



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

Volume 14 · Number 30, 8 September 2010

## NOTE TO SUBSCRIBERS

### LEAD STORIES

Global Trade Grows, So Do Imbalances ..... 1

Watered-down ACTA Approaching Conclusion 3

### OTHER NEWS

Campaigners Slam EU-India FTA Talks..... 5

Geneva Meeting Pushes Climate Finance to Top  
of Cancun Agenda..... 6

### IN BRIEF

US Cuts Duties on Raw Materials to Help  
Industry; EU Contemplating Similar Move ..... 8

### WTO in brief

WTO Ag Chair to stand down in April 2011 ..... 9

EU Tariffs on High-Tech Products Illegal, WTO  
Rules ..... 10

### EVENTS & RESOURCES

Events..... 10

Resources ..... 12

Bridges Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD), an independent, not-for-profit organisation based at Ch. de Balexert 7, 1219 Geneva, Switzerland, tel: (+41) 22-917-8492; fax: 917-8093. To subscribe to Bridges Weekly Trade News Digest or access back issues, visit <http://ictsd.net/news/bridgesweekly/>.

Bridges Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the governments of Finland, Denmark, the Netherlands and Sweden. Your support to BRIDGES and the BRIDGES series of publications is most welcome; if interested, please contact Andrew Crosby, Managing Director at [acrosby@ictsd.ch](mailto:acrosby@ictsd.ch) or (+41) 22 917 8335.

Excerpts from Bridges Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the editor ([bridges\\_weekly@ictsd.ch](mailto:bridges_weekly@ictsd.ch)) or the director ([rmelendez@ictsd.ch](mailto:rmelendez@ictsd.ch))

Contributors to this issue of Bridges Weekly Trade News Digest© are Andrew Aziz, Trineesh Biswas, Matthew Herbst, Jonathan Hepburn, Marie Wilke, and Marta Wojtczuk. Editor of this issue: Trineesh Biswas. Director: Ricardo Meléndez-Ortiz.

## NOTE TO SUBSCRIBERS

The WTO will be holding its annual public forum on “The Forces Shaping World Trade” from 15-17 September. ICTSD will be providing updates from the sessions on Twitter ([@bridgesweekly](https://twitter.com/bridgesweekly)).

## LEAD STORIES

### Global Trade Grows, So Do Imbalances

Global goods trade in the first half of 2010 was about 25 percent higher than the same period of the year before, and the value of worldwide merchandise trade grew during the second quarter, according to new data from the WTO secretariat. But the volume of global trade remains well below the peaks reached in mid-2008 before the global financial and economic crisis. And other data suggest that global macroeconomic imbalances are widening once again, threatening to increase tensions around trade relations.

World merchandise exports were seven percent higher in the second quarter of 2010 than in the three preceding months. They rose in June after dipping in April and May, show the WTO figures, which cover some 70 economies representing nine-tenths of global trade.

Asia's exports and imports in the second quarter were both up by roughly 37 percent over the year before. Over the same period, exports from Africa and the Middle East were 35 percent higher, attributed by the WTO to demand in Asia and the US along with higher commodity prices.

The year-on-year figures reflect the healthy recovery in global trade following a sharp drop-off in late 2008 and early 2009. (Despite the rebound, the value of global merchandise exports remains about 15 percent lower than its mid-2008 peak.)

Trade growth from the first to the second quarter of 2010 is modest in comparison: exports from Africa and the Middle East increased by a mere one percent – as did imports.

### **China-US tensions grow with trade gap**

But the new WTO figures, along with data from elsewhere, suggest that imbalances between large deficit and surplus economies, which had shown signs of narrowing, are growing once again. This, in turn, is reviving trade tensions, particularly between the United States and China.

Between the second quarter of 2009 and the second quarter of 2010, Chinese imports grew faster than its exports, by 44 to 41 percent, according to the WTO. But in quarter-on-quarter terms, China's exports in grew by 23 percent, compared to only 15 percent for imports. Over the same period, the US imports grew twice as fast as its exports, at 12 to 6 percent.

In recent years, the US's trade deficit with China has been a political lightning rod in Washington; many members of Congress blame the gap on an artificially undervalued Chinese currency, and have threatened Beijing with trade sanctions if it does not let the yuan appreciate.

China defused some of the tension surrounding its currency in late June, when it announced that it would relax the yuan's two-year-old peg to the US dollar (see Bridges Weekly, [23 June 2010](#)).

That announcement came on the eve of a summit of the Group of 20 leading industrialised and developing countries, and helped the Chinese government avoid intense scrutiny of the issue at the conference in Toronto. It also helped the Obama administration convince the sponsors of Congressional legislation targeting China for currency manipulation to postpone moving ahead with the bill.

Since June, however, the yuan has risen by only 0.3 percent against the dollar. Meanwhile, the US's trade deficit has increased, in significant measure due to imports from China.

