



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

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LEAD STORIES

WTO Members Exploring Options for Doha 'Plan B'

After years of insisting that “there is no Plan B” for what to do if governments prove unable to strike a deal in the long-running Doha Round of global trade talks, trade negotiators and WTO officials have begun to explore what such a fallback might look like.

WTO Director-General Pascal Lamy has started quiet consultations with member delegations to explore possible options for trying to salvage something from the wreckage in case a comprehensive Doha accord proves impossible, so as to limit the damage of a failed round to the global trade body.

In public, WTO members have shied away from discussing Plan B scenarios. A meeting last week of the Trade Negotiations Committee saw nothing more than oblique references to considering “other pathways,” as most countries insisted that they remained committed to the ‘Plan A’ goal of a full Doha Round agreement.

In private, however, ambassadors have been mulling over a variety of potential options for trying to work around the impasse in the Doha Round talks, according diplomatic sources. But many of these options would likely run up against some of the same constraints that have contributed to the Doha deadlock.

‘Handpick’ issues, LDC package, or suspension?

The most longstanding suggestion for a Plan B is to ‘handpick’ some issues from among those under consideration in the Doha negotiations, and then conclude a stand-alone agreement on those, leaving aside divisive issues like agriculture and

industrial goods. However, one senior trade diplomat suggested that getting members to agree on which issues to pick might be even harder than concluding the entire Doha Round.

Currently, trade facilitation appears to have widespread support, but countries differ on what other issues might be taken out of the Doha Round negotiations for a stand-alone agreement.

Calls for striking deals on individual issues drawn from the Doha Round talks are hardly new. Following a breakdown of talks in July 2006, the then-EU trade commissioner, Peter Mandelson, called for WTO members to extract from “the rubble of negotiation” the talks on trade facilitation and proposals to update the special and differential treatment (S&D) provisions of specific WTO agreements, as well as discussions on reform of the dispute settlement system. He also called for continuing work on aid for trade. At the time, there was little support among WTO members for taking any issues out of the Doha Round ‘single undertaking’ – the notion that nothing is agreed until everything is.

Former US Trade Representative Susan Schwab, who also played a central role in the Doha Round negotiations, expressed similar ideas in an article for the May-June issue of *Foreign Affairs*, arguing that several smaller deals can and should be salvaged, pointing in particular to trade facilitation, agricultural export subsidies, disciplines on government support to fisheries, and trade liberalisation for environmental goods and services.

An alternative Plan B some Geneva-based trade diplomats have mentioned would focus on least-developed countries. It would have WTO members agree on providing duty- and quota-free market access to exports from LDCs, and agree on a waiver that would authorise them to discriminate in favour of LDC service providers. This plan, however, would run into the same obstacles facing longstanding suggestions for an ‘early harvest’ for LDCs, notably US reluctance to grant unrestricted access to textiles from Asian LDCs.

A third scenario being discussed is a sort of suspension or ‘quiet time’ during which the Doha

Round would be put on the backburner, with WTO members using the reprieve to address developing country concerns about some of the existing rules, or to turn their attention to newer issues.

But a suspension may be impossible to quickly reverse, warn Richard Baldwin and Simon Evenett, editors of a new e-book on the Doha Round. “The politically expedient path of putting Doha on hold” could render a multilateral trade deal impossible by 2020, they argue. In 2013, post-election US politics may be marked by divisive Congressional debates on taxation and spending that will make it harder for the president to compromise on international trade issues. And the new Chinese leadership will be eager to prove its toughness, not to make major concessions to trading partners. Baldwin, a professor at the Graduate Institute in Geneva, and Evenett, a professor at the University of St Gallen, argue that the only way to break the deadlock in 2013 “would be to give China and India something new to bargain for.” However, it would take years just to negotiate such an expansion of the Doha agenda, let alone to conclude an agreement.

Baldwin and Evenett argue that heads of state, particularly in the US and China, should work to conclude a deal this year by making the case for Doha’s significance to the multilateral system, tackling export lobbies head-on, and considering compensation for small constituencies that are currently blocking progress in the negotiations.

As officials search for a way forward, whether on the round as a whole or on part of it, they say that a major obstacle will be distrust, both among the EU, the US, China, Brazil, and India, and between the rest of the WTO membership and the ‘big five.’

