxic waste,” SWISS-INFO. 02 June 2010; Prosecutor urges top fine for Trafigura toxic waste,” REUTERS, 22 June 2010; “Two men convicted in Abidjan toxic dumping scandal,” Bridges Trade BioRes Vol. 8 Num. 19, 31 October 2008; “Abidjan waste dump reveals many loopholes,” Bridges Monthly, September 2006. “Ivory coast

still suffering from toxic spill,” Basel Action Network, 15 December 2007; “UN agency helps set up laboratory in Ivorian port to monitor for toxic waste,” UN NEWS CENTRE, 25 June 2010; “Ivory Coast toxic waste deaths a ‘myth’, say defence,” AFP, 24 June 2010.

EVENTS & RESOURCES

Events

Coming up this week

1 July, Geneva, Switzerland. LIBERALISATION OF CLIMATE-FRIENDLY GOODS. ICTSD will be hosting a roundtable meeting and brown bag lunch at the WTO on the liberalisation of climate-friendly goods. The dialogue’s objective is to build an understanding of the possible developmental, environmental, and trade implications of the WTO negotiations on environmental goods and services by analysing the case of climate-related single-use environmental goods. Discussions will also centre on trade flows, tariffs, and non-tariff barriers, in relation to environmental goods and services. For more information, please visit <http://ictsd.org/i/events/dialogues/75971/>.

1 July, Washington, US. INTEGRATING CLIMATE AND ENVIRONMENT INTO AGRICULTURE AND VICE-VERSA: AN INSTITUTIONAL STOCKTAKE FROM IFAD AND THE WORLD BANK. The International Fund for Agricultural Developments (IFAD) and the World Bank will be co-hosting a brown bag lunch on IFAD’s new Climate Change Strategy and its efforts toward integrating climate and environment in agriculture in order to achieve poverty reduction. The Climate Change Strategy aims to develop a more ‘climate-smart’ IFAD, in which climate change is integrated into core programmes and policies. For more information, please refer to <http://siteresources.worldbank.org/INTCC/Resources/integratingClimateandEnvironment.pdf>.

6-7 July, Tokyo, Japan. A POST 2010 TRADE AGENDA FOR THE ASIA-PACIFIC: PECC-

ADBI-IDB CONFERENCE. The Pacific Economic Cooperation Council (PECC), the Asian Development Bank Institute, and the Inter-American Development Bank (IDB) will be hosting a conference on a series of trade issues, including the trade dimensions of climate change policies, regional economic integration, and the challenges and future role of the WTO. Conference organisers believe that 2010 could be a landmark year for shifts in trade policy in the Asia-Pacific region, with high hopes that the Doha Round could show significant progress toward a successful conclusion. Participation is by invitation only. For more information, please visit <http://www.adbi.org/event/3886.post.2010.trade.agenda.asia.pacific/>.

7-9 July, Nairobi, Kenya. UNEP CONSULTATIVE GROUP OF MINISTERS AND HIGH-LEVEL REPRESENTATIVES. This meeting, hosted by the UN Environment Programme, will focus on the possibilities and need for a broader reform of international environmental governance. The results from this meeting and the upcoming November meeting will be used to put together a report in preparation of the UNEP Governing Council in February, along with providing input to the UN Committee for Sustainable Development (or Rio+20) process. For more information, please refer to the UNEP website at <http://www.unep.org/>.

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.

1 July: Working Party on Domestic Regulation

1 July: Working Party on GATS Rules

1 July: Workshop – Standards and Trade Development Facility

2 July: Committee on Specific Commitments

2 July: Council for Trade in Services – Special Session

2 July: Working Group on Standards and Trade Development Facility

5 + 7 July: Trade Policy Review Body – Chinese Taipei

5 July: Council for Trade in Goods

Other upcoming events

8 July, London, UK. CLIMATE CHANGE AND GREEN DEVELOPMENT IN CHINA. Chatham House will be hosting Professor Hu Angang of China's Tsinghua University, who will discuss the impact of climate change in China. Professor Hu will also explain how China is beginning to respond to the threat of climate change, especially given that China is likely to become the world's largest emitter of carbon. He will also address the challenges this will present for China's development. For more information, or to register, please visit <http://www.chathamhouse.org.uk/events/view/-/id/1608/>.

