



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

WTO Industrial Goods Talks Inch Forward on NTBs

Negotiators working to reduce barriers to trade in manufactured goods as part of the troubled Doha Round talks took some more baby steps last week towards agreeing on how to address non-tariff measures as part of an eventual WTO accord.

While tariffs used to be the principal obstacle to trade in manufactures, they are rapidly being superseded by countries' differing regulations, health and safety standards, labelling requirements, and other rules that products need to meet in order to be sold in their territory. Existing WTO agreements – on sanitary and phytosanitary measures, technical barriers to trade, and import licensing procedures, to name a few – set out some principles governing such regulations, to ensure that they are not more trade-restricting than strictly necessary.

The Doha mandate for the negotiations on non-agricultural market access (NAMA) calls for reducing “non-tariff barriers” (NTBs), particularly on products of export interest to developing countries.

With WTO members deadlocked on what is now the main difference in the NAMA talks – whether large developing markets like China, Brazil, and India will participate in voluntary initiatives to slash tariffs deeply across entire industrial sectors – officials have focused on NTBs for much of the past year.

“We have not yet reached consensus on all issues... but we are on the move,” said Swiss WTO Ambassador Luzius Wasescha, who chairs the NAMA negotiations, following three days of consultations with various groups.

Although the pace of progress has been glacial, members have been responding to each others' concerns and questions across a range of issues, from a proposed "horizontal mechanism" for quickly mediating trade irritants arising from non-tariff measures, to specific proposals for NTBs confronting trade in auto products, electronics, and chemicals. They also discussed a work programme that some countries are seeking on trade in "remanufactured goods," the definition of which remains contested.

Horizontal mechanism

With varying degrees of enthusiasm, members welcomed an attempt by Colombia, Hong Kong, Singapore, and Thailand to bridge gaps on the creation of an optional-use horizontal mechanism that would seek to mediate NTB-related trade blockages without going to the WTO's expensive and time-consuming formal dispute settlement procedures. Although it is favoured by a wide range of developed and developing countries, the US has been sceptical of the approach, preferring instead to have the issues taken up in relevant WTO non-negotiating "regular" committees.

The four members, which belong to a group of countries that have dubbed themselves the "middle grounders," suggested a hybrid approach that would see NTB-related disagreements go simultaneously to both a horizontal mechanism and the appropriate committee. (JOB/MA/35)

The US did not provide substantive comments on the paper, trade diplomats reported. Several delegations said that they would forward the proposed compromise on to their capitals.

Wasescha called the proposal a constructive effort to find a way forward, and urged the four-country group to continue its work.

Remanufactured goods

Government policies affecting trade in "remanufactured goods" – used products that have been refurbished and provided with a warranty – have been a contentious issue in the talks on NTBs.

Pointing to several obstacles to trade in such products, Japan, the US, and Switzerland have been pushing for a work programme in the Council for Trade in Goods that would involve reviews and seminars on NTBs affecting remanufactured goods.

Several developing countries, including India and Brazil, are wary of relaxing constraints on trade in such goods, fearing that, warranties notwithstanding, they might be less durable than new ones, compromise health and environmental objectives, and undercut domestic producers with second-hand wares soon be destined for the scrap heap.

One negotiator noted to Bridges that part of the problem was that there was no agreed definition of a remanufactured good, either at the WTO or in many countries' national legislation. Furthermore, while in the rest of the negotiations countries first identified specific NTBs and then proposed policies to deal with them, in the case of remanufactured goods, advocates were "putting the cart before the horse."

Wasescha referred to the disagreement about what constituted a remanufactured good, pointing to uncertainty over whether "reused, recycled, refurbished, or reconditioned" ones should qualify. "We came to the conclusion that cosmetic surgery was more refurbishing than remanufacturing," he joked.

He reminded members that the objective was not to define the remanufacturing sector, but rather to address non-tariff measures in the sector. "We have to look at the measures preventing the exchange of such products, and identify whether the obstacles can be addressed with existing tools or whether new ones are necessary," he said.

International standards: how far to go?

WTO members have also been discussing proposals concerning specific industrial sectors, including automotive products, electronics, and chemicals.

One of the big questions has been the role given to international standards. The EU would like WTO members to harmonise their national

regulations with international standards. The US has focused more on ensuring transparency about the way regulations are developed and made public – inadequate transparency complicates things for traders.

Members had a fruitful discussion on the proposals, raising questions for further work, Wasescha reported to the committee. But they still needed to reach key decisions about fundamental underlying issues, he added.

“The vision is that we are moving towards a global market – but we are not yet there,” he said.

“A global market will need global standards.”

Most members agreed that the starting point for the discussions on international standards and trade should be a set of principles established in 2000 by the WTO’s Committee on Technical Barriers to Trade, he said. Those principles set out guidelines for the development of international standards, to ensure that standard-setting is transparent and open to the participation of, and input from, developing countries.

“We will need a definition of the level of ambition,” Wasescha said. “Do we only focus on the application of the principles enunciated by the TBT committee in 2000? Do we move further, and open a dialogue with standard-setting bodies? Do we fix criteria for standard setting bodies to be recognised by the WTO as those that stick to [these] principles? Do we have a multilateral dialogue on standards, involving trade policy specialists, regulators, and standard-setting bodies?”

He invited presentations from members to explain the various issues at stake in the realm of standard-setting, and said that NTBs would be the focus during the next NAMA week, scheduled for 27-30 September.