ICTSD reporting.

Doha: EU Bid to Break NAMA Sectoral Deadlock Receiving Cool Initial Response

The EU has tabled a proposal seeking to break the deadlock on what has emerged as the single most

divisive issue in the WTO's long-running Doha Round negotiations: participation by large developing countries like China, Brazil, and India in initiatives that would eliminate or deeply cut tariffs across entire industrial sectors. But preliminary responses from trade officials suggest that the informal 'non-paper' will fail to narrow gaps that WTO Director-General Pascal Lamy recently described as "unbridgeable."

Jean-Luc Demarty, the European Commission's director-general for trade and a respected technical expert, unveiled the proposal during a 29 April session of the Trade Negotiations Committee. "Our view has always been that not all options and avenues in this market access area had been explored," he told members.

Since 2008, 'sectoral' initiatives have gone from being largely an afterthought in the Doha Round negotiations on non-agricultural market access (NAMA) to being a major bone of contention. The US and the EU – the former most vociferously – have demanded that fast-growing emerging economies sign on to several of these sectoral initiatives, since their participation would be needed for the initiatives to cover a high proportion, or 'critical mass' of global trade. China, Brazil, and India have countered these demands by pointing to the explicit negotiating mandate that participation in sectorals is to be voluntary, and arguing that the modest farm reforms that rich countries have put on offer do not merit dramatic increases in NAMA liberalization.

In notes accompanying the 21 April reports by the chairs of the Doha Round negotiating groups summing up the state of progress – and outstanding divisions – in each of the areas in the talks, Lamy said that there was "a fundamental gap in expectations in sectorals... not a technical one that one could bridge through adjustments in the architecture of sectorals."

The US and the EU think that participation by large developing countries in sectorals is essential to ensuring that the Doha Round delivers sufficient market access gains, since in their view the standard tariff-reduction formula and associated flexibilities for developing countries to shelter some products from the full force of cuts

would deliver too little. In the view of China, Brazil, and India, however, sectorals are simply a supplement to the tariff cuts achieved through the formula, which they see as setting the tone for the depth of tariff cuts to result from the negotiations.

Demarty was considerably more upbeat than Lamy when presenting the proposal to the meeting, explaining adding that the EU had met with several delegations to discuss the issue in the days leading up to it. "We tried to demonstrate that it is technically and realistically possible to bridge the gaps if the political will is there!" He argued that "it is clear that without an ambitious result on sectorals – particularly as regards the economically significant sectors of chemicals, machinery and electronics – it will not be possible to conclude the round in its current form."

In the non-paper circulated to WTO members, the EU made clear that China, and also other large developing countries – implying Brazil and India, and possibly others – would be expected to participate in sectoral initiatives.

Focus on industrial machinery, chemicals, electronics

As per the terms described by Demarty, developed countries would be required to eliminate tariffs on all products covered by the initiatives (he did, however, specify that audiovisual products, which are sensitive to the EU and some other members, would be excluded from the initiative on the electronics sector).

Developing countries would have to eliminate tariffs on some products covered by sectoral initiatives. For others, they would have to establish future tariff ceilings at a to-be-negotiated 'x' percentage points below the end-rates yielded by the standard 'Swiss' tariff reduction formula.

The EU outlined specific provisions for each of the three sectors it focused on.

For industrial machinery, it wants developing countries to 'go to zero', or eliminate tariffs, on goods such as agricultural equipment, which were covered by voluntary sectoral arrangements during the previous Uruguay Round of negotiations.

On chemicals, it wants developing country participants to reduce their tariffs to levels prescribed by the existing Chemical Tariff Harmonisation Agreement (CTHA), if those are lower than what would result from the ‘formula plus x’ reduction. The Uruguay Round-era CTHA, which is already applied by the EU, the US, Japan, and China, but not by India and Brazil, sets tariffs on a wide range of chemical products, from inorganic and organic chemicals, fertilisers, soaps, cosmetics, and plastics at either zero, 5.5 percent, or 6.5 percent.

As for electronics and electrical machinery, “participating developing Members would be expected to join the effort of developed countries and eliminate their tariffs in this sector in which they are highly competitive exporters.”

