



Bridges Weekly Trade News Digest

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LEAD STORIES

Lamy Reports 'New Dynamic' in Doha Talks

A "new dynamic" has emerged in the Doha Round negotiations, the head of the WTO told trade delegates on Tuesday, delivering a rare piece of good news for the beleaguered nine-year-old talks.

"After some months of impasse in the negotiations, my own sense is that we are beginning to see signs of a new dynamic emerging," WTO Director-General Pascal Lamy told trade officials at a meeting of the organisation's Trade Negotiations Committee on Tuesday.

"Clearly, it is too early to say whether this new dynamic is firmly rooted and can expand to all issues under the negotiating agenda which still lag behind in terms of maturity," he continued. "It is also too early to see how you engage on horizontal trade-offs across different areas."

The WTO's Doha Round trade talks, which were launched in 2001 with the aim of helping developing countries build their economies through freer trade, have struggled with a thorny political climate over the past two years. The last high-level push for a breakthrough agreement came in July 2008, when ministers gathered in Geneva for what turned into a nine-day negotiating marathon. That meeting collapsed over a dispute on agriculture trade; the talks have largely languished ever since.

In a promising political turn in September 2009, G20 heads of state called for the Doha Round to be completed by the end of 2010, citing the round's importance in ensuring a sustainable economic recovery. G20 leaders met again in Toronto in June, and again they called for global

trade talks to be brought to a close. This time, however, there was no mention of a deadline.

Despite the political lull on liberalising multilateral trade, Director-General Lamy has persistently proposed new strategies to drive the talks forward. Earlier this year, he urged WTO officials to adopt a “cocktail approach” to the negotiations – mixing bilateral meetings, small group consultations with Lamy, and multilateral processes in an effort to find some new space in the talks.

This approach seems to have produced at least a few positive results, a number of WTO ambassadors said at Tuesday’s meeting. US Ambassador to the WTO Michael Punke noted that the cocktail approach has produced “some initial, hopeful signs.” Chinese Ambassador Sun Zhenyu described the new strategy as “positive and helpful.”

But, of course, many divisions in the talks remain.

The United States’ position has been the focal point of much of the recent controversy. Washington has for several months been demanding deeper concessions from large developing countries like Brazil, India and China. The US ambassador repeated that theme on Tuesday, reminding those assembled that, at the Toronto G20 summit, US President Barack Obama had “called attention to the particular responsibilities of the emerging powers of our 21st century economy.”

But the emerging economies insist that they have already bled enough in the talks. They accuse the US of trying to roll back the hard-fought progress that has come over the course of nearly nine years of Doha Round negotiations.

“To complete the round, we need to stick to the mandate of development and capture what is already on the table and not to re-do the whole thing,” Chinese Ambassador Sun told the meeting.

Brazilian Ambassador Roberto Azevedo echoed that sentiment. “In our view, we must find solutions within the realm of what is on the table,” he said. “Any attempt to get more in a selective and non-reciprocal fashion will not help the process and could only lead to a quick unravelling

of the negotiations with serious and long-lasting consequences.”

Such debates will be put on hold over the next four weeks, as delegates clear out of Geneva for their annual summer holidays. As usual, the organisation will resume its work in early September.

Lamy, ever a lover of metaphors, left delegates with an image: “As I said earlier, we have all the ingredients of our cocktail. The mood music is more upbeat. Now we need to move from stirring the cocktail to shaking it vigorously, vertically and horizontally,” he said.

“When we come back refreshed in September we will need to start turning these plans into real progress by intensifying engagement,” he added.

ICTSD reporting.

OTHER NEWS

US Cap-and-Trade Plans Put on Ice

Efforts by the Democratic Party to pass limits on greenhouse-gas emissions in the US Senate have come to a screeching halt.

On 22 July, Senate Majority Leader Harry Reid announced that the Democratic Party’s leadership would not seek to include a cap-and-trade scheme in the energy legislation scheduled to come before the Senate before that chamber’s August recess. Instead, the Democratic leadership will focus their efforts on a much narrower bill.

Last week’s announcement continues a trend of deepening uncertainty among Democrats on climate change legislation, particularly in the Senate. Since last May, when Senators John Kerry, a Democrat, and Joe Lieberman, an Independent, unveiled their climate change bill without the support of the bill’s Republican co-author, Lindsey Graham, the prospects for legally binding limits to greenhouse gases have steadily deteriorated.

The new version of the bill, which was released earlier this week, bears little resemblance to the original. (A summary of the bill is available [here](#).) The focus has now shifted to the timeliest environmental issue in the US: the catastrophic BP oil spill in the Gulf of Mexico. In addition to proposed measures to improve safety on offshore oil and gas drilling projects, the bill could raise the US\$75 million liability cap for companies involved in oil spills. Other measures that are addressed in the bill relate to land conservation, energy efficiency, and incentives for natural gas-fuelled vehicles.

Waning utilities support big blow to bill

In recent weeks, Senator Kerry has appeared to be gradually warming to the idea of compromising on the scope of greenhouse gas limitations. Though the original bill included greenhouse gas limits on the transportation, manufacturing, and utilities sectors, by the start of last week Kerry seemed prepared to negotiate away limits on the first two in favour of limits only on utilities.

