



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

Volume 15 · Number 27, 20 July 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.

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LEAD STORIES

WTO Meeting Highlights Aid for Trade Success, Though Work Remains

Delegates, civil society members, and private sector representatives meeting in Geneva this week spoke to the successes and shortcomings of the WTO's Aid for Trade (AFT) initiative, as the spectre of Doha coloured the background of many presentations. Key themes focused on the fact that financial commitments for AFT initiatives have skyrocketed in recent years and the need for work to be done in monitoring and evaluation of on the ground impacts. The Third Global Review of Aid for Trade, which took place on 18 and 19 July, aimed to evaluate the six-year-old initiative's progress in helping developing countries build their trade capacity.

“Encouraging” results in recent years

WTO Director-General Pascal Lamy, in his introductory remarks, noted that there is an emerging body of research showing a positive link between the six-year Aid for Trade initiative and trade performance. He emphasised that “global supply or value chains are extending ever more widely as countries in Asia, Latin America, and increasingly Africa too fall under their spell.”

The joint report prepared by the WTO and the Organisation for Economic Co-operation and Development (OECD) for the event found that financial commitments to the initiative were US\$40 billion in 2009, marking a 60 percent increase from the 2002-2005 baseline period.

Improvements have also been seen in developing country participation in negotiations, quicker customs clearance, increased standards compliance, and export growth, among other areas.

The report also found that disbursements have grown 11 to 12 percent annually since 2006, reaching US\$29 billion in 2009. However, Kenya, speaking on the African group's behalf, urged that disbursements should match commitments more closely.

Lamy added that there is a "debit account" side to this balance sheet – specifically the need to focus on results-based management, to improve aid effectiveness, and to respond to problems such as inadequate funding and sustainability in partner country systems.

He stressed that results are vital in order to "sustain political interest and financial resources; at times of inevitable growing budgetary constraints in many traditional donors, we must show results."

Canada and Finland were among the countries that highlighted the initiative's shortcomings in monitoring and evaluation (M&E). Finland suggested that such an exercise needs to be brought down to a country level in order to enhance capacity, needs assessment, and project design, while Canada asked that M&E become more pragmatic and specific, given that case stories provide mainly anecdotal evidence.

The concern that the Aid for Trade financing levels might be unsustainable in the troubled economic climate was echoed throughout the meeting, with UN Secretary-General Ban Ki-Moon urging countries not to allow tough financial times become an "excuse for letting up our efforts,"

Ban also urged that Aid for Trade and other initiatives be viewed in conjunction with other issues such as climate change and the food crisis, a sentiment that Lamy echoed. The WTO Director-General stressed that "we can do a better job of explaining why Aid for Trade can support broader policy objectives like poverty alleviation, social welfare, food security, gender empowerment, climate change adaptation, energy generation, and sustainable development."

Mainstreaming, trade facilitation still in need of work

Barbados, speaking on behalf of small and vulnerable economies (SVEs), acknowledged that the case stories collected by the WTO and OECD are a "very good start," but found that room for improvement remains – particularly in assistance for mainstreaming Aid for Trade into development strategies. Lamy noted that this is "a challenge for Members at all levels of development, LDCs and non-LDCs alike."

The subject of trade facilitation also gathered substantial attention, with customs management, transportation infrastructure, and logistics all cited as areas where developing countries need help to access markets. Here, as in other areas, the need for private sector involvement was stressed.

Panellists acknowledged that trade facilitation has improved in recent years. Richard Sezibera, the East African Community's (EAC's) Secretary General, recognised the gains from the reform of the EAC's customs union, along with increased policy harmonisation – adding, however, that transport costs within the region are still 50 percent higher than in Europe or Asia.

Trade facilitation also featured in sessions on Aid for Trade in the Asia-Pacific region, where panellists noted that Aid for Trade flows in the region lag behind those in other areas.

Bringing in the private sector

One of the Review's major conclusions was that the private sector needs to be better integrated into the initiative. In his closing remarks, Lamy noted that "this is the Third Global Review, but the first with genuine private sector participation." He added, however, that "getting the private sector on-board also means understanding that in reality 'Aid for Trade' is as much the need to generate 'Investments for Trade.'"

