



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

Volume 14 · Number 4, 3 February 2010

LEAD STORIES

- Obama: US Must 'Seek New Markets Aggressively' 1
- G33 Paper on SSM Sparks Exporters' Ire..... 3

OTHER NEWS

- Davos Ministers' Meeting Issues Familiar Call.... 5
- Closed-Door Anti-Counterfeiting Talks Continue in Mexico 6

IN BRIEF

- Countries Take First Step to Comply with Copenhagen Accord 8
- Brazil, Australia, and Thailand Condemn Extra EU Sugar Exports 9
- Indigenous Groups Resist EU-Malaysia Timber Trade Deal..... 10

WTO IN BRIEF

- Vietnam Initiates First-Ever WTO Dispute, Targeting the US..... 11

EVENTS & RESOURCES

- Events..... 12
- Resources 14

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 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) or the director (rmelendez@ictsd.ch)

Contributors to this issue of Bridges Weekly Trade News Digest© are Ammad Bahalim, Trineesh Biswas, Benjamin Cote, Matthew Jordan, Bonnie Magnuson and Paige McClanahan. Editor: Paige McClanahan. Director: Ricardo Meléndez-Ortiz.

LEAD STORIES

Obama: US Must 'Seek New Markets Aggressively'

US President Barack Obama has spoken out forcefully in favour of opening up trade, in perhaps his highest-profile speech of the year.

"We have to seek new markets aggressively, just as our competitors are," Obama said in his State of the Union address on Wednesday night last week, adding that "if America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores."

To that end, Obama vowed that his administration "will continue to shape a Doha trade agreement that opens global markets" while working to "strengthen our trade relations in Asia and with key partners like South Korea, Panama, and Colombia."

Obama also announced the launch of a National Export Initiative to "help farmers and small businesses increase their exports, and reform export controls, consistent with national security." His goal, he said, was for US exports to double over the next five years, "an increase that will support two million jobs in America."

The president's statements on trade were greeted with loud applause from both Democratic and Republican lawmakers on Capitol Hill. An ocean away, Obama's remarks also drew a warm response from WTO Director-General Pascal Lamy, who told Reuters last week that the US president's statement on trade "goes in the right direction."

That's a sentiment that US trade officials have not been hearing much recently. Since a few months after Obama took office a year ago, Washington has been widely accused of dragging its feet in the

WTO's Doha Round of trade talks and stalling on approving free trade deals with Colombia, Panama and South Korea. Obama's apparent hesitations on trade are widely seen as a symptom of the lack of support for free trade initiatives among US citizens, especially among certain groups – namely unionists and environmental groups – that helped propel Obama into office.

The president acknowledged last week that, with regards to trade, there are “conflicts” and “fissures” within his own Democratic Party as well as among the Republicans. The problem, Obama has said, is that many people fail to see the benefits that a more liberal trade agenda can bring to the US economy.

But the White House appears to be tackling such public doubts head-on. The Office of the US Trade Representative has begun “an unprecedented 50-state domestic outreach strategy” to “remedy the deep scepticism on trade,” deputy USTR Demetrios Marantis said at an event in Washington last week. He added that they expect the upcoming consultations to “shape, guide and develop” the administration's trade priorities.

“My hope is...that we can move forward with some of these trade agreements, having built some confidence, not just among particular constituency groups but among the American people, that trade is going to be reciprocal, that it's not just going to be a one-way street,” Obama told a group of Republican lawmakers on Friday.

What's in the trade pipeline

There are several items on Washington's trade agenda that could see some action in the coming weeks. The White House announced in December that it will take part in negotiations toward a Trans-Pacific Partnership (TPP), a regional deal that is set to include seven other countries – Australia, Brunei, Chile, New Zealand, Peru, Singapore and Vietnam – but could soon be joined by others in the Pacific region. Those talks are set to pick up in March.

Congress is also being pressed to act on pending free trade agreements with Colombia, Panama and South Korea. The terms of each of the deals have

been finalised, but they have yet to win lawmakers' approval. Following Obama's statements last week, however, several groups – including farm and livestock lobbyists as well as business groups – have spoken out to urge passage of the bills.

Meanwhile, senior trade officials the world over are looking to the United States to take a stronger negotiating stance in the WTO's struggling Doha Round. Some trade ministers meeting in Davos, Switzerland over the weekend pointed to Obama's State of the Union address as a signal that the US could be ready to more fully engage in the talks, which are already in their ninth year.

But free trade sceptics in the US are not backing down. Public Citizen's Global Trade Watch, a Washington-based NGO, argues that even if Obama meets his goal of doubling exports, further trade opening will still trigger job losses in the US unless the administration is also able to slow down the rate at which foreign products enter the country. If imports continue to grow, the US trade deficit will persist, the group argues, which “means we are losing out on jobs in tradable sectors that we could have had in a situation where our trade was balanced.”

Trade lawyer and blogger Scott Lincicome disagrees. The US trade deficit – the gap between the amount the country imports and the amount it exports – “has almost nothing to do with trade policy,” he says; rather, it is a function of savings, consumption and investment.