After several meetings with prominent company representatives of the utilities industry, Kerry announced no breakthroughs. Utility companies had initially thrown their support behind the Kerry-Lieberman bill, but after learning that their greenhouse gas burden would not be shared by the transportation and manufacturing industries, the utilities balked. Instead, as a compromise, they seemed to ask for a weakening of the Clean Air Act, which Democrats were unwilling to concede. Consequently, no agreement could be reached.

However, the failure to include greenhouse gas emissions in a climate bill cannot be blamed on the utilities negotiations alone. Senate Republicans, with their ability to filibuster Democratic proposals, could have stopped most Democratic legislation from passing.

Democrats needed a unified caucus plus at least one Republican vote to put greenhouse gas limitations through the Senate. Yet many Democratic senators, such as Jay Rockefeller from West Virginia, refrained from endorsing greenhouse gas limitations, saying that such limitations could hurt domestic industries in their home states. Further, Republican senators have

branded the most widely discussed emissions limitation scheme, cap-and-trade, as a jobs-killing “cap-and-tax”; the negative branding has paid off. As recently as 18 July, Majority Leader Reid said that the words cap-and-trade were “not in [his] vocabulary,” a testament to the toxicity the phrase has acquired.

Future of US cap-and-trade looking dim

It remains to be seen whether cap-and-trade, or some other scheme for a limit on greenhouse gases, might be able to make comeback. Senator Kerry still vows to include such a limit in a bill, and it is possible that such a measure could come up for a vote in the form of an amendment to the Senate bill. Alternatively, even if the senators pass a bill without greenhouse gas limitations, they will still have to negotiate a compromise version of the legislation with the House of Representatives, which included a cap-and-trade system in its climate change bill last year.

As a consequence, the House pressure could force the Senate to re-include an emissions limitation. In reality, however, such an outcome is unlikely. Further, with the August recess coming fast, senators will have little time to devote to climate issues. Mid-term elections are held on 2 November, and the season between the August recess and the November elections is fraught with campaigning, to the detriment of legislation stalled in Congress.

After the elections, Democrats might still use the “lame duck” period between the election and seating of new senators in January to pass the legislation as well. After the new Congress is seated in January, it will have another opportunity to take up the legislation

Much will rely on the actions of President Barack Obama. In the wake of the collapse of cap-and-trade from the Democrats’ legislative effort, some activists have blamed the president for a lack of leadership on the issue. Though he campaigned for emissions limitations in 2008, he has largely left the details of such measures to legislators.

ICTSD reporting.

Korea, US FTA Stirs Controversy in US Congress

A deep fault line has emerged among members of the US Democratic Party over a pending free trade deal with South Korea. US President Barack Obama has said that he wants the pact, widely known as the KORUS FTA, to be finalised before November's Group of 20 Summit in Seoul. For that to happen, however, Obama will have to overcome stark divisions within his own political party.

Over the past two weeks, various groups of Democratic lawmakers from both houses of Congress have sent the president letters arguing strongly both for and against the pact.

Late last week, Democratic congressman Mike Michaud rallied a group of 109 Democrats from the House of Representatives to request a meeting with Obama to discuss making "major changes" to the pact.

In their letter, they asked Obama to give them the "opportunity to express our support for a revised trade policy that creates jobs in all sectors of the economy," according to Agence France-Presse. They cited fears of job losses as the main basis of their concern, particularly in the US manufacturing sector.

"Of course I support trade," Michaud wrote recently in an editorial in The Exception Magazine, but "signing flawed trade agreements just for the sake of signing them is bad policy and it hurts our economy."

While acknowledging that trade liberalisation does not – and, in theory, should not – always cause job losses, he noted that "if we keep pushing more bad trade deals, that's exactly what will happen."

Senate Democrats lacking unity

The letter from Michaud's group of House Democrats echoed many of the sentiments expressed by two of their Senate counterparts – Democrats Debbie Stabenow of Michigan and Sherrod Brown of Ohio.

The two senators sent Obama an anti-KORUS letter of their own on 19 July, urging him not to "repeat the mistakes of the previous administration." They suggested that the US instead pursue agreements that increase market access to US so that the US exports "products, not jobs."

The day after the Stabenow-Brown letter was released, nine Senate Democrats and one Independent sent a rival letter to Obama. John Kerry – Chairman of the Senate Foreign Relations Committee – and Joe Lieberman – Chairman of the Homeland Security and Governmental Affairs Committee – were among the signatories.

The senators wrote to express their strong support for Obama's renewed efforts to resolve the outstanding issues of the FTA. They lauded the pact for the potential benefits it could provide to the US economy, especially for "critical sectors" such as agriculture, manufactured goods, services, and technology that would "grow through expanded trade with our seventh-largest trading partner."

