



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

- WTO Fisheries Negotiations 'On' Again..... 1
Tianjin Climate Meeting Delivers Little,
Overshadowed by US-China Spat 3

OTHER NEWS

- European Union and South Korea Sign Free
Trade Agreement 6
European Commission Proposes Trade
Concessions for Flood-Battered Pakistan..... 7

IN BRIEF

- Corn Prices Spike on News of US Production
Fall; FAO Soothes Nerves 8
UN-Backed Talks on Shipping Emissions Fail to
Reach Agreement..... 9
South Africa Gives Green Light to SACU-EU
EPA Talks..... 10
Rome Meeting Looks at Global Governance of
Food Security 10

EVENTS & RESOURCES

- Events 11
Resources 12

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LEAD STORIES

WTO Fisheries Negotiations 'On' Again

Negotiators at the WTO are hailing a “new environment” in ongoing talks on how to discipline government payments to the fisheries sector, a major factor contributing to declining fish stocks in the world's oceans.

The negotiations – which have been exceedingly slow since early 2008 – last week saw countries engaging once again in specific and technical exchanges (albeit without discernible forward movement).

Part of the reason for the change is delegations' desire to make their respective cases to the new chair of the Negotiating Group on Rules. An additional impetus has come from a process involving a group of ambassadors who have been meeting regularly to examine their differences on the entire spectrum of issues in the Doha Round negotiations, including fisheries subsidies.

Members met in plenary on 4-5 October to discuss ways to cut subsidies that contribute to overfishing. Sources described the talks as taking place in a sort of “listening and learning” mode, given that Ambassador Dennis Francis (Trinidad and Tobago) only became chair of the committee in June.

According to one delegate, this process was conducive to engagement. Countries were eager to show the chair why they were satisfied or unhappy with the draft negotiating text, drafted by the then-chair in December 2007. “When both sides are trying to convince the chair of something, the negotiations are on again,” the official said.

The “Friends of Fish” countries, such as Australia and New Zealand highlighted the need for strong

rules prohibiting subsidies. Traditional subsidisers such as Japan and Korea, and to some extent the EU, explained that they were looking for a more flexible approach, with more exceptions permitting payments than are present in the chair's text.

Nevertheless, sources report that there have been some shifts in negotiating position in recognition of 'red lines' in the talks. For instance, Japan, which initially was opposed to blanket bans on any kinds of subsidies, now accepts in principle that there will be prohibitions on some kinds of payments that lead to overcapacity and overfishing, such as subsidies for the construction of new vessels.

The concerns of many developing countries looking solutions for effective special and differential treatment (S&DT) also came to fore. Indeed, developing countries have made numerous submissions over the past three years seeking to find ways to operationalise S&DT. In the plenary session, negotiators continued to debate paper by Brazil and India, among others, on S&DT (TN/RL/GEN/163, available at <http://docsonline.wto.org>).

Discussions also touched on a submission by the US (GEN/165). In addition, there were two new papers by Australia (GEN/167) and Korea (GEN/168), respectively. The Australian submission added a new category of prohibited subsidies, focusing on destructive fishing practices. These would include bottom trawling and large-scale drift-nets, in territorial waters as well as on the high seas. Bottom trawling often leads to the destruction of marine habitats with negative effects that reach far beyond the target species. Images of large drift-nets that wipe the sea floor clean of vibrant ecosystems, such as coral reefs, and leave barren ocean deserts behind, have become well known to the public. The Australian paper also suggested tightening some of the language on the allowed subsidies that can support efforts to reduce the pressure on fisheries. In addition, Australia wanted to increase transparency, adding to the reporting and peer review obligations.

The Korean submission focused on a 'traffic light' approach to the subsidies, making some actionable

rather than directly prohibited. This approach is in line with the 'bottom-up' – rather than 'top-down' – approach to subsidies long favoured by Korea. The Friends of Fish general opposed this approach, feeling it would water down the current draft.

Discussions also took place among smaller groups of delegates. Among issues discussed were potential subsidies to small-scale, artisanal fisheries in developed countries. Originally, such exceptions were envisioned for developing country small-scale and artisanal fisheries only, taking into account food security and livelihood concerns. However, some parties, such as Korea (GEN/168), have stressed their desire to support their own small-scale fishers, due to the relative poverty of these groups. One of the problems in the context of the discussion on small-scale and artisanal fishers is the lack of a definition – if defined a certain way, a large majority of a country's catch might be deemed to come from "small-scale" fishing operations.

At the close of the meetings, Chair Francis commented that "It's very clear to me that all delegations remain highly committed and have shown a very constructive disposition."

Fishery subsidies have been on the agenda of a small group of ambassadors, who have been meeting regularly to try to better understand each other's positions across the spectrum of the struggling Doha Round talks, not limited to the well-established differences on agriculture and industrial goods. These conversations have seen ambassadors getting into the technicalities of the fisheries negotiating text for the first time – a step generally seen as positive by negotiators.