ICTSD reporting.

OTHER NEWS

ABS Text Advances in Montreal but Much Work Remains

Bleary-eyed delegates made their way home from Montreal, Canada over the weekend after a week of late-night negotiating sessions on access and benefit sharing. The goal of this meeting of the parties to the Convention on Biological Diversity (CBD) was to establish a reasonably clean text that could serve as the basis for an international protocol on access and benefit sharing. While negotiators were ultimately unable to reach this goal, most delegates agreed that the Montreal meeting was a valuable exercise that moved the ABS talks in the right direction.

Developed and developing countries continue to disagree on appropriate phrasing as well as on what to include and what to exclude in an international regime to promote access to – and the sharing of – the planet’s vast genetic resources. Still, a heavily bracketed draft protocol was adopted on the last day of the meeting with a general agreement that parties should meet again before the Tenth Conference of the Parties (COP 10) gets underway in October in Nagoya, Japan.

At the close of the meeting, the CBD issued an optimistic press release insisting that an agreement will be reached at COP 10 and praising delegates’ work to move the issues forward.

“History will recall that the Aichi Nagoya Protocol on Access and Benefit-Sharing was born here in Montreal,” said Ahmed Djoghlaif, the CBD’s Executive Secretary in the press release. “Once again, the Montreal magic has worked for delivering one of the most important legal instruments in the history of the environment movement.”

But even the most optimistic observers at the Montreal meeting acknowledged the challenges of bridging the gaps on the toughest issues in time for Nagoya.

Talks zero-in on details for first time

Early in the week, delegates made steady progress as they worked line-by-line through the draft protocol, which was proposed at a CBD meeting in March by co-chairs Timothy Hodges of Canada and Fernando Casas of Colombia. However, progress slowed by mid-week as parties realised that some basic concepts – such as a definition of the term “utilisation of genetic resources” – had not been adequately addressed. Many suggested the talks may have gotten ahead of themselves. Still, delegates persisted through a second reading as difficult issues were addressed in small groups.

This is the first time ABS talks have reached this level of negotiation on specific issues and several sources from both developed and developing countries told *Bridges Trade BioRes* that they were impressed by the progress and parties’ willingness to compromise. One developed country representative said that, going in, the goal of hammering out a fairly clean draft text at the Montreal meeting seemed like an “impossible” task. But the progress made exceeded expectations, the representative said.

Hardest work still to come

Many delegates also acknowledged that the hardest work now lies ahead, as the most sensitive questions still need to be addressed. In Montreal, several of these issues were discussed in informal groups in parallel to the main negotiations, but despite much open and frank discussion, many issues were ultimately deferred to a later date.

Key issues standing in the way of consensus include how the proposed ABS regime will interact with other relevant international instruments; the incorporation of “derivatives” – products derived or synthesised from genetic resources – into a benefit-sharing formula; the role of patent offices; and whether – or to what extent – the terms of the proposed protocol would be retroactive.

A new protocol on ABS will have to grapple with several cross-cutting issues that have already been addressed in other contexts. But substantive progress was made to address both “provider” and “user” countries’ concerns as delegates arrived

at a general understanding that the ABS protocol will be recognised as an “umbrella regime” for all genetic resources.

However, the appropriate regulating body for some other related issues remains unclear. For example, access to pathogens has been a sticking point between developed and developing countries since April 2009. Developed countries argue that, as a human-health related issue, pathogens should fall under the domain of the World Health Organization. However, developing countries say that doing so would exclude this highly profitable pharmaceutical sector from the agreement.

Intellectual property issues unresolved

A similarly tricky issue is traditional knowledge. Developing countries were resolute on the wording of traditional knowledge in the draft text, insisting that the phrase “inseparability of traditional knowledge and genetic resources” be included. Other countries – notably the EU and Canada – pushed delegates to consider shifting the responsibility for traditional knowledge to the World Intellectual Property Organization (WIPO), rather than the CBD. Because WIPO’s Intergovernmental Committee on Intellectual Property, Genetic Resources, Traditional Knowledge and Folklore (IGC) already discusses intellectual property issues related to access to genetic resources and benefit-sharing, protection of traditional knowledge, and the protection of expressions of folklore, these countries say it is better equipped to deal with the issue.

Several developing countries, however, have been sceptical of the organisation, arguing that it acts more in the interest of patent holders – particularly in the US, EU, and Japan – than resource providers. Developing countries say that the CBD would offer a more effective instrument for handling misappropriation of traditional knowledge related to genetic resources. They further argue that moving the issue to WIPO could water down protection if the lines between traditional knowledge related to genetic resources and other forms of traditional knowledge are blurred.

The talks might also trip up over the question of how patent offices should be involved in monitoring and tracking the use of genetic resources. Provider countries say that in order to ensure monitoring is effective, patent offices should handle disclosure requirements, certificates, and checkpoints. On the other hand, developed countries say the additional costs, time, and possible confidentiality infringements could be an unmanageable burden for patent offices. In addition to these issues related to monitoring, the spectre of enforcement seemed to hover over the discussions. Several delegates reiterated the point that unless an effective enforcement mechanism accompanies the text, the protocol will be largely ineffectual.

