



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

Food Prices: Leaked UN Report Urges G-20 Action on Farm Trade

A confidential draft [report](#) from leading international agencies has urged G-20 governments “immediately to strengthen” global rules on agricultural import and export restrictions as well as subsidies that distort production, discourage supply or constrain international trade, ahead of a meeting of senior officials from the G-20 group of major economies in Paris this week.

The draft, which has been prepared by seven international organisations under the leadership of the Organisation for Economic Co-operation and Development and the UN Food and Agriculture Organisation, aims to lay out “a blueprint for a systematic and internationally coordinated response” to food price volatility, in response to an explicit request from G-20 leaders at their November 2010 meeting in [Seoul](#).

An earlier version of the report has been [posted](#) online, which sources have confirmed is broadly similar to the more recent one under consideration in Paris this week, although neither has been officially released.

Agriculture ministry officials will discuss the report's recommendations, ahead of a summit of G-20 farm ministers scheduled for 22-23 June. French President Nicolas Sarkozy has made action on food price volatility a centrepiece of the group's [agenda](#) during 2011, during which France will hold the group's rotating chair.

Causes and consequences

Arguing that it is “important to distinguish between policy options designed to prevent or reduce price volatility and those designed to mitigate its consequences”, the report provides a

set of recommendations in both areas. It lays out four types of policy options to reduce the causes of price volatility, looking at market information and transparency, international food stocks, futures markets and domestic and trade policies. It also divides options for coping with price volatility into short and long term action.

The agencies that authored the report recommend reducing price volatility by improving the transparency of futures markets, improving information sharing between governments and harmonising trade policies. The report calls for the establishment of emergency food reserves, early warning systems and safety nets as a means to mitigate the negative impacts of erratic prices. Finally, the authors place particular emphasis on the needs of the most vulnerable poor farmers and advise increasing investment in infrastructure, technology, and extension services.

Observing that 16 percent of humanity remains chronically undernourished, even when prices are stable, the report deviates from recent preoccupation over high prices to insist that “all policy interventions should have as their ultimate aim, the elimination of all food insecurity, whatever its cause.”

Export restrictions: disciplines needed

In a bold move, the report recommends that export restrictions should only be allowed when other measures have been exhausted. Currently, WTO rules allow countries considerable latitude to impose such measures, which have widely been seen as exacerbating food shortages during the 2007-08 price spikes, and again more recently in 2010.

Governments should develop an operational definition of a critical food shortage, the agencies claim, and should use this to establish whether export restrictions could be justified. They also urge G-20 governments to widen, strengthen and enforce the consultation and notification processes that are currently in place at the WTO, and advocate establishing a “fast track” consultation process under which members could meet and discuss whether a restrictive trade measure “can be avoided and how.”

The agencies also argue that G-20 governments must “demonstrate leadership” in the WTO’s long-running Doha Round of trade talks. In line with the agreed mandate for the talks, they call on countries to substantially improve market access, while maintaining appropriate safeguards for developing countries; substantially reduce trade-distorting domestic support, especially that provided by developed countries; and eliminate export subsidies.

Finally, the agencies recommend that the G-20 calls “on all nations” to allow purchases of humanitarian food to be exempted from export restrictions and extraordinary taxes. The move would strengthen commitments on food security that were made in 2009 at the July G8 summit in L’Aquila and at the November World Summit on Food Security in Rome, the authors say.

Biofuels and food

Leading economists have been urging the revision of biofuel policies in major producers, such as the US, where blending mandates link fuel prices to those of crops also used for food. The interagency report echoes this emerging consensus, calls for more research and recommends that governments adjust biofuel policies “when markets are under pressure and food supplies are endangered.”

Considering the confidential nature of the report, comment has been muted. Some officials at agencies involved complained about the lack of internal transparency in its preparation. Deliberations were so hushed that some key experts on food security and price volatility at the UN Food and Agriculture Organization were unaware of the report or its preparation. Others defended the secrecy on the grounds of the short time allowed for its preparation.