China ran a rare trade deficit in March, prompting Chinese policymakers to declare the days of large surpluses over, and with them, any need to let the yuan appreciate (see Bridges Weekly, [24 March 2010](#)). But since then, China has resumed running trade surpluses. In July, China's trade surplus climbed to \$28.7 billion, the largest since January 2009, according to data released by the Chinese General Administration of Customs, [the New York Times](#) recently reported.

In contrast, the US trade deficit for goods and services jumped by 18 percent between May and June, reaching \$49.9 billion, attributed by the [US Census Bureau's foreign trade division](#) to greater imports of consumer goods, cars and auto parts, and capital goods. The goods trade deficit with China alone increased from \$22.3 billion in May to \$26.2 billion in June.

Many economists question whether a substantial appreciation in China's currency would solve the US's deficit; production of the sort of products the US imports from China may simply shift to neighbouring low-cost countries like Vietnam.

Nevertheless, stubbornly high unemployment in the US combined with November's Congressional elections raise the political profile of the country's trade deficit with China. New York Senator Chuck Schumer, a Democratic sponsor of the Congressional currency legislation, may try to push forward with the bill during hearings on it scheduled for later this month.

The currency issue figured in discussions during a visit of senior US economic and security officials to Beijing earlier this week. The US delegation included Larry Summers, one of President Barack Obama's top economic advisers.

During the visit, Chinese officials defended their country's trade record. Associated Press reports that Chong Quan, China's deputy trade envoy, pledged to boost imports, but rejected suggestions that China was not doing its part to contribute to global economic development.

Arguments about how to share the burden of global economic demand are not limited to the US and China. Germany has been amassing growing trade surpluses, assisted by a euro weakened by its

ties to debt-plagued Greece and Spain. Japan, too, has persistent trade surpluses. President Obama has urged surplus countries to do more to stimulate domestic consumption and imports. In Toronto, he warned that there were limits to Americans' willingness and ability to be the world's consumer of last resort, saying that "after years of taking on too much debt, Americans cannot – and will not – borrow and buy the world's way to lasting prosperity."

Michael Pettis, a finance professor at Peking University, worries that the US' trade openness and financial flexibility mean that it will absorb the bulk of exports from elsewhere in the world, causing its trade deficit to rise until Congress finally retaliates with disruptive tariffs and import quotas.

Writing in the Financial Times, he urged world leaders to "make every effort to rebalance trade in a less disruptive way."

"Trying to avoid sharing the cost of the necessary global adjustment is how the major economies reacted in the 1930s, and those policies are widely and correctly referred to as beggar-thy-neighbour," Pettis wrote. "We know how that game ends."

ICTSD reporting; "Renminbi dispute looks set to haunt Sino-US economic talks," FINANCIAL TIMES, 4 September 2010; "China vows to boost imports, help world recovery," ASSOCIATED PRESS, 6 September 2010; "The last chance to avoid a global trade war," FINANCIAL TIMES, 23 August 2010; China's Trade Surplus Climbs to \$28.7 Billion, NEW YORK TIMES, 9 August 2010.

---

## Watered-down ACTA Approaching Conclusion

Controversial multi-country negotiations on an "Anti-Counterfeiting Trade Agreement" are within striking distance of conclusion, according to a leaked draft text.

The secrecy surrounding the talks took another hit this week when Knowledge Ecology International, a Washington-based non-governmental

organisation, posted the draft on its website, along with a note stating that the United States was alone among participating governments in opposing the draft's release.

While the secrecy has steadily eroded, with regularly leaked draft texts and greater support for transparency among the dozen-odd mostly industrialised countries taking part in the talks, the prospective agreement has continued to draw fire for other reasons.

Critics have charged that the terms being considered go well beyond what is necessary to target counterfeiting, and would create new intellectual property protections that surpass existing multilateral rules and upset the carefully constructed balance in the WTO's agreement on intellectual property. They worry that if an accord entered into force, it could threaten internet freedom, access to technology, and the availability of affordable medicine in poor countries.

The leaked draft, which includes compromises reached during the last round of negotiations in Washington from 16-20 August, has had some provisions watered down enough that some have dubbed it 'ACTA-lite'. But while the changes will allay some fears, they do not address others. James Love, KEI's director, said that the "substantial surgery" the negotiated text had undergone went in both directions.

The new draft contains far fewer provisions within square brackets – the drafting practice signifying the absence of consensus – than earlier versions, suggesting that participants have made considerable headway towards an agreement. According to the communiqué issued at the end of the talks in Washington in August, they committed to resolving all remaining substantive issues at the next negotiating round, scheduled for later this month in Japan.

### Some issues unresolved

Some critical issues remain unresolved, not least the fundamental matter of the scope of the agreement: the EU, backed by Switzerland and Japan, would like it to cover all intellectual property rights, which would include patents; in contrast, the US, with support from countries

including Canada, New Zealand, and Mexico, wants it to focus on copyright and trademarks.