Despite the outstanding issues holding up negotiations, parties from both sides have said that, while falling somewhat short, the Montreal meeting provided the stimulus necessary to move on to the next step in the process. But while all parties agree that another meeting is needed to bring a reasonably clean text to COP 10, it was acknowledged that such a meeting would only be useful if enough money was available to allow every delegation and a fair amount of civil society to participate. As of yet, no government has come forward with an official offer to host or fund such a meeting. However, Japan – which sponsored the Montreal meeting – has said it would consider the idea, and Bangkok, Thailand has been floated as a possible venue. Several members have said they are optimistic that Tokyo and Bangkok will confirm their support soon. An announcement on this is expected before the end of July.

Regarding the format for the proposed pre-Nagoya meeting, delegates said the interregional format used in Cali was both time efficient and successful. But developing countries urged potential organisers to consider including a daily afternoon plenary.

More information

The CBD's 16 July press release can be accessed [here](#).

Comprehensive daily reporting by *Earth Negotiations Bulletin* on the details of the negotiations can be accessed [here](#).

The BioRes curtain raiser for the Montreal meeting can be accessed [here](#).

ICTSD reporting.

For Cocoa Farmers, High Prices are Bittersweet

Trading at prices unheard of in the last thirty years, cocoa is drawing the attention of hedge funds and civil society alike. Armajaro, a London-based commodities fund, recently bought futures contracts worth UK£650 million – an amount equivalent to seven percent of all of the cocoa grown in the world this year. Some NGOs fear that dramatic changes in prices will rattle farmers and limit their capacity to cash in on the boom.

Investors are betting that prices will probably continue rising much as they did during the spike in food prices in 2008 – a reflection of growing demand in emerging markets and low global stocks of the crop. However, agreements that govern trade in cocoa, such as the International Cocoa Agreement that was concluded in June, are powerless to cushion the fluctuations that often accompany commodities at peak prices.

Cocoa, like other heavily traded farm goods, including tea and coffee, has seen its price fluctuate wildly since the late 1970s. Growing incomes in India and China and an expanding global appetite for dark chocolate have strongly fuelled demand, causing prices to double since 2005.

Price volatility putting livelihoods at risk

Cocoa is produced in some of the poorest countries in the world; Sierra Leone, Togo and Madagascar are among the leading exporters of the crop. Other developing countries rely heavily on cocoa for their export earnings – in Ghana, it makes up 34.1 percent of total exports. Approximately 14 million labourers and 2.5 million small-scale farmers depend on cocoa for their livelihoods across the world.

But despite the surge in international prices, cocoa farmers' profits in Ghana have not budged. Laurent Pipitone, Senior Statistician at the International Cocoa Organization, explained that this was due to the limited liberalisation of the Ghanaian cocoa market. He noted that this was in contrast to other countries, where "cocoa prices are almost all being transmitted to farmers."

The translation of prices from international to domestic markets has been a pivotal concern for the World Bank, the WTO and other actors that hope to create better links between areas with food shortages to places with surpluses.

Ghanaian farmers receive a fixed price at the beginning of the season for their harvest. Although this protects them from losses in the case of a price drop, it also limits their ability to profit when prices shoot up. Due to pressure from farmers, the Ghana Cocoa Board is expected to issue them a bonus as compensation for higher world prices.

While prices continue to fluctuate, the amount of cocoa grown has nudged upward only slightly while stocks of the good have fallen.

Pipitone cited political instability, lack of investment and a shortage of labourers as the causes for limited growth in production in Côte d'Ivoire, the world's largest exporter of cocoa. Lack of investment in agriculture generally has been identified as a key cause of the global food crisis that has left nearly a billion people hungry.

Prospects for the future

The last major peak of cocoa prices occurred in the late 1970s, when global stocks were one sixth of current estimates. Pipitone told Bridges not to "expect a huge impact on markets in [the] medium term" from the purchases of cocoa futures by Armajaro and others.

Kate Blagojevic, a spokesperson from the World Development Movement, an NGO campaigning to bring volatility in agricultural commodities to light, acknowledged that "it may be the case that cocoa prices will not be impacted in the medium

term." But, she added – citing a recent article in The Guardian – "traders were [already] angry about the price manipulation" caused by "speculation" in the cocoa market.

Although some economists have tested for and failed to find a relationship between speculation and the movement of agricultural commodity markets in 2008, others have warned that financialisation of these markets – the sudden influx of large amounts of cash – is likely to have dire consequences for those farmers at the margin who depend on stable prices to eke out a living.

The most recent draft of the WTO agriculture modalities – a blueprint for a final Doha agreement – allows for commodity agreements that stabilise prices in a manner that is "equitable and remunerative." However, a Geneva-based representative of a leading cocoa-exporting nation told Bridges that the commodities element of the modalities has not been "firmed up."

The price of cocoa is likely to remain a key development concern, yet it is unclear what policy tools are needed to ensure that farmers benefit more directly.

ICTSD reporting; "Cocoa prices at 32-year high, but Ghana maintains purchase price," GHANA BUSINESS NEWS, 15 July 2010.; "Cocoa investor 'buys £650m of beans'" BBC News, 19 July 2010; "Hedge funds accused of gambling with lives of the poorest as food prices soar" The Guardian, 19 July 2010.

WTO, WHO and WIPO Vow Cooperation on Access to Medicines, but Challenges Remain

"Global public health is a complex puzzle and getting it right is a teasing challenge, involving effective use of the full set of applicable policy tools," Pascal Lamy, Director-General of the World Trade Organisation (WTO), said Friday when opening a one-day technical symposium on access to medicines in the developing world.

