



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

Volume 15 · Number 13, 14 April 2011

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

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

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## LEAD STORIES

### WTO Negotiators Eye “Soft Landing”

Negotiators may need to prepare a “soft landing” to salvage progress in the WTO's decade-long Doha trade talks, say some, as time is running short and positions remain divided ahead of an Easter deadline for agreement.

However, others are warning that it would be premature to abandon a push to finalise the talks this year, given high-level consultations being held by WTO Director-General Pascal Lamy. Lamy is engaging in a series of one-on-one high-level meetings – dubbed 'confessionals' – to gauge the size and nature of the remaining obstacles to a deal.

Lamy recently outlined the next steps in the process, specifying that the chairs of the various negotiating groups would table documents – which sources indicate could be in the form of reports or new text, depending on the topic – on 21 April for members to reflect on during the four days the WTO breaks for Easter holidays. He would then meet with groups of key members. On 29 April, Lamy is planning to convene heads of delegations in the Trade Negotiations Committee, the WTO's top negotiating body.

However, the negotiations are in jeopardy following inconclusive talks between the US and India and China (see Bridges Weekly, [30 March 2011](#)), largely over market access for manufactured products but also for farm goods.

“We are looking at what we can salvage from the whole thing,” one official sighed. A “soft landing” would involve WTO members agreeing that the 2011 deadline would not be reached, and seeking to salvage progress achieved to date, another said. However, “it would be premature to enter into a

mode of soft landing” before the confessionals held by Lamy are finished, one official argued.

“No one wants to call it quits,” said another.

### **Chairs to issue “documents”**

Several major trading powers have explicitly opposed Lamy's bid to generate new draft texts at this stage, trade sources said. Without progress in the talks, the chairs of the negotiating groups risked creating an impression of consensus where none exists, negotiators cautioned.

“You won't produce something from nothing,” one source glumly observed.

Talks on trade facilitation and intellectual property rules could prove notable exceptions, officials said, as some progress has been made in these areas.

In agriculture, negotiators said they expected the chair to issue a report, rather than a revised text. However, given the stalemate, some queried the usefulness of this. “A report only gives a picture of the fact things are difficult,” said one.

Trade delegates told Bridges that the chair of the agriculture negotiations, New Zealand Ambassador David Walker, had convened only one informal consultation since last Tuesday – intended to be the start of a ten-day negotiating period characterised by consultations in various formats. The discussion, which was a “room E” meeting involving some three dozen countries from different coalitions and regions, did not lead to any significant progress, sources said.

Some pointed to the limits of what could be achieved by reviewing the negotiating process in Geneva. “If the political signals from capitals don't work, what's the point?” one negotiator asked.

With the current draft text on agriculture already dating from the end of 2008, many fear that the absence of new texts could compromise the ability of trade officials to reach a deal. “Frankly speaking, in the absence of texts, we don't have a basis for negotiation,” said one.

### **No stone unturned**

Doha is “not dead, it's in a coma,” said one negotiator, cautioning that countries should not give up on the round just yet.

Others emphasised the need to “wait and see” what emerges from Lamy's “confessionals” and the TNC meeting, at which Lamy is likely to report back on any progress and consult members on what should happen next.

“Let's not leave any stone unturned,” said one official who hoped that the discrete consultations could yet yield some fruit.

Another source emphasised that Lamy still seemed to be hoping to produce revised negotiating texts, even if the target date for doing so may have slipped.

One negotiator suggested that part of the problem had been that members had hardly discussed the draft texts in over two years, while they waited for a more propitious political climate to re-establish itself. The source emphasised the need to complete a “clarification exercise” that members have been conducting, aimed at reviewing the entire draft and developing a shared understanding of any ambiguities.

“Not all members may have the same understanding,” the official observed, noting that the current draft was “a very complex text.”