Context

Food security has been high on the international agenda since the price spikes of 2007-8. Renewed pressure on prices has reinvigorated the French focus on price volatility at the G-20. Although the group’s specialisation has traditionally been largely financial, it has made non-binding commitments on trade, such as a 2009 [declaration](#) to limit protectionism. The group also laid out its own

development [agenda](#) at a meeting in Seoul last year.

Other international processes on food price volatility are also underway, such as at the Committee on World Food Security (CFS) in Rome. The CFS has [mandated](#) that a panel of experts provide independent advice to help it reach a political consensus. That report will similarly be looking at the causes and consequences of price volatility and providing recommendations. This process will be following a previous consensus on tackling food security across twenty two international organizations, the [Comprehensive Framework for Action](#).

Pressed for an answer on what will become of the report and its recommendations, an official said “now it’s in the hands of G-20 members.”

ICTSD reporting.

Canadian Access to Medicines Bill Under Threat

The fate of legislation seeking to make it easier for Canada to export affordable generic copies of patented drugs to poor nations hangs in the balance, as the ruling Conservative party leadership in the country's unelected Senate stalls debate on it only days before parliament may be dissolved for an election.

The bill, C-393, [was approved by a majority of lawmakers in the elected House of Commons earlier this month](#). It would amend Canada’s 2004 law implementing WTO decisions aimed at making it possible for developing countries lacking the ability to manufacture drugs to import cut-price generic versions of essential medicines. That law, which defined Canada’s ‘access to medicines regime’, has been widely criticised by health and humanitarian activists as well as opposition parliamentarians who claim that its multiple procedural requirements render it nearly impossible to use. In their view, the Canadian law went beyond the already onerous requirements of the WTO’s so-called ‘30 August 2003 decision’, the multilateral agreement on intellectual property

and access to medicine that the 2004 legislation was supposed to implement.

In nearly seven years, the Canadian law has been used precisely once: to cover two shipments to Rwanda of an HIV/AIDS drug made by Canadian generics manufacturer Apotex. That case remains the only instance in which the 30 August decision has been used (although the existence of the decision may have strengthened governments’ hand in price negotiations with brand-name producers). Passing bill C-393, critics say, would make it easier for drugs to get from would-be Canadian generics exporters to the poor countries that need them.

Apotex has complained that the time and costs involved in using the existing system were high, and said that it would be reluctant to repeat the process unless it were streamlined. Canada’s brand-name drug industry, on the other hand, argues that the status quo represents a more appropriate “balance between broadening access to affordable drugs and protecting intellectual property rights which are the cornerstone of innovation.” In a statement, Russell Williams, president of Canada’s Research Based Pharmaceutical Companies (Rx&D), warned that Bill C-393 “opens the doors to diversion which raises the risk of counterfeit and black market profiteering.”

Sponsored by a member of a parliament from the opposition New Democratic Party, bill C-393 was passed in the House of Commons two weeks ago, backed principally by opposition lawmakers. In order to become law, it must be approved by the appointed members of the Senate (analogous to the British House of Lords), which is controlled by the ruling Conservative party.

The Senate started a second reading of the bill on Monday, but the Conservative leadership in the Senate moved to adjourn discussions to the following day. It adjourned discussions again on Tuesday, in the face of impassioned appeals for the bill’s passage from individual Conservative and Liberal senators citing humanitarian and cost-effectiveness concerns. At time of writing on Wednesday, Senators were set to resume deliberations on the bill. The Senate has considered nearly identical legislation in the past,

and in theory could have passed it in no more than two or three days.

It is extremely rare for the Senate, traditionally mindful of its lack of a popular mandate, to reject legislation passed by the House of Commons. It is not, however, without precedent: Conservative senators in 2010 controversially overturned a climate change bill passed by the House. On the other hand, access to medicine is an issue that divides, rather than unites, Canada's ruling party: over two dozen backbench Conservative MPs supported Bill C-393 in defiance of the government's opposition to it; individual Conservative senators have been among those leading the charge for Senate approval.

The uncertainty surrounding the fate of the legislation is compounded by the fact that the government could be defeated this week on a budgetary vote in the House of Commons, where it does not command a majority. This would trigger an election and require the access to medicine bill to start from scratch in a new parliament.