Demarty specified that under the EU proposal, developing countries would be able to apply the so-called ‘Paragraph 7 flexibilities’ to products covered by sectoral initiatives. Under those flexibilities, developing countries are, depending on the level of overall tariff reduction they opt for, allowed to exempt from tariff cuts up to 6.5 percent of tariff lines covering 7.5 percent of manufacturing imports by value. Alternatively, they can make cuts equivalent to half those ordinarily required by the formula on up to 14 percent of tariff lines, covering 16 percent of manufacturing imports. (Comparable flexibilities in the agriculture negotiations do not come with a trade volume cap, a point of irritation for some developing countries.)

The EU official told the meeting that Brussels’ analysis of the proposal “confirms that it would create significant additional market access on top of the tariff cutting formula, while ensuring that efforts are balanced and proportionate, and in line with the principle of special and differential treatment.” He held out the prospect that other sectors could later be added to a NAMA sectoral package.

Initial reception cool

Initial reactions to the EU proposal were cool. At the TNC session, China suggested that the proposed compromise only took into account the

interests of developed countries. Even the US was not very enthusiastic, with Ambassador Michael Punke stressing that the “key threshold question, in our view, is whether this or any other proposal can serve as a catalyst for real negotiations – for true give and take.”

One trade diplomat, speaking under condition of anonymity, told Bridges that prospects for real engagement on the basis of the EU proposal were “very low.” The EU paper would entail only fractionally less liberalisation than what the US has been demanding, and was in sharp contrast to India, Brazil, and China’s insistence that sectorals should have limited coverage, with limited cuts, matched by concessions in other areas by the developed country demandeurs. It is “business as usual,” the official said, “not a compromise.”

According to the source, the EU proposal would require a much greater tariff reduction ‘effort’ by developing countries than by developed ones. For instance, the rich countries that already apply the Chemical Tariff Harmonization Agreement have a maximum tariff of 6.5 percent on chemicals. Even without a sectoral tariff initiative, the standard tariff reduction formula would reduce this to about 3 percent. With the sectoral, tariff elimination would be a matter of three percentage points. For developing countries with higher tariffs in the chemicals sector, participation in the sectoral would involve a much larger supplemental reduction.

Senior negotiators and capital-based officials are believed to be reviewing the EU proposal. Delegates contacted by Bridges were uncertain about how the talks on the paper would proceed.

ICTSD reporting.

TNC: WTO Chief Lamy Calls for ‘Serious, Active Reflection’ on How to Save Doha

Trade diplomats at the WTO are finally saying openly what they have privately acknowledged for years: that serious gaps of substance and political perception stand between governments and an accord in the long-running Doha Round of trade negotiations.

Nevertheless, they refused last week to throw in the towel following Director-General Pascal Lamy's downbeat assessment of the impasse in the talks, and backed his plan for consultations aimed at finding a new way forward.

In his opening speech to an informal session of the Trade Negotiations Committee on 29 April, the WTO chief warned that "this round is, once more, on the brink of failure."

A failure, he emphasised, would carry serious risks for the global trade body, even though the WTO would in the absence of a Doha deal continue its existing functions of monitoring members' commitments, adjudicating disputes, and providing technical assistance to developing countries. "We need to be lucid and realistic: failure of the WTO to deliver on its legislative function, failure of the WTO to update the rules governing international trade... risks a slow, silent weakening of the multilateral trading system in the longer term." This weakening would be marked by a loss of interest from governments, "an erosion of the rules-based multilateral trading system [and] a creeping return to the rule of the jungle."

The meeting came on the heels of the 21 April release of draft texts summing up the state of progress – and outstanding divisions – in each of the negotiating areas in the Doha Round. In notes accompanying those texts, Lamy said that divisions on non-agricultural market access – and specifically, the participation of developing countries in initiatives to eliminate or deeply slash tariffs across entire industrial sectors – were "unbridgeable" and constituted the single largest obstacle to a multilateral agreement.

In his remarks to the TNC, Lamy referred to many of the reasons often cited for the round's travails – insufficient interest from the outset, the growing number of WTO members, a multi-issue negotiating agenda that has been rendered out-of-date by the passage of nearly a decade, changed global economic circumstances, and "a general retreat from multilateralism." For all that, he noted, the talks were now "blocked because of a classic mercantilist issue: tariffs on industrial products, the bread and butter of WTO negotiations since their inception." He called it "deeply disappointing" that despite over 60 years

of experience at finding compromises on cutting industrial tariffs, governments had been unable to do so in the Doha Round talks on non-agricultural market access (NAMA).