“If you look at the last twenty years or so, there's actually a very strong positive correlation between an expanding trade deficit and GDP growth,” Lincicome says. “All one needs to do is look at Japan's decade-plus stretch of economic stagnation and constant trade surpluses to realise that a surplus should not be the goal of US trade policy.” Instead of hammering away about doubling exports – a “laudable” if “highly unrealistic” goal – the Obama administration should work on busting the “protectionist myths” that import competition is killing US manufacturing and that US trade deals are unfair and unbalanced, he argues.

ICTSD reporting; “WTO's Lamy praises Obama's trade comments,” REUTERS, 28 January 2010.

G33 Paper on SSM Sparks Exporters' Ire

Members of the G33 group of import-sensitive developing countries aired their concerns about weaknesses in the Special Safeguard Mechanism, which would allow developing countries to raise tariffs in the case of an import surge or price depression, in a [document](#) released last week. In the face of strong criticism from exporters, the group laid out a politically charged position to advance ongoing technical discussions ahead of a March ['stocktaking' exercise](#) at the WTO.

The G33 provided a scathing critique of the most recent December 2008 WTO agricultural draft modalities, on the grounds that what is now on the table does not make a "serious dent into the removal of distortions in agricultural trade." The group noted the absence of effective cuts in developed country subsidies and the protection of developed country markets through 'sensitive products' as the basis of their assessment.

Reiterating that food security, the livelihoods of small farmers and rural development provided the motivation for the SSM, the G33 said that the mechanism should not be viewed "primarily through the prism of commerce."

Given the ongoing 'agricultural crisis' in developing countries, the G33 stressed the importance of policy mechanisms, such as the SSM, as well as increased investment to help developing country farmers boost their productivity.

Part of a series of technical documents to be released in the coming days, this first paper sketches out the key political and technical issues on which the G33 members have reached a consensus. The G33 documents are a response to a recent call from David Walker, the chair of the WTO's agriculture talks, for increased exchanges on the technical problems in the draft agriculture agreement. Walker hopes that more back-and-forth among delegates might help narrow the remaining gaps in the negotiations.

Major exporting countries such as Australia, Uruguay and the US informally circulated

technical analysis of the SSM in October. The recent G33 paper attempts to address many of the issues that those countries raised while tying them into an analysis of the state of the negotiations.

The G33 paper was released on 27 January, three days before trade ministers gathered on the sidelines of the World Economic Forum in Davos, Switzerland to assess prospects for concluding the Doha Round this year. A delegate speculated that WTO Director-General Pascal Lamy would not be pleased with the timing of the document, since he "is trying to sell the idea that progress has been achieved" on the SSM.

'Normal Trade'

Disagreements over the SSM were largely blamed for the collapse of high-level trade talks in July 2008; since then, exporters have taken care to outline many of their concerns with the mechanism. Among them, the protection of 'normal trade,' or trade outside of import surges, has been key. Exporters want to ensure that the SSM can only be used in the case of import surges and not in response to growth in 'normal trade'.

Although the notion of normal growth in trade is not clearly defined, the G33 responded to exporter concerns by showing that, between 1987 and 2007, growth in trade for the ten most traded agricultural commodities has remained in the single digits, with the exception of soy.

The SSM has a proposed trigger of a ten-percent surge in import volume compared to a three-year moving average. The G33 document suggests that, under such a scenario, normal trade is likely to flow unimpeded.

But a delegate from an exporting country exclaimed that in some countries imports increased by "70 percent year over year" and that the use of aggregated data in the statistical analysis overlooked the variability across countries.

The G-33 paper effectively rejects the notion of normal trade and throws a wrench into the delicate machinery of the negotiations. One exporter-country delegate asserted in frustration that these are the "concepts that we have been working on" all along.

Additionally, exporters have called for more analysis and are awaiting the release of a detailed technical document and data describing the G33's position on 'normal trade'.

The SSM and the SSG

The G33 has pointed to the Special Agricultural Safeguard (SSG) -- a Uruguay Round tool initiated by developed countries to limit import surges -- in making its case on the SSM. Citing WTO data, the group shows that between 1995 and 2008, developing countries invoked the SSG a total of 527 times, while developed countries applied the measure 1,906 times, accounting for 78 percent of the measure's use.

To press their case further, the G33 noted that Barbados, Costa Rica, Nicaragua and the Philippines were entitled to invoke the SSG 29 times between 2000 and 2004 yet used it only once.

The group's paper suggests that it is unlikely that they would be 'trigger happy' in using the SSM. "Breach of the trigger cannot be presumed to mean invocation of the measure," they said.

Although willing to use the SSG to build their case, G33 members have been extremely critical of conditionalities imposed on the SSM in the current agriculture modalities - many of which were not applicable to the similar yet differently rationalised SSG.

The paper cautions that the development dimensions of the SSM are "burdened with conditions far more restrictive than those on the SSG, which is mainly being used by developed countries."

Conditions for the SSM, as it currently stands in the draft modalities, would require a variety of measures to ensure that it would only be used with due cause. These include seasonal limits, which may vary from an importer and exporters perspective, a check to ensure that import surges and price declines are concurrent and a methodology to prorate the three year average baseline of trade if the SSM is invoked, among others.

Speaking to Bridges, a trade official from the G33 said that the group wants "to make SSM more accessible and easily usable than the SSG."

Exporters have not looked so kindly on the SSG. Celebrating the end of the SSG in the current Doha Round, a delegate said the "SSG was bad and was horrible for exporters." More importantly perhaps, the SSG was had "in exchange for tariffication" while the SSM is "free," the delegate noted. (Tariffication refers to the conversion of tariffs from a per unit figure to a percentage of the imported product's value; per unit tariffs are more complex, making them difficult to compare across products.)