C-393: A 'one-license solution'

While WTO intellectual property rules allow governments to issue 'compulsory licences' – effectively suspending patent protections – to authorise the generic production of medicines without the consent of patent holders, they stipulate that drugs thus produced should be "predominantly" for the domestic market. This stipulation means that compulsory licensing flexibilities have been of little to help countries that have little or no pharmaceutical manufacturing capacity. WTO members formally recognised the challenges faced by such countries in 2001. In 2003, the 30 August decision spelled out rules under which the domestic consumption requirement would be waived to allow poor countries to import drugs produced under compulsory licence elsewhere. These rules included requirements for both the importing and exporting countries to notify the WTO about intent to use the scheme along with the drugs and quantities in question, in addition to packaging requirements aimed at preventing diversion to third markets. (WTO members have in principle approved turning the 30 August decision into a

permanent amendment to the TRIPS agreement, but not enough have ratified the changes for them to enter into force.)

According to Richard Elliott, executive director of the Canadian HIV/AIDS Legal Network and a vocal supporter of passing C-393, the bill would make full use of flexibilities in the TRIPS Agreement and the 30 August decision without contradicting either.

He said that the legislation would expand the definition of pharmaceutical products from the current specific list of drugs that requires a federal cabinet decision to be modified. The most important reform, he added, is the "one license" solution, which makes the progress of getting a compulsory license "much more straightforward and direct."

Under the existing law, a would-be maker of a generic for export would have to first approach the patent-holders – there would be many in the case of a fixed-dose combination of different HIV/AIDS drugs – to see if the patent-holders would consent to license the drugs on a voluntary basis. After a 30-day period, if a voluntary license is not forthcoming, the generic manufacturer would be able to ask Canadian patent authorities to issue a compulsory license authorising it to produce the drug without the consent of the patent-holder. Currently, however, the 30-day period only starts once the generic manufacturer can tell the brand-name manufacturer the country and quantity of the drug in question. This means that before a Canadian generic manufacturer can start trying to get a license, a developing country government has to have notified the WTO of the names and quantities of the drugs it seeks to import. If the quantity were to change, or another country wanted to import the same drugs, the Canadian generic manufacturer would have to go back to the patent-holders and repeat the process. Bill C-393's 'one-license process' changes the sequence of the process, Elliott said, "so that you don't run into this Catch -22 where a generic manufacturer can't get a license until it has a tentative agreement with a country, but a country really has no incentive to make an agreement with a manufacturer when there's no guarantee that the manufacturer could get them the product."

Under Bill C-393, a Canadian generic manufacturer could approach manufacturers for voluntary licenses without a target country or drug quantity in hand. There would still be a 30 day period before the company could seek a compulsory license, although it could be waived in circumstances outlined in TRIPS Article 31(b) – “in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use.” If it received a compulsory license, the generic manufacturer would be able to export to all countries covered in Canada’s legislation, without any fixed limits on the drugs in question. (The importer would still need to notify the WTO before importing any drugs; anti-diversion rules such as differential packaging would still apply, as would disclosure requirements on an informational website.)

According to Elliott, once armed with more expansive compulsory license, Canadian generics manufacturers would be in a position to bid in developing country governments’ standard tenders for drug purchases. The increased competition among legal suppliers would push governments’ purchase prices downwards; meanwhile, the prospect of greater sales volumes would make it easier for the Canadian companies to offer competitive prices.

Elliott said that while the Canadian bill corrects the imperfections in Canada’s implementation of the 30 August decision that had proven to be stumbling blocks to using it, this did not mean that the WTO mechanism was ideal.

Echoing criticisms made by public health groups and [backed at the time by the World Health Organization](#), he suggested that an approach based on TRIPS Article 30, which provides for “limited exceptions to the exclusive rights conferred by a patent” so long as they do not “unreasonably prejudice” the legitimate interests of the patent owner, would have been more straightforward. An ‘Article 30 approach’ would have amounted to a standing statutory compulsory license for the limited purpose of exporting drugs to poor countries unable to make them.