One of the reasons for the difference is that the EU wants the ACTA to apply to ‘geographical indications’, i.e., foods and alcoholic beverages whose names are linked to particular places. Securing greater intellectual property protections for GIs other than those for wines and spirits has been a longstanding European goal in negotiations at the WTO. Under the EU’s proposals for ACTA, Reuters reports, Washington fears that ACTA parties could be required to treat shipments of US food products such as Kraft parmesan cheese – quite distinct from the EU-approved raw-milk cheese from Italy’s Emilia-Romagna region – as illegal and subject to seizure by customs authorities.

Other bracketed proposals from the EU have potential ramifications for international shipments of legal generic copies of patent-protected drugs. The EU’s preferred option for aggrieved rights-holders (Article 2.6) would require all ACTA parties to set up procedures for rights-holders to petition customs authorities to seize suspected goods in transit between third countries, not just those being imported to and exported from the party in question. And while other countries, including the US, want such a clause to be limited to suspected counterfeit trademark goods or suspected pirated copyright goods, the EU alone wants it to cover goods “suspected of infringing an intellectual property right.” This could conceivably enable the rights holder to a drug under patent in the EU but not in India to petition Dutch customs authorities to seize shipments of generic versions while they are in Rotterdam en route from India to Brazil.

Such seizures have happened in the past. Seizures of in-transit generics have been in the spotlight over the past two years, after several batches of medicines en route from India to Brazil were temporarily held by border officials in European ports. The medicines in question did not have patent protection in either developing country; they were, however, patent protected in the EU. Developing country governments and health activists have complained that such seizures, even when the drugs are subsequently released, hurt access to affordable medicines.

In general, the EU and Switzerland would like border measures to apply to goods suspected of infringing intellectual property rights “when they are imported, exported, in-transit or in other situations where the goods are under customs supervision.” WTO intellectual property rules only apply such measures to goods being imported (TRIPS Article 51; their application to exports is non-mandatory).

### **Substantial convergence on internet issues**

On other issues, notably internet-related rules, there has been substantial convergence. Several provisions in the new draft suggest that the US has dropped many of its earlier demands on enforcement and the internet, according to Michael Geist, a law professor at the University of Ottawa who is an expert on internet and e-commerce issues. It is “increasingly apparent that the USTR is willing to agree to almost anything in order to bring home an agreement before the next round of elections in November,” he wrote on his blog.

Some of the most controversial issues in the ACTA negotiations provisions have been dropped, the new text reveals. ‘Secondary liability’ provisions that could have seen internet service providers required to provide information about customers who download unlawfully copied music have been dropped entirely. The text would give governments the option to exclude travellers’ personal luggage from the provisions of the text, which may help calm fears about iPods and laptops being seized at international borders. The text specifies that while ACTA parties “shall provide the means to address the infringement” of the rights ultimately covered by the Agreement in the digital environment, “these procedures shall be implemented in a manner that avoids the creation of barriers to legitimate activity, including electronic commerce, and, consistent with each party’s law, preserves principles relating to freedom of expression, fair process, and privacy.”

On the other hand, Geist wrote, on the issue of “anti-circumvention” – rules prohibiting the circumvention of technological barriers to using a digital good in ways the rights-holders don’t want you to – the Obama administration “is still

pushing for two additional provisions that would define adequate legal protection and effective legal remedies in an effort to limit the flexibility that all countries agreed to with the WIPO Internet treaties in the 1990s.” The US approach, he adds, would mandate protection against circumvention of access controls and prohibit devices used for circumventing digital locks, and even prohibit the marketing of such devices. The EU is opposed to the provisions.

The internet chapter is now “far better than the initial US proposal,” Geist concluded, although he urged countries to push back on the US ‘anti-circumvention’ proposals.

The text’s chapter on institutional arrangements would have parties create an ‘ACTA Committee’ upon concluding the negotiations. The committee would make decisions by consensus, and be responsible for overseeing the implementation and functioning of the agreement. The text does not provide for an independent dispute settlement mechanism; an earlier proposal had called for one, prompting concerns about marginalising multilateral fora like the World Intellectual Property Organisation. The ACTA Committee is empowered to determine terms of accession for each country that applies to join in the future.

Governments participating in the ACTA negotiations (including EU member states) are Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mexico, Morocco, the Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the United States, and the European Union.

ICTSD reporting.

## OTHER NEWS

### Campaigners Slam EU-India FTA Talks

Ongoing free trade agreement talks between the EU and India have been “hijacked” by big business with potentially dire consequences for small farmers, fisherman, shop owners, and unions, two civil society campaign groups allege in a new report.

In the joint report, entitled “Trade Invaders: How Big Business is Driving the EU-India Free Trade Negotiations,” Corporate Europe Observatory (CEO) and India FDI Watch criticise the negotiating process for a lack of transparency and inclusiveness. They forecast that the treaty as it currently stands would have harmful economic and humanitarian impacts in both the EU and India.