### **“Real negotiations” this summer?**

One negotiator claimed that, despite the current stalemate, the “real negotiations” will take place in June or July – a scenario that another delegate said was highly improbable. Lamy would be unlikely to invite high-level negotiators to Geneva unless there was a good chance of clinching a deal, the source said – an outcome that seems increasingly distant under current circumstances.

Trade officials are increasingly looking towards APEC and OECD ministerial meetings in May as the next chance for political leaders to signal their determination to move ahead on Doha.

In Geneva, the WTO will be closed for the Easter break for four days from 22 April – a chance, as one negotiator observed, to review the chairs' reports or texts "and evaluate the consequences of failure".

ICTSD reporting.

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## Bangkok Meeting Recalibrates Pace of Climate Talks

The first round of climate negotiations for 2011 concluded last Friday not with a bang, but a whimper. Following a successful set of decisions at the recent Conference of the Parties in Cancun, Mexico last December, there were expectations that the negotiations could move swiftly to clarify new institutional measures and address unresolved issues from Mexico. But alas, last week's meeting in Bangkok, Thailand served as a reminder of the political complexities that underlie these negotiations.

The Bangkok meeting, which ran from 3-8 April, hosted sessions of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), the Ad Hoc Working Group on Long-Term Cooperative Action (AWG-LCA), as well as three pre-session workshops, which focused on technology development and transfer, developed country mitigation, and developing country mitigation -- issues that are crucial for creating forward momentum.

Following the three workshops - the working groups set out to organise their work for 2011. Their main task was to agree to an agenda of issues that would allow each group to achieve its mandate for the year in order to produce results at the Seventeenth Conference of the Parties (COP 17) in Durban, South Africa at the end of the year. As simple as it may sound, however, the task proved painfully complicated and difficult.

### Kyoto stalemate

The future of the Kyoto Protocol is a critical issue this year. Although some argue that the Cancun Agreements effectively killed the Protocol and

paved the way for it to be replaced by a new set of agreements, many developing countries continue to call for a second commitment period for Kyoto. Whichever way the coin falls, countries must address the potential "gap" between the end of 2012, when Kyoto's first period ends, and whenever the next instrument or commitment period kicks in. The gap will have implications for a number of climate instruments developed under Kyoto, such as the clean development mechanism (CDM), joint implementation, and the emissions trading schemes upon which the current global carbon markets depend.

Discussions in the KP working group focused on whether to launch into negotiation on technical issues or to secure political support for a second commitment period, as demanded by the Group of 77 and China. Reacting in part to the renewed message by Japan, the Russian Federation, and the United States that they would not participate in any future binding treaty, Tuvalu supported by numerous developing countries insisted that technical discussions were useless without developed countries' political commitment to the Protocol. Considering the stalemate, it was curious to hear an unusually open exchange of views on current levels of ambition and the relationship between components under the two distinct working groups. To conclude the session, the chair of the group, New Zealand's Adrian Macey, presented a paper outlining possible ways forward for discussions over the coming months. The current buzz indicates a need for clear political signals from ministers in Durban regarding the future of the Protocol's second commitment period. There is some indication that there may be a need for discussions outside the negotiating context to examine the numbers currently on the table, as well as how to deal with the widening gap between countries' conditional and unconditional targets and goals.

### Slow start to LCA talks

The AWG-LCA talks also stumbled off the starting block. It took the entire week to conclude the agenda, effectively losing any precious time for discussions on substance. The main quarrels were over items left off the Chair's agenda. The G77 and China proposed an alternative version, which received no support from the industrialised

countries. Finally, following three days of discussion the Chair was able to compose a compromise agenda (FCCC/AWGLCA/2011/L.1), which all delegations approved.

The agenda includes: preparation of a comprehensive and balanced outcome to enable the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012; review of the definition of its scope and development of its modalities; continued discussion of legal options with the aim of completing an agreed outcome; and other matters, including countries with economies in transition and those with special circumstances.