Response

Officials from exporting countries who spoke with Bridges roundly noted that 'nothing new' was presented in the G33 document. One went so far as to call it the "worst paper that they [the G33] have presented."

A compromise on the SSM is seen as key to an agreement on agriculture, one of the pillars of the Doha Round talks. The G33 has said that its paper on the SSM is meant to clarify the group's position, but one disgruntled delegate said that there is "no point in keeping on meeting" if the paper will form the basis of future talks.

Others have been more conciliatory, even when questioning the SSM, noting that they need to understand why conditionalities on the SSM, for example, are considered 'unnecessary'.

Challenging the assertion that the SSM protects poor developing country farmers, an official from an agriculture exporting developing country said that they "want to protect their farmers as well" through improvements in market access.

G33 members who spoke with Bridges repeated that they "would like to first resolve issues between developing country exporters and importers" and "hope that we will be able to resolve the problems of the SSM before the stock taking."

Agriculture negotiators in Geneva are occupied with visiting trade officials and a series of small-group consultations with the chair, meetings that have focused on templates and data needs for scheduling commitments. A plurilateral meeting of 40 to 50 WTO members is expected to take place this Friday on the SSM. Two additional meetings are scheduled for Thursday and Friday of next week.

Although currently focusing on the technical issues, chair Walker is expected to move from a small group process into something involving the wider WTO membership before the stocktaking exercise in March.

ICTSD reporting.

OTHER NEWS

Davos Ministers' Meeting Issues Familiar Call

A group of trade ministers from the world's major economies met in Davos, Switzerland on Saturday to discuss strategies and assess the politics of concluding the WTO's long-running Doha Round of trade talks. The ministers, who were joined by WTO Director-General Pascal Lamy, generated no major surprises at their gathering on the sidelines of the World Economic Forum's annual meeting.

Each January for the past several years, trade ministers have gathered in the Swiss ski resort to assess progress in the Doha talks; each January, they have emerged from their session stressing the importance of the round and promising renewed engagement in the negotiations. This time was no different.

Over the years, the ministers' ritualistic incantations for a Doha deal have produced little, if any, movement in the talks themselves. On this, too, many argue that 2010 promises more of the same. But the ministers are not ready to give up the battle to bring the troubled round to a successful conclusion.

"The opening-up of markets is the best countries can do to fight the crisis, to better stabilise their budgets and to contribute to the recovery of the global economy," the Swiss government, the host of the meeting, said in a statement on Saturday. "This in turn will induce overall job creation," the statement added, echoing comments made last week by US President Barack Obama (see related story, this issue).

"We remain committed to what is on the table as the basis for entering into the last stage of the [Doha Development Agenda] negotiations. Unravelling the main pillars of the package is not an option if we want to conclude the round," Doris Leuthard, President of the Swiss Confederation, said after the meeting. She noted that the group, which included ministers from 17 countries, "agreed to do the utmost" to fight against any backsliding in the talks.

Upping the political ante, Brazilian minister Celso Amorim suggested that heads of state meet to try to push through a global trade deal. The proposal was reportedly kept on the table.

"Nobody said no, but we all said during the course of the discussion that if that was to happen, what remains to be done – which is a list of 12 to 13 fairly technical questions – will need to be simplified," said Lamy, according to a report from AFP.

The ministers agreed to remain engaged in the negotiations over the next two months, with their sights set on a proposed 'stocktaking exercise' in Geneva at the end of March. By then, the ministers said they hope that senior officials will have identified "a list of a number of key issues" for them to consider. If the Doha Round is to be concluded this year – a goal that world leaders have called for repeatedly – then that stocktaking meeting will have to produce a major breakthrough in the talks.

Many have blamed a lack of political will in Washington for the slow pace of the negotiations, an accusation that was perhaps further fueled by the fact that the United States' top trade official – US Trade Representative Ron Kirk – did not attend the Davos meeting. Instead, the US was represented by David Shark, Washington's deputy

chief of mission in Geneva. China also sent a vice minister instead of commerce minister Chen Deming.

Several ministers remained openly sceptical about Washington's readiness to engage in global trade talks.

"All the indications are that it's an incredibly controversial matter in the US Congress and I don't think they have yet defined a sustainable approach to conclude the round," said South African trade minister Rob Davies, Reuters reported.

But a few key remarks on trade made by US President Barack Obama in his State of the Union speech last week provided some fodder for the Doha optimists (see related story, this issue).

"Look at President Obama's speech where he talks about the objective of doubling exports. That can't be done unless trade is liberalised," said Australian trade minister Simon Crean, Reuters reported.

ICTSD reporting; "Brazil suggests summit to push for WTO Doha deal," AFP, 31 January 2010; "Davos – trade ministers gloomy on WTO prospects," REUTERS, 30 January 2010; "S.Africa says US not ready for global trade deal," REUTERS, 29 January 2010.

Closed-Door Anti-Counterfeiting Talks Continue in Mexico

Since mid-2008, a handful of mostly industrialised countries have been negotiating a secretive treaty on the enforcement of intellectual property rights, ostensibly aimed at fighting counterfeiting.