At a panel on the private sector's role in global value chains, Sarah Thorn, Senior Director of Government Relations at Walmart, mentioned that there has indeed been a shift toward greater private sector involvement in emerging markets.

“I do think we’ve changed the way we think about corporate responsibility,” she remarked.

Private voluntary standards also featured in the private sector discussions, particularly regarding the increased barriers to trade that could result from the growing range of standards. Panellists stressed that Aid for Trade should help provide mechanisms for producers to learn to comply with these various new standards.

This discussion continued at a side event sponsored by Switzerland, Germany, and the International Trade Centre (ITC), where ITC Executive Director Patricia Francis stressed that “compliance with private standards has become an important determinant in global competitiveness.” Presenters unveiled a new initiative that would enable exporters to better understand and compare private standards.

Food security

A high-level session on food security, featuring Lamy, World Bank Group President Robert Zoellick, ministers from Spain, France, and Togo, the Commission President of the Economic Community of West African States (ECOWAS), and the Chairman of Nestlé S.A, focused on how improved trade capacity could help with the problem of high and volatile food prices. The session was moderated by Ricardo Meléndez-Ortiz, ICTSD Chief Executive.

ECOWAS Commission President James Victor Gbeho highlighted that, despite a general improvement in food exports, that trend “remains fragile up till now.” While ECOWAS has shown encouraging results, there still are “supply side challenges to this improvement that need to be addressed seriously and in a sustained manner.”

Lamy suggested that Aid for Trade could “bear a support role” in helping stakeholders build capacity to help manage storage, transport, and other aspects of the local agricultural production chain.

Nestlé S.A. Chairman Peter Brabeck-Letmathe also addressed the issue of private sector involvement, stressing that, while investment

should occur, “the private sector should never try to substitute for what government is not doing.”

Doha lurking in the background

The struggles facing the Doha trade talks acted as a backdrop to the Aid for Trade discussions, with various delegations calling for the successful conclusion of the negotiations; some also emphasised the need for an LDC-focused package.

Lamy highlighted the connection between the Aid for Trade initiative and Doha, stating that the “transformative power of global markets is the intellectual underpinning to Aid for Trade. It is also the reason I am still committed to finding a positive outcome to the Doha Development Agenda; to ensuring that the multilateral trade rules provide the legal certainty that companies need to go about their business beyond their borders.”

Zoellick, in his remarks at the opening session of the review, urged WTO Members to “double down on Doha,” warning that otherwise “the trade agenda will switch elsewhere.”

He criticised negotiators from both developed and developing countries for “fold[ing] into defensive crouches,” and particularly noted the shortcomings of his home country – the US – in that regard.

ICTSD reporting.

Dispute Panel Set to Hear Japan, Canada Renewable Energy Row

On Wednesday, 20 June, the WTO saw the start of the first climate change-related dispute in its history. After much expert discussion on the issue, the WTO might now be beholden to rule on the relationship between green energy support and national stimulus measures.

With the establishment of the panel to hear the case, the protracted disagreement between Japan and Canada over the Canadian province of Ontario’s renewable energy support programme

took another turn. The two countries have been at odds over Ontario's feed-in tariff (FIT) programme since last autumn.

The FIT mechanism guarantees renewable energy generators the purchase of their energy for a fixed price above market standards, along with grid access and long-term contracts. The programme aims at increasing the share of renewable energy in Ontario's electricity mix by insulating green energy producers from risks, and facilitating investments that would otherwise be costly.

However, a local content provision in the programme that requires energy producers to source up to 60 percent of their inputs from Ontario is what caused Japan to bring the case to the WTO's attention. The "made in Ontario" requirement, Tokyo claims, is in violation of the national treatment provisions of the General Agreement on Tariffs and Trade (GATT), and the Agreement on Trade-Related Investment Measures (TRIMS), and is a "prohibited subsidy" under the WTO's Subsidies and Countervailing Measures (SCM) Agreement.

For the moment, the most interesting twist of the case could be the fact that Japan decided to bring the case, amongst others, under the SCM Agreement. This could illuminate the relationship between green energy support and the subsidies rules, which till today has remained largely unexplored.