With no end in sight for the Doha Round, there have been calls for an "early harvest" that would have members' agree on terms for fisheries subsidy cuts and start implementing them. However, negotiators remain sceptical that a stand-alone deal could sell politically, particularly in countries that perceive themselves to be "losing" in the fish subsidies talks. "I think it's very difficult," said one. "Some of the countries that are losing could sell it as part of a broader package. How do you go home and say 'I agreed

to an early harvest [on fisheries subsidies], but nothing else is moving’?”

Courtney Sakai of Oceana, a marine conservation advocacy group that supports strong curbs on fisheries subsidy spending, said she was “excited and encouraged” by the WTO members’ focus on the issue, including at the ambassadorial level. Many countries were searching for compromises that would protect both fish stocks and vulnerable livelihoods, she said. “We see a lot of countries moving forward with trying to grapple with the challenge of how do you promote sustainable development.”

The next meeting of the Negotiating Group on Rules is scheduled to take place in December, although whether or not fisheries will be discussed remains open.

ICTSD reporting.

Tianjin Climate Meeting Delivers Little, Overshadowed by US-China Spat

The latest round of United Nations climate change talks in Tianjin, China made little headway before closing last Saturday, casting further doubt onto whether governments will be able to take meaningful steps towards a global treaty on reducing greenhouse gas emissions when they meet in Cancun next month.

Overshadowing the discussions in Tianjin were increasingly sharp exchanges between Chinese and US officials, which have given rise to concerns that the talks in the Mexican beach resort might even see the UN-led process slide backwards from the disappointing outcome and aftermath of last year’s climate summit in Copenhagen. It is already clear that the Cancun meeting will not produce a new global agreement on curbing greenhouse gas emissions; hopes for that have already turned to the 2011 UN climate summit in South Africa.

Meanwhile, developing countries’ fears of climate-motivated trade sanctions are returning to the fore, and a group of some of the largest emerging economies reiterated its call for the UN text to

prohibit the use of unilateral border tariffs in the name of curbing greenhouse gas emissions.

The talks in Tianjin, from 4-9 October, were the last formal session in the UN climate talks before the conference of the parties (COP) to the UN Framework Convention on Climate Change (UNFCCC), scheduled to start in late November in Cancun. Two major issues were supposed to be the object of discussions in Tianjin: climate finance and the procedures that will be used to check whether countries fulfil their obligations with regards to cutting greenhouse gas emissions. Both are key elements of the Copenhagen Accord, the framework deal that emerged from last year’s climate summit in the Danish capital.

As part of the Copenhagen Accord, developed countries promised to make \$30 billion of “fast start” financing available from 2010 to 2012 to support developing countries’ plans to mitigate and adapt to climate change. This amount was supposed to rise to an annual \$100 billion by 2020. In return, developing countries, including the largest ones, promised that they would subject their efforts to curb greenhouse gas emissions to measurement, reporting and verification (MRV).

This balance between funding from developed countries and accountability from developing countries was at the heart of talks in Tianjin. But by the end of the week, countries seemed even further apart than they were in Copenhagen.

Concerns persist about whether climate finance would be “additional” to planned flows of development aid. Agreement on the “Green Fund” mechanism for distributing the aid also remains elusive; options discussed in Tianjin included some form of financial board and advisory panel that would then also put in place the architecture of a global climate fund. The US proposed having finance ministers work on the details, a suggestion that has raised concern among developing countries.

Brazil, South Africa, India, and China, which make up the so-called “BASIC” group of large developing countries, are pushing back against the demands they are facing for international scrutiny of their emissions reduction efforts. As justification, they cite the inadequacy of rich

countries' pledges, in terms of both slashing their own emissions and providing financial and technical support to help the developing world mitigate and adapt to climate change.

In a meeting of their own held immediately after the Tianjin gathering, the BASIC countries attempted to reach out to the Association of Small Island States (AOSIS), a group of countries extremely vulnerable to rising sea levels that has been calling for stricter curbs on global emissions than those favoured by countries like China and India, in an attempt to win their support. Grenada, which currently chairs AOSIS, attended the BASIC group meeting, and the final BASIC communiqué "recognised [the] diversity of views on more ambitious aspirational objectives" for limiting global temperature increases, according to a report in The Hindu newspaper.

China, US trade barbs

The UN climate negotiations have increasingly come to resemble the WTO's long-struggling Doha Round of trade talks, with crucial countries solemnly insisting that they are willing to be flexible and make concessions – so long as others do so first. While saying "you first" might ordinarily be considered polite, the indirect exchange between top US and Chinese officials on the margins of last week's negotiations was anything but.

In a speech at the University of Michigan law school last Friday, US trade envoy Todd Stern said that "Chinese negotiators have acted almost as though the [Copenhagen] Accord never happened, insisting on legally binding commitments for developed countries and purely voluntary actions for even the emerging markets." He accused Beijing of taking a position that "walks away from the parallel structure on mitigation" (along with financing) that was critical to Washington's acceptance of the accord.