An earlier version of Bill C-393 included a provision waiving the need for generic manufacturers to negotiate with patent-holders in circumstances not limited to national

emergencies. This, said Elliott, went beyond TRIPS Article 31b, but could have been justified under Article 30. However, that clause was taken out over the course of parliamentary deliberations.

ICTSD reporting; “Access to medicines bill stalling in Senate,” VANCOUVER SUN, 22 March 2011.

Walker: No Developments Yet In WTO Ag Talks

The chair of the WTO’s farm trade negotiations warned delegates last week that there have been no developments in the talks thus far that would enable him to table a revised draft negotiating text on agriculture by Easter.

New Zealand Ambassador David Walker told an 18 March meeting open to all WTO members that he had been holding consultations with delegations on “whether there were developments” that could lead to “the contribution that we are invited to make as an agriculture negotiating group to the TNC by Easter” -- an oblique reference to the Trade Negotiating Committee’s demand for revised draft texts in all areas of the Doha Round negotiations by late April.

“As of today, there are none yet”, said Walker.

Consultations

Walker told delegates that he had held small-group consultations on four unresolved areas of the talks: simplifying complex tariffs; the proposed new ‘special safeguard mechanism’ for developing countries to guard against sudden import surges or price falls; rules on creating new import quotas; and cotton.

Negotiators told Bridges that developments were occurring in the first two of these four areas, and that a fifth area – rules for tropical product liberalisation and the related issue of preference erosion – could conceivably also be reflected in changes to the draft text, although both India and Pakistan had expressed reservations about a proposed accord in these areas.

A separate technical exercise aimed at clarifying ambiguous provisions in the draft, steered by India, had also achieved some progress, delegates noted. The chair could be expected to include outcomes from this process in a revised draft, as well as a number of corrections to typographical and other errors that had been identified in the current text.

One official expressed cautious optimism, despite the chair's stark warning, noting that the areas in which activity had taken place included "things that have been fairly intractable for some time".

Special safeguard mechanism

Barbados, on behalf of the group of small, vulnerable economies (SVEs), announced to the Friday meeting that it would soon be tabling two new proposals: one on the special safeguard mechanism, and one on domestic support and export competition. The submissions were due to outline proposed additional flexibilities for the group.

Several countries and groupings spoke in support of the SVEs, including the least-developed country group, the African, Caribbean and Pacific group, the African Group, as well as China, India and Indonesia.

The chair also reported that he had met with a group of agricultural exporting countries that fear that the special safeguard mechanism could harm their exports. Negotiators reported that the exporters remain concerned that the proposed safeguard could be applied in an arbitrary way, and that they had been conducting technical work on possible new disciplines that could set limits on countries' ability to impose additional safeguard duties.

Tariff simplification

Negotiators reportedly are exploring options that could allow countries to move towards a consensus on new rules for simplifying complex tariffs. While agricultural exporters have sought strong disciplines that would convert complex duties into more transparent and simple forms, importing countries with heavily-protected agricultural markets have resisted these moves.

Delegates familiar with the discussion indicated that negotiators were exploring the possibility of softening a requirement to simplify all of the most complex forms of tariffs.

Bilaterals deliver little progress

Bilateral talks between the US and major developing countries such as China and India appear to have yielded little progress, with the US reportedly presenting its trading partners with lists of tariff lines on which it wished to see substantial liberalisation, and China and India rejecting these demands.

Sources familiar with the talks said that the US had asked whether the developing countries concerned might be willing to agree not to slate certain products for gentler tariff cuts by designating them as 'special products' in the Doha Round – an option open to them under the current text. It also reportedly discussed whether the two countries might agree not to impose the proposed special safeguard mechanism on certain tariff lines, as part of Washington's bid to assure domestic farm constituencies that a Doha deal would represent substantial new access to developing country markets.

Developing countries would currently be allowed to 'self-designate' their special products according to criteria related to food security, livelihoods and rural development, according to the WTO's Hong Kong Ministerial Declaration agreed in 2005. The latest draft text also indicates that additional safeguard duties could be invoked on "all tariff lines in principle," although negotiators have discussed the option of an annual limit on the share of total agricultural tariff lines to which it could be applied.