"Subsidies rules might turn out to treat each national FIT programme differently – not only depending on its economic effect but more so depending on its design and the role of the government," a new ICTSD [study](#) finds. "Governments will need to decide whether they find these options supportive of climate change mitigation efforts or whether a renegotiation would be beneficial," the study concludes. ICTSD, which authored the study, is also the publisher of Bridges Weekly.

Last month, a similar conflict between China and the US came to a close before ever having reached the dispute panel stage. Beijing and Washington had argued over various support measures for wind turbine manufacturers in China.

On 7 June the US Trade Representative announced that China would be ending the funds and that it considered the matter settled. While Beijing's decision to end the subsidies was communicated to Washington, it was not part of a formal agreement between the two parties nor was it directly related to the dispute. Chinese industries and officials insist that the subsidies were removed because they were no longer needed, not because they were in violation of international trade rules.

FIT also facing legal troubles on another front

Ontario's FIT programme is also beginning to draw legal attention outside the global trade body. American renewable energy company Mesa Power Group, based in the US state of Texas and owned by billionaire T. Boone Pickens, announced on Thursday 14 July that it intends to file a complaint under the North American Free Trade Agreement (NAFTA).

The Mesa Power Group argues that the FIT violates NAFTA's provisions on government procurement. Mesa has complained that Ontario made "last-minute" changes to the rules for awarding power purchase agreements under the FIT provisions of its Green Energy Act, which was passed in 2009. It argues that this has pushed Mesa out of the competition, with the process violating NAFTA public procurement rules that mandate non-discriminatory tendering procedures.

A similar argument had also been made with regard to WTO rules on government procurement. These, however, are less comprehensive than the NAFTA counterparts and currently do not apply to all sub-federal entities in Canada. In fact, the Ontario Power Authority – the body responsible for the implementation of the programme – happens to be outside the realm of WTO rules on government procurement, experts have reported.

On 3 June, the Ontario Power Authority changed its rules to allow projects in a neighbouring transmission region to connect to the Bruce transmission area in western Ontario. This meant that approximately only 62 percent of FIT contracts announced in the latest round of FIT awards on 4 July went to Bruce-based projects – but not those belonging to the Mesa Power

Group. Mesa lost contracts for two wind energy projects.

Cole Robertson, a Mesa Power executive, argued that “this clear favouritism disadvantaged Mesa, as well as other wind developers, and clearly violates the spirit, goals, and objectives of the North American Free Trade Agreement,” according to Reuters.

Mesa is also challenging the local content requirements of FIT, as well as the “preferential treatment” given to certain investors, including, they argue, South Korea’s Samsung C&T Corporation. In January, Samsung committed to invest US\$6.7 billion to build four wind and solar energy clusters in Ontario. This agreement is the largest deal under the province’s green power plan.

Mesa has stated that it expects to file a formal notice of arbitration with NAFTA after 3 October.

Ontario’s FIT programme has also faced substantial pushback from the province’s opposition Progressive Conservative Party, which has promised to eliminate the programme if they win the provincial election on 6 October.

On 1 June, Japan issued its first request for a panel, which the Dispute Settlement Body deferred at their 17 June meeting at Canada’s request. WTO rules permit targeted countries to refuse the first request for a dispute panel; however, a second request must automatically be granted (see Bridges Weekly [22 June 2011](#)). The initial request for consultations between the two countries dates back to September 2010, with the US and EU joining the consultations shortly thereafter (see Bridges Weekly, [7 October 2010](#).)

ICTSD reporting; “Pickens issues NAFTA challenge to Canada over wind rules,” RECHARGE NEWS, 18 July 2011; “Boone Pickens challenges Canada on green power law,” REUTERS, 14 July 2011.

OTHER NEWS

Mandatory Energy Efficiency Measures for International Shipping Adopted at London Meeting

The Marine Environment Protection Committee (MEPC) of the UN International Maritime Organization (IMO) adopted mandatory measures to reduce emissions of greenhouse gases (GHGs) from international shipping, when it met last week at IMO Headquarters in London. This decision marks the first ever mandatory global greenhouse gas reduction regime for an international industry sector.