Participating governments, including the US, the EU, and Japan,* agreed to shroud the Anti-Counterfeiting Trade Agreement talks in near-total secrecy, more so even than is customary for international trade negotiations. No draft agreement texts have been formally released, as has become common at the WTO. The bulk of what has come to be known about participants'

detailed views and specific negotiating proposals comes from a small number of leaks.

Despite this secrecy – or perhaps because of it – the prospective accord is coming under fire from a wide range of observers, from internet service providers to academics and digital rights activists. They warn that the treaty, which goes well beyond dealing with counterfeit physical goods, risks establishing stringent new standards for copyright and intellectual property enforcement. These could stifle information technology innovation, cause legitimate generic drugs to be seized as counterfeits, raise internet access costs, and potentially cause households to have internet access cut off following three unproven allegations of illegal downloading for non-commercial purposes.

Some developing country governments, meanwhile, are concerned that they might one day face pressure to apply rules that they had no part in negotiating.

During the most recent round of closed-door talks, from 26-29 January in Guadalajara, Mexico, negotiators recognised some of these concerns. "Recalling their shared view of the importance of providing opportunities for meaningful public input, the participants reaffirmed their commitment to intensify their respective efforts to provide such opportunities and collectively enhance transparency," said the joint statement released at the end of the meeting.

But the statement provided little detail about what was actually said during the meeting, saying merely that discussions "focused on civil enforcement, border enforcement and enforcement of rights in the digital environment" – about as much as could have been gleaned from the sparse agenda released prior to the meeting. Even when contacted directly, the Canadian trade ministry and the US trade representative's office provided no more specific details about what was said during the talks in Mexico.

More detail emerged in news reports from Sweden and New Zealand, according to Michael Geist, a law professor at the University of Ottawa who is an expert on internet and e-commerce issues. Writing on his blog, he said that the internet

chapter of the treaty is far from settled. Multiple proposals remain on the table alongside one that would criminalise some forms of personal, non-commercial copyright infringement (such as illegally downloading a movie to watch at home), with sanctions including fines and the possibility of jail time. There were also signs that the Europeans were pushing for the extension of ACTA beyond copyright and trademarks to also include patents, he said.

The statement from Guadalajara did say that the next negotiating round would be in New Zealand in April, and that participants still aimed to conclude an accord by the end of this year.

Fears for internet freedom

Internet providers and users are concerned about what might arise from ACTA. Last November, EuroISPA, a group representing over 1700 European internet service providers, said that the ACTA talks were considering measures that were “severe and wide-ranging including the possibility of users being disconnected from the Internet.” Under some of the proposals, it said, service providers would be required to implement ‘graduated response’ – often called ‘three strikes’ – measures against customers suspected of illegal downloading, with monitoring and sanctions culminating in disconnection.

“Such heavy-handed measures would create a serious danger of undermining and restricting the open innovative space that lies at the very heart of the Internet’s success,” said Malcolm Hutty, EuroISPA’s president. “This agreement would have a negative impact on Internet users without having an appreciable impact on fighting illicit use of copyrighted material.”

“ACTA will compel internet service providers to filter and remove content and services, turning them into private police and justice auxiliaries. We cannot tolerate that restrictions to fundamental rights and freedoms be imposed by private actors,” said Jérémie Zimmermann, a spokesperson for La Quadrature du Net, a French internet freedom advocacy group.

The UK government has estimated the cost to internet providers of implementing and maintaining a monitoring and ‘graduated response’

system to be in the hundreds of millions of pounds over ten years, Geist recently wrote in the Toronto Star. These costs would be passed on to consumers, and could put smaller providers out of business. The law professor noted that three-strikes schemes mooted by national governments in New Zealand, the UK, and France have met with public opposition and legal obstacles.

More transparency concerns being voiced

The extent to which these fears are justified simply cannot be determined because of the secrecy of the talks, Geist told Bridges.

“Mounting concern” about ACTA had led to increased calls for transparency, even from participating governments such as New Zealand, Australia, Canada, and some European countries, Geist said. But breaking secrecy would require unanimity, he noted.

Last month, David Lammy, UK junior business minister, said that while he was “sympathetic to the view that ACTA negotiations should be more transparent,” he was not in a position to agree to demands from Members of Parliament that the draft texts be placed in the House of Commons library “without the agreement of all our ACTA negotiating partners.”

Governments participating in the ACTA negotiations have insisted that commitments arising from the treaty will fit within their domestic laws. But it is implausible that meaningful changes in policy would not result for the treaty, Geist noted. “It can’t be the case that nothing would change for anybody – or else what’s the point?”

Even some ACTA supporters, generally from rights-holding sectors such as the music and movie industries, have suggested that they would welcome some more transparency about the process.

“We’d like to learn more, we want to find out what’s in it too,” said Mark Esper, executive vice president of the US Chamber of Commerce’s intellectual property centre and a strong proponent of ACTA. He has called for Congressional committees to be better briefed

about the ACTA process. But he told Bridges that “we don’t want the issue of transparency eclipsing an agreement that could be very useful” in terms of US business and workers.

“We’ve been told by USTR that it [ACTA] raises standards on counterfeiting, which is killing our economy, killing the European economy,” he told Bridges. “Everything we’ve heard and read is favourable,” he said, adding that thanks to a USTR process for sharing information about ACTA under the condition of non-disclosure, several treaty opponents had seen more details than he had.