Su Wei, a senior Chinese climate change negotiator hit back, mocking the US criticism as a lame attempt to deflect attention from its own failures to cut emissions. "It amounts to doing nothing themselves and then shirking responsibility," he told journalists in Tianjin, reports Reuters. The US "has no measures or

actions to show for itself, and instead it criticizes China, which is actively taking measures and actions," he said. Su likened the US to Zhu Bajie, a gluttonous part-pig, part-human character in classical Chinese literature known for preening himself before a mirror despite his horrible appearance.

Cancun expectations

Inside the negotiating rooms in Tianjin, officials focused on what the Cancun meeting might plausibly be able to deliver.

One potential outcome that governments considering is a set of discrete "decisions" on specific topics that are ripe for agreement: technology, adaptation, "REDD-plus" (which pertains to reducing emissions from deforestation and land degradation), agriculture, and market mechanisms.

The technology discussions considered establishing a Technology Mechanism, the option to create networks and information centres. Negotiators also discussed the possibility of creating a committee that would continue working on details for how an eventual Technology Mechanism or agreement might work.

On adaptation, the current draft text includes options for a new Adaptation Protocol, and the establishment of a more robust Adaptation Fund (which would be separate from, yet connected to, the existing Adaptation Fund linked to the Kyoto Protocol). Developing countries were fighting amongst themselves over who should receive priority for adaptation funding. Many oil producing states continue to insist that funding for adaptation also be available to cover the adverse effects of response measures - in other words, provide compensation and support to fossil fuel producing countries when their revenues plummet as a result of a climate agreement.

Discussions on Reduced Emissions from Deforestation and Land Degradation (REDD-plus) hit some bumps in Tianjin. The jury is still out as to whether this issue will be ripe for a stand-alone "decision" in Mexico.

The negotiations on market mechanisms are difficult, as before, but pushed along due to great interest, particularly on the part of the EU. Many of the developing countries in the ALBA group, which includes Venezuela, Bolivia, and Cuba continue to try to block this discussion. It is a difficult moment for carbon markets: existing ones, such as the EU's, are fizzling due to an oversupply of credits caused by the recession; expected new ones, such as in Australia, have failed to materialise. Moreover, they face deep uncertainty about what will happen after the end in 2012 of the first period of Kyoto Protocol emissions reduction commitments, on which many of them rely.

On a positive note, the talks on agriculture advanced some more and, while a significant stand-alone agreement may yet be out of reach, analysts are hopeful that the issue could become the subject of a process that would advance expertise, options, and eventually results – and even demonstrate that the same could be accomplished in other sectors.

Bumpy road ahead?

While a string of issue-specific decisions might be within reach at Cancun, Washington has already said it would only agree to anything if the biggest developing countries consent to make their mitigation actions subject to monitoring, review, and external verification. In exchange for clarity on developing country actions to mitigate climate change, the US would, in principle, support a comprehensive agreement that includes a new technology development and transfer mechanism, reduction of their own emissions and climate finance.

The BASIC countries, meanwhile, say that the comprehensive offer on the table falls far short of what is needed in terms of financial and technological support from the developed world. Moreover, they say, rich countries have not lived up to past promises. The BASIC countries argue that developed countries should show leadership in reducing emissions and delivering support.

Finally, with the potential loss of industrial competitiveness resulting from mitigation efforts weighing heavily on politicians' minds in the

United States and some European countries, support has grown for "border adjustments" – effectively tariffs – on imports from countries such as China and India that do not agree to binding emissions caps. In Tianjin, the BASIC pushed again for the introduction of a text to "reject the use of unilateral protectionist measures" by developed countries. Jairam Ramesh, India's minister of environment and forests, argued that unilaterally slapping tariffs on exports from developing countries for perceived failures of climate policy would violate the equity considerations expressed in the UNFCCC's principle of "common but differentiated responsibilities."

Observer policy being revised for Cancun

Following the Copenhagen summit, where the Danish government was criticised for mishandling the vast numbers of accredited observers that tried to attend the talks, the UNFCCC has moved to put limits on the numbers of civil society participants.

Historically, a colourful range of representatives of NGOs, businesses, international organisations, academics, environmental advocates, youth organisations, and others have attended UN climate conferences.

The Mexican government has planned for the Cancun summit to be split between two separate buildings, with observers' activities taking place a bus ride away from the intergovernmental negotiations.

Many civil society groups have told the UNFCCC secretariat that the climate talks would suffer from the absence of the knowledge, experience, and other support that observer organisations have traditionally provided.

ICTSD reporting; "China Calls U.S. A Pig In The Mirror on Climate Change," REUTERS, 9 October 2010; "Reject protectionism in climate talks: Jairam Ramesh," THE HINDU, 11 October 2010; "To counter West, China and India reach out to small island-States," THE HINDU, 12 October 2010.

OTHER NEWS

European Union and South Korea Sign Free Trade Agreement

The European Union and South Korea formally signed a free trade agreement (FTA) on 6 October. The pact, Brussels' first with an Asian country, is scheduled to take effect on 1 July 2011, if ratified by both parties.

The accord becomes the largest external free trade agreement negotiated by the EU, and may eventually emerge as the largest bilateral free trade agreement ever, exceeding even Australia's bilateral agreements with China and the United States.