The meeting – which was hosted by the WTO and organised jointly by the WTO, the World Health Organization (WHO) and the World Intellectual Property Organisation (WIPO) – was meant to help international and regional agencies that purchase drugs share their experiences and learn more about the procurement of medicines. Speakers included the heads and other officials from all three of the host organisations in addition to government officials, representatives of the private sector and civil society.

The symposium “should be seen as part of the ongoing trilateral cooperation between the WHO, WIPO and WTO” explained Lamy. “No connection is planned or intended between this process and the ongoing policy and legal debates within the WTO about the scope and effect of TRIPS flexibilities, especially the work of the TRIPS Council,” he added, referring to the WTO’s Council on Trade-Related Aspects of Intellectual Property Rights. Some developing countries fear that the flexibilities they enjoy under the WTO’s TRIPS Agreement could be undermined by decisions and agreements taken outside the global trade body.

Margaret Chan, Director-General of the WHO, acknowledged that the debates on access to medicines “are often clouded by...suspensions that the rules governing international trade in pharmaceutical products are rigged to favour the rich and powerful.” But, she continued, “people should not be denied access to life-saving or health-promoting medicines for unfair reasons, including those with economic causes.”

Francis Gurry, Director-General of WIPO stressed the need for a balance between providing incentives for innovation and sharing the benefits that result. “Without health, everything in life is without value,” he said.

Drugs Procurement and Pricing

The first part of the meeting focused on the procurement and pricing of medicines. According to the WHO, drug procurement can be broken down into four component parts: price, selection, financing and systems of distribution and quality control. Intellectual property (IP) intersects with procurement on the issue of price, but other

factors also come into play in determining a medicine’s cost, some participants cautioned. Intellectual property is only one component of price, they stressed, and price is only one factor in procurement.

Rebecca Stevens of the International Federation of Pharmaceutical Manufacturers Association (Novartis) noted that so-called “stock outs” – when agencies run out of medicines – are still a major issue. Long tender processes, a lack of standardised tender procedures, under-producing suppliers, and insufficient supply chains are some of the reasons for the shortages, she said.

Several other speakers noted the significant price reductions available for procurement agencies when generics are used in place of originator drugs. Officials from the WHO and elsewhere noted that drug prices had been brought down through generic substitution and through developing countries’ use of the flexibilities that are outlined in the WTO’s TRIPS Agreement, such as the right to issue compulsory licenses. A representative from UNAIDS added that countries can only take advantage of TRIPS flexibilities if they implement the necessary legislation. Health Action International (HAI) warned developing countries against accepting so-called TRIPS-plus provisions in regional and bilateral free trade agreements on the grounds that such measures could limit the availability of TRIPS flexibilities.

Publishing the prices, availability and quality of drugs on the market can increase competition and lower prices, noted several speakers from purchasing agencies. Representatives from the WHO and the Global Fund to Fight AIDS, Tuberculosis and Malaria mentioned that their respective websites provide comparative information on procurement and pricing. Countries should use the information to strengthen negotiation positions to obtain lower prices from suppliers, they said.

Antony Taubman, Intellectual Property Director at the WTO, noted that average tariffs on pharmaceuticals in developing countries are low; least developed countries (LDCs) often apply zero tariffs, he said. He noted, however, that some developing countries maintain average tariff rates

of up to 14 percent and tariff peaks up to 24 percent. These tariffs are part of the industrial goods negotiations in the WTO's ongoing Doha Round trade talks.

Challenges related to intellectual property rights

A speaker from UNICEF stressed that when the organisation is looking to purchase drugs, it has sometimes found it difficult to determine the patent status of particular medicines because many countries do not have easily accessible databases. Konji Sebati, from WIPO, promised to look into how WIPO could better assist procurement agencies in accessing patent information. She also said that WIPO has an essential role to play in facilitating information on pharmaceutical patents and patent laws.

Representatives from the International Generic Pharmaceutical Alliance said that such databases would be welcome, but stressed that patents remain a huge barrier for medicines procurement. Agencies are faced with huge challenges, they said, as many pharmaceuticals are covered by several patents, some with questionable legal validity. Moreover the scope of patents varies in different countries, they stressed.

Richard Laing from WHO responded to a question from the press about the drive towards stronger enforcement of intellectual property rights in the context of the Anti-Counterfeiting Trade Agreement (ACTA), a potential deal on IP enforcement that is now under negotiation among a group of mainly developed countries. "There is considerable grounds for concerns about ACTA, particularly because of the (recent) seizures of generic drugs in Europe," Laing said. "The public release of the ACTA text is welcome...ultimately...the devil is in the details."

Several other officials from UNITAID, International Generic Pharmaceutical Alliance, UNICEF and Medecins Sans Frontieres (MSF) also noted that it was increasingly unsafe for them to store generics destined for developing countries in Europe. Brazil and India launched a WTO dispute against the EU over the seizures of generic drugs in transit in May 2010.

Laing also noted that the Kenyan anti-counterfeiting law represented a disjunction between access to health and enforcement. MSF expressed concern that their imports of generics to Kenya under this legislation risked being treated as counterfeit.

A representative from the mission of Bangladesh asked the WTO about how the special TRIPS waiver on pharmaceuticals had benefitted the LDCs and about what might happen when the waiver expires in 2016. The concern about the upcoming expiration was echoed by MSF and UNAIDS.