Esper said that he didn’t think that it was necessary or desirable for the issues being dealt with in the ACTA talks to be addressed at the multilateral World Intellectual Property Organization. “It’s important to start with a smaller group of like minded partners to raise the bar... get movement” on copyright enforcement.

Raised bars negotiated among a small group of countries is precisely what has some other countries concerned. Morocco and Mexico are the only relatively poor nations participating in the ACTA negotiations; the countries traditionally associated with counterfeiting are not.

“Of course we have concerns about ACTA,” said a trade diplomat from a large developing country that is not participating in the negotiations. “It is hard to imagine that this will stop among the countries that are at the table.”

The official, who was speaking under condition of anonymity, said that at some point, non-signatories would likely face pressure to adopt ACTA-type rules. This could be as part of bilateral trade negotiations. Alternatively, ACTA rules could come to be seen as international best practice.

The source noted that the leaks from the ACTA process have sounded “TRIPS-plus-plus-plus” – in other words, that the proposed rules go well beyond what exists in the WTO agreement on trade-related aspects of intellectual property rights. The official argued that it was inappropriate for these issues to be negotiated outside a multilateral forum, given the likely pressure to extend their

reach in the future. “We didn’t negotiate these rules, we didn’t accept [them] as general rules.”

*The Guadalajara meeting was attended by representatives from Australia, Canada, the EU (represented by the Commission, member states, and Spain, which currently holds the rotating presidency), Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, and the US.

ICTSD reporting.

IN BRIEF

Countries Take First Step to Comply with Copenhagen Accord

Just seven weeks after the conclusion of the UN summit on climate change in Copenhagen, at least 55 countries responded to the Copenhagen Accord’s call for countries to submit their voluntary mitigation plans to the UN climate change convention.

The Copenhagen Accord, the primary outcome document of the December climate talks, has not won the support of all parties to UN Framework Convention on Climate Change (UNFCCC), so it is officially a political document, not a legal one.

Among its provisions, the Accord called on parties to the UNFCCC to submit by 31 January their national pledges to cut or limit emissions of greenhouse gases between now and 2020. The UNFCCC reported that 55 countries met the deadline; at time of writing, however, 61 countries were listed on the UNFCCC website as having submitted national pledges.

These voluntary plans represent the first step toward compliance with the Copenhagen Accord and indicate that the principles of the document are gaining momentum. In a press briefing in Bonn, Germany on 20 January, Executive Secretary of the UNFCCC Yvo de Boer referred to the accord as a “living document” and expressed his hope that it would continue to grow and develop in the coming months.

Thirty-eight industrialised countries, including the EU bloc of 27, submitted quantified emissions targets. The US submission aims to reduce emissions “in the range of” 17 percent by 2020 compared with 2005 levels, with the final number depending on the corresponding legislation passed by the Senate.

Of the developing countries, 23 have submitted ‘nationally appropriate mitigation actions’. China said it would ‘endeavor’ to lower its CO2 emissions per unit of GDP by 40 to 45 percent, and India’s goal is to reduce the emissions intensity of its GDP, excluding agriculture, by 20 to 25 percent. Both nations set their standards based on 2005 levels.

Brazil is the only South American nation to submit a proposal so far, and only seven out of 55 African countries have made submissions.

Although more than 130 countries have not made pledges, the 55 countries that met the 31 January deadline together account for 78 percent of global emissions from energy use, according to a statement from the UNFCCC.

The original text of the Copenhagen Accord set a deadline of 31 January for submissions. However, de Boer stated at the recent press briefing that he did not expect every country to make their submissions by that date. He characterised it as more of a “soft deadline.”

“If you fail to meet [the deadline], then you can still associate with the Accord afterwards,” de Boer said.

The pledges are national targets only and therefore voluntary; they create no legally binding international obligation for either the developing or developed countries.

No countries have really upped the commitments they made at Copenhagen, merely pledging the minimum already offered. Any potential higher reductions were made conditional on other countries’ actions. De Boer called for “greater ambition...to meet the scale of the challenge.”

Behind the numbers

The national pledges are an effort to move towards the Copenhagen Accord’s intended objective of limiting the rise in global average temperature to below 2 degrees Celsius. Many developing nations desire to go further and keep the increase limited to 1.5 degrees.

“At 9.7 gigatonnes of carbon dioxide equivalent, the pledges total just under half the [20 gigatonne] reduction required from business as usual to stay on the low carbon pathway,” said Leo Johnson, PrincewaterhouseCoopers partner for Sustainability and Climate Change. “There is still a big gap between the pledges and the two degree pathway.”

“It is correct to say that the proposed accord has no meaningful targets for emission reduction from Annex 1 (industrialised countries),” wrote Sunita Narain, Director of the Centre for Science and Environment, in her [blog](#) mid-January. “Global emissions will increase or reduce at best marginally,” she concluded.

ICTSD reporting; “Fifty-five countries pledge to cut greenhouse emissions,” GUARDIAN, 2 February 2010.

Brazil, Australia, and Thailand Condemn Extra EU Sugar Exports

Three of the world’s leading sugar producers -- Brazil, Australia, and Thailand -- have joined together to criticise EU plans to export an additional 500,000 tonnes of sugar, which they believe are above quota limits set by current WTO agriculture agreements. The EU’s plans, which coincide with a bumper crop of beet sugar in Europe this year, come as lower than expected cane harvests in Brazil and India have caused global sugar prices to soar in recent weeks.