Sources said that tariff lines of concern to the US included its major exports, such as soy and poultry, as well as a large number of other products – representing a significant share of total farm trade.

Negotiators also observed that any such voluntary agreement would have to form part of a separate bilateral accord between the countries concerned, rather than a multilateral agreement at the WTO.

Currently, the US is not negotiating any such agreement with either India or China.

April talks

The chair told negotiators that he would hold further meetings between 4 and 15 April, a period during which he hopes “to be able to bring our contribution together.” Negotiators remained divided, however, over his chances of success.

One official suggested that the activity on consistently challenging issues such as the special safeguard mechanism and tariff simplification rules was a good sign. If the chair could also incorporate new language on tropical products and preference erosion, and perhaps in other areas on which he is holding consultations, then this could start “to sound like the basis for a proper new text”, one delegate said.

However, another official told Bridges that recent talks had delivered “no real movement or substantive results”, in a decidedly more downbeat assessment of future prospects. “A lot of delegates are very worried”, added the source, noting that members had given the chair relatively little new material from which a new draft text could be built.

ICTSD reporting.

OTHER NEWS

IP Provisions in Trans-Pacific Partnership Negotiations Raise Public Health Concerns

Ongoing trade negotiations involving the United States and eight other Pacific Rim nations have come under increasing scrutiny for the intellectual property provisions being discussed, amidst concerns that they could lead to higher drug prices, harming public health and access to medicines in developing countries.

The objective of the TPP is to establish a free trade agreement among the United States, Australia, Brunei, Chile, Malaysia, New Zealand,

Peru, Singapore, and Vietnam. Five rounds of negotiations have taken place since March 2010; still in its early stages, the TPP has been the subject of growing global interest.

The intellectual property provisions of the prospective accord has come under scrutiny since February, when Knowledge Ecology International (KEI), a Washington-based organisation, posted a leaked copy of the IP chapter of the draft negotiating text on its website.

A number of public interest advocacy groups and academics, including KEI, have appealed to a United Nations human rights mechanism to intervene in the Trans-Pacific Partnership Agreement (TPP) talks. They submitted a petition to the UN special rapporteur on the right to health, Anand Grover, detailing their concerns and asking him to weigh in on the negotiations. According to the Office of the UN High Commissioner for Human Rights, the special rapporteurs have a UN mandate to “examine, monitor, advise and publicly report” on human rights situations linked to particular topics or countries.

Public health groups have voiced fears that, as it currently stands, the TPP contains stricter rules than those stipulated by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and could jeopardise the use of public health related flexibilities aimed at promoting access to medicines in developing countries. Examples of ‘TRIPS-plus’ measures in the draft include the availability of patents for new uses, provisions relating to patent linkage and data exclusivity which would strengthen rights of drug patent-holders at the expense of generic competition. Notably, a draft article would prohibit parties to the agreement from establishing procedures allowing for patents to be challenged before they are granted. Such ‘pre-grant opposition’ procedures have been used in a number of countries, including India, to challenge patent applications of questionable merit.

In their letter to Grover, the signatories*, which included HIV/AIDS patients’ organisations, public health advocacy groups, and law professors, pointed to the role of the United States as a key player in the FTA and the main promoter of the

new obligations on intellectual property. They argued that the TPP allows developed country members of the agreement to exert unequal power over developing country members, and would compel the latter to adopt measures of patent protection that may hinder access to medicine for all.

Washington remains satisfied that the progress made in the TPP negotiations represents US interests and those of other participating countries. "TPP countries made further progress in developing the agreement's legal texts, which will spell out the rights and obligations each country will take on and that will cover all aspects of trade and investment relationships," the US trade representative's office said in a statement following the last round of talks in Santiago, Chile in February.

According to the public advocacy groups, the TPP negotiations and text have been kept secret to an extent that goes well beyond what is customary for trade negotiations, preventing citizens of participating countries from making informed decisions about the negotiations. They warn that "lack of access to information is quite unequal, and some corporate interests have special access to information about the negotiations that is not available to the general public."