### Trade issues re-emerge

A new item on sectoral approaches was introduced by several developed countries, opening the way for renewed discussions on agriculture with the understanding that future discussion on the topic will cover adaptation as well as mitigation. Agriculture was dropped at the last minute in Cancun because of sensitivities around trade implications. Bunker fuels, another controversial trade issue to be dropped in Cancun, has not yet returned to the playing field.

Notably, during the pre-session workshop in Technology Development and Transfer, parties addressed a number of issues with trade implications. Bolivia noted that the Climate Technology Centre (CTC), which is charged with facilitating a network to promote climate-friendly technological innovation in developing countries, should, among others: promote technology acquisition and innovation; remove technology transfer obstacles, particularly those related to Intellectual Property Rights (IPRs); enhance endogenous capacities; and help with adaptation to local conditions.

An agenda heading on unintended consequences of "response measures," which is a topic that often raises discussion around competitiveness, trade, and economic development implications, continues to figure prominently on the agenda for this year. A novel two-session forum on response measures is scheduled to take place at the

upcoming meetings in Bonn (6-17 June) and Durban (28 November-9 December).

On a positive note, following the difficult week of negotiations - which was characterised by frustration and a sense of backsliding - UNFCCC Executive Secretary Christiana Figueres commented that the meeting allowed countries to recollect themselves and urged them to forge ahead with their work.

"I feel that we now have a solid basis to move forward collectively and that governments can deliver further good results this year, provided every effort is made to compromise and show the necessary flexibility to achieve that goal," Figueres said of the LCA talks. On the future of the Kyoto Protocol she noted that there was "a strong desire to build on the Kyoto rules and a desire to find a political solution in 2011."

ICTSD reporting.

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## US: Progress on Colombia Trade Deal Sends Positive Signals for FTAs

Stalled US bilateral trade pacts could finally see action after a labour deal paved the way for movement on a long-delayed US-Colombia trade agreement. A top US official reported to Reuters on 11 April that the White House could send the Colombia-US pact to Congress for approval within weeks.

Deputy US Trade Representative Miriam Sapiro said in a recent speech, "the Colombia agreement could be ready in a matter of weeks, but we will not leave the other important pieces of our trade agenda behind." One of the "important pieces" she was referring to is the Trade Adjustment Assistance (TAA) program, which was enacted in early 2009 but recently expired after objections from House Republicans against the programs costs. The TAA helps workers displaced by outsourcing to foreign countries by training them for new positions and providing them with other benefits. Additional "pieces" include renewal of two other recently-expired programs, the Generalized System of Preferences and the

Andean Trade Preferences Act, which provided Colombia and Ecuador with preferential access to US markets in an effort to offer sustainable economic alternatives to narcotic production in those countries.

Nevertheless, progress on the Colombia deal could be the key that unlocks the door to another trade agreement the White House has been pushing hard for during the last several months; the Korea free trade agreement. Republicans have refused, however, to move on the Korea deal without similar movement from the White House on the Colombian and Panamanian trade pacts. With employment rates to play a big role in the 2012 US presidential race, Obama has been eager to promote trade as a source of new employment with the goal of doubling exports in the next five years. The Republican strategy seems to have worked, as the Obama administration has finally unveiled a revised Colombia trade deal that could reach the Hill within weeks, concluding an agreement that was put into motion in 2006.

### **The action plan**

Last Thursday, President Obama met with Colombian President Juan Manuel Santos to announce an “action plan” to improve labour rights in Colombia as part of a precondition to concluding the US-Colombia free-trade agreement.

Some of the most vociferous opposition to the Colombia trade agreement has come from the 12.2 million member AFL-CIO labour federation, representing US labour interests. They have been particularly critical of a lack of prosecution in anti-union killings in Colombia and a failure of Bogota to bring the culprits to justice.