Calling for a "process of serious, active reflection" on how to break out of the deadlock, Lamy expressed the belief that "three options will not work: Option 1, 'business as usual' will not work. Option 2, 'stopping and starting from scratch' will not work, since the issues blocking progress today will be the same ones on the agenda tomorrow. Option 3, 'drifting away' by wishing the issue would simply disappear will not work either."

Several WTO members intervened during the TNC meeting, but none explored possibilities for a 'Plan B' – the notion that, with a broad Doha Round agreement proving impossible, governments should try to salvage issue-specific agreements in areas where that may be possible, such as trade facilitation. Many said that starting from scratch was not an option, since it would require throwing away ten years of work.

While no one suggested that 'Plan A' -- a comprehensive agreement – was out of reach, some called for realism. Brazil's ambassador to the WTO, Roberto Azevedo, said that members needed to "face the fact that, right now, the chances of success for gap-closing efforts in market access are disappointingly low," but that the WTO's credibility and legitimacy were not in "a death embrace" with the Doha Round. The WTO "is bigger than the Round and transcends it," he said. US Ambassador said that members would "need to consider the viability of other pathways" if they agree that a full Doha accord impossible.

The EU outlined a proposal for NAMA sectoral liberalisation initiatives in chemicals, machinery, and electronics, under which developed countries would eliminate tariffs on all products, while participating developing countries would be able to maintain some level of duties on some products, albeit at lower rates than what would have resulted from the regular tariff cutting formula and flexibilities (see related article, this issue).

US Ambassador Michael Punke agreed with Lamy's assessment that "there is a fundamental gap in expectations among key Members," but argued that the gap was not limited to NAMA. "We do not agree with the suggestion in the report that if we could work out our differences in NAMA, then other areas of the negotiations would simply fall into place," he said, arguing that "fundamental differences also exist with respect to agriculture and services."

Punke reiterated the US's view that the outcome of Doha negotiations would "set the terms of trade for decades to come" – a reason why Washington has been so insistent that large developing countries accept very substantial tariff-reduction commitments as part of any agreement. India, too, emphasised the depth of the gaps between key countries' positions, sources said.

Several groups of smaller countries, for which participating in the Doha Round talks has represented a substantial investment in terms of money and negotiating capacity since 2001, reiterated their call for an agreement. Speaking for the group of African, Caribbean, and Pacific countries, Mauritius said that a Doha failure would cause them to lose faith in the multilateral trading system, and that throwing away ten years of work was unacceptable. Kenya on behalf of the African Group said they support advancing negotiations. Not concluding the DDA is not an option for Africa. Failure will not just discredit Doha but the multilateral trading system as a whole. Both Mauritius and Kenya thanked the EU for its new proposal aimed at compromise on NAMA.

Bangladesh, on behalf of least-developed countries urged members to overcome the current obstacles, reminding them that LDCs have had to deal with the fallout from a financial crisis they did not cause. It called on developed world to show support for LDCs at an upcoming UN summit on LDCs in Istanbul. Barbados, for the small and vulnerable economies, called the chairs' reports "sobering" but said that there was still a chance to conclude the round. Burkina Faso intervened to say that it had not seen real engagement by others on cotton subsidy issues.

China, whose participation in NAMA sectorals is a key objective for the US and the EU, said that the

new EU proposal only represented the interests of developed countries. It said that if the round is not concluded this year, developing countries will be hardest hit.

Australia, for its part, said that the reports cast real doubt on whether it would be possible to conclude the round this year.

Ministers from influential WTO members will have ample opportunity to discuss the Doha Round negotiations in the weeks to come. The Organisation for Economic Co-operation and Development's annual ministerial meeting is scheduled for 25-26 May in Paris; sources suggest that the French government will organise a trade 'mini-ministerial' on its margins. The same will see trade ministers from Pacific Rim countries meet at an Asia-Pacific Economic Cooperation summit in the US state of Montana.

The TNC is set to meet next on 31 May, with a 'green room' session of a smaller cross-section of members the day before.

ICTSD reporting.