The report alleges that since the talks’ launch in 2007, the EU and Indian negotiation teams have actively sought input from business leaders, but denied access and information to the public, journalists, civil society groups, and even in some cases to their own parliaments.

EU officials rejected the allegations, particularly the notion that business had shaped its negotiating agenda. Indian government officials could not be reached for comment.

The Corporate Europe Observatory and India FDI Watch have called for halting the talks until “all existing negotiating positions... and government commissioned studies are made public [and] impact assessments and consultations with the most affected groups in Europe and India have taken place.” They want both sides to stop allowing business to create their policy positions. Sustainable development, rather than profit, should form the core objective of the trade policy agenda, they argue.

According to the report, big business in both India and the EU has spent large amounts of time and money lobbying to turn their agendas into their governments’ official positions. It highlights the lack of access granted to Civil Society, NGOs and smaller local interests in “the two largest self-proclaimed democracies of the world.” The EU commission official rejected these claims, providing multiple examples of dialogues and workshops specifically aimed at including these groups in the negotiations.

Corporate Europe Observatory and India FDI Watch warn that opening India's markets to large European supermarket companies and multi-brand retailers – foreign investment in India's retail sector is currently heavily regulated – would destroy the livelihoods of millions of small traders, fishermen, and street sellers who would be unable to compete with companies such as Metro, Tesco, and Carrefour.

The groups argue that heavy EU subsidies to its farm and especially dairy sectors mean that free trade would wipe out producers in India, who are currently protected by high tariffs.

Other issues they highlight include intellectual property rights and access to medicine, where they warn that the demands of EU business for stronger IPR enforcement would threaten access to generic drugs for poor people in India and abroad. In addition, they warned that the agreement would have negative environmental impacts, such as reducing the variety of agricultural production.

EU trade spokesman John Clancy told Bridges that business groups do not have privileged access to the European Commission enabling them to shape the EU's negotiating position in the FTA talks with India. He said that when developing its strategy for the prospective accord, the European Commission consulted with a wide range of stakeholders and institutions, including NGOs, trade unions, and wider civil society, meeting with groups including Oxfam, Traidcraft, and MSF.

On the report's accusations that the prospective FTA would hurt Indian farmers and traders, he said that studies conducted for the Commission had concluded that an ambitious agreement would benefit both sides, adding that Brussels was "tak[ing] into account sensitivities related to rural farmers and small business in India."

A publicly available sustainability impact assessment of the FTA conducted by the EU concluded that free trade might hurt Indian labour in the immediate short run, but that there would be medium and long-term gains there in terms of job creation. It also determines that environmental strains resulting from the agreement could be

mitigated by existing policies as well as access to green technology through the FTA.

The European Commission denied the report's suggestion that it has been seeking to extend drug patents from 20 to 25 years, but confirmed that the opening of India's multi-brand retail sector is being discussed in the negotiations.

While most of the Corporate Europe Observatory-India FDI Watch report focuses on the potential FTA's harmful effects in India, it also highlights complaints from EU unions over India's demands for temporary labour movement, fearing that this would increase the already heavy pressure to lower working standards so as to better compete with the developing world.

Speaking to this, the European Commission said that the EU has not yet made an offer to India on temporary labour movement, but that the issue was "potentially of great interest to both sides."

The report also claims that Indian negotiators, pushed by business, have refused to include any language on sustainable development concerns such as working conditions and environmental protection. Labour and environmental provisions have become common practice in FTAs between developed and developing countries.

The Indian mission to the EU in Brussels did not return comments in time for this report.

The EU and India have expressed interest in completing the FTA by 2011.

ICTSD reporting.

---

## Geneva Meeting Pushes Climate Finance to Top of Cancun Agenda

Last week, ministers and other top officials made progress on establishing the details of how hundreds of billions of dollars in climate aid will be raised and distributed.

The informal meeting in Geneva, co-hosted by Switzerland and Mexico, aimed to clarify the status of the billions of dollars pledged by



developed countries last December at the Copenhagen climate summit to support climate mitigation and adaptation in developing countries. The funding issue now appears poised to play a prominent role in the upcoming UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Cancun, Mexico this December.

Under the Copenhagen Accord, developed countries pledged US\$30 billion in so-called “fast-start” climate funding to help developing countries finance the initial moves toward greenhouse gas reduction for the period 2010-2012. A larger goal of US\$100 billion in annual long-term financing was also targeted for 2020. The Copenhagen Accord, though non-binding because it was unable to gain unanimous support from all signatories of the Climate Convention, is considered an indicative pledge by the 138 countries that have subscribed to its content.

Notably, ministers from a number of key countries in the climate change discussions – including Australia, China, South Africa, and the UK – were not present at the Geneva meeting.