The action plan addresses some of those concerns by requiring the Colombian government to take a number of steps, some as soon as April 22, to improve its domestic labour situation. The steps include increasing administrative and investigative capacity to deal with anti-union abuses. The deal even requires Colombia to stiffen its laws against those who disrupt union organisation activities with up to five years’ imprisonment. By at least satisfying some of the Democratic and domestic US labour concerns over Colombia’s poor record

on labour unions, the action plan has provided Obama with the capital to move the deal along and sets the stage for action on the pacts with Korea and Panama, senior administration officials told the Wall Street Journal.

### **The race to finish**

The urgency to hand off important trade deals to Congress for final ratification comes in part from competing bilateral trade pacts from some of Washington’s western rivals. Republicans, since recapturing the House last November, have insisted that all three pacts come before Congress simultaneously for a vote by 1 July. That date is significant because pacts between the EU and Korea, and Canada and Colombia, are expected to take effect 1 July, potentially limiting the positive impact of a US pact with the two countries. Nevertheless, there is a fear amongst legislators that if the US continues to drag its feet on these trade deals it will be left behind countries that have already finalized deals, and that benefit from establishing themselves in the new markets.

Ratifying the FTA would immediately eliminate the majority of tariffs on US exports to Colombia, with all remaining tariffs phased out over defined time periods. At the 7 April meeting between presidents, Obama said “This (the FTA with Colombia) is going to be a win for Colombia. It is also going to be a win for the United States. This represents a potential \$1 billion of exports and it could mean thousands of jobs for workers here in the United States.”

ICTSD reporting; “Obama: labor deal paves way for US-Colombia trade pact,” REUTERS, 7 April 2011; “Colombia pact clears path for other trade agreements,” WALL STREET JOURNAL, 7 April 2011; “Colombia deal could go to US Congress in weeks,” REUTERS, 11 April 2011; “Obama throws weight behind Colombia trade deal,” USA TODAY, 7 April 2011.

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**IN BRIEF**

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**Food Prices Increase Abates Slightly, Still Volatile**

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Food prices declined slightly in March, reflecting a minor correction of high sugar and oilseed prices in February. Although cereal prices also declined, the UN Food and Agriculture Organization's food price index continues to hover at record level.

The decline in the price of oil is a reflection of an expansion in global oilseed supply. According to the US department of agriculture, global output for oilseed increased by 2.8 million tons and is expected to reach a total of 447 million tons.

Prices for wheat have come down significantly but are still 63 percent higher than this time last year. Tight inventories and high fuel prices have lead to a sustained rally in the market for corn, much of it used for ethanol production in the United States. Slackening output, diminished stocks and increasing imports put pressure on the price of wheat. However, political instability in North Africa added to price volatility by clouding sales to the largest markets.

The persistence of poor weather conditions in East Africa, especially drought, was an important factor in pushing prices upward in the continent. Drought hit corn and plantain production in Kenya, Tanzania and Uganda. Among all Eastern African countries, Somalia was worst affected by drought where the price of sorghum and maize increased by 80 percent and 20 percent respectively in comparison with January. Only in Western Africa, the price of two important cereals, sorghum and millet, decreased below 2010 levels contributed to by large harvests in the same year.

Governments, in a number of Asian countries, resorted to intervening in the market in view of curbing increases in food prices. In Bangladesh, the government subsidized the sale of rice ensuring stable prices. The government intends to replenish stocks of rice through a two-fold increase in rice imports. Others, such as Indonesia, are also expected to expand the

volumes of rice stocks - from 1.5 million to 2 million tons. In Vietnam and the Lao People's Democratic Republic, a rice purchasing program and a government project to build rice stocks were implemented to ensure affordable prices and adequate supplies. In Kyrgyzstan the government deployed wheat and wheat flour from state reserves to protect its population and stabilize bread prices. In Tajikistan, the government is using similar measures to limit the increase of prices, including the release of wheat flour from public stocks.

In Russia, a key exporter of grain, the government announced that it would extend the export restriction on grain till this year's month of October. In light of earlier patterns this may lead to tighter markets still for cereals. In addition, the government also plans to curb further price increases through government sales of milling grains.