OTHER NEWS

WHO Reaches Virus Sharing Agreement After Four-Year Debate

Members of the World Health Organization (WHO) reached agreement in principle on a framework that, if ratified by the World Health Assembly this month, would create a unified mechanism for the sharing of pandemic influenza viruses in the case of a pandemic.

The prospective agreement has been called a "milestone" by WHO officials, governments, and industry members, as it would be the first of its kind to create a framework for managing the sharing of influenza viruses of pandemic proportions and ensuring that poor countries have better access to vaccines.

Pandemic influenza differs from seasonal influenza viruses in that pandemics are caused by new influenza viruses that have adapted to

humans, like the avian flu (H5N1) and swine flu (H1N1) viruses. According to the WHO, these viruses exhibit “pandemic potential” because they are still in circulation today and humans have little to no immunity to them. Health experts predict that the world may be on the brink of another major influenza pandemic such as the Spanish influenza pandemic of 1918, which killed 40 million people. The most recent major influenza pandemic killed 1 million people in 1968.

Four years of controversy come to an end

The framework has its origins in a controversy which arose in recent years after some developing countries expressed the fear that the avian flu (H5N1) virus samples they shared with the WHO’s Global Influenza Surveillance Network (GISN) would be used to develop high-cost patented vaccines that they would be unable to afford. In protest, Indonesia – which has reported the highest number of H5N1 infections and deaths since the first outbreak in 2003 -- decided to withhold flu samples from the WHO in 2006. Meanwhile, developed countries emphasised the cost and effort that goes into the development of influenza vaccines and pandemic response. Indonesia’s decision prompted the 2007 session of the World Health Assembly – the key WHO decision making body – to address the concerns over virus sharing in an open-ended working group.

Slow progress between 2008 and 2010 was nevertheless marked by achievements such as the establishment of processes to revise the terms of reference for laboratories, as well as their practices in terms of virus-sharing and vaccine production. The working group also mobilised resources through the WHO Global Pandemic Influenza Action Plan to Increase Vaccine Supply to establish a tracking system for pandemic viruses and a stockpile of vaccines for use in developing countries.

The Pandemic Influenza Preparedness Framework for the Sharing of Influenza Viruses and Access to Vaccines and Other Benefits is intended to establish a unified approach to global preparedness to future influenza pandemics by creating binding legal processes for the WHO,

influenza labs, and industry partners in developed and developing countries.

The objective of the framework, as agreed to in the working group, is “to improve pandemic influenza preparedness and response, and strengthen the protection against the pandemic influenza by improving and strengthening the WHO global influenza surveillance and response system (WHO GISRS), with the objective of a fair, transparent, equitable, efficient, effective system for, on an equal footing, (i) the sharing of H5N1 and other influenza viruses with human pandemic potential and (ii) access to vaccines and sharing of other benefits.”

The framework is accompanied by legal instruments called “Standard Material Transfer Agreements” (SMTAs) that would regulate how the influenza viruses are shared. SMTA 1 deals with virus-sharing within the WHO’s influenza surveillance network, while SMTA 2 addresses virus-sharing outside it. Agreement with industry was reached after intense negotiations only days before the working group’s final agreement.

One of the most important elements of the framework is the obligation for the pharmaceutical industry to contribute half of the Global Influenza Surveillance Network’s running costs and to commit 10 percent of vaccines and anti-virals for use in developing countries.

A copy of the final, unedited PDF text of the framework is [available here](#).

Reactions to the agreement

WHO officials called the framework a significant victory for public health and praised the ability of members and stakeholders to responsibly find solutions to key issues. Margaret Chan, director-general of the WHO, said that though the journey was a long one, it reinforced the “belief that global health in the 21st century hinges on bringing governments and key stakeholders like civil society and industry together to find solutions.”

Working group Co-Chair Juan José Gomez-Camacho (Mexico) called the negotiation “historic,” while Co-Chair Bente Angell-Hansen (Norway) said the framework “reflects a unique

partnership with industry, and contains concrete measures of cooperation with both industry and civil society.”

However, there are concerns by some civil society groups that the framework does little to ensure that the pharmaceutical industry does not disproportionately benefit from virus samples while leaving developing countries without adequate access to vaccines or other products.