In a related development, three UN agencies last week called on developing countries to utilise the flexibilities within the TRIPS agreement to expand access to medicines, since these could be the key to striking an optimal balance between IP protection and development objectives. The World Health Organization, United Nations Development Programmes, and UNAIDS added that "high-income governments should ensure that free trade agreements with middle-or low income countries comply with the principles of the Doha Declaration," in a reference to the 2001 agreement in which WTO members reaffirmed that the TRIPS Agreement "does not and should not prevent members from taking measures to protect public health."

The next rounds of TPP negotiations are scheduled for 28 March – 2 April in Singapore and 20-24 June in Vietnam.

*Knowledge Ecology International; Positive Malaysian Treatment Access & Advocacy Group (MTAAG+); Latin American and Caribbean(LAC)-Global Alliance for Access to Medicines; Acción Internacional por la Salud (HAI) Peru; Australian Fair Trade and Investment Network; Acción Internacional por la Salud (HAI) Ecuador; IFARMA Foundation – Colombia; Mision Salud, Colombia; Peruvian Network for Fair Globalisation – RedGE; Health Action International (HAI) Europe; Acción Internacional por la Salud (HAI) Latin America and the Caribbean; Alberto Cerda Silva, Professor of Law, University of Chile Law School; Allen Black Jr., Adjunct Professor of Law, University of Pittsburgh; Jane Kelsey, Professor of Law, University of Auckland.

ICTSD reporting; "Using TRIPS flexibilities to improve access to HIV treatment," UNAIDS/WHO/UNDP, 15 March 2011.

Rules: Poor Nations Call for Help with Using WTO Trade Remedies

Helping small, poor countries make use of WTO trade remedy rules was the subject of discussion in the rules negotiations this week, as the group of African, Caribbean, and Pacific (ACP) called for the creation of a 'facility' to assist developing countries in developing the institutions and expertise they need to protect domestic industries from dumped or subsidised imports.

"The rules providing for the applications of trade remedy measures are technically complex and financially burdensome thereby depriving capacity constrained developing countries, mainly [least-developed countries] and [small and vulnerable economies], the benefit of applying such measures," the proposal (TN/RL/GEN/175), dated 24 February, noted. This inequality in members' ability to use trade remedies "perpetuates some of the existing imbalances in the multilateral trading system which the [Doha Development Agenda] is mandated to redress," the proposal added.

One reason a number of developing countries felt disenchanted with the negotiations that gave rise to the WTO was that they found that they had

agreed to take on well-defined, often expensive-to-implement obligations on tariff reduction and a wide range of other policies, but were ill-equipped to take advantage of some of the rights conferred by the global trade body. These rights included the ability to levy extra duties on imports that were subsidised or 'dumped' at a price below what they commanded in their home markets. The Doha Round negotiations were supposed to redress these and other perceived imbalances.

In order to rectify the situation with regard to anti-dumping and countervailing measures, the ACP countries proposed establishing a "Trade Remedies Facility" housed in the WTO secretariat with functions such as promoting coherence among trade remedy-related technical assistance provided to developing countries by the WTO, UN and regional organisations, and bilateral donors. It would be charged with helping countries build the laws and institutional frameworks necessary for applying trade remedies, and training personnel to conduct anti-dumping or countervailing duty investigations. The facility's work would be based on three-year programmes to provide assistance to countries on the basis of needs assessments carried out by would-be recipients.

The ACP group called for the facility to be responsible for mobilising extra money necessary to provide such assistance. The paper, which noted that several developing countries "at higher stages of development" had become successful users of anti-dumping and countervailing measures, called for greater South-South cooperation on trade remedies, suggesting that officials from developing countries would be particularly valuable in providing training. It also raised the possibility of "trilateral" arrangements under which a donor country would fund a developing country's provision of trade remedy-related assistance to a country seeking it.

An additional function of the facility, as per the ACP proposal, would be to set up an information database on trade remedy measures within the WTO secretariat's institute for training and technical cooperation. This database would provide information to trade officials on past dispute rulings clarifying aspects of WTO law related to trade measures; it would also serve as a

means to share new research on the use of WTO trade remedy rules.