In a press conference on 1 February, the three nations called on Brussels to abandon its plans, which they see as a breach of WTO agreements establishing an export ceiling for subsidised sugar from the EU. The countries, which were successful in a WTO sugar subsidy dispute with

the EU in 2005, also stated that they could potentially reopen the case, which could result in retaliation.

The sugarcane industry association of Brazil, Unica, has also voiced strong opposition to the moves by the EU, accusing it of "trying to externalise its surplus problems on world markets." According to Unica, the EU plans are "short-sighted," incentivising beet farmers to plant more crops even though future prices are uncertain. The industry association also called for the approval of the plans by WTO sugar panel members from the three nations before the EU votes on the measure in the coming days.

Currently, the EU is committed to exporting no more than 1.37 million tonnes of subsidised sugar annually. However, the bloc of 27 nations maintains that the export limit does not apply in this case, arguing that the out-of-quota sugar is not subsidised. Were global prices to dip below the production costs again however, the EU believes the current criticism would be more founded.

EU sources told Bridges that production costs of its sugar were below prices on the global market, leading the bloc's lawyers to conclude that the additional exports did not meet any of the criteria established in the 2005 WTO case (WT/DS265) to qualify as subsidised. The out-of-quota exports, to be shipped over the next six months, were seen by the EU as temporary measures, in response to the "quite exceptional situation" on the global market (prices last week reached a 29-year high in New York).

Furthermore, the Commission argued, "with production below consumption and diminishing sugar stocks, sugar prices have risen to unprecedented levels, to the detriment of consumers in poorer countries." The EU plans were lauded by beet farmers, who called it the "right proposal at the right time."

Brazil, Australia, and Thailand disagree with the EU analysis and continue to posit that the EU moves are illegal. Brazil's ambassador to the WTO, Roberto Azevedo, said that the nature of the EU sugar regime meant that all of its sugar production is subsidised.

The three nations, which are working together closely, will monitor the final EU decision, which they believe could lead to new trade disputes.

ICTSD Reporting; "EU sugar trade boost condemned as 'short-sighted'," AGRIMONEY.COM, 27 January 2010; "Brazil, others condemn extra EU sugar export," REUTERS, 1 February 2010; "EU boosts sugar exports as prices soar," BBC NEWS, 28 January 2010; "EU investigating ways to breach sugar export curbs," AGRIMONEY.COM, 20 January 2010; "Australia, Brazil, Thailand decry EU sugar plan," BUSSINESS WEEK, 1 February 2010.

Indigenous Groups Resist EU-Malaysia Timber Trade Deal

The European Union and Malaysia had hoped to conclude negotiations on deal to combat trade in illegal timber by the end of 2009, but the deadline has been pushed back to this summer. Government officials report that there are just a few technical details to resolve, but indigenous groups say the deal now on the table is fundamentally flawed.

The Voluntary Partnership Agreement (VPA) is part of the European Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. The bilateral deal aims to ensure that only licensed Malaysian timber is traded in the EU, an attempt to halt the trade of illegally harvested timber and to encourage sustainable forest management.

Indigenous groups in Malaysia have raised significant resistance to the VPA. They criticise the EU for its willingness to sign the trade agreement. Their concern is not with the attempt to halt illegal logging but with the definition of what constitutes legal logging in the first place.

The two NGOs, Jaringan Orang Asal SeMalaysia and Jaringan Orang Asal dan NGO Tentang Isu-isu Hutan (JANGO Hutan), reject the deal's definition of the source of harvested timber as legal based on existing laws. They assert that this disregards how logging licences have often been issued on land claimed by indigenous communities without their 'free, prior, and informed consent'.

Last March, the indigenous groups walked out of the multi-stakeholder consultations being held by the Malaysian government in protest.

Speaking in Kuala Lumpur last week, Vincent Piket, the Head of the EU delegation to Malaysia, dismissed fears that the NGOs' boycott would delay the negotiations beyond July. The groups' concerns are being heard, he said, noting that the NGOs had met with Plantation, Industries and Commodities Minister Tan Sri Bernard Dompok at the end of 2009.

The Malaysian government expects the agreement to help Malaysian timber exporters. The licences—which will prove the legality and sustainability of their products—will give them a 'green lane' to the European market, officials have said.

The EU is currently the third-most important destination for Malaysian timber. As of 2009, Malaysia exported RM 2.8 billion (€600 million) of wood products to the EU each year.

The European Commission estimates that one-fifth of the timber that enters the EU is illegally harvested. Worldwide, total loss of forest cover causes nearly 20 percent of annual greenhouse gas emissions.

The EU previously signed VPAs with Ghana in September 2008 and the Republic of Congo in May 2009. It is also negotiating VPAs with Cameroon and Indonesia. Informal discussions have also begun with multiple African, Asian, and Latin American timber-producing countries.

The EU has been negotiating the VPA with Malaysia since 2007. If signed, it will be the first such deal in Asia.

ICTSD reporting; "EU, Malaysia Make Substantial Progress in VPA Talks," BERNAMA, 25 January 2010; "NGOs upset with EU's stand on disputed timber," THE STAR, 27 January 2010; "EU and Malaysia in Final Phase of Timber Trade Talks," BUSINESS TIMES, 26 April 2009.