"Failure to bring the KORUS FTA to a swift resolution could have wide-ranging repercussions for US engagement and influence in the Asia Pacific, as well as our leadership position on open markets and mutually beneficial trade," the group of senators cautioned. Both Kerry and Lieberman also made separate statements in which they insisted that the pact is essential for strengthening Washington's political ties to the North Asian nation.

A three-year impasse

The original KORUS FTA was signed by the Bush administration in June 2007. Since then the pact has stalled, unable to find the political momentum to move forward, and has not been ratified by legislatures in either country.

At the G20 summit in Toronto in June, Obama vowed to push the deal through Congress – inciting the increasingly public debate within his own party.

The US has two other outstanding FTAs in the works – one with Colombia and another with

Panama. However, the pact with Korea – which would be the biggest US trade deal since the North American Free Trade Agreement (NAFTA) – has provoked the most controversy in recent weeks.

Both countries have expressed concern about the implications of the KORUS FTA. The US fears the possible impacts of non-tariff measures on its beef and automobile industries, while South Korea frets over the safety of US beef imports, which would increase under the accord.

The US has complained that South Korea has unfairly restricted US beef and auto exports in the past. In 2007, South Korea exported 700,000 cars to the US in 2007 while only importing 5,000, according to Agence France-Presse – though South Korea insists these numbers are misleading. The Asian nation also maintains a partial import ban on US beef, due to the above-mentioned safety concerns.

Despite the controversy surrounding the bill, estimates from the US International Trade Commission show that the US is likely to benefit from the pact. Recent numbers suggest that reducing Korean tariffs and rate quotas on goods exported from the US would increase US gross domestic product by US\$10 billion to US\$12 billion each year.

Should both countries ratify the terms of the FTA, 95 percent of bilateral trade in consumer and industrial products would become duty free within three years of the date the FTA becomes active. The majority of the remaining tariffs would then be removed in ten years, according to the US Trade Representative's office.

Europe making its own move on Korea

As the US Congress struggles to find consensus among its members, the EU is moving quickly toward its own FTA with Korea – which would be the region's first free trade deal in Asia.

The European Parliament's Trade Committee began debating the pact, with the input of trade associations and academics, a few days before Obama's G20 announcement. Like the US, the EU has expressed concerns over the impact that

an FTA with Korea could have on jobs and on the European automobile industry. However, the EU seems to be making quicker progress on finalising the deal.

The EU-Korea pact was signed last October, but is still awaiting parliamentary approval. The EU Parliament intends to vote on the FTA this autumn.

ICTSD reporting; "Lawmakers Demand Major Changes to US-S.Korea Trade Deal," AGENCE FRANCE-PRESSE, 23 July 2010; "Crucial EU-South Korea trade deal edges closer," EUROPEAN PARLIAMENT, 29 June 2010; "Lawmakers want meeting with Obama on Korean trade deal," THE HILL, 22 July 2010.

WIPO Folklore Discussions Get New Energy After Years of Stalemate

Discussions at an expert meeting last week at the World Intellectual Property Organization (WIPO) saw an influx of new energy toward establishing an international instrument to protect expressions of folklore and traditional cultural expressions (TCEs).

After years of discussions that never went beyond boilerplate statements and exchanges of views, this time deliberations focused on the wording of a possible text. Experts from around the world submitted specific proposals on how the agreement might be drafted.

While participants described the meeting's atmosphere as positive and constructive, the deliberations revealed a wide gap in positions – particularly between developed and developing countries – on the nature and substantive provisions of the instrument in question.

The IWG format proves effective

The expert meeting, which took place at WIPO headquarters in Geneva from 19 to 23 July, was the first of three such Inter-sessional Working

Groups (IWGs) that have been scheduled by the WIPO Intergovernmental Committee on Intellectual Property, Genetic Resources, Traditional Knowledge and Folklore (IGC). The IWG meetings are meant to “provide legal and technical advice and analysis” to the IGC’s work. This meeting, the first IWG, was chaired by Thailand and focused on traditional cultural expressions (TCEs). The talks on TCEs are widely considered to be the most mature of the three negotiating areas on the IGC’s agenda.

In 2009, the WIPO General Assembly provided a new mandate to the eight-year-old IGC to move to “text-based negotiations” with the aim of “reaching agreement on a text of an international legal instrument (or instruments) which will ensure the effective protection of genetic resources, traditional knowledge, and traditional cultural expressions.” The mandate also called for the IGC to develop a “clearly defined work programme” for 2010 and 2011.

At its previous sessions, the IGC delegates grappled with how to accelerate their work and make progress in fulfilling their mandate. In May, they agreed to set up the series of expert meetings. The IWG process was not given a mandate to adopt texts or proposals, but its work will be submitted to the IGC for advice and technical support.

The agreed format for the IWG – one national expert per country operating in his or her personal capacity, interacting with indigenous experts and NGOs representatives to address the three issues one at a time – saw focused, technical discussions that were much more productive than the more general IGC meetings have been in the past.

Wide gap in positions on substantive obligations

Discussions at the experts’ meeting were based on a document of 11 draft articles entitled “Revised Provisions for the Protection of Traditional Cultural Expressions/Expressions of Folklore (WIPO/GRTKF/IC/17/4 Prov.). The document identifies drafting proposals and comments made by participants at the May session of IGC as well as other amendments that were subsequently

submitted to the Secretariat by member states and observers.