Antony Taubman of the WTO responded that it is difficult to measure how a waiver benefits LDCs because by the measure effectively represents a right to maintain the status quo. Thus, no immediate impact can be felt from the decision to apply the waiver as such. But the waiver decision also set up a process to enable LDCs to identify their individual priority needs for TRIPS implementation, he said, and to facilitate the coordination of technical cooperation to meet those needs. This was an opportunity for LDCs to pursue public health objectives in the context of implementing TRIPS.

Several delegates also said that the WTO's Paragraph 6 system has not worked. The system – which is named after the relevant section of the Doha Declaration on Public Health – is based on a waiver that removes a requirement that generic drugs that are produced under compulsory license should be used mainly in the domestic market. It is intended to help developing countries gain affordable access to critical medicines. Since it was enacted in 2003, the system has been used only once, for a shipment of HIV/AIDS drugs from Canada to Rwanda in 2008.

UNICEF called for a standardised format for notifying use of TRIPS flexibilities and mentioned that the WTO could be the forum for receiving such notifications. This would enable purchasing agencies to better judge whether, for example, a compulsory license exists on a particular drug and thus whether generics can be used in a project.

While positive atmosphere at the meeting reflected a willingness for greater engagement and

cooperation by the three organisations, it remains to be seen where the cooperation between will go next and what practical outcomes might result.

ICTSD reporting.

China Reinforces Argentine Trade Ties despite Soybean Oil Dispute

The heads of state of Argentina and China met in Beijing last week for a series of talks, only to find themselves skirting the issue of China's recent ban on imports of Argentine soybean oil, a subject that has created major trade tensions between the two countries since April.

Rather than address the soybean controversy, Argentine President Cristina Fernández de Kirchner and Chinese President Hu Jintao instead signed 18 agreements during Kirchner's five-day visit to China. The agreements are to serve as the basis for ten major infrastructure projects that China plans to undertake in the South American nation.

China – the world's largest buyer of soybean oil – stopped importing soybean oil from Argentina in April, citing quality concerns. However, some observers say the halt in imports was a response to an anti-dumping measure that Argentina had imposed on certain Chinese manufactured goods, including shoes, textiles, and steel products.

Argentina is currently the world's largest soybean oil exporter and third-largest exporter of soybeans.

Before the import suspension, Argentina's soybean oil exports to China were valued at nearly US\$ 2 billion per annum, according to Argentine newspaper Clarín. Thanks to export duties on the product, those shipments generated approximately US\$ 600 million in revenue for the Argentine government.

Argentine Foreign Minister Héctor Timerman played down the soybean issue, according to Agence France-Presse: “[t]he primary objective of the trip was not to resolve the soybean oil issue,

though it is important, but to conduct a dialogue with China on other possibilities for Argentina industry and exports.”

Chinese Foreign Ministry spokesman Qin Gang also brushed off concerns over the import suspension, according to UPI, promising reporters that “the problem of exporting [Argentine] soy oil to China is a normal problem in the process of trade and economic development.”

However, prior to the meeting, another high-level Argentine official had stated that– “[n]o one would be pleased if the President were to leave here without, at the least, opening the door toward a solution in the medium term,” according to Clarín – leading to some surprise when the meetings did not lead to a more concrete result.

Should the import suspension continue for much longer, it could spell trouble for Kirchner, who has already struggled through a separate political controversy this year. Kirchner has tried to play down concerns over the suspension, telling Clarín that Argentina can easily find other buyers, such as India.

The two countries did, however, establish a commission to analyse the various problems in this bilateral relationship, without spelling out further details.

Railway investment a sign of increased Chinese interest in South America

The ten projects agreed to during Kirchner's visit have an aggregate value of US\$ 12 billion, according to Bloomberg. The projects will involve renovating the Argentine railway system and building a subway for Argentina's second-largest city, Córdoba.

An improved railway system will be especially useful for agricultural producers, who currently transport more than 80 percent of their grains by road, since the country's train system is in such poor condition.

Argentina is China's second-largest trading partner in South America after Brazil; trade between the two rose from US\$ 4 billion in 2004 to US\$ 14 billion in 2008, according to UPI.

China, which has been known for taking on infrastructure projects in emerging and poor economies, seems to be taking an increased interest in South America. Brazil, China's other major trading partner on the continent, also signed a major deal with the Asian giant last year.

Chinese trade in South America totalled US\$ 140 billion in 2008, according to The Financial Times. Beijing aimed to double that number by the end of 2010; it has already invested US\$ 6 billion in the continent over the last five years, 45 percent of which was directed at Argentina.

The Financial Times also noted that, according to a recent report from consulting firm Deloitte & Touche, the interest goes both ways: "Argentina is definitely positioning itself as a strategic partner for China with mining, energy and petrol, agriculture and food and the car sector, the main areas of interest."

China is now Argentina's second-largest trading partner, after Brazil.

ICTSD reporting; "Argentina welcomes results of China trade talks," AGENCE FRANCE PRESSE, 18 July 2010; "China Says It Can Resolve Argentine Soybean Dispute," BUSINESSWEEK, 13 July 2010; "Cristina llegó a China: buscan destrabar el conflicto comercial," CLARÍN, 12 July 2010; "Cristina, resignada a volver de China sin acuerdo por la soja," CLARÍN, 14 July 2010; "Argentina: China's New Africa," FINANCIAL TIMES, 14 July 2010; "China splashes billion on Argentine rail, subway," REUTERS, 14 July 2010; "No end in sight for Chinese ban on Argentina soybean oil," UNITED PRESS INTERNATIONAL, 14 July 2010.