Latin American countries witnessed a surge in the price of corn owing due the effect on an increase in the cost of yellow maize on the world market and the dependence of countries in the region on its import. In the market for wheat flour, in Peru, Brazil and Bolivia, prices in March were 16 percent, 20 percent and 10 percent higher respectively in each country from a year ago.

ICTSD Reporting. Global Food Price Monitor, UN Food and Agricultural Organization, 7 April 2011; World Agriculture Supply and Demand Estimates, United States Department of Agriculture, 8 April 2011.

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**WTO IN BRIEF**

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**Ag Talks: New Filipino Non-paper Seeks Farm Safeguard Flexibilities**

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Despite the challenges WTO members are facing with regard to reaching an overall deal in the Doha round, countries have continued tabling new proposals and submissions on agriculture. An informal 'non-paper' from the Philippines was the latest of these – following other recent proposals from small economies (see Bridges Weekly, [23](#)



[March 2011](#)) and from net food importing developing countries (see Bridges Weekly, [6 April 2011](#)).

The Philippines is seeking extra flexibility for developing countries with low tariffs that wish to impose additional safeguard duties in the event of a sudden surge in the volume of agricultural imports or a drop in their prices. The current draft Doha text on the proposed new 'special safeguard mechanism' for developing countries does not distinguish between countries with low tariff ceilings, such as China or Cote d'Ivoire, and those with higher tariffs, such as India or South Korea.

Trade sources told Bridges that developing countries whose maximum permitted average 'bound' tariff fell below 40 percent would be granted additional flexibility under proposed new rules outlined by the Philippines. The non-paper would allow these countries to impose safeguard duties that exceed their pre-Doha ceiling levels by 20 percentage points more than would otherwise be the case.

Countries with low bound tariffs that are also defined as small, vulnerable economies or as least-developed countries would be granted more lenient treatment than that currently outlined in the draft text, by being able to impose additional safeguard duties that are 30 percentage points greater than those of other small or least-developed countries.

Countries that did not have low bound tariffs would be able to impose safeguards that exceed pre-Doha ceilings by a to-be-negotiated number of percentage points, the non-paper suggests. At present, the draft text would allow all developing countries to impose safeguard duties expressed either as a certain percentage of the current bound tariff or as a certain number of percentage points.

The non-paper was reportedly opposed by some developing country exporters, who have traditionally sought to limit the flexibilities available to other developing countries under the proposed new special safeguard mechanism.

Meanwhile, trade sources reported that the group of countries that have joined the WTO recently – known as the group of recently-acceded members

or RAMs – are also preparing a similar proposal, seeking additional flexibilities on the special safeguard mechanism.

ICTSD reporting.

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## WTO Trade Stats Forecast Growth in 2011 Despite Uncertainties

On 7 April, the WTO released data showing that the record-breaking 14.5 percent global surge in exports in 2010 would decrease to a more moderate 6.5 percent expansion in 2011. Meanwhile, current unrest in the Middle East and natural disasters - the Japanese earthquake and tsunami in particular – are creating more risk and uncertainty in this year's export economy.

The rapid expansion in 2010 was the largest since 1950. It was, however, preceded by a 12 percent nosedive in 2009, the first drop in output since the Second World War.

“The figures show how trade has helped the world escape recession in 2010. However, the hangover from the financial crisis is still with us,” WTO Director-General Pascal Lamy stated in a press release. “High unemployment in developed economies and sharp belt-tightening in Europe will keep fuelling protectionist pressure. WTO members must continue to be vigilant and resist these pressures and to work toward opening markets rather than closing them. ‘Stability’ should be the name of the game for 2011.”

Developing economies will set the stage for global trade this year with an estimated 9.5 percent rise in export volume - against developed countries' forecasted 4.5 percent rise - assuming a world GDP growth of 3.1 percent. This follows last year's boost of world exports from developing economies and the Commonwealth of Independent States (CIS) to 45 percent of total global exports, due to high growth in developing Asia and higher prices for primary commodities.