In a joint press statement, Third World Network (TWN) and the Berne Declaration argued that “the \$20-30 million annual monetary contribution required of manufacturers and the 10 percent of vaccines/anti-viral medicines set aside are far too little to meet the needs of developing countries (which account for 80 percent of the world population) in the event of a pandemic outbreak. These benefits should have been set at higher levels”. At the same time, they recognised the framework as “an important step forward towards a system for the sharing of influenza viruses and resulting benefits.”

The International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), for its part, said in a statement that it welcomed the outcome and commits to making sure IFPMA members “continue to ensure that intellectual property rights do not present a barrier at the next pandemic.”

A developing country negotiator pointed that while the agreement didn’t meet all their demands, the framework represented a realistic outcome about what could be possibly agreed to. He added that the Framework and its Annexes will be reviewed by 2016 with a view to proposing revisions reflecting developments as appropriate, to the World Health Assembly in 2017, through the WHO Executive Board.

Intellectual Property issues

Intellectual property was one of the difficult issues in the negotiations, as debates ensued over technology transfer and intellectual property rights on biological materials, such as viruses and human or animal samples. Developing countries sought to obtain commitments that once virus-sharing occurs, recipients would be bound to grant non-

exclusive licenses to developing country manufacturers.

Ultimately, SMTA 1 notes that “neither the provider nor the recipient should seek to obtain any intellectual property rights (IPRs) on the materials.”

Relationship with the CBD Nagoya Protocol

The WHO framework comes only months after parties to the Convention on Biological Diversity (CBD) adopted the “Nagoya Protocol on Access to Genetic Resources and the Fair and equitable Sharing of the benefits Arising from their Utilization.” The scope of the two agreements could overlap as the Nagoya Protocol contains a special provision on “emergency situations that threaten or damage human [...] health” stipulating that countries shall consider granting “expeditious fair and equitable sharing of benefits [...] including access to affordable treatment [...] in developing countries” in such situations. The protocol also contains a benefit-sharing obligation for all genetic resources, including pathogens.

Though the Nagoya Protocol has been adopted, disagreement on its scope and relation to other international instruments lingers on. This was clearly reflected during the WHO talks as contrasting opinions persisted regarding whether the framework should reference the Nagoya Protocol.

While a group of developing countries saw their interest in a strong PIP framework reflected in the Nagoya protocol, the European Centre for Disease Prevention and Control for one argued that the fundamental principle of Nagoya -- that “countries ‘own’ their natural resources” -- “does not fit well with the way that micro-organisms behave.” For the moment the matter remains unresolved.

The document will be submitted to the World Health Assembly on 16-24 May for detailed review and adoption.

ICTSD reporting. “Significant agreement on sharing of influenza viruses samples and benefit sharing at a global Open Ended Working Group”, ECDC, 20 April 2011; “Agreement on influenza

virus sharing and benefit sharing is a step forward but has some shortcomings”, THIRD WORLD NETWORK, 20 April 2011: “WHO Group Strikes Landmark Deal on Global Framework for Flu Pandemics”, IP WATCH, 18 April 2011.

IN BRIEF

Korean Parliament Approves FTA with EU, Putting Pressure on US

Korea’s parliament on Wednesday approved a free trade agreement with the EU, as opposition lawmakers boycotted the vote, paving the way for it to enter into force in July.

The controversial accord is estimated to cover \$70 billion in annual two-way trade; it will remove 98 percent of import barriers between the two trading powers over the next 5 years.

Signed in October last year (See [Bridges Weekly](#), 13 October 2010) and approved by the European Parliament in February, the FTA has been facing major delays in the Korean Parliament due to concerns that Korean farmers and dairy producers would be undercut by European imports.

After six months of debate, a key parliamentary committee ratified the FTA last week. But the opposition Democratic Party blocked a vote, demanding additional safeguards for the agricultural industry. Despite an eleventh-hour agreement between the ruling Grand National Party and the DP to introduce new protections for farmers and the retail sector, the opposition party ultimately boycotted the vote.

The last-minute reforms fatten monetary compensation for farmers in the event of price declines, and are set to be in place for a decade. During that time, farmers will also be exempt from value added taxes on their production equipment and feed. Protective legislation for traditional supermarkets was also strengthened, with a provision that no “super supermarket” – giant food retail conglomerates such as the UK’s Tesco – could open within a 500-meter radius of traditional markets for three years; the expanded

to a 1-kilometer radius for a minimum of five years.