IN BRIEF

FAO Allows Free Access to World's Largest Database of Food Statistics

In a landmark move designed to help the fight against poverty and world hunger, the UN Food and Agriculture Organization (FAO) has decided to grant free and open access to its central data repository, FAOSTAT.

This database, which contains over one million data points covering 210 countries and territories since 1961, is the largest and most comprehensive resource on the subjects of food, agriculture, and hunger.

In the past, individuals and organisations could download without charge only a limited amount of information; larger batches of statistics were available for users who paid an annual subscription.

Free access for all users will allow financially strapped developing countries to use the data to better fulfil their goals. For instance, such countries could use the statistics to inform their positions in international trade talks.

Organisations that work in development, along with donor countries, can also use this information to develop a more thorough understanding of which countries and sectors most need their help.

Making the complete repository of data available to a larger constituency will allow planners, policy makers, and economists to run advanced data analysis on countries, commodities, and trade patterns, the FAO said in a press release announcing the shift. The organisation said that access to the data will enable and encourage such actors to generate dynamic solutions to hunger, production, and trade challenges worldwide.

The database contains data on food and agriculture that have been supplied by individual countries and regional development organisations. Categories include agricultural and food production, food aid shipments, forestry and

fisheries production, irrigation and water use, population trends, trade in agricultural products, and the use of agricultural machinery.

Pietro Gennari, FAO Statistics Division Director, called the database a “powerful tool that can be used not just to see where hunger occurs, but to drill down and better understand why hunger occurs – and what can be done to combat it.”

This initiative is part of a continuing FAO effort to provide more convenient access to its vast information assets. This movement came as the result of an independent external evaluation that began in 2008.

ICTSD reporting.

UPDATE: Afghanistan, Pakistan Reach Landmark Deal

In a whirlwind turn of events, Afghanistan and Pakistan reached a landmark agreement on Sunday on a transit trade deal that, only two weeks ago, had left negotiators at an impasse.

US Secretary of State Hillary Clinton was on hand as the two countries signed the pact. The following day, she announced half a billion dollars' worth of US-funded aid projects for Pakistan.

The new deal will allow Afghanistan to use the Wagah land route in Pakistan to transport goods by land to India. However, Indian products cannot be sent in the opposite direction.

The use of this land route to connect Afghanistan to India had been a major source of contention during the talks, with Pakistan asserting that India is not meant to be covered by the Afghanistan-Pakistan Transit Trade Agreement (APTTA).

Other provisions of the final agreement include sea access for Afghanistan, via Pakistan's ports, along with the opportunity for Pakistan to use Afghanistan as a gateway to the rest of Central Asia. The agreement also aims to standardise customs and transit permit arrangements.

The pact is expected to be a huge boost to the Afghan economy, especially for pomegranate

producers and other farmers, who will now have much easier access to international markets.

Now that the agreement has been signed, the pact will next need to be ratified by both the Afghan parliament and the Pakistani cabinet.

The United States has been a major proponent and facilitator of the pact and is working more generally to improve its relationship with Pakistan. The Washington Post reported that US officials helped push through the final deal just hours before the Secretary of State arrived in Islamabad.

Clinton, who was in Pakistan for two days as part of a tour of the region, stopped next in Afghanistan before heading on to North Asia.

US aid to the region is meant to serve the dual purpose of improving living conditions in Pakistan and getting the country to take a stronger stance against Taliban groups based in the country.

The aid is aimed at water management, access, and storage projects, along with fighting infectious diseases and increasing food exports.

The day after the pact was signed, Clinton promised Pakistan \$US 500 million in new economic assistance, as part of a US\$ 7.5 billion package that Congress approved last fall.

Pakistan receives more good news from the US

In related news, this week's US-Pakistan talks led to an agreement to allow Pakistani mangoes greater access to the US market. The agreement promises major benefits for Pakistani producers as the US is the world's largest importer of mangoes. Pakistan is one of the world's major exporters of the fruit.

The two countries also agreed to work together to revamp Pakistan's agricultural sector, with the aim of stimulating economic growth and strengthening food security. Officials also identified issues to work on in later talks, such as water management and market access for other Pakistani agricultural products.

ICTSD reporting; “Afghanistan and Pakistan agree key trade agreement,” BBC, 19 July 2010; “Clinton witnesses Afghan-Pakistani trade deal during visit,” CNN INTERNATIONAL, 18 July 2010; “Pakistani mango enters US,” DAWN.COM, 16 June 2010; “Trade deal promises bright future for Afghanistan’s farmers,” THE GUARDIAN, 19 July 2010; “Clinton Unveils Aid Plan for Pakistan,” THE WALL STREET JOURNAL, 19 July 2010; “Pakistani-Afghan trade deal announced during Clinton visit,” THE WASHINGTON POST, 18 July 2010; “U.S. hopes Afghanistan-Pakistan trade deal boosts cooperation in war effort,” THE WASHINGTON POST, 18 July 2010.