### **US says funding issue is one element of climate “package”**

Climate talks in the months since Copenhagen have produced little meaningful progress, and economic issues continue to highlight the ongoing divide between developed and developing country positions. Christiana Figueres, the UN’s climate chief, said the funding issue was the “golden key” to convincing poor nations that developed countries are serious about addressing climate change.

Jairam Ramesh, India’s environment minister also underscored that funding needed to be addressed in order to allow UNFCCC talks to move forward.

“I doubt whether the Copenhagen logjam is broken,” he said after the Geneva meeting, referring to the final hours of last year’s climate conference when parties were unable to reach consensus. “The single most important trigger for success at Cancun is the funding.”

Patricia Espinosa, Mexico’s foreign minister, assured those attending the meeting that there was still time to agree on the details of a new climate fund – sometimes referred to as the Green Fund proposal – before the December COP. However, Espinosa’s optimism was tempered by the insistence of the United States that related issues – including curbs on greenhouse gasses and monitoring of national pledges – be agreed upon before any fast-start funding flows.

“It has to be part of a package,” US climate envoy Todd Stern told reporters Friday.

### **Details of the fund**

The possible details of the fund were discussed by breakout groups over the 2-3 September gathering. Considerable discussion was given to the role of the private sector in the fund. Countries generally agreed that private sector funding should complement public commitments to the fund. But while some developed countries stressed the potential of the private sector for generating new funds, developing countries continued to emphasise, as they have throughout the negotiations, that public financing be the main source.

Regarding management of the fund, the World Bank continues to be the developed countries’ institutions of choice, as they consider it one of the few institutions with the requisite fiduciary standards, safeguards and experience. However, developing countries do not favour the Bank, where they say decision-making is not equitably distributed and a significant percentage of pledged financing would remain with developed country consultants and bidders. Instead, they say they would prefer to see the fund managed by the UNFCCC itself or through some other independent body, a model successfully tested by the Montreal Protocol, an twenty-year old environmental agreement established to address depletion of the ozone layer.

Discussion also delved into the source of public funding with a call from developing countries for greater transparency to ensure cash for the fund is not composed of “recycled” funds transferred from existing development projects. The Copenhagen Accord calls on developed countries

to provide “new and additional resources” for the fund, but some countries – notably the UK – have said that fast-start funding would not be additional to official development assistance (see Bridges Trade BioRes, [30 April 2010](#)).

The Netherlands has launched a website – backed by the UN – that aims to track whether developed countries are honouring their fast-start funding pledges. The site currently lists only six “Contributing Countries:” Denmark, France, Germany, the Netherlands, Norway, and the UK.

The next round of UNFCCC talks will take place in Tianjin China from 4-9 October, and the Cancun COP will kick off on 28 November. Earlier expectations that parties could reach a comprehensive deal by Mexico are increasingly dubious as many issues are still unripe for agreement.

#### **Additional information**

The Dutch government’s website for tracking fast-start financing can be accessed [here](#).

ICTSD Reporting, “Nations rethink Copenhagen commitment on climate funding,” THE FINANCIAL EXPRESS, 7 September 2010; “Summary of the Geneva Dialogue on Climate Finance: 2-3 September 2010,” GENEVA DIALOGUE ON CLIMATE FINANCE BULLETIN, 5 September 2010; “Greater clarity on climate finance at 46-nation forum,” AFP, 5 September 2010; “Progress seen on ‘Green Fund’ for climate deal,” EURACTIV, 6 September 2010.

### **IN BRIEF**

#### **US Cuts Duties on Raw Materials to Help Industry; EU Contemplating Similar Move**

Governments’ trade policies tend to be full of contradictions. They preach the virtues of free trade, then fight tooth and nail at the WTO to preserve the right to levy import duties and subsidise farmers. But in the absence of import-

competing interests, it becomes easier for theory and practice to line up. Such was the case for a tariff bill signed into law last month by US President Barack Obama, which temporarily suspended or reduced duties levied on hundreds of industrial inputs, in order to help reduce costs for US manufacturers.

The ‘Miscellaneous Tariff Bill,’ which passed the US Senate on 11 August, covers raw materials and intermediate products not produced domestically, or where there is no domestic opposition to lowering tariffs.

As a result of the bill, a wide range of US industries will pay lower costs on imported inputs. Bicycle manufacturers, for instance, will save money on importing things like speedometers and certain kinds of brakes and other parts. The Congressional Budget Office estimated the tariff revenues foregone from 2010 to 2015 as a result of the bill at about \$230 million.

US manufacturing groups welcomed the passage of the bill. The National Association of Manufacturers said it would “cut the costs of doing business in the United States and boost American manufacturing exports.” In a letter urging senior Congressional leaders to pass the bill, companies such as 3M, BASF, Nike, and Reebok cited estimates that the duty cuts would support more than 90,000 US jobs and US\$3.5 billion in GDP growth.

But some suggest that broader tariff reform would have been better than the highly specific tariff cuts.