Substantively, the agreement will liberalise almost all trade and cover a broad spectrum of goods and services. Specifically, 99 percent of European tariffs and 96 percent of Korean tariffs on imports from the other party will be eliminated over a three-year period. In addition to import duties on merchandise, the agreement establishes new rules on competition and state aid, intellectual property rights, and public procurement.

The agreement is projected to increase trade for both parties, though some industries on each side stand to gain more than others. On the European side, makers of chemicals, pharmaceuticals, consumer electronics, alcoholic beverages, and agricultural products are expected to gain the most. On the Korean side, the biggest gains are expected to go to makers of automobiles, ships, and mobile communications.

Despite these gains, almost an entire year passed between the initialing of the deal last October that marked the end of negotiations and last week's formal signing at the fifth annual EU-Korea summit. Both parties had to address concerns from domestic sectors worried about negative impacts from the deal. For Europe, complaints by the Italian auto industry, especially Fiat, made Italian Prime Minister Silvio Berlusconi hesitant to back the deal. Though Korean firms already make many of their cars within Europe, thus circumventing auto tariffs, many auto parts

continue to be imported, and thus face duties. Italy was reportedly appeased by a delay in the agreement's date of implementation. The agreement was originally scheduled to take effect at the beginning of 2011, instead of in July.

The Korean government also had to address domestic concerns, especially from its famously restive farm sector, which is protected even more heavily than its European equivalent. Korean dairy farmers, cattlemen and fishermen registered the strongest complaints. To help these groups compete against European farmers, who will no longer face high tariff barriers, the Korean government will continue temporarily to subsidise the Korean beef and fishing industries. Totalling 21.1 trillion won (\$18.8 billion) in adjustment assistance lasting from 2008 to 2017, the assistance is supposed to keep the cattle and fishing industries competitive. The assistance fund was first announced to address concerns about US agricultural imports resulting from the still un-ratified US-Korea free trade agreement.

The EU-Korea free trade agreement will also address concerns about labour and environmental concerns. Specifically, in Chapter 13 of the agreement text, both parties pledge to meet core labour standards set by the International Labor Organization (ILO), and to implement all ILO conventions that exceed these standards as well. To address environmental concerns, both parties pledge to implement all of their ratified multilateral environmental agreements. The free trade agreement also lowers barriers to imports of most environmentally friendly goods and services. Finally, to ensure compliance, both parties will set up "civil society groups" of mixed business, labor, and environmental composition, to meet once a year and review the parties' implementation of the labour and environment provisions.

With the free trade agreement signed, it must now go before both parties for ratification. For Europe, all 27 member governments, as well as the European Parliament, must ratify the treaty for it to take effect. Similarly, the Korean parliament must also ratify the treaty.

If both parties ratify the EU-Korea agreement, it may put pressure on the US to ratify the free trade

agreement it signed with the United States in 2007.

Last week, on the eve of signing the deal with Korea, the EU began FTA talks with Malaysia (see BRIDGES Weekly, 7 October 2010).

ICTSD reporting; "S.Korea to seek parliamentary OK for EU trade deal," AGENCE FRANCE PRESSE, 7 October 2010; "E.U. to Ratify First Free-Trade Deal With Asian Partner," NEW YORK TIMES, 16 September 2010; "EU Nations Approve Free Trade Pact With South Korea," WALL STREET JOURNAL, 16 September 2010; "EU, South Korea Sign Free-Trade Pact; Bloc Seeks Malaysia Deal," BUSINESS WEEK, 7 October 2010; "Korean boost for Scotch whisky," BBC, 16 September 2010; "China to EU: Tone Down Yuan Criticism," WALL STREET JOURNAL, 7 October 2010; "Carmakers, shipyards to benefit from EU FTA," THE KOREA HERALD, 5 October 2010; "Opposition party vows to review Korea-EU FTA," THE KOREA TIMES, 7 October 2010; "EU and South Korea sign free trade deal," EUROPA, 6 October 2010; "S. Korea and EU sign free-trade pact," CNN, 6 October 2010; "Korea, EU sign FTA, agree to build strategic partnership," KOREA.NET, 7 October 2010.

European Commission Proposes Trade Concessions for Flood-Battered Pakistan

The European Commission has proposed granting Pakistan trade concessions covering some 75 tariff lines for three years, in an attempt to help the country's economy recover from devastating floods earlier this year. But before Pakistani exporters can benefit from the improved access to Europe's market, the proposal will first have to be backed by EU member states and then approved by WTO members.

According to the Commission, the proposed preferences would boost Pakistan's exports to the EU by €100 million. The products covered account for some 27 percent of the EU's current imports from Pakistan. Duties would be suspended on several products, notably from Pakistan's critical textiles sector. The EU would

drop its high tariff on ethanol from Pakistan, subject to an annual import quota of 100,000 tonnes.