WTO IN BRIEF

Indian Official Hints at Flexibility on Sectorals in NAMA Talks

A top Indian trade official suggested this week that New Delhi might agree to make steep cuts on some industrial sectors – a key demand of Washington as the price for breaking the deadlock in the Doha Round talks. India long pointed to the negotiating mandate’s explicit statement that participation in such “sectoral” liberalisation initiatives would be voluntary.

“The sectorals will not go away. They will stay there. If all that I can say is no, it won’t be intelligent,” said Rahul Khullar, commerce secretary, at a meeting organised by an Indian industry lobby group in New Delhi on Tuesday.

According to [a report in the Economic Times newspaper](#), Khullar noted that there were several products which could be allowed entry to the Indian free of import duties, since there was no significant competing domestic industry.

Even for some sectors where imports would compete with local products, he said, it was far from clear that Indian manufacturers would be unable to compete. “We have proved time and again that we can be competitive. We cannot cower in sheer fear that something bad is going to

happen (if India participates in the sectorals),” he said.

He called for input from Indian industry about which products required protection, and which could withstand unfettered competition.

“It is not that all auto components or all chemicals need to be protected. Some do and some don’t,” he said, referring to two of Washington’s priority sectors in the NAMA negotiations. The extent to which developing countries participating in a sectoral initiative would be able to shield some products in that sector from the deep tariff cuts remains to be determined.

Sectorals were not addressed at a recent meeting of the WTO’s negotiating group on non-agricultural market access, known as NAMA (see related story, this issue). The topic has been so divisive that the chair of the group has set it aside for the time being to allow negotiators to devote their efforts to those areas in which some movement might actually be feasible.

ICTSD reporting; “India may turn flexible at WTO sectoral talks,” ECONOMIC TIMES, 21 July 2010.

EVENTS & RESOURCES

Events

Coming up this week

22 July, Tokyo, Japan. SEMINAR ON INSTITUTIONS FOR INTEGRATION: TOWARD AN ASIAN ECONOMIC COMMUNITY. This seminar, co-hosted by the Asian Development Bank Institute (ADBI) and the Asian Development Bank (ADB), will serve as an opportunity for the ADB to both present its latest study on how to achieve an Asian Economic Community, and to host a panel discussion on the subject. The study, and the seminar, will focus on the expansion and integration of the Asian regional economy, and how its institutions and arrangements have assisted in that process, as well as the building of linkages with the global financial system. Given that the process of regional

integration has been uneven across both subregions and thematic sectors, there is a major need for rethinking the region's institutional framework to lock in these gains and move forward; how to go about this was the main question that this report and the seminar will focus on. For more information, please visit <http://www.adbi.org/event/3931.institutions.integration.asian.economic.community/>.

22 July, Washington, US. **THE STUFF OF COMPETITIVENESS: PART ONE OF THE GLOBAL BUSINESS DIALOGUE SERIES ON RAW MATERIALS.** This seminar is the first in the Global Business Dialogue's recently launched open-ended series on Raw Materials and Trade. This session focuses on the WTO complaints the US, EU, and Mexico have filed against China over its quotas on coke, bauxite, magnesium, and other raw materials that are critical in manufacturing other products, including steel. The US Trade Representative's office is also considering a possible new case against China's policy of limiting exports of rare earth elements, which are also essential components for a range of high-tech products. Speakers at this event will include Seppo Nurmi of the Delegation of the European Union, James Bacchus of Greenberg Traurig, Terence Stewart of Stewart & Stewart, and Charles Blum of the International Advisory Services Group. For more information, please visit the Global Business Dialogue website at <http://www.gbdinc.org/>.

23 July, London, UK. **THE EUROPEAN UNION'S ENLARGEMENT POLICY.** Michael Leigh, Director-General for Enlargement at the European Commission, will be speaking at Chatham House about the EU's enlargement policy. The EU has four new applications for membership, and several Southeast European countries are preparing to join; enlargement is often considered the EU's most effective external policy. However, the EU's interest in enlargement, and the concept's wider significance, is often misunderstood, which Leigh will address in his presentation. For more information, or to register, please visit <http://www.chathamhouse.org.uk/events/view/-/id/1618/>

28 July, Washington, US. **A CONGRESSIONAL BRIEFING ON AFRICAN AGRIFOOD**

EXPORTS TO THE US: FACING CHALLENGES OF SANITARY & PHYTO-SANITARY STANDARDS AND TARIFF-RATE QUOTAS. There will be a briefing at the US Capitol Visitors Center on African agrifood exports to the United States. This event will begin with a welcome from HE David M. Rantekoa, Lesotho's Ambassador to the US, who will also be moderating the discussion. After the welcome and introductory remarks, there will be a panel discussion on sanitary and phytosanitary standards, specifically focusing on the challenges and considerations associated with the African Growth and Opportunity Act (AGOA) countries and the US; tariff rate quotas, and their implications for AGOA market access will also be discussed. This event is being co-hosted by the International Food & Agricultural Trade Policy Council and the Partnership to Cut Hunger and Poverty in Africa. For more information, please visit <http://www.agritrade.org/events/AGOAJuly2010.html>.

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.