A report in the Charlotte Observer quoted Steve Ellis, of the non-partisan government watchdog Taxpayers for Common Sense, as saying that the tariff suspensions amount to “earmarks,” a US political term referring to legislative provisions directed at benefiting individual projects or companies. Though commonly used, earmarks are widely criticised as a tool lawmakers use to deliver benefits to influential constituents. Ellis said he would have preferred reforms to the overall tariff structure, or at least more transparency, according to the article.



The same report said local lawmakers wrote very specific provisions into the bill to ensure that the Glen Raven textile mill in Warren County, North Carolina would save \$1.6 million over three years in tariffs on the European-made acrylic material it imports to turn into yarn used to make fade-resistant outdoor fabrics. The savings were helping to create jobs in the economically depressed region, it said.

In Europe, Italy has called for similar temporary duty cuts on industrial inputs from places like China and Brazil to help EU manufacturers through the economic crisis – but has run into opposition from France, Germany, and Spain, which manufacture the very same products. Reuters reported in July that the inputs in question are for industries including steel, cosmetics, footwear, textile, furniture and auto manufacturing. Commission officials said EU member states routinely discuss revisions to tariff policy, but that there was no list of specific products slated for tariff cuts. The issue is set to be discussed by the EU's trade policy committee in the coming weeks.

ICTSD reporting; "President Obama Signs MTB Bill," BICYCLE RETAILER AND INDUSTRY NEWS, 11 August 2010; "Relaxed tariffs help poor, spark questions," CHARLOTTE OBSERVER, 7 September 2010; "EU considers big tariff cuts to help manufacturers," REUTERS, 28 July 2010.

## WTO IN BRIEF

### WTO Ag Chair to stand down in April 2011

The chair of the WTO's agricultural trade negotiations, New Zealand Ambassador David Walker, will take up a new post in Wellington from April 2011. WTO members have yet to begin the process of deciding who should replace him, trade sources said.

Walker, who was appointed to chair the talks on farm tariffs and subsidies in April last year, will take up the role of deputy secretary with responsibility for the Americas, Asia, the Middle

East and Africa at New Zealand's Ministry of Foreign Affairs and Trade. He is the third New Zealander to have chaired the trade body's farm talks since the troubled Doha Round negotiations were launched in 2001.

Despite Walker's efforts to reinvigorate the discussions, they have remained largely deadlocked since talks broke down in July 2008. Since then, a lack of high-level political leadership has been widely seen as having undermined prospects for further progress in the round.

Walker has nonetheless focused delegates' attention on the data that they will need to provide to the WTO once an outline deal has been finalised – a process known as 'scheduling' member governments' commitments. He has also galvanised discussion on the format in which this data will need to be provided.

One delegate suggested that the April departure date would create a window of opportunity for WTO members to finalise a blueprint deal in the months after the US Congressional elections in November. It would also allow time for governments to schedule their commitments before the end of next year, potentially allowing the round to be concluded by the end of 2011, before the start of the US presidential election campaign makes politicians there skittish about controversial trade issues.

Others however expressed scepticism about prospects for the talks, suggesting that the outcome of the congressional elections was unlikely to provide a fresh impetus for the round. "The overall political picture doesn't look too good", said one trade source, who warned that there was "no basis" for the chair issuing a revised draft negotiating text given the minimal progress to date.

Walker plans to reconvene agriculture delegates for talks on 27 and 28 September, following the end of the WTO's traditional summer break.

ICTSD reporting; "Ministry of Foreign Affairs & Trade makes new senior appointment," NEW ZEALAND MINISTRY OF FOREIGN AFFAIRS AND TRADE PRESS RELEASE, 3 September 2010.

---

## EU Tariffs on High-Tech Products Illegal, WTO Rules

The EU violated its commitments under multilateral trade rules by levying import duties on high-tech electronic products like flat-panel computer monitors, a WTO dispute panel recently determined, siding with Japan, Taiwan, and the US.

The three governments had alleged that EU duties on the products in question violated the Information Technology Agreement (ITA), a 1997 accord that lowered tariffs to zero on nearly all IT products among participating countries – which include all major traders.

The EU had argued that it was justified in charging duties as high as 14 percent on some so-called ‘new generation’ high-tech products, which were developed after 1996, because they were consumer goods rather than IT products. Flat-panel computer monitors, for instance, should be categorised with video monitors, as they can be connected with DVD players, the EU suggested. Thus, they should not, along with the other products including multi-function printers, be covered by the ITA’s zero tariff commitment, the EU argued.

The complainants contended that the EU was undermining the ITA. “The EU is taxing innovation – a move that could impair continued technological development in the information technology industry and raise prices for millions of business and consumers,” said a statement from the US trade representative’s office welcoming the WTO ruling.

When launching the dispute in 2008, Susan Schwab, the US trade representative at the time, said that if ITA participants provided duty-free treatment only to technology that existed in 1996, very few IT products would be eligible.