In identifying the coverage and depth of possible concessions, the Commission has had to navigate between the concerns of import-sensitive industry in EU member states wary about job losses resulting from Pakistani competition. It has also had to think about the likely reaction of other WTO members: since Brussels wants to cut tariffs on products from Pakistan, but not on those from other developing countries, it will require a "waiver" from WTO members to deviate from the multilateral trading system's core principle of non-discrimination.

Import-sensitive European governments may be mollified by the Commission's estimate that the €100 million in increased imports from Pakistan would be dwarfed by the current €15 billion in imports of the products in question.

EU sources say that the list of products also took into account the priorities of least-developed countries (LDCs), which may have been concerned that Pakistani competition would erode the trade preferences they currently enjoy in the EU market. In the Doha Round negotiations at the WTO, tariff cuts on a list of products have been slated for a slower phase-in by the EU, ostensibly to shield preference beneficiaries from a quicker withdrawal (see Annex 2 of [TN/MA/W/103/Rev.3](#)). These products, which include various fish products, textiles, and clothes such as bras, cashmere cardigans, and cotton shirts and trousers, are not on the list of proposed trade concessions for Pakistan.

According to a report in Dawn, a leading Pakistani newspaper, Pakistani textile manufacturers say that the EU concessions will be largely meaningless unless key exports like bed linen and knitwear are on the EU's list. M. Jawed Bilwani, chair of the Pakistan Apparel Forum, told the financial daily Business Recorder that the proposed concessions may be of limited value to the country's value-added textile sector. Nearly half the tariff lines covered by the EU scheme are for raw materials, and the resulting increase in input costs might offset gains for value-added textile manufacturers. Muhammad Mushtaq, of

the Value-added Textile Forum, went further calling the EU trade concessions “eyewash” aimed primarily at securing access to low-cost raw materials.

The Commission is set to hold its first discussion with EU member states by the end of this week. Talks with the European Parliament are expected later in the month.

The next challenge will be for the EU to secure permission to make Pakistan-specific tariff cuts from WTO members – including geopolitical and commercial rivals such as India and China. The first procedural step would be to introduce a request for a waiver in the WTO's Council for Trade in Goods; it would ultimately have to be adopted by the General Council, the WTO's top permanent decision-making body. EU sources report that informal contacts with WTO members about the possibility of a waiver have generally been positive.

ICTSD reporting; “EU trade concessions meant for its own benefit: value-added textile ignored in parleys,” BUSINESS RECORDER, 13 October 2010; “Value-added textile sector not to benefit from EU duty concessions: PAF chief,” BUSINESS RECORDER, 13 October 2010; “EU to urge trade breaks to help Pakistan,” DAWN, 12 October 2010.

IN BRIEF

Corn Prices Spike on News of US Production Fall; FAO Soothes Nerves

News of a considerable drop in US corn production caused commodity markets to panic last Friday, with an alarming rise in the price of corn forcing the Chicago Board of Trade temporarily to suspend trading in corn futures. Meanwhile, the UN Food and Agriculture Organization has continued to assure governments that a repeat of the 2007-08 food crisis remains unlikely.

The US Department of Agriculture projection that US farms would produce 496 million fewer bushels of corn this year than last came as a surprise to experts. A USDA official told Bridges that it represented the biggest drop in harvest expectations “ever.” Since the revision to the US corn crop -- it is the world's biggest corn producer -- was announced on 8 October, corn prices have yet to stop climbing.

The US Department of Agriculture's Crop Production report is a monthly summary based on survey data and statistical projections about the country's agricultural output. It is used to inform purchasing and planting decisions for key farm goods.

Markets, already reeling from weather-hit wheat harvests in Russia, Pakistan and some parts of Europe, reacted strongly to the news that corn would fail to meet the year's expectations.

Experts are blaming hotter weather in the US for this season's lower yield. However, this year's corn crop is not low by historical standards. In fact, it is expected to be the third highest of the past decade. Increased demand, especially as a result of US ethanol blending mandates, has driven increases in the size of the country's corn crop in recent years.

The crop is mainly a source of livestock feed; in some parts of the world, it serves as a coarse grain substitute for some wheat uses.

Higher prices are expected to encourage farmers to plant more corn in Argentina, as well as other major producers.

Stocks of agricultural commodities are an important cushion for volatility. Replenished by a bumper crop in 2009, a smaller harvest this year will diminish the margin between supply and demand. US Stocks are expected to be at the lowest level in five years.

Officials at the FAO argue that slow economic recovery across the world is likely to dampen demand, making it unlikely that prices will reach peaks last seen in 2008. Lower oil prices are also expected to restrain farm input costs, a key factor in food prices, and weaken the linkage between

food and fuel markets.

“Crop Production,” US DEPARTMENT OF AGRICULTURE, 8 October 2010; “Food security of less concern on weaker demand UN agency says,” BUSINESS WEEK, 12 October 2010, “Storm clouds loom over US corn harvest,” FINANCIAL TIMES, 16 September 2010.

UN-Backed Talks on Shipping Emissions Fail to Reach Agreement

A round of United Nations-linked negotiations aimed at establishing energy efficiency requirements to help slash carbon emissions from international shipping ended in failure last week in London, as the talks stumbled on the issue of fair treatment for shipping from the developing world.