28 July: Committee on Balance-of-Payments Restrictions

Other upcoming events

29 July, Washington, US. **PAVING THE WAY FOR US-CHINA SUB-NATIONAL COOPERATION ON CLIMATE ACTION PLANNING.** The Center for Climate Strategies (CCS) and the Global Environmental Institute (GEI) will be hosting a delegation of Chinese central, provincial and municipal government officials and technical experts over a two week period, during which time they will be meeting with their American counterparts. The visiting

officials will be learning about the CCS-supported climate action planning processes and resulting plans and policies in New York, Pennsylvania, Maryland, and Washington, DC. This meeting will mark the end of the tour, and will give Chinese participants the opportunity to discuss the status of climate policy at the provincial and city level in China, reflections on what they learned during this visit, and how sub-national co-operation on climate action planning will help them in the areas of reducing greenhouse gas emissions and increasing economic growth. For more information, please visit http://www.wilsoncenter.org/index.cfm?fuseaction=events.event_summary&event_id=628887.

2-6 August, Arusha, Tanzania. WORLD BANK INSTITUTE COURSE: STANDARDS AND AGRICULTURAL TRADE. The World Bank Institute (WBI) and the Trade Policy Training Center in Africa (TRAPCA) will be co-hosting this 5-day course, which intends to flesh out the key issues related to agrifood trade that are of special interest to policy makers in Sub-Saharan Africa, along with discussing the trade issues associated with food security and poverty reduction that are of interest to the region. The course will focus particularly on the issues of standards, especially sanitary and phytosanitary standards (SPS), which are a key aspect of global food and agricultural trade. For more information, please visit <http://go.worldbank.org/946W7GOGO0>.

4-6 August, Bali, Indonesia. NINTH MEETING OF THE ASIA FOREST PARTNERSHIP (AFP) AND THE AFP DIALOGUE 2010: "FOREST GOVERNANCE CHALLENGES BEYOND COPENHAGEN: AN ASIA-PACIFIC PERSPECTIVE." This meeting and dialogue, which are both being hosted by the Asia Forest Partnership, aim to focus on the links between REDD+ and governance, which organisers argue is crucial to ensuring long-term, real emissions reductions and equitable outcomes. Many hope that REDD+ will provide new opportunities to improve forest governance. This event will allow stakeholders involved in tropical forests to share information, establish partnerships, and develop recommendations for the future. For more information, please visit <http://www.asiaforests.org/>.

Resources

INCREASING THE MOMENTUM OF FOSSIL-FUEL SUBSIDY REFORM: A ROADMAP FOR INTERNATIONAL COOPERATION. By Kerry Lang, Peter Wooders, and Kati Kulovsi, International Institute for Sustainable Development, June 2010. This paper, prepared by the Global Subsidies Initiative under IISD's Bali to Copenhagen program, takes a close look at the opportunities, strengths and weaknesses of progressing fossil-fuel subsidy reform within the WTO, the UN Framework Convention on Climate Change, and under the Group of Twenty major economies' leadership. The authors conclude that there needs to be a collaborative approach between a range of organisations, with country champions taking a key role in the process. The paper then outlines a roadmap over the next 12 months, 1-3 years, and the long term for increasing international co-operation, in the hopes of achieving a multilateral agreement on fossil fuel reform. To see other publications from the Bali to Copenhagen project, please visit http://www.iisd.org/trade/crosscutting/bali_copenhagen/subsidies_fossil_fuel.asp. To download this paper, please visit http://www.iisd.org/pdf/2010/increasing_momentum.pdf.

CSIS GLOBAL FOOD SECURITY PROJECT: THE ROLE OF MARKETS AND TRADE IN FOOD SECURITY. By Charlotte Hebebrand and Kristin Wedding; Contributor: Kimberly Ann Elliott, Center for Strategic and International Studies, June 2010. This report's main focus is global food security, which the authors argue is an important issue for the US, considering that the ramifications of food insecurity could become both a commercial and national security concern. Given the role of markets and trade in achieving global food security, this report outlines four priority areas in which the US should take action in order to strengthen markets and trade: trade capacity building, support for regional integration, and reform of the international agricultural trade system and domestic U.S. policies. For more information, or to download the paper, please visit

<http://csis.org/publication/role-markets-and-trade-food-security>.

FAOSAT. The UN Food and Agriculture Organization will be granting free and open access to its central data repository, which is the world's largest and most comprehensive database on food, agriculture, and hunger. It contains over one million data points covering 210 countries and territories. This database can be consulting using English, French, or Spanish, and is already being used by economists, planners and national development authorities, donor agencies, international aid organisations, and more. For more information, please visit <http://www.fao.org/news/story/en/item/43724/icode/>; to access the database, please see <http://faostat.fao.org/>.

HOW TRADE FACILITATION MEASURES IMPACT CURRENT LAW AND POLICY ON THE WILDLIFE AND THE TIMBER TRADE: CASE STUDY OF THE GREATER MEKONG SUBREGION. By Lai-Lynn Angelica B. Barcenas, International Institute for Sustainable Development, 2010. This case study examines the current state of biodiversity in the Greater Mekong Subregion (GMS), which continues to be threatened by rampant, unhindered trade in wildlife and timber, with developments in infrastructure, telecommunications, and trade likely to worsen the situation. The study also discusses the effect of international trade on wildlife population and forest cover, going on to examine how the current trade facilitation measures at multilateral, regional, and subregional level could affect the illegal wildlife and timber trade. The report also evaluates the success to date of efforts to prevent this trade, among other subjects. For more information, or to download the paper, please visit <http://www.iisd.org/publications/pub.aspx?pno=1289>.