During an informal meeting of the rules negotiating group on 21 March, China, Ecuador, Egypt, El Salvador, and India broadly expressed support for the proposal. The US expressed reservations about potentially making technical assistance mandatory, and noted that many developing countries had developed sophisticated trade remedy capabilities even in the absence of such a facility. Brazil and Costa Rica raised questions about the proposal's implicit differentiation among non-LDC developing countries, an issue that remains contentious at the WTO. The EU, Japan, Australia, Canada and Mexico indicated interest in discussing the proposal further.

Export subsidy exception: 8-year phaseout after graduation?

A separate issue linked to developing countries' use of WTO provisions was also discussed at the meeting – albeit in this case the ability to subsidise exports rather than to levy extra import duties on goods subsidised by one's trading partners. WTO subsidy rules generally prohibit subsidies that are linked to a product's export performance. However, there is an exception to this rule for least-developed countries, and non-LDC developing countries with a per capita GNP of less than \$1,000 (these countries, listed in Annex VII to the agreement, are Bolivia, Cameroon, Congo, Cote d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, Honduras, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe).

In a proposal dated 18 March, Bolivia, Egypt, Honduras, India, Nicaragua and Sri Lanka, argued that there was a lack of clarity in WTO rules on what should happen to those countries once they grow beyond that GNP threshold. For developing countries that never qualified for the exception in the first place, the Agreement on Subsidies and Countervailing Measures clearly provided for an 8-year phase-out period for export subsidies. To clarify this, they argued, the Agreement should be amended to add a provision stating that "In the case of developing country Members included in

Annex VII, the 8-year period shall commence from the year in which they graduate out of Annex VII."

The paper's co sponsors, together with Nigeria, Ghana, China, Dominican Republic and Brazil, expressed support for the proposed amendment, sources said. The US, later backed by the EU and Turkey, argued that such an amendment would mean that some countries that now account for a significant proportion of world trade would be allowed to retain export subsidies for decades into the future.

Members are expected to meet in a variety of groups this week; a meeting of the entire rules group has been scheduled for 28 March.

ICTSD reporting.

WTO IN BRIEF

WTO: Merchandise Trade Value up by 17% in Q4 2010

World merchandise trade was 17 percent higher in the last quarter of 2010 than the same period for the year before, according to information released by the WTO on Monday. The total value of merchandise trade for the quarter was US\$4.1 trillion, slightly above the figure for the previous three-month period, according to an analysis of the WTO data.

Statistics gathered from 70 countries representing 90 percent of world trade show that merchandise trade decreased in December 2010, due mostly to seasonal variations, while the year-end value was above the comparable pre-crisis level of December 2008, the WTO said in a statement on its website.

The short-term figures, however, should not be confused with the inflation-adjusted trade growth figures that the WTO will release in April along with analysis of trends and forecasts for the coming year.

Comparing the fourth quarter of 2010 with that of 2009, South and Central America represented the

largest growth rate, with exports growing by 25 percent and imports by 30 percent. Exports from Asia were up 23 percent, while the region's imports grew by 22 percent. Again, emerging markets remained the growth engine, with Brazilian exports up 38 percent, Chinese up 25 percent, and Indian up 28 percent on year-on-year basis. The US, on the other hand, posted export growth of 18 percent while the EU saw its exports increase by only 10 percent.

WTO Director-General Pascal Lamy had predicted that trade volumes would grow by 13.5 percent in 2010.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming soon

24 March, Montreal. AMERICANA 2011: WHERE DOES SUSTAINABLE DEVELOPMENT STAND? The International Institute for Sustainable Development (IISD) and the Conseil Patronal de l'Environnement du Québec (CPEQ) are sponsoring a panel on current trends and future perspectives in sustainable development during the 9th biennial edition of Americana, the International Environmental Technology Trade Show and Conference. Franz Tattenbach, President and Chief Executive Officer, IISD, will deliver opening remarks. More information can be found on the [website](#).