The Marine Environment Protection Committee (MEPC) of the International Marine Organization (IMO) met from 27 September – 1 October with the aim of building on progress made earlier this year. At the committee’s meeting in March countries had endorsed a package of efficiency standards on ship design and management.

The UN Framework Convention on Climate Change (UNFCCC) charges the shipping and aviation sectors with establishing their own emissions-cutting mechanisms. Neither has done so yet. The IMO, the UN’s London-based specialised agency for regulating international shipping, has emerged as the front-runner for establishing and enforcing carbon reduction rules for the shipping sector. Consensus on what these rules would look like, however, remains elusive.

Unlike the UNFCCC’s concept of “common but differentiated responsibilities” – which call for rich countries to bear a share of the global emissions reduction burden commensurate with their wealth – the IMO’s fair treatment principle treats all shipping flag states equally. This is because distinctions between developing and developed countries in the shipping industry are blurred: a ship’s owners might be from Europe, but the vessel could be built and flagged in developing countries.

But some developing countries now argue that a clause similar to that of the UNFCCC should be considered by the IMO. At the meeting, China argued – in the face of considerable opposition – that the design efficiency standards should be mandatory for developed countries, but optional for developing ones. Some developing countries also argued that there was no need for the shipping industry to make a substantial contribution to reducing global carbon emissions.

More than 90 percent of globally traded goods are transported by ship; the sector accounts for some three percent of the global emissions total.

The failure to make meaningful progress at the IMO has caused speculation that national or regional schemes for regulating emissions may now go forward. Environmental group WWF has warned that differing schemes in different places would be “the worst outcome for a global industry like shipping.”

The IMO committee’s next meeting is scheduled for July 2011. The inability to move past the divide over equal treatment in the context of efficiency standards has left little optimism about prospects for progress on the more controversial market-based measures (MBMs), such as emissions trading and bunker levies. One challenge in those talks will be to address the needs of least-developed countries and small island developing states.

Meanwhile, Arild Iversen, CEO of international shipping giant Wallenius Wilhelmsen Logistics, and Jim Leape, WWF International’s director-general, recently issued a joint appeal for reduced ship speed. They claim that simply cutting ship speeds by four knots would cut shipping industry emissions by nearly 40 percent. They argue that congested ports mean that the slower speed, along with better planning, could actually reduce the time it takes for traded goods to reach consumers.

For greater detail, please see the report in BRIDGES Trade BioRes, 11 October 2010, <http://ictsd.org/i/news/biores/86349/>.

ICTSD reporting; “IMO fails to reach consensus on emissions cut plans,” REUTERS, 1 October 2010; “IMO energy efficiency rules caught in

geopolitical stand-off,” CARBON POSITIVE, 4 October 2010.

South Africa Gives Green Light to SACU-EU EPA Talks

South Africa has agreed to resume negotiations on an Economic Partnership Agreement (EPA) between the Southern Africa Customs Union (SACU) and the European Union, following months of delay. The negotiations had been on hold due to arguments among South Africa and some of its neighbours as well as differences with the EU over intellectual property rights, regulatory measures, other “new generation issues,” and a clause requiring EPA parties to extend to the EU any superior terms that they might agree to as part of future trade agreements.

SACU, the world’s oldest customs union, had been in trouble until South Africa’s announcement that it would push for a SACU-EU agreement by the end of the year. Three of the five SACU members (Botswana, Lesotho, and Swaziland) had signed interim EPA agreements with the EU, while South Africa and Namibia rejected the deal on offer. While tariff cuts for the African countries would take years to phase in, having some SACU members but not others sign EPAs would have ultimately doomed the customs union’s common external tariff. There were also fears that South Africa might simply leave the group.

Maite Nkoana-Mashabane, South Africa’s minister for international relations and cooperation, said Saturday that “[w]e can indeed conclude this EPA by the end of this year as long as they [the EU] do not bring new issues [to] the table,” reported Business Day. Echoing a similar statement by South African President Jacob Zuma, she said SACU was now negotiating with “one voice.”

South Africa already has a trade deal in place with the EU, the 1999 Trade, Development, and Cooperation Agreement (TDCA), and thus does not stand to make dramatic gains in terms of access to European markets. (Even though other countries in SACU did not participate in the negotiation of the TDCA, they had to implement

South Africa’s tariff concessions in order to preserve the group’s common external tariff.)

The EU has been actively pursuing trade agreements around the globe. In addition to EPAs with the African, Caribbean, and Pacific (ACP) group of countries, Brussels is currently seeking FTA agreements with countries such as Malaysia, Singapore, and India, having recently signed a major deal with Korea.

ICTSD reporting; “EU Keen to Conclude Sacu Pact This Year,” BUSINESS DAY, 12 October 2010; “SA to Sign Trade Pact With EU in About-Turn,” BUSINESS DAY, 8 October 2010.

Rome Meeting Looks at Global Governance of Food Security

Hunger is on the agenda in Rome this week, where governments and civil society are meeting in a UN-led process to improve global governance efforts on food security.