9 July, London, UK. THE CHANGING GLOBAL BALANCE OF POWER. Michael Geoghegan, Group Chief Executive of HSBC Holdings plc, will be speaking at Chatham House at an invitation-only event. Geoghegan will address what lies ahead for the world's economy, and whether the West is capable of retaining its power on the global stage. He will also discuss how the changing global patterns of finance, power, and trade could affect both the business world and daily life. This event is part of the Chatham House's Corporate Leaders Series. For more information, please visit <http://www.chathamhouse.org.uk/events/view/-/id/1579/>.

8-10 July, Barcelona, Spain. THE INTERNATIONAL CLIMATE CHANGE REGIME AND MULTILATERAL TRADING RULES: A LATIN AMERICAN PERSPECTIVE. The Society of International

Economic Law's Second Biennial Conference will be hosted by the University of Barcelona and its International Economic Law and Policy Programme (IELPO). Topics discussed will include: African perspectives on trade and agriculture, the international climate change regime and multilateral trading rules from a Latin American perspective (a discussion which will feature ICTSD Chief Executive Ricardo Meléndez-Ortiz as its moderator), and trade and investment in comparative perspectives. For more information and to see a list of the other panel topics, please visit the event website at <http://siel2010.com/>.

Resources

CARBON CONCERNS: HOW STANDARDS AND LABELLING INITIATIVES MUST NOT LIMIT AGRICULTURAL TRADE FROM DEVELOPING COUNTRIES. By James MacGregor, May 2010, ICTSD. This paper evaluates the existing types of carbon standards, particularly with regards to agricultural production. It discusses the three major issues regarding the use of carbon standards, which are as follows: producers might outsource their production to countries not burdened with emission caps; the concept of "ecological space" and how developing countries are unfairly burdened when demand for imports is reduced; and that carbon standards could lead to a trade-off between environmental and development concerns. The paper then makes a series of recommendations to address those concerns. For more information, or to download the paper, please visit <http://ictsd.org/i/publications/77531/>.

POLICY MONITOR – BASELINE REPORT 2010. Climatico, May 2010. This baseline report, released by Climatico, acts as an inventory of national climate change policies and policy initiatives, with the goal of establishing a baseline against which future climate change policy developments can be compared. The countries discussed include Australia, the EU, the G8+5 nations, and New Zealand, and reviews the key policy initiatives of the past year, in areas such as climate change policies and legislation, clean

energy generation, and efficient energy consumption, among others. The authors aim to use this information to provide a starting upon which readers can build their research in preparation for the upcoming COP16 in Cancun, Mexico. For more information, or to download the paper, please see <http://www.climaticoanalysis.org/>.

REFORMING THE WORLD TRADE ORGANISATION: DEVELOPING COUNTRIES IN THE DOHA ROUND. Centre for International Trade, Economics & Environment, February 2010. This briefing paper reviews some of the traditional concepts in academic literature about the role of developing countries in the General Agreement on Tariffs and Trade (GATT) until the Uruguay Round. It studies the role of developing country alliances in the WTO, providing a framework to assess how the stronger alliances have contributed in the WTO. The paper also examines the reforms that the authors believe the WTO should take to address some of the asymmetries in the original GATT. To download the paper, please see http://www.cuts-citee.org/pdf/Briefing_Paper10-Reforming_the_World_Trade_Organisation.pdf.

TECHNOLOGY MAPPING OF THE RENEWABLE ENERGY, BUILDINGS, AND TRANSPORT SECTORS: POLICY DRIVERS AND INTERNATIONAL TRADE ASPECTS. By Rene Vossenaar, ICTSD, May 2010. The need for cleaner, more efficient technologies that promote clean growth and economic gain has become more pronounced, given the climate change situation. To that end, this ICTSD synthesis paper presents the results of a mapping exercise launched by ICTSD's Global Platform on Climate Change, Trade, and Sustainable Energy, in the hopes of adding to the discussion about green technology. The exercise focused on commercially available technologies and goods, as well as those undergoing research and development, in the following three sections: renewable energy supply, buildings, and transport. The studies were peer reviewed by Intergovernmental Panel on Climate Change (IPCC) experts. For more information, or to download the paper, please visit <http://ictsd.org/i/environment/77462/>.