The debate revealed that significant differences remain over many articles of the future instrument such as those relating to the subject matter of protection (article 1), beneficiaries (article 2), acts of misappropriation (article 3), management of rights (article 4), exceptions and limitations (article 5), term of protection (article 6), sanctions and remedies (article 7), transitional measures (article 9) and the relationship with intellectual property protection (article 10).

For instance, in the discussion on beneficiaries (article 2), indigenous experts were strongly in favour of stipulating “indigenous peoples” as the beneficiaries of the new protection regime, arguing that the new instrument must be consistent with the UN Declaration on the Rights of Indigenous Peoples. Other experts expressed a preference for terms such as “nations” and “local and traditional communities.” The latter term is used in the Draft Protocol on the Protection of Traditional Knowledge and Expressions of Folklore that was adopted within the framework of the African Regional Intellectual Property Organization (ARIPO). A compromise solution proposed by the African Group would be to simply mention that the owners of the rights would be the “holders” of the TCEs.

Experts from developed countries posed questions about references to the “customary law” of indigenous and local communities in the new protection scheme. They asked how such rules would relate to national legislation and noted the difficulties of identifying customary laws in practice.

On term of protection (article 6), developing country experts and indigenous experts argued in favour of an indefinite protection for TCEs, while developed countries tended to prefer that protection be limited in time, at least in relation to the exercise of economic rights over the TCE in question.

In relation to management of rights (article 4), discussions centred on when and how a designated competent authority (national, regional or local) could act on behalf of the beneficiaries of

protection. Many African nations favoured a regime with strong involvement of national authorities.

On sanctions and remedies (article 7), divergences evolved around whether criminal sanctions should be included in the instrument. Some countries noted that their national laws already provided for such criminal sanctions in cases of misappropriation. Others, however, particularly from the North, either argued against the inclusion of criminal sanctions or said that they should be severely limited in scope.

In relation to transitional measures (article 9), disagreements focused on the status of rights acquired before the entry into force of the new protection scheme and if and how they should be brought into conformity with it.

Finally, on the relationship with intellectual property protection (article 10), many developed countries, emphasised that the new protection regime for TCEs should in no way affect the international legal protection provided by other intellectual property rights, copyrights in particular.

One issue that arose several times during the discussion concerned how the protection of TCEs might impact the public domain. Developed countries expressed concern that an extensive protection would limit the amount of material available in the public domain.

After discussions in the plenary, six informal open-ended drafting groups were created to consolidate the various views expressed in the meeting and to propose streamlined text, including options on each cluster of issues. As a result, a new draft of the 11 articles was presented on the last day of the meeting. The draft, which reflects a number of options, will be put forward as the “advice” the IWG was requested to provide to the IGC.

However, a number of African countries noted that the drafting groups had not limited their work to removing duplications, but had taken the freedom to prioritise, remove and add proposals to the text. As such, the group said, the drafting groups had negotiated on behalf of the plenary.

At the end of the meeting an agreement was reached on how to address these concerns. As a result, the work of the IWG will be presented at the 17th IGC in three parts: the work of the informal working groups on the text of 11 articles; the summary record of questions, concerns and comments to that text made on the last day of the meeting; and additional options proposed by experts at the last day of the meeting giving room for other options to be included including the ones suggested by African countries. The three parts should be viewed as a single document, IWG decided.

A separate document, the record of the deliberations over the entire week, will also be presented to the next IGC meeting in December 2010.

The IWG also recognised the need to include a glossary with definitions of key terms in the text and recommended formally that at its next session the IGC request the Secretariat to prepare such a glossary for consideration by the IGC. It was specified that the glossary should draw, as far as possible, from existing United Nations and other international instruments.

The meeting’s discussions reflected the complexity involved in establishing a *sui generis* regime for the protection of TCEs given the diversity of viewpoints on issues that are intertwined with the cultural fabric of many countries and communities around the world.

However, the talks generated cautious optimism among the participants about the possibility of achieving more progress at the next meetings of the IGC. It remains to be seen, however, whether this new set of articles will allow the parties to resolve their outstanding differences.

ICTSD reporting.

Trade in Natural Resources Poses Unique Challenges: WTO

Governments must recognise the special challenges of trade in natural resources and work together to ensure the sustainability of their use, according to the WTO's 2010 World Trade Report, which was launched on Friday.

Natural resources made up 24 percent of world merchandise trade in 2008, WTO economists said in the report, the equivalent of US\$ 3.7 trillion. And that figure is growing precipitously. Natural resource trade increased by some 20 percent per year over the last decade, according to Michele Ruta of the WTO Economics Research and Statistics Division.

Ruta, who spoke at an official launch of the report at the WTO's Geneva headquarters on Friday, noted that opening up trade in natural resources can have both positive and negative effects on the sustainable use of natural resources. While there are efficiency gains from trade, he said, the WTO is concerned that trade might increase pressures for natural resources to be exploited unsustainably.