The full effect of the earthquake, tsunami and nuclear accident that hit Japan is not yet known. Japan's short-term contractionary economy, including reduced exports of an estimated 0.5 –

1.6 percent and increased imports of an estimated 0.4 – 1.3 percent, should be followed by increased activity, however, so the cumulative effect over the medium to long term is not likely to be major. Continued political unrest in countries such as Libya poses a more imminent threat; halted oil exports could cause a sharp increase in oil prices; If oil prices were to exceed \$100/barrel, the WTO would be forced to contract their current global trade forecast.

The WTO's projections refer to volume changes in real terms, adjusted for changes in price and exchange rates.

ICTSD reporting; "WTO Expects Trade to Grow 6.5% in 2011 after 14.5% Last Year," BLOOMBERG, 7 April 2011; "Trade Growth to ease in 2011 but despite 2010 record surge, crisis hangover persists," WTO, 7 April 2011.

## EVENTS & RESOURCES

### Events

#### Coming up this week

16 April, New York City, USA. RETREAT OF THE G77 ON UN CONFERENCE ON SUSTAINABLE DEVELOPMENT. The United Nations Conference on Sustainable Development G77 Retreat has three primary objectives: to mobilize broader engagement by developing countries in the preparatory process; to generate concrete ideas for achieving the UNCSD objective, namely to secure renewed political commitment for sustainable development, assessing the progress to date and the remaining gaps in implementation, of the outcomes of the major summits on sustainable development and addressing new and emerging challenges; and to foster among developing countries a better understanding of the two themes: a green economy in the context of sustainable development and poverty eradication and the institutional framework for sustainable development. For more information, please refer to the website.

18 April, streamed online. MAINSTREAMING MARGINALISED KNOWLEDGE INTO DEVELOPMENT POLICY PROCESSES. The Overseas Development Institute panel will discuss the increased recognition that the knowledge that shapes development policy and programming is heavily shaped by power relations. It aims to explore these issues and, in particular, to discuss strategies for mainstreaming marginalized sources of knowledge – including from children, women and marginalized communities – into international development. For more information, please consult the website.

18 – 19 April, Manila, Philippines. LABOR, TRADE AND INCLUSIVE GROWTH: SUSTAINING A DYNAMIC ASIA. The Asian Development Bank is bringing together policy makers, academic experts, representatives of business and labor, and other stakeholders to broaden the understanding of the mechanisms by which employment and trade interact in the vibrant Asian context. For more information, please refer to the website.

19 April, London, UK. MULTILATERAL DIPLOMACY IN AFRICA: SUPPORTING AND WORKING WITH THE AFRICAN UNION, A US PERSPECTIVE. Chatham House is hosting Peter Lord, Deputy Chief of Mission at the US Mission to the African Union, to offer his insights into the activities of the US Mission to the African Union and reflect on the growing importance of such multilateral engagements. In 2006, the US Government established the US Mission to the African Union (USAU), a diplomatic representation led by an Ambassador dedicated to working with the AU. Through USAU, the US Government has sought to expand the AU's effectiveness by helping develop its diplomatic toolkit and to maintain an open and influential dialogue on the broad spectrum of policy initiatives the AU undertakes. For more information, please consult the website.

20 April, London, UK. IMPACT OF FOREIGN DIRECT INVESTMENT IN AFRICA. Chatham House will be exploring the development and democracy in Africa. It is not always the up-down relationship as it is often portrayed, but in reality an informal, parallel economy on which many other countries are heavily dependent. By



demonstrating that FDI is not just fuelling the major economic sectors such as mining, forestry and oil but is also tapping into the informal economy, the speakers will explore whether democracy and development can also emerge from the bottom-up by giving people the right tools to support their ambitions. 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.