The three governments had accused Brussels of using tariff protectionism to encourage domestic investment, saying that EU was aiming to maintain a tariff wall in order to move high tech production to Eastern Europe.

Electronics companies in the US and Asia, including Hewlett Packard and Samsung, welcomed the decision. Last month, officials in Taiwan said that the EU duties were costing its exporters of flat screens \$611 million a year in duties.

The EU, which has called for negotiations to update the ITA, has not yet indicated whether it will appeal the decision.

ICTSD reporting; “EU Says WTO High-Tech Goods Ruling May Cost 300 Million Euros,” BLOOMBERG, 17 August 2010; “EU-WTO dispute ruling on high-tech products,” EURACTIV, 17 August 2010; “U.S., Japan challenge European tech tariffs at WTO,” REUTERS, 28 May 2008.

---

## EVENTS & RESOURCES

---

### Events

#### Coming up this week

13-15 September, Tianjin, China. WORLD ECONOMIC FORUM’S 4<sup>TH</sup> ANNUAL MEETING OF THE NEW CHAMPION (SUMMER DAVOS). The Annual Meeting of the New Champions provides a platform for the rising generation of global leaders from business and society to contribute to broader policy discussions and engage with the world’s top business executives. The New Champions are led by the Forum’s Community of Global Growth Companies as well as the Communities of Technology Pioneers, Young Global Leaders and Young Scientists. The meeting will highlight the role that new and fast-emerging multinational companies play in enabling and driving sustainability in the global business landscape. For more information, please refer to the Forum’s website at [http://www.weforum.org/en/media/Latest%20Press%20Releases/PR\\_Tianjin2010](http://www.weforum.org/en/media/Latest%20Press%20Releases/PR_Tianjin2010)

14-15 September, Vienna Hofburg, Austria. FIRST HIGH LEVEL MEETING OF THE AFRICA-EU ENERGY PARTNERSHIP (AEEP). The first meeting of the African-EU Energy Partnership (AEEP) aims to bring

together leading politicians and decision-makers from Africa and Europe. The meeting will focus on creating and endorsing a road map as well as concrete targets for the AEEP's future. For more information, please refer to the AEEP's official website for the meeting at [http://www.aEEP-conference.org/documents/programm/aEEP\\_hlm\\_2010\\_general\\_information\\_en.pdf](http://www.aEEP-conference.org/documents/programm/aEEP_hlm_2010_general_information_en.pdf)

15 September, Geneva, Switzerland. **ROLE OF NON STATE ACTORS IN THE WTO.** The Consumer Unity & Trust Society (CUTS) will be organizing this session under the WTO Public Forum 2010. The focus of this meeting will be to i) identify which different groups of Non State Actors (NSAs) influence the discussions at the WTO and determine if they are successful at influencing these discussions, ii) understand the interaction between all groups of NSAs, and to determine whether NSAs from WTO members have equal influence in the WTO through their respective governments, iii) and to discuss opinions and suggestions in order to optimise the role of NSAs in the WTO. For more information, please refer to the CUTS website at [http://www.cuts-citee.org/Event-Role of Non State Actors in the WTO.htm](http://www.cuts-citee.org/Event-Role_of_Non_State_Actors_in_the_WTO.htm)

15-16 September, Seoul, Korea. **THE EAST ASIA TOP LEVEL OFFICIALS' MEETING ON COMPETITION POLICY.** This annual meeting of the 6<sup>th</sup> Seoul International Competition Forum brings together senior officials of competition and competition related authorities of East Asian countries. The officials will exchange views and experiences on competition policy and its best practices, and to enhance the effectiveness of technical assistance (TA) activities through better coordination between TA provider and recipient countries. For more information, please refer to the Republic of Korea's Fair Trade Commission's website at [http://seoulforum2010.com/competition\\_policy.php](http://seoulforum2010.com/competition_policy.php)

### WTO events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/meets\\_public/meets\\_e.pdf](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.

14 September: Working Party Accession of the Bahamas

14 + 16 September: Trade Policy Review Body – Gambia

15-17 September: WTO Public Forum

### Other upcoming events

16 September, Bern, Switzerland. **NATIONAL CENTRES OF COMPETENCE IN RESEARCH: RESEARCH LECTURE SERIES ON "PROMISES AND PERILS OF NEW GLOBAL GOVERNANCE: EXAMINING THE NEW ROLE OF THE G20.** This meeting seeks to examine the new global governance order that has the G20 at the helm in the wake of the financial crisis of 2008, considering the theoretical and underpinnings of governance networks, and in particular focusing on the G20's emerging relationship with the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the Organization for Economic Co-Operation and Development (OECD). For more information, please refer to the NCCR's website at <http://www.nccr-trade.org/events/promises-and-perils-of-new-global-governance-examining-the-new-role-of-the-g20/>