The report noted that some of the policy interventions that governments use to manage their natural resources could have unintended adverse effects. For instance, trade policies can have distortionary effects, altering terms of trade so as to benefit one country at the other's expense. Also, the WTO noted that domestic laws and regulation can often be more effective than trade policies in ensuring the sustainable management of natural resources.

Ruta was joined at the launch by WTO Deputy Director General Alejandro Jara, Joost Pauwelyn of the Graduate Institute for International Studies in Geneva, and Jaime de Melo of the University of Geneva, who debated the report's merits and flaws. The discussants spoke highly of the report overall, although they criticised a handful of its findings.

de Melo, a professor of economics at the University of Geneva, asserted that the report could have looked more closely at the "natural

resource curse" – the seeming paradox that developing countries with rich reserves of natural resources tend to have worse development outcomes than nations with fewer such resources.

Recent evidence, de Melo said, shows that countries need to "revise [their] national income accounting to reflect depletion of natural resources" because their current growth paths might not be sustainable. He added that many people who live on ecologically fragile land depend on natural resource exports, especially in low- and middle-income countries.

Ruta explained that regions rich in natural resources tend to export their resources to industrialised countries and do little trade in the sector with their neighbours. Many of the problems that plague resource-rich countries have come from the high volatility of prices in this sector, he added – a volatility that can either be reduced or exacerbated by trade, depending on market conditions.

Do WTO policies apply to natural resources?

Pauwelyn, a professor of international law, called attention to the "urban myth" that natural resource trade falls outside of WTO rules. He said this common misconception can be partially blamed on the fact that many policy measures designed to protect natural resources are excused by Article XX of the General Agreement on Tariffs and Trade (GATT). Article XX is more commonly known as the "exemptions clause."

Pauwelyn clarified that the existence of Article XX does not mean that standard trade rules cannot be used when dealing with natural resources, even taking into account sector-specific issues of exhaustibility and negative externalities. Instead, he urged exporters and importers "to look at the current rules and see where they apply." He added that negotiators should do the same, clarifying or expanding the rules as necessary.

Pauwelyn also brushed off the suggestion that the WTO should adopt a GATT-style agreement on energy or natural resources. Giving energy and natural resources special treatment could set a risky precedent for other controversial topics,

such as agriculture, to demand similar special treatment, he said.

Fisheries subsidies another source of concern

The report also found that global fisheries subsidies amount to between US\$25 and US\$29 billion annually – which is substantially higher than previous estimates of US\$14 to US\$20.5 billion per year.

Chilean Ambassador Mario Matus asked the discussants at Friday's launch whether these subsidies should be blamed for the depletion of global fisheries stocks – especially since the United Nations Food and Agriculture Organization estimates that 80 percent of fisheries are overfished.

Ruta responded by explaining that fisheries tend to suffer from open access problems, particularly from fisheries tending to have poorly defined property rights. For these reasons, he said, fisheries could still be overfished even if governments provided no subsidies to support the industry. Ruta also suggested that subsidies could be used as a tool to decrease this overfishing and protect fish stocks.

WTO disciplines on fisheries are being debated in the organisation's struggling but ongoing Doha Round of trade talks. The options under discussion include a prohibition of certain types of fisheries subsidies, such as subsidies for operating costs and for the construction of new fishing vessels.

Chile is currently a member of the informal "Friends of Fish" negotiating group, along with Argentina, Australia, Colombia, New Zealand, Norway, Iceland, Pakistan, Peru, and the US. The group has criticised subsidies for their adverse effects on fisheries.

More information

For more information, or to download a copy of the report, please see http://www.wto.org/english/res_e/publications_e/wtr10_e.htm.

ICTSD reporting.

IN BRIEF

Farmers, Other Groups Tussle over EU Farm Policy Future

Starkly opposing views of the future of European farming were evident at a major conference organised by the European Commission in Brussels on 19 and 20 July. While farm groups argued for the continuation of strong support under the bloc's costly and controversial Common Agricultural Policy (CAP), environmentalists, development groups and others called for the EU's policy instruments to be reoriented around clearly defined public policy goals such as environmental protection.

The "[CAP post 2013 Conference](#)" concluded a massive online public [consultation](#) that was launched in April by EU Agriculture Commissioner Dacian Cioloş in a bid to gather public input to guide reforms that will take effect in the 2014-2020 budgetary cycle. More than 600 participants attended the conference, while the broader consultation process prompted some 5,000 responses. The Commission distilled those submissions into a [summary document](#) that was presented at the opening of the conference.

At the meeting, European farm groups such as COPA-COGECA called on the Commission to ensure that the future CAP addresses food security, helps farmers respond to increasingly costly EU regulations, and enables producers to respond to increasingly volatile market prices. For this to happen, the group insisted, the EU agriculture budget and direct payments to farmers must be maintained.

Environmental groups at the conference argued that CAP reform should focus on the delivery of public goods, including environmental protection, biodiversity conservation and climate change mitigation. One participant reported that rural development networks were also well represented. Such organisations want to see EU support shifted away from large firms and targeted instead at producers in struggling rural regions.