24 – 25 March, Berlin. ECOSUMMIT 2011: SMART GREEN ECONOMY NETWORK. EcoSummit is an international business platform aiming to create a "Smart Green Business Network" to foster deal-making, business development, know-how exchange and networking. The agenda will cover a broad range of green economy topics: enabling a cradle-to-cradle economy, Smart Green IT, Sustainable Social Mobility, Cleantech for Green Buildings and Smart Cities, and Blue Economy. For more information, please refer to the [website](#).

25 March, Tokyo. THE IMPACT OF GLOBALIZATION ON THE POOR IN ASIA, LATIN AMERICA AND AFRICA SEMINAR. This seminar by the Asian Development Bank Institute will discuss emerging development issues and policy challenges in Asia and the Pacific economies. Despite the enormous potential of globalization in accelerating economic growth through greater integration into the world economy, the impact of globalization on poverty reduction has been uneven. While the impact of globalization on poverty is context-specific, Professor Eric Thorbecke of Cornell University argues that countries intent on benefitting from globalization need to adopt a pro-active stand in formulating regional and national strategies to enhance the potentially positive effects of globalization and moderate the negative effects. For more information, please consult the [website](#).

WTO events

An updated list of forthcoming WTO meetings is posted [at: http://www.wto.org/meets_public/meets_e.pdf](http://www.wto.org/meets_public/meets_e.pdf). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

24 March: Working Party on GATS Rules

24 – 25 March: Committee on Technical Barriers to Trade

25 March: Working Party on GATS Rules

30 – 31 March: Committee on Sanitary and Phytosanitary Measures

31 March: Committee on Agriculture

31 March: Committee on Trade and Development

Other upcoming events

29-31 March, Geneva, Switzerland. SIXTY-FOURTH SESSION OF THE UN ECONOMIC COMMISSION FOR EUROPE (UNECE). The United Nations Economic Commission for Europe (UNECE) primarily promotes pan-European economic integration. The tentative agenda of its biennial meeting includes discussions on economic integration in the ECE region, the role of regional integration and cooperation in promoting sustainable development, and new ECE initiatives. Elections for a new chairperson and vice-chairpersons are also planned. For more information, visit the event [website](#).

Resources

EU'S COMMON AGRICULTURAL POLICY (CAP): TOOLS PROTECTING EUROPEAN FARMERS. South Centre, March 2011. The European Union (EU) uses a plethora of policy instruments to protect its agricultural sector and to ensure that European farmers, despite having higher production costs, are still able to continue production for both the European and export markets. This paper provides a snapshot of these instruments and also gives an overview of the new instruments that are increasingly being used resulting from the on-going reforms in the EU's Common Agricultural Policy (CAP). This paper is available [here](#).

SCOTLAND AND WALES IN AFRICA: OPPORTUNITIES FOR A COORDINATED UK APPROACH TO DEVELOPMENT. By Adjoa Anyimadu. Chatham House, March 2011. Despite the limitations of devolution in the United Kingdom, Scotland and Wales have launched independent international development initiatives focused on African countries - the Scottish Malawi Development Programme and the Wales for Africa Scheme. These policies place an innovative emphasis on establishing links between communities, schools and institutions in order to gain mutual benefit from sharing skills and establishing friendships. This element has real potential to add nuance to UK-level development efforts in Africa, which are channelled through multi-million-pound programmes run by the Department for International Development (DFID). With increased focus on the development areas where they can make a real

difference, and a clearer set of goals for each policy, the value of Scottish and Welsh development activities in Africa could be much enhanced. At a time when DFID and the Foreign & Commonwealth Office (FCO) face significant cuts, there is now a great opportunity to encourage innovative and better-coordinated development policies across all levels of government. The paper is available for download [here](#).

EXTERNAL PERFORMANCE IN LOW-INCOME COUNTRIES. By Alessandro Prati et. al. International Monetary Fund, March 2011. Assessments of exchange rate misalignments and external imbalances for low-income countries are challenging because methodologies developed for advanced and emerging economies cannot be automatically applied to poorer nations. This paper uses a large database, unique in the set of indicators and number of countries it covers, to estimate the relationship in low-income countries between a set of fundamentals in the medium to long term and the real effective exchange rate, the current account, and the net external assets position. This paper is available for purchase [here](#).