Set in motion by the failure to predict and quickly resolve food price spikes in 2007-08, the attempt to reform the UN Food and Agriculture Organization’s (FAO) Committee on World Food Security (CFS) has brought together representatives from developing and developed countries, as well as civil society, to hash out a mandate for how to improve the availability and quality of food as well as access to it.

Governments are the key actors in the FAO committee, and a charged debate is expected as they try to set out a strategic framework for addressing the hunger challenge. Civil society groups are pressing for a mechanism to ensure that their views are reflected in any final output, although a draft is thought to be at least a few months away.

Intergovernmental organizations have already agreed to a Comprehensive Framework for Action (CFA), which they circulated in Rome. Coordinated by the UN High Level Task Force on the Global Food Security Crisis, which was set up in 2008 when food prices were near their peak, the CFA has already gone through the wrangling typical of any inter-agency process. Participants

have argued that it may be a good place to start work on an intergovernmental agreement.

The Committee on World Food Security, which FAO officials describe as the “premier forum” to discuss hunger, is unlikely to announce any legally binding commitments. The CFS secretariat is funded by the FAO, the World Food Programme, and the International Fund for Agricultural Development -- the three Rome-based UN organisations dealing with food.

Some civil society participants have suggested that the CFS should debate political matters, and leave financing and implementation to the Global Agriculture and Food Security Program, a fund financed by Canada, Ireland, Spain, South Korea, the US and the Bill and Melinda Gates Foundation but housed at the World Bank.

The first two days of the talks, which will run through Friday, have focused on national and regional strategies for food security. Bangladesh, Rwanda, Haiti and Jordan have shared their experiences with participants. Large scale land acquisitions by foreign investors, often dubbed “land grabs,” have been a focus of attention, as has price volatility. Trade policy was touched upon in background documents, but has not been an important part of discussions at the CFS.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming up this week

14-15 October, Geneva, Switzerland. GSI-UNEP CONFERENCE ON INCREASING THE MOMENTUM OF FOSSIL-FUEL SUBSIDY REFORM: DEVELOPMENTS AND OPPORTUNITIES. The event will feature representatives from international organizations such as the OECD, UNEP, World Bank, the WTO and OPEC, as well as international fora such as G-20, APEC and the friends group of countries that support reforming fossil-fuel subsidies, who will share and review their

perspectives and activities. It will discuss not only the scale and impacts of consumer and producer subsidies, but especially focus on international developments, reform strategies and opportunities for enhanced international cooperation. This conference is open to the public. For more information, please visit the Global Subsidies Initiative's website at <http://www.globalsubsidies.org/research/gsi-uneep-conference-increasing-momentum-fossil-fuel-subsidy-reform-developments-and-opportu>

14-15 October, Chengdu, China. OECD GLOBAL FORUM ON TRADE. The Organization for Economic Co-operation and Development's (OECD) Global Forums on Trade brings together trade policy makers, academics, industry representatives and other experts from OECD and non-OECD countries to exchange views on current trade policy issues. It is often with a focus on issues of importance in trade relations between developed and developing countries and on the role of the international community in supporting developing countries with their integration efforts. For more information, please visit the OECD's website at http://www.oecd.org/document/20/0,3343,en_2649_37431_42452052_1_1_1_1,00.html

18-19 October, Geneva, Switzerland. UNECE GROUP OF EXPERTS ON GLOBAL ENERGY EFFICIENCY 21. This project hosted by the United Nations Economic Commission for Europe aims to explore how valuable the experience of UNECE energy efficiency projects can be. The project aims to develop a more systematic exchange of experience on capacity building, policy reforms, and investment project finance among countries of the other Regional Commissions. For more information, please visit the UNECE's website at http://www.unece.org/energy/se/enef_gee21.html

20-22 October, Shanghai, China. SEMINAR ON FINANCIAL INCLUSION: TRENDS, CHALLENGES AND POLICIES. This seminar hosted by the Asian Development Bank Institute will build on a previously held seminar on financial inclusion. The seminar will deal with several key issues, relating to financial inclusion, including (i) financial inclusion to support

rebalancing growth; (ii) financial inclusion: the case of the People's Republic of China (PRC); (iii) green microfinance; (iv) mitigating risks through microfinance; and (v) promoting small, micro, and medium enterprise finance. For more information, please visit the Institute's website at <http://adbi.org/event/4043.financial.inclusion.trends.challenges.policies/>

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.