The impact of EU farm policy on the bloc's

trading partners did not emerge as a dominant issue at last week's meeting. However, some development organisations did criticise the CAP for continuing to generate surpluses that artificially depress world prices for key products, thereby undercutting farmers in developing countries. These groups called for the CAP to be reformed to reduce the harm it inflicts on the economies and food production capacities of developing countries.

The Commission is expected to present a white paper in November in which it will outline its own ideas as well as those put forward during the public consultation. That document is likely to be critical in shaping future reforms to the CAP. However, given the fiscal challenges now facing EU member governments, many observers suspect that the CAP's coffers will inevitably shrink in the next budget period.

ICTSD reporting; "The Future of the CAP after 2013", Copa-Cogeca, 27 July 2010; "The Common Agricultural Policy after 2013: Summary Report", European Commission Agriculture and Rural Development, 27 July 2010; "EU urged to promote "territorial vision" of farming", EurActiv.com, 23 July, 2010; "Agreement sought on CAP reform", RTE News, 20 July, 2010.

Transnational Corporations Key to Climate Investment: UNCTAD

Transnational corporations can be critical players in combating climate change, the UN Conference on Trade and Development said last week in a report that focused on how governments and other actors can use investment tools to transition to a low-carbon economy.

"The global policy debate on tackling climate change is no longer about whether to take action: it is now about how much action to take, which actions need to be taken, and by whom," UNCTAD Secretary-General Supachai Panitchpakdi said upon the release of the World Investment Report.

In UNCTAD's view, transnational corporations (TNCs) are potential agents for this change,

despite the fact that they are carbon emitters. Supachai stressed that many TNCs are already investing in renewable electricity generation, recycling, and the manufacturing of products related to environmental technology. Last year alone, foreign direct investment (FDI) flows in those areas totalled \$US90 billion.

Developing countries are the likely targets of much of this low-carbon investment, the report said. UNCTAD explained that many TNCs face high labour costs and limited domestic demand for low-carbon goods. In addition, many governments are offering such firms incentives to make their low-carbon investments overseas. Investing abroad, therefore, is becoming an increasingly attractive option.

In terms of combating climate change, UNCTAD argued that TNCs can assist by "improving production processes in their operations at home and abroad, by supplying cleaner goods and services and by providing much-needed capital and cutting-edge technology."

The private sector is not getting as much attention as it deserves on this front, the report found, noting that governments and intergovernmental organisations should better coordinate their policies to promote low-carbon investments.

To that end, UNCTAD proposed the development of a "global partnership" to facilitate the coordination of investment measures and climate change policies.

FDI starting to recover

Foreign direct investment also experienced a modest boost during the first half of this year, the report found, although UNCTAD recommended treating this development with "cautious optimism," given the tenuous nature of the global economic recovery.

The organisation found that, after dropping in 2009, foreign direct investment made a small comeback last year. UNCTAD expects global inflows to surpass US\$1.2 trillion in 2010, rise to between US\$1.3 to US\$1.5 trillion in 2011, and further increase to US\$1.6 to US\$2 trillion in 2012. However, the report cautioned that the

recovery is still in its early stages, and as such is still subject to risk and uncertainty.

Developing and transition economies currently share half of global FDI inflows and a quarter of outflows. Such countries are leading the FDI recovery, according to the report, and are likely to continue to be both favourable sources and destinations for FDI.

China, for instance, has led Asia in pursuing FDI opportunities in Africa, while many Latin American TNCs are expanding their reach overseas. Transition economies, such as those in south eastern Europe and the Commonwealth of Independent States – which includes the former Soviet republics – are also among the countries likely to see a recovery in FDI.

The report also made a series of recommendations to small, vulnerable, and weak economies on how to boost the role of FDI in their nations. UNCTAD advised least developed countries to pursue overseas development assistance; suggested that landlocked developed countries focus on reducing the distance to markets, rather than distance to ports; and urged small island developing states to direct their efforts towards key niche sectors.

Additional information

For more information about the UNCTAD report, please see the following link: <http://www.unctad.org/Templates/webflyer.asp?docid=13423&intItemID=5539&lang=1&mode=highlights>.

ICTSD reporting; “Slump in FDI From Developed Nations Blessing In Disguise, Says UNCTAD,” BERNAMA, 23 July 2010; “Global investment flows to recover in 2010-2012 – UN,” REUTERS, 22 July 2010; “UN Sees Sustained Recovery In FDI, Euro-Zone Crisis Key Risk,” WALL STREET JOURNAL, 22 July 2010.

Eight CIS Countries Move Toward Trade Pact

Eight former Soviet states are making steady progress toward signing a free trade pact that would eliminate nearly all import duties and freeze export tariffs at current levels, Maxim Medvedkov, Russia’s Deputy Minister for Economic Development and Trade, told journalists on 16 July.