WTO IN BRIEF

Vietnam Initiates First-Ever WTO Dispute, Targeting the US

Vietnam has requested WTO consultations with the United States over Washington's continuing anti-dumping duties on Vietnamese shrimp. The move marks the first time that Vietnam has ever filed a complaint with the global trade body's dispute settlement system.

The complaint centres on anti-dumping duties of as much as 25 percent that the US has slapped on imports of Vietnamese shrimp since 2005.

The Vietnamese private sector is confident that country's challenge will be successful, largely due to the fact that Washington used a practice known as 'zeroing' in calculating the margin by which Vietnamese shrimp were being 'dumped' – or sold at below-normal value – in the US market. The WTO has repeatedly ruled against zeroing on the grounds that it artificially inflates dumping margins.

"The WTO has concluded that the US was wrong in applying the zeroing method in precedent cases. I can see high possibility of Vietnam winning the case," the Vietnam Association of Seafood Exporters and Producers' Nguyen Huu Dung said last year, Reuters reported.

In a case that was decided in July 2008, Thailand brought a similar challenge against the US, claiming that Washington's anti-dumping duties on its warm water shrimp were unfairly high because the US had used the 'zeroing' methodology in calculating the dumping margin. The Dispute Settlement Body ruled in Thailand's favour.

But the case brought by Vietnam may be different. When Vietnam acceded to the WTO in 2007, it agreed to be temporarily recognised as a non-market economy, a status that US law defines as not operating "on market principles of cost or pricing structures, so that the sales of merchandise...do not reflect the fair value of the merchandise."

Article VI of the General Agreement on Tariffs and Trade (GATT) appears to support special practices for non-market economies as it allows different treatment of states that have “a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the state.”

With reference to this provision, the US had considered Chinese (which equally agreed to the status of a non-market economy, or NME) and Vietnamese shrimp exports separately from other shrimp exporters when it conducted its dumping investigation in 2004.

To calculate the dumping margin, Washington used Hanoi’s NME status to ‘construct’ a normal value of shrimp based on a ‘surrogate’ market economy, rather than using Vietnam’s market prices, according to the US-Vietnam WTO Coalition.

Although there has been much protest against the US method, Washington has yet to revoke Hanoi’s NME status. Moreover, the US has abandoned the particular zeroing practice that Thailand challenged in its case – known as weighted-to-weighted averaging.

This dispute marks the first time that Vietnam has been a complainant in WTO proceedings. Hanoi had previously been a third party in three disputes.

Should consultations between the parties fail to resolve the issue after 60 days, Vietnam may request the WTO to establish a panel to hear the case.

ICTSD Reporting; “UPDATE 3-Vietnam tackles US at WTO over shrimp imports,” REUTERS, 3 February 2010.

EVENTS & RESOURCES

Events

Coming up this week

3-5 February, Geneva, Switzerland. UNCTAD MULTI-YEAR MEETING ON INVESTMENT FOR DEVELOPMENT (SECOND SESSION). The purpose of this expert meeting is to bring together experts, government policymakers, and representatives of transnational corporations, civil society and academia to address the development implications of investments from both foreign and domestic sources. The meeting will examine three case study areas: infrastructure, agriculture, and climate change. The meeting will also address the design and preparation of effective and active policies to boost the productive capacities and international competitiveness of developing and transition economies. For more information, please contact the coordinators: tel: +41-22-917-1124; fax: +41-22-917-0194 and refer to the website <http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=17877&info=highlights>.

5 February, Tokyo, Japan. OECD TOKYO POLICY FORUM: ECONOMIC SURVEY OF CHINA: OECD’S ASSESSMENT AND RECOMMENDATIONS. In light of China’s recent past of rapid economic growth and structural reforms, Richard Herd, Head of OECD’s China Desk in the Economics Department, will make a forty-minute presentation on China’s economic situation and challenges. It will be accompanied by comments from Tomoko Hayashi, the Director for Overseas Economies. A half-hour for questions and answers will follow. The presentation will be in both English and Japanese with simultaneous translation. Registration is online at <http://www.oecdtokyo.org/form/form-events.html>. For more information, please visit <http://www.oecdtokyo.org/theme/macro/2010/20100115chinaseminar.html#English> or contact N. Mimura or S. Wanatabe: tel: 03-5532-0021.

5-7 February, New Delhi, India. DELHI SUSTAINABLE DEVELOPMENT SUMMIT

(DSDS 2010): BEYOND COPENHAGEN: NEW PATHWAYS TO SUSTAINABLE DEVELOPMENT. This global forum will be one of the first major gatherings of leaders from various regions of the world after the Copenhagen Conference of the Parties in December 2009. DSDS 2010 will focus on the formulation and delineation of strategies to move the sustainable development agenda forward. Major themes include accelerating socio-economic development as a key to adaptation, role of technology, building institutions for effective climate governance, and financing opportunities post Copenhagen. For more information, contact the Summit Secretariat: tel: +91-11-2468-2100; fax: +91-11-2468-2144; email: dsds@teri.res.in; internet: <http://dsds.teri.in.org/2010/index.php>.

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.