Shipping currently represents about three percent of global emissions, while transporting approximately 85 percent of goods traded internationally. While shipping is a relatively efficient mode of transport, the size of the sector means that it emits high quantities of greenhouse gases.

The amendments to the International Convention for the Prevention of Pollution From Ships (MARPOL) add a new chapter on energy efficiency regulation for ships. The chapter makes the Energy Efficiency Design Index (EEDI) mandatory for new ships, and the Ship Energy Efficiency Management Plan (SEEMP) mandatory for all ships. The regulations are expected to enter into force on 1 January 2013.

The result shows a major turnaround since negotiations in October saw parties unable to reach consensus on whether the EEDI should be mandatory for both developed and developing countries. (See Bridges Trade BioRes, [11 October 2010](#).) The IMO and ICAO (International Civil Aviation Organization) have both been tasked by the UN Framework Convention on Climate Change (UNFCCC) with developing their own mechanisms for reducing carbon emissions. However, both the IMO and ICAO do not utilise the UNFCCC principle of common but differentiated responsibility, which places the greater part of the burden of emissions reductions on developed countries.

Instead, the IMO and ICAO require all shipping/aviation flag states to be treated the same according to the equal treatment principle. As a result, some countries, such as China, asked at the October meeting that the EEDI be mandatory only for developed countries and voluntary for developing countries (see Bridges Trade BioRes, 11 October 2010).

Indeed, at last week's meeting Brazil, China, Saudi Arabia, and South Africa were able to obtain a six and a half year delay for implementing these regulations on those ships registered in developing nations, according to British newspaper the Guardian. That way, developing nations could have the time to acquire the necessary technologies to comply with the regulation.

In addition, the new chapter includes a regulation on technical assistance and technology transfer, especially for the benefit of developing countries, relating to the improvement of energy efficiency for ships.

The agreement from last week's meeting however was not reached by consensus, IMO Secretary-General Efthimios Mitropoulos noted. Despite this, he expressed the hope that forthcoming work on the subject "will enable all Members to join in, so that the service to the environment the measures aim at will be complete."

The EEDI is the first globally binding measure to improve energy efficiency of new ships and limit carbon emissions from international maritime transport. It is also a performance-based mechanism that allows the industry to choose the technology used in designing their ships, so long as they attain the required energy-efficiency level.

The new regulations apply to all ships that exceed 400 gross tonnage, and will require those ships built after 2013 to increase their efficiency by 10 percent, going up to 20 percent between 2020 and 2024 and 30 percent for those produced thereafter.

The EEDI will lead to less carbon emissions – approximately 25-30 percent reductions by 2030 compared to the Business as Usual (BAU) scenario. The EEDI will be applied to the largest segments of the world merchant fleet, and is

expected to cover as much as 70 percent of emissions from new ships.

The SEEMP establishes a mechanism for operators to improve the energy efficiency of ships, such as by better managing the speed throughout a ship's voyage.

At the meeting, the MEPC also agreed upon a work plan to develop the EEDI framework for ship types and sizes and propulsion systems that are currently not covered by the EEDI, along with guidelines relating to both the EEDI and SEEMP.

European Commission, environmental NGOs want to go beyond efficiency measures

The European Commission congratulated the IMO and its 169 Member States on the adoption of the EEDI. "This is a very important signal that the maritime community is taking seriously its role in global efforts to reduce greenhouse gas emissions. I want to thank the EU Member States for their efforts in making this happen and our international partners for joining us in finding global solutions to global problems," said Siim Kallas, Commission Vice-President responsible for Transport.

Climate Action Commissioner Connie Hedegaard also praised the agreement, adding that "I also hope this momentum will help the ongoing debate on further reducing emissions from international maritime transport."

While the EU lauded this development, the EU also urged the IMO to push forward toward agreeing on market-based measures to limit carbon emissions. In its recent [White Paper on Transport](#), the Commission proposed to reduce emissions from EU shipping by at least 40 percent by 2050 compared to 2005 levels.

The Clean Shipping Coalition, a global environmental organisation that includes members such as Washington-based green group Oceana and the Environmental Defense Fund, similarly welcomed the IMO decision, but like the EU urged the IMO to push for market-based and operational measures, such as emissions trading or mandatory cuts.