20-21 September, Paris, France. **10<sup>TH</sup> ANNUAL WORKSHOP ON GREENHOUSE GAS EMISSION TRADING.** The International Energy Agency (IEA), along with the International Emissions Trading Association (IETA) and the Electric Power Research Institute (EPRI) will be hosting the 10<sup>th</sup> annual workshop on Greenhouse Gas Emission Trading. The workshop will focus on the future of global carbon markets post-COP 15, including scaled-up and new market mechanisms, regional linkages, carbon market oversight, and accounting and verification. The workshop will also provide an opportunity for government, business and various

stakeholders to discuss key issues relating carbon markets and climate policy, along with new developments over the past year. For more information, please refer to the IEA's website at [http://www.iea.org/work/workshopdetail.asp?WS\\_ID=463](http://www.iea.org/work/workshopdetail.asp?WS_ID=463)

20-22 September, New York, USA. UN HIGH-LEVEL PLENARY MEETING ON THE MILLENNIUM DEVELOPMENT GOALS (MDG SUMMIT). This high-level plenary meeting by the General Assembly has the primary goals of accelerating progress towards the internationally agreed to Millennium Development Goals (MDGs) by 2015. The meeting is expected to comprehensively review successes, best practices, lessons learned, obstacles, challenges and opportunities "leading to concrete strategies for action". The meeting will be marked by six round-table meetings to be chaired by heads of state, with the overarching theme of "Making it happen by 2015". For further information, please refer to UN website at <http://www.un.org/en/mdg/summit2010/>

---

## Resources

TRADING FOOD: FOOD SECURITY POLICIES IN LATIN AMERICA, SOUTHEAST ASIA AND SOUTHERN AFRICA AND THEIR IMPLICATIONS FOR TRADE AND REGIONAL INTEGRATION. By Pedro da Motta Veiga (International Institute for Sustainable Development, 2010). This synthesis report draws on three regional policy reports prepared under the scope of the Trade Knowledge Network's project on Food Security and Trade describing and analyzing the policies responses adopted by countries and (less often) regional organizations to deal with the 2006–08 global food prices crisis. These policy responses are assessed in terms of their economic sustainability and impacts on trade and regional integration. To access this report, please refer to [http://www.tradeknowledgenetwork.net/pdf/trading\\_food.pdf](http://www.tradeknowledgenetwork.net/pdf/trading_food.pdf)

CAN GLOBAL LIQUIDITY FORECAST ASSET PRICES? By Reginald Darius and Sören Radde (International Monetary Fund, August

2010). During the period leading up to the global financial crisis many asset classes registered rapid price increases. This coincided with a significant rise in global liquidity. This paper attempts to determine the extent to which the rise in asset prices was influenced by developments in global liquidity. This paper claims to confirm that global liquidity had a significant impact on the buildup in house prices; however, the impact on equity prices was limited. The paper finds that the impact of global liquidity declined during the period of the Great Moderation. The paper also examines spillovers from global liquidity to domestic variables and concludes that domestic factors generally played a more significant role in house price appreciation relative to global factors. This contradicts the hypothesis of weakened potency of domestic monetary policy in the presence of increased international liquidity. To access this report, please refer to <http://www.imf.org/external/pubs/ft/wp/2010/wp10196.pdf>

AID FOR TRADE: AN ACTION AGENDA LOOKING FORWARD. By Bernard Hoekman and John S. Wilson (The World Bank, August 2010). The current post-crisis environment and fragile economic recovery increases the importance of aid for trade. Global rebalancing and tightened fiscal budgets in the short to medium term also place renewed emphasis on aid effectiveness. To that end, this report identifies four options to enhance the effectiveness of the multilateral aid for trade initiative: (i) expanding market access for least-developed countries (LDCs) through leadership by middle-income G-20 members; (ii) creating a mechanism to identify good practices in domestic regulation of service markets and other 'behind-the-border' trade-related policies; (iii) leveraging the dynamism and knowledge of the private sector to improve trade facilitation and build capacity; and (iv) but a renewed 'activism' by government in the trade and growth agenda need not mean. To access this report, please refer to [http://www-wds.worldbank.org/external/default/WDSTContentServer/WDSP/IB/2010/08/05/000333038\\_20100805022917/Rendered/PDF/560570BRI0EP250Box349478B01PUBLIC10.pdf](http://www-wds.worldbank.org/external/default/WDSTContentServer/WDSP/IB/2010/08/05/000333038_20100805022917/Rendered/PDF/560570BRI0EP250Box349478B01PUBLIC10.pdf)

MOVING PEOPLE – SUSTAINABLE DEVELOPMENT TRANSPORT. By Peter Cox

(Zed Books Ltd, March 2010). This book provides an introduction to sustainable transport development in practice via a series of case studies. According to the author, re-assessing the value and importance of non-motorized transport raises questions about the whole nature of development as a process. The authors aims to show that advocating low impact technologies and sustainable transport makes a practical contribution to post-development discourses. To access this report, please refer to <http://zedbooks.co.uk/book.asp?bookdetail=433>

4

---