15 April: Council for Trade in Services – Special Session

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## Resources

ASSURING FOOD SECURITY IN DEVELOPING COUNTRIES UNDER THE CHALLENGES OF CLIMATE CHANGE: KEY TRADE AND DEVELOPMENT ISSUES OF A FUNDAMENTAL TRANSFORMATION OF AGRICULTURE. Written by Ulrich Hoffmann. Published by United Nations Conference on Trade and Development, February 2011. For a large number of developing countries, agriculture remains the single most important sector. Climate change has the potential to damage irreversibly the natural resource base on which agriculture depends, with grave consequences for food security. Agriculture (and related land-use changes) is the most important emitter of global greenhouse gases (more important than all energy-intensive industries taken together and even bigger than the power sector); however, agriculture is the sector that also has the potential to transcend from being a problem to becoming an essential part of the solution to climate change, provided there is a more holistic vision of food security,

agricultural mitigation, climate-change adaptation and agriculture's pro-poor development contribution. What is required is a rapid and significant shift from conventional, industrial, monoculture-based and high-external-input dependent production towards mosaics of sustainable production systems that also considerably improve the productivity of small-scale farmers. The required transformation is much more profound than simply tweaking the existing industrial agricultural systems. However, the sheer scale at which modified production methods would have to be adopted, the significant governance and market-structure challenges at national and international level and the considerable difficulties involved in measuring, reporting and verifying reductions in GHG emissions pose considerable challenges. This paper is available for download here.

THE STAKES FOR STATES IN DEFENDING INVESTMENT TREATY ARBITRATIONS: A GAME OF LUCK AND CHANCE? Written by Mahnaz Malik. Published by South Centre, 2011. The paper examines the current investment treaty arbitration practice with respect to the odds for States to recover the costs of defending investment treaty arbitration claims. It analyzes the results of a recent study on the subject presented by the United Nations Conference on Trade and Development (UNCTAD), provides statistics on claims successfully defended by States or investors, and focuses on the financial implications for States engaged in investment treaty claims. The full paper is available for download here.

LATEST DEVELOPMENTS IN INVESTOR-STATE DISPUTE SETTLEMENT. Published by the United Nations Conference on Trade and Development, 24 March 2011. 2010 saw the lowest number of new treaty-based ISDS cases filed under international investment agreements since 2001. Grenada and Uruguay saw the first claims directed at them, with one case each. As a result, the cumulative total of countries that have responded to investment treaty arbitration rose to 83. This review also offers a brief overview of the most important substantive and procedural issues addressed in the 2010 decisions, including, for example, interpretation of the fair and equitable treatment standard, prohibition of unreasonable

or discriminatory measures, and treaty-based emergency exceptions. It also looks at a number of annulment decisions and observes that domestic courts are reviewing arbitral awards. The review concludes that States appear to be increasingly proactive in the Investor-State Dispute Settlement process. They now aim at managing and controlling cases from the beginning, and/or actively question the tribunal's reasoning once a case have been concluded. This paper is available for download [here](#).

CAPITAL FLOWS TO DEVELOPING COUNTRIES IN A HISTORICAL PERSPECTIVE: WILL THE CURRENT BOOM END WITH A BUST? Written by Yilmaz Akyüz, March 2011. Published by South Centre. The paper argues that the policy of quantitative easing and close-to-zero interest rates in advanced economies, notably the US, are generating a surge in speculative capital flows to developing countries in search for yield and creating bubbles in foreign exchange, asset, credit and commodity markets. This latest generalized surge constitutes the fourth post-war boom in capital flows to developing countries. All previous ones ended with busts, causing serious damages to recipient countries. The conditions driving the current boom in capital flows and commodity prices are not sustainable and they are likely to be followed by a sharp downturn. Various scenarios that can bring them to an abrupt end are discussed. Examining the policy responses and financial and macroeconomic developments in major emerging economies, the paper concludes that deficit commodity-rich economies that have been enjoying the dual benefits of global liquidity expansion - that is, the boom in capital flows and commodity markets - are most vulnerable to a possible reversal, and urges them to manage capital flows more effectively. This paper is available for download [here](#).