The agreement would cover eight of the eleven countries in the Commonwealth of Independent States (CIS): Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine. Turkmenistan did not participate in the most recent negotiations, which were held in Moscow on 16 July. Azerbaijan and Uzbekistan attended, but only as observers. According to Medvedkov, the latter two countries are planning to take a decision on accession to the treaty as soon as possible.

In effect, the trade deal would represent a compromise solution for former Soviet states that may not be ready to join the region’s recently enacted customs union, which currently covers Russia, Belarus and Kazakhstan. Under the proposed free trade deal, businesses based in CIS countries that fall outside the customs union would benefit from a reduction in red tape and other costs of conducting trade within the Commonwealth.

If agreed, the new free trade deal would replace hundreds of documents that now govern trade relations among the CIS countries. The pact would regulate the rules of origin of goods, restrictions on trade with third countries, freedom of transit, re-exports, anti-dumping and countervailing measures, competition and subsidies, technical barriers to trade, sanitary and phytosanitary measures, customs procedures, and dispute resolution.

Medvedkov stressed that Russia would not eliminate its duties on crude oil, petroleum, gas and timber. He noted that the purpose of the agreement is to avoid increases in existing tariffs and that the basic principles of the treaty will be based on WTO rules.

During the talks in Moscow on 16 July, the parties “reached a draft agreement under which we still have a small number of differences,” Medvedkov said, according to the Ria Novosti news agency. The minister added that the remaining disagreements could be counted on the fingers of one hand.

The parties will hold their next meeting on 8 and 9 September, when they hope to prepare a document to be presented at a 10 September meeting of CIS economy ministers in Moscow. The preparation of draft legal language to set up the new free trade area will be discussed on 17 September, at the next meeting of the CIS Economic Council.

ICTSD reporting; translated and adapted from ICTSD’s *Mosty*, Vol. 3, No. 14; “Восемь стран СНГ намерены отменить пошлины при торговле между собой,” RIA NOVOSTI, 16 July 2010; “В СНГ появится ‘ВТО light,’” KM.RU, 19 July 2010.

EVENTS & RESOURCES

Events

Coming up this week

29 July, Washington, US. AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) CIVIL SOCIETY FORUM AGENDA. This event is being hosted by the International Food & Agricultural Trade Policy Council. US Senator Benjamin Cardin will be the keynote speaker; his speech will be followed by a forum discussing the involvement of civil society in the creation and implementation of AGOA, followed by discussion on how African agriculture can be enhanced as a factor of US-Africa trade, the impact of trade on African societies, and a new model for trade capacity building, among other subjects. For more information, please see <http://www.agritrade.org/events/documents/AGOACivilSocietyForum2010Agenda.doc>.

29 July, London, UK. LAND MATTERS: SMALL FARMER, LARGE FARMER, LAND GRABBER. This event, organised by the

Overseas Development Institute, will focus on land policy in Africa. The recent spike in food prices has led importers to consider acquiring land in Africa upon which to grow food, which has caused African farmers to fear a wide-scale land grab. The discussion will focus on whether farmers receive sufficient security from customary forms of tenure, thereby allowing them to invest and innovate. Participants will also analyse the potential usefulness of programmes to formally register land rights and allocate freehold titles. Other topics will include the efficiency of small farms versus large ones, and what would be needed for farmers to best make use of the land. For more information, please visit <http://www.odi.org.uk/events/details.asp?id=2422&title=land-matters-small-farmer-large-farmer-land-grabber>.

2-6 August, Bonn, Germany. UNFCCC BONN CLIMATE TALKS. The thirteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the eleventh session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) will both take place in Bonn, following the preparatory meetings of the Group of 77 and China, the African Group, the Small Islands Developing States, and the least developed countries. The AWG-LCA’s work will largely focus on preparing an outcome that the 16th Conference of the Parties can adopt in Cancún; the AWG-KP will follow up on their previous work of discussing future commitments for industrialised countries under the Kyoto Protocol. For more information, please visit <http://unfccc.int/meetings/items/2654.php>.

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 five-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>.

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.

29-30 July: General Council

Other upcoming events

14-20 August, Fortaleza, Brazil. SECOND INTERNATIONAL CONFERENCE ON CLIMATE, SUSTAINABILITY, AND DEVELOPMENT IN SEMI-ARID REGIONS - ICID 2010. With the goal of promoting secure and sustainable development in the semi-arid regions of the world, ICID 2010 aims to bring together public policy makers, scientists, and members of civil society. Event organisers hope to identify and focus action on challenges and opportunities for a better future in the world's arid and semi-arid regions. The conference will generate, publish, and present recommendations to guide global, regional, national and local analysis and policies aimed at reducing vulnerability and improving the lives of the people of dry lands around the world. For more information, please visit

<http://icid18.org/index.php>.