Officials also promised to initiate negotiations for greater protection of domestic industry within the FTA texts before it could enter into effect on 1 July.

The wrangling over the EU FTA overlapped with a visit by US Commerce Secretary Gary Locke to Seoul to promote the US’s own FTA with Korea, which is currently stalled in the US political system.

Locke told the Wall Street Journal last week that passage of the EU-Korea FTA with would put the US Congress under pressure to follow suit.

“The EU-Korea agreement takes effect on July 1 and so many of the same products that Americans want to sell to Korea will now come in at cheaper prices from Europe, which puts American companies at a disadvantage,” said Mr. Locke. “The longer we wait, the longer that disparity.”

ICTSD reporting; “Assembly to discuss ratifying FTA with EU this week”, KOREA HERALD, 2 May 2011; “Korea’s National Assembly to Pass Korea-EU FTA Bill on Thursday”, ARIRANG, 3 May 2011; “US-South Korea Free-Trade Pact Trails EU Agreement”, WALL STREET JOURNAL, 28 April 2011, “Contentious vote on Korea-EU FTA set for today”, KOREA JOONGANG DAILY, 4 May 2011; “Korea-EU FTA ratified,” KOREA TIMES, 4 May 2011.

EU, US Downplay Expectations for Durban Climate Meet

Leading climate officials from the EU and US last week expressed serious doubts about the feasibility of establishing a legally binding climate deal at a UN conference in Durban later this year. By calling the possibility “highly unlikely” last week, EU climate change commissioner Connie Hedegaard aligned herself with US climate negotiator Todd Stern who, in a statement last month, called such a deal “not doable.” Although doubts about an ambitious agreement in Durban have been raised before, these statements by representatives of two of the world’s largest emitters are more categorical than before.

To the disappointment of the EU, UNFCCC Conferences of the Parties (COPs) in neither Copenhagen nor Cancun had delivered on creating a single binding agreement to reduce emissions worldwide. Emerging and developing countries have started to criticise the lack of fast-start funding under the Copenhagen Accord (see Bridges Trade BioRes, [7 March 2011](#)). Developing countries have also expressed frustration over what they call the inadequate incorporation of equity, intellectual property rights, and trade issues in the documents adopted in Cancun. They have since requested that a future climate framework be more in line with the Bali Road Map.

The US could be regarded as the country having the least to lose from the latest developments as it deems a binding agreement “unnecessary.” The US position in the international negotiations is, to a large extent, a reflection of domestic developments. In 2007, a US Supreme Court ruling granted the Environmental Protection Agency (EPA) vast authority with respect to emissions regulation under the Clean Air Act. Four bills prepared by Republicans that would restrict the EPA’s ability in this regard were recently defeated by the Senate (see Bridges Trade BioRes, [18 April 2011](#)).

Despite the emerging spirit of compromise between developed and developing countries reported from Cancun, the first major meeting of 2011 – which was held in Bangkok last month – served as a reminder of the political complexities that underlie the negotiations (see Bridges Weekly, [14 April 2011](#)). In Bangkok, discussions were to focus on how to implement the decisions taken at the COP16 (referred to as the [Cancun Agreements](#)) in 2011, and resolve the outstanding issues that were not addressed in Cancun.

However, Parties faced difficulties in agreeing on [the agenda](#) for the negotiating session. Climate talks will reconvene in early June in Bonn, likely to be followed by an additional session in late September or early October, before the COP 17 gets underway in Durban at the end of the year.

ICTSD Reporting; “Durban climate deal impossible, say US and EU envoys”, THE GUARDIAN, 28 April 2011; “Major Polluters Say 2011 Climate Deal “Not Doable”, REUTERS, 28

April 2011; “Proposal to Handicap EPA’s Regulation of Greenhouse Gases Evaporates in Senate”, CLIMATE CHANGE INSIGHTS, 8 April 2011; “Bills That Would Limit the U.S. EPA’s Clean Air Act Authorities”, WORLD RESOURCES INSTITUTE, 19 April 2011; “EU Praises Chinese Action on Climate, Blames U.S. for Blocking Global Deal”, BLOOMBERG, 15 April 2011.