18 October: Working Party on the Accession of Azerbaijan

18 + 22 October: Workshop – Sanitary and Phytosanitary Measures – Transparency

19 October: Working Party on State Trading Enterprises

20 – 21 October: Committee on Sanitary and Phytosanitary Measures

20 October: Working Party on the Accession of Serbia

Other upcoming events

22-23 October, Gyeongju, Korea. G-20 FINANCE MINISTERS MEETING. This meeting will take place under the ongoing G-20 meetings in South Korea, and as such, the meeting will be chaired by South Korea, and attended by Finance Ministers and Central Bank Governors. For more information, please visit the G-20's website at http://www.seoulsummit.kr/eng/goPage.g20?menu_seq=G20MENU00060&return_url=TOP01SUB04

26 October, Geneva, Switzerland. SHORT COURSES ON KEY INTERNATIONAL ECONOMIC ISSUES – MILLENNIUM DEVELOPMENT GOALS. This conference hosted by the United Nations Council on Trade and Development (UNCTAD) is part of a series of short courses on key international economic issues to be held in the second half of 2010 for delegates and other staff who follow matters pertaining to UNCTAD or the WTO. For more information, please visit UNCTAD's website at <http://www.unctad.org/Templates/meeting.asp?intItemID=2068&lang=1&m=20242>

26-28 October, Marrakech, Morocco. WORLD ECONOMIC FORUM ON THE MIDDLE EAST AND NORTH AFRICA. The 2010 World Economic Forum on the Middle East and North Africa will take place on 26-28 October in Marrakech, in partnership with the Government of Morocco. Under the theme "Purpose, Resilience and Prosperity", the meeting will gather the foremost leaders from business, government and civil society to renew the region's growth and development strategies in the context of pressing global risks, including oil price volatility, water scarcity and migration. For more information, please visit the Forum's website at <http://www.weforum.org/en/events/WorldEconomicForumontheMiddleEastandNorthAfrica/index.htm>

27-29 Delhi, India. DELHI INTERNATIONAL RENEWABLE ENERGY CONFERENCE 2010. The government of India is hosting this conference on the theme of 'Up-scaling and Mainstreaming Renewables for Energy Security, Climate Change and Economic Development'. DIREC 2010 is the fourth in the series of global ministerial-level conferences on renewable energy, following from the initiative taken at the 2002 World Summit on Sustainable Development in Johannesburg. For more information, please visit <http://direc2010.gov.in/>

Resources

CLARIFICATION OF THE EUROPEAN COMMISSION'S POSITION ON THE RENEWABLE ENERGY DIRECTIVE. (World Growth, August 2010). This paper by World

Growth looks at how the recent comments made by the European Commission (EC) on its position regarding the Renewable Energy Directive, with specific regard to oil palms, do not change anything in the original Directive. The paper claims that the comments are not legally binding, and that oil palms will still be classified as forests – making their cultivation and the move towards green energy and the use of biofuels harder. The paper also looks at other issues with the Directive, including the political situation within the EU that has arisen because of it. The paper claims that the Directive “has pitched the widely varying interest of environment, farm, trade, consumer, renewable energy and transport groups, and the multitude of EC Committees which represent those interests, against each other.” To access this report, please refer to World Growth’s website at

http://www.worldgrowth.org/assets/files/WG_RED_Clarification_Green_Paper_8_10.pdf

SHIFTS IN U.S. MERCHANDISE TRADE 2009. (United States International Trade Commission, August 2010). The annual *Shifts in U.S. Merchandise Trade* report is based on the examination of merchandise trade activity for more than 250 major industry/commodity groups and subgroups identified by the U.S. International Trade Commission. The report contains the analysis of international trade analysts in the Commission’s Office of Industries. The report is divided into three parts. Part one presents an analysis of overall economic performance and U.S. merchandise trade. Part two examines shifts in U.S. trade with its top five trading partners along with some smaller partners. Part three presents a general overview for each of the 10 merchandise sectors, identifying significant shifts in trade within each sector. To access this report, please refer to the Commission’s website at <http://www.usitc.gov/publications/332/pub4179.pdf>

REDEMPTION OR ABSTINENCE? ORIGINAL SIN, CURRENCY MISMATCHES AND COUNTER-CYCLICAL POLICIES IN THE NEW MILLENNIUM. By Ricardo Hausmann and Ugo Panizza (Center for International Development at Harvard University, February 2010). This paper updates the authors’ previous work on the level and evolution of

original sin. It shows that while the number of countries that issue local-currency debt in international markets has increased in the past decade, this improvement has been quite modest. Although the authors find that countries have been borrowing at home, thanks to deepening domestic markets, the author documents that foreign participation in these markets is more limited than what is usually assumed. The paper shows that the recent decline of currency mismatches and the consequent ability to conduct countercyclical macroeconomic policies is due to lower net debt (abstinence) and not to redemption from original sin. The authors conclude that original sin continues to make financial globalization unattractive and developing countries have opted for abstinence because foreign currency debt is too risky. The promised paradise of financial globalization will need to wait for redemption from original sin. To access this report, please refer to http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/194.pdf

AFRICA: UP FOR GRABS – THE SCALE AND IMPACT OF LAND GRABBING FOR AGROFUELS. (Friends of the Earth International, August 2010). The African continent is increasingly being seen as a source of agricultural land and natural resources for the rest of the world. National governments and private companies are obtaining access to land across the continent to grow crops for food and fuel to meet growing demand from mainly overseas countries. This report discusses the scale and impact of land grabbing for agrofuels. To access this report, please refer to the Friends of the Earth International’s website at <http://www.foei.org/en/resources/publications/pdfs/2010/africa-up-for-grabs/view>