1-2 September, Seoul, South Korea. ASIA-PACIFIC ECONOMIC COOPERATION (APEC) WORKSHOP ON BALANCING COMPETING DEMANDS OF MINING COMMUNITY AND ENVIRONMENT TO ACHIEVE SUSTAINABLE DEVELOPMENT IN THE MINING SECTOR. This workshop aims to establish an APEC mining-related experts network that would, by facilitating the interaction between mining officials, experts, and industry

representatives, further sustainable development within the mining sector. The consideration of environmental issues is essential for ensuring that sustainable development is achieved in the mining sector. Topics to be discussed at the workshop include best available practices on mine reclamation and rehabilitation; case studies on the impacts of legacy mine and inappropriate mine closure, on the environment and community; and recent analysis on how to advance sustainable development initiatives and improve regulation and practices within the mining industry in developing economies. For more information, please visit

http://www.apec.org/etc/medialib/apec_media_library/downloads/events/2010.Par.0013.File.tmp/MTF_04_2009A_circular_revised.pdf.

15-17 September, Geneva, Switzerland. WTO PUBLIC FORUM. The World Trade Organization (WTO) Public Forum 2010 will address "The Forces Shaping World Trade" and feature a series of events organised by civil society organisations. Discussions will take place under these sub-themes: the WTO and the players that influence the multilateral trading system; the economic, political and technological factors shaping world trade, and the role of the rules-based multilateral trading system in contributing to the global economic recovery; coherence between the WTO and other areas of global governance; and "Looking to the future: What post-crisis agenda for the WTO in a shifting-power scenario?" Registration is already open for this event. For more information and a schedule of events please visit

http://www.wto.org/english/forums_e/ngo_e/forum10_background_e.htm.

Resources

POLICY SPACE TO PREVENT AND MITIGATE FINANCIAL CRISES IN TRADE AND INVESTMENT TREATIES. By Kevin P. Gallagher, UN Conference on Trade and Development and the Intergovernmental Group of 24, May 2010. This report analyses whether, and to what extent, measures to resolve the global financial crisis and prevent future situations are allowable under existing trade and investment

agreements. The author found that the US's agreements, along with the WTO itself, leave few options for capital controls – which recent data suggest can be useful in the prevention or mitigation of financial crises. Upon concluding this analysis, the author makes a series of suggestions for both the WTO, and for the US within the framework of its existing agreements, to ensure that developing nations have access to these tools. For more information, or to download the report, please visit

http://www.ase.tufts.edu/gdae/policy_research/CapControlsG24.html.

THE G20 FRAMEWORK FOR STRONG, SUSTAINABLE AND BALANCED GROWTH: WHAT ROLE FOR LOW-INCOME, SMALL AND VULNERABLE COUNTRIES? Overseas Development Institute, June 2010. This paper focuses on the relationship between low-income countries (LICs) and the Group of 20 (G20) countries. The G20 framework for strong, sustainable and balanced growth aims to encourage G20 countries to implement coherent medium-term policy frameworks in order to attain a mutually beneficial growth path and avoid future crises. The position of LICs in this framework is not well defined, though LIC growth depends on G20 policy actions to promote strong and sustainable growth in various ways. Through analysing over 20 briefings considering the role of low-income, small or vulnerable countries in the G20 growth framework, this paper argues that LICs need to be more involved in this framework, it does affect these countries. The paper was prepared keeping in mind the upcoming Toronto and Seoul G20 summits this year. For more information, or to download the paper, please visit <http://www.odi.org.uk/resources/details.asp?id=4905&title=g-20-framework-strong-sustainable-balanced-growth-role-low-income-small-vulnerable-countries>.

ALIGNING CLIMATE AND DEVELOPMENT AGENDAS IN THE MEKONG REGION: OPTIONS FOR REGIONAL COLLABORATION BETWEEN VIETNAM, CAMBODIA, AND LAOS. By Heike Baumüller, Chatham House, July 2010. This Chatham House paper uses the examples of Vietnam, Cambodia and Laos to highlight the opportunities and strategies for regional

cooperation in order to jointly tackle the impacts of climate change and thus move towards low carbon development. These three countries are viewed as the next wave of industrial development in Southeast Asia, and are therefore likely to face similar financial and technological challenges in the areas of industrial, agricultural and energy development. Therefore, they will need to develop regional strategies to match their shared development objectives with the climate change agenda, and thus avoid undermining past and future development gains. Vietnam - which is already economically and technologically more advanced than Cambodia and Laos – could easily play a leadership role in this trilateral cooperation. For more information, or to download the paper, please visit

<http://www.chathamhouse.org.uk/publications/papers/view/-/id/902/>.

KEY RESEARCH NEEDS FOR GLOBAL CLIMATE CHANGE POLICY. Center for International Environment and Research Policy, The Fletcher School of Law and Diplomacy, Tufts University, June 2010. This white paper, prepared by the Energy, Climate, and Innovation Program (ECI) in the Center for International Environment and Resource Policy (CIERP) at Tuft University's Fletcher School, was prepared as a response to the Conference of the Parties 15 in December of last year. The authors consulted with policymakers, scholars, and leaders from non-profit organisations about the current state of global climate change negotiations, with the hope of identifying specific analytical gaps and topics that academic institutions and researchers can take on. The results of this research could be especially useful in the climate policy discussion leading up to the COP16 negotiations in Cancún, Mexico. To obtain a hard copy of this report, please email Mieke van der Wansem at mieke.wansem@tufts.edu.