EVENTS & RESOURCES

Vacancy

The Australia Indonesia Partnership for Economic Governance (AIPEG), an AusAID-funded project assisting Indonesia to undertake economic and financial policy reforms, is seeking applications from qualified and experienced personnel for the positions of Distribution Services Specialist and Transport Services Specialist. These two short-term positions are located in the AIPEG Ministry of Trade Sub-Facility office in Jakarta, Indonesia. For more information, [click here](#).

Events

Coming soon

4-6 May, Cape Town, South Africa. WORLD ECONOMIC FORUM ON AFRICA 2011. Africa has demonstrated greater than expected resilience through the global economic crisis and has become one of the fastest-growing regions in the world. Improved political and macroeconomic stability, strengthened political commitment to private sector investment and better access to basic education and social services are drivers behind this trend. This Forum will discuss three main questions: 1) How can Africa take on a leadership role and guard against newly emerging global and regional risks? 2) How can it further attract global and regional investment, and sustain its growth path through greater industrial diversification and innovation? 3) How can inclusive growth be fostered through partnerships and the promotion of Africa’s small and medium

enterprises? More information can be found on the [website](#).

10 May, Istanbul, Turkey. ISTANBUL TRADE AND DEVELOPMENT SYMPOSIUM ON LEAST DEVELOPED COUNTRIES. This symposium, organised by the International Centre for Trade and Sustainable Development (ICTSD), the OECD Development Center, the Centre for Policy Dialogue Bangladesh, the Commonwealth Secretariat, and the Turkish Economic and Social Studies Foundation will take place in conjunction with the Fourth UN Conference on the Least Developed Countries (UNLDCIV). The event will bring together policy makers and experts from international organisations, civil society, private sector, and academia to identify innovative strategies for tackling the implementation challenges of the UNLDCIV outcome towards structural transformation in LDCs. For more information, visit the event [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.

5 May: Sub-Committee on Least-Developed Countries

10 May: Working Group on Trade, Debt and Finance

11 May: Committee on Specific Commitments

12 May: Committee on Market Access

Other upcoming events

6-10 June, Geneva. THIRD SESSION OF THE TRADE AND DEVELOPMENT COMMISSION. As countries struggle to place their economies onto sustained growth and

development paths in the post-global economic crisis period, trade unquestionably remains an important instrument for economic recovery, growth and development. This session of UNCTAD's Trade and Development Commission will address the themes of: assessing the evolution of the international trading system and enhancing its contribution to development and economic recovery, as well as the integration of developing countries in global supply chains, including through adding value to their exports. More information can be found [here](#).

Resources

USING TRIPS FLEXIBILITIES TO IMPROVE ACCESS TO HIV TREATMENT. UNAIDS, WHO, and UNDP, 2011. This brief describes how the flexibilities contained in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and reaffirmed by the Doha Declaration provide important opportunities for WTO members to reduce prices and expand access to HIV medicines. The policy brief can be accessed on the [website](#).

DID THE PROTECTIONIST DOG BARK? TRANSPARENCY, ACCOUNTABILITY, AND THE WTO DURING THE GLOBAL FINANCIAL CRISIS. By Robert Wolfe, with a preface by Mark Halle. ENTWINED Policy Report 01, March 2011. Leaders of the G20 promised repeatedly that they would refrain from trade restrictions in response to the global financial crisis that began in 2008, and that they would minimize the negative impact on trade and investment of stimulus measures. They also promised to hold themselves accountable for this commitment using a novel transparency mechanism based in the World Trade Organization. At the same time, the Global Trade Alert set itself up as an alternative accountability mechanism. A detailed comparison first of GTA and WTO data on the number of measures each found, and second, of their ability to offer robust interpretations of the measures, allows both a check on the official story, and a consideration of how transparency can help to close the gap between commitment and action, thereby

contributing to accountable global governance.
Click [here](#) for the full report.

INVESTING ACROSS BORDERS – APEC.
APEC Investment Experts' Group, April 2011.
The report presents for each APEC member economy fact-based benchmarking data on laws and regulations in selected policy areas affecting entry and operations of foreign direct investors. The data are based on surveys and interviews with private sector intermediaries – investment lawyers, accountants, and investment promotion specialists – working with foreign investors in each of the benchmarked economies. The methodology for this study is based on that of the global investing Across Borders project of the World Bank Group. The complete report can be found on the official [website](#).