4 February: Committee on Trade in Financial Services

8+12 February: Negotiating Group on Trade Facilitation

9 February: Committee on Specific Commitments

10+12 February: Trade Policy Review Body: El Salvador

10 February: Committee on Government Procurement

Other upcoming events

12-13 February, New Haven, United States. ACCESS TO KNOWLEDGE (A2K) AND HUMAN RIGHTS CONFERENCE. This

conference at Yale Law School seeks to lay the conceptual and strategic groundwork for to build bridges between A2K and human rights communities and to pursue common goals of promoting greater access to knowledge, culture, technology, and tools for innovation worldwide. It will feature an international line-up of academics and practitioners addressing topics including technologies of dissent, freedom to innovate, digital education and the right to health. For more information, please contact Violette Ruppanner: tel: +4122-320-21-21; fax: +4122-320-69-48; email: info@3dthree.org; or consult the website at <http://www.law.yale.edu/intellecuallylife/a2k4.htm>.

18-19 February, Paris, France. 9TH OECD GLOBAL FORUM ON COMPETITION. This meeting will focus on state aids and subsidies and collusion and corruption in public procurement. Participants will also discuss a peer review of competition law and policy in Brazil. The GFC provides an opportunity for policy dialogue between OECD member countries and non-members. The discussion benefits from the input of the Competition Committee, whose work has already generated substantial results in many countries, such as the voluntary adoption of 'best practices', substantial analytical convergence, the establishment of strong networks of enforcement authorities, and enhanced co-operation in international merger reviews, cartel investigations and other cases. For more information, please see http://www.oecd.org/pages/0,3417,en_40382599_40393118_1_1_1_1_1,00.html.

25 February, Jakarta, Indonesia. TRADE KNOWLEDGE NETWORK (TKN) SOUTHEAST ASIA'S RESEARCH WORKSHOP ON TRADE, ENVIRONMENT & FOOD SECURITY. This research workshop is intended to serve as a discussion forum enabling TKN Southeast Asia to gather input from relevant policy-makers and other stakeholders in the region. The event is expected to involve relevant ASEAN-related bodies, its member government representatives in Jakarta, the Association's dialogue partners, international organisations, industries, professional experts, and non-governmental organisations. For more information, please contact the TKN Southeast Asia Coordinator at: achandra@iisd.org.

18 March, London, UK. GLOBAL FINANCIAL SERVICES: THE IMPACT OF REGULATION ON COMPETITIVENESS. As the global financial crisis shows early signs of receding, this is a key moment to ask what will be the likely future shape and structure of financial services firms. If moves to regulate the industry more tightly are successful, what impact will this have on financial firms' ability to do business? At this event sponsored by Chatham House, policymakers and financial services industry leaders from the major economies will discuss the role, structure and regulation of the financial services industry, and which forums, mechanisms and institutions will be effective in restoring confidence in its activities. For more information, please see <http://www.chathamhouse.org.uk/gfs/>.

Resources

CLIMATE CHANGE AND DEVELOPING COUNTRY AGRICULTURE: AN OVERVIEW OF EXPECTED IMPACTS, ADAPTATION AND MITIGATION CHALLENGES, AND FUNDING REQUIREMENTS. By Jodie Keane, Sheila Page, Alpha Kergna, and Jane Kennan. International Centre for Trade and Sustainable Development and International Food & Agricultural Trade Policy Council, December 2009. This issue brief was released by the ICTSD-IPC Platform on Climate Change, Agriculture, and Trade. Developing countries highly dependent on the production and export of agricultural goods will soon face declining agricultural productive capacity as a result of climate change. This publication considers ways in which these countries can explore alternative means of stabilising export earnings. It discusses the question of how projects supporting such efforts could be financed. Additionally, it addresses the possibility of linking Aid for Trade with aid directed at mitigating and adapting to the effects of climate change on agricultural production. For more information, please refer to http://publications.worldbank.org/ecommerce/catalog/product?item_id=9148591.

WORLD DEVELOPMENT REPORT 2010: DEVELOPMENT AND CLIMATE CHANGE. By The World Bank, November 2009. This report aims to understand what climate change means for development policy. It distinguishes itself by emphasising development, taking an integrated look at adaptation and mitigation, highlighting opportunities in the changing competitive landscape and how to seize them, and proposing policy solutions grounded in analytic work and in the context of the political economy of reform. Additionally, the report explores how public policy can help people cope with new or worsened risks, how land and water management must adapt to better protect a threatened natural environment while feeding an expanding and more prosperous population, and how energy systems will need to be transformed. To access this publication, please visit http://publications.worldbank.org/ecommerce/catalog/product?item_id=9148591.

CHINESE DIRECT INVESTMENTS IN FRANCE: NO FRENCH EXCEPTION, NO CHINESE CHALLENGE. By Françoise Nicolas, Chatham House, January 2010. This publication concludes that China's direct investment in France remains surprisingly low even compared to other EU states although the targets are quite similar, being heavily biased towards export-support and services rather than industrial activities. The modest presence of Chinese firms in France is unsurprising given domestic comparative advantages in many manufacturing activities. Country-specific characteristics also account for this relatively poor position; France appears to be overshadowed by Germany's strength in key industrial sectors and by the UK's attractiveness. The report concludes that it is in the interest of the French government to take appropriate steps to improve opportunities for both bilateral trade and Chinese investment. To view the full report, visit <http://www.chathamhouse.org.uk/publications/papers/view/-/id/830/>.