The coalition also criticised the maritime group for only applying the measures to new ships, not existing ones. Finally, the NGOs noted that the six year waiver for developing countries could allow developed nations to avoid the regulations, by choosing to flag their ship in a developing nation.

In a statement, Bill Hemmings of Transport & Environment noted that "Adopting the EEDI is the right step but the long delay weakens its short-to medium-term impact significantly. If the IMO does not deliver action quickly now on existing ships, it will be up to the EU to take the lead at a regional level."

The European Commission has suggested earlier that it intends to take unilateral action by including shipping in the EU ETS in case the IMO cannot take appropriate measures. Aviation will be included in the EU ETS from 2012, which has already caused substantial controversy (see Bridges Weekly, [8 June 2011](#) and Bridges Trade BioRes, [27 June 2011](#)).

ICTSD reporting; "Maritime countries agree first ever shipping emissions regulation," THE GUARDIAN, 18 July 2011.

Tensions Build between EU, China over Rare Earths in Aftermath of Raw Materials Decision

China's recent announcement that it would further tighten its rare earths export quotas came as a surprise, given that the WTO found similar restrictions on raw materials to violate trade rules (see Bridges Weekly, [6 July 2011](#)). Meanwhile, China is still debating whether to appeal the raw materials ruling, as the deadline for appeal is 2 September 2011.

Last week, Beijing notified the quotas that would apply during the second half of 2011. While the annual amount keeps up with last year's numbers, a new product – ferro-alloys – has been added to the list, effectively tightening the quotas.

"This is highly-disappointing," said the EU Trade Spokesperson John Clancy. "The EU continues to

encourage the Chinese authorities to revisit their export restriction policy to ensure there is full, fair predictable and non-discriminatory access to rare earth supplies as well as other raw materials for EU industries," he added.

Rare earths are elements needed in the high technology industry, such as for manufacturing wind turbines, mobile phones, or computers. China currently produces more than ninety percent of global demand for these elements; however, last year Beijing started to severely restrict its exports. The extraction of rare earth is highly complicated and polluting – one reason why most Western countries closed down their extraction plants in the nineties when China increased its production.

Possible WTO case in the making?

The announcement comes only weeks after the release of a new WTO panel report ruling against China on export restrictions for certain raw materials, a finding that had been celebrated by the EU and others (see Bridges Weekly, [6 July 2011](#)).

EU Trade Commissioner Karel De Gucht had called it "a strong signal to refrain from imposing unfair restrictions to trade," taking countries "one step closer to a level playing field for raw materials." The case concerned another group of raw materials that had been subject to similar export restrictions. When acceding to the WTO, China had agreed to eliminate all quantitative export restrictions, including quotas, and to discipline its export duties.

Though the WTO has no precedence system, panel and Appellate Body reports are usually a good indicator of how the trade body might address certain questions in the future. Observers had hoped that the rejection of China's export restrictions would induce Beijing to increase its rare earths exports.

Chinese Trade Minister Chen Deming, however, said China was "not worried" about a possible WTO case over rare earths.

Indeed, observers caution against dismissing China's rare earth export restriction system too

easily. In the raw materials case, China's defence on environmental grounds was rejected because, among other reasons, Beijing failed to prove that it had limited domestic production and consumption in addition to the export disciplines – which is a requirement under WTO law when using this type of defence. But as China is busy introducing stronger environmental consideration provisions into its legislation, it might be better prepared should the rare earths issue ever reach the global trade body.

Manufacturers looking elsewhere for rare earths

Meanwhile, manufacturers in Europe, Japan, and the US are preparing themselves for a lengthy diplomatic process by searching for alternative sources of rare earths. In bilateral talks in the German city of Hanover on Monday and Tuesday of this week, Russia agreed to allow Germany to access its rare earth deposits. Germany, as a high tech producer with no own rare earth sources, is highly dependent on generating access to other sources.

Russian Deputy Prime Minister Viktor Zubkov told reporters that “we are ready to grant an opportunity for German companies to actively participate in the extraction of rare earth metals, which are used in automotive and agricultural machinery production, so that they could build these enterprises in Russia.”

In addition, Australian press reports that Germany's high-tech giant Siemens has signed a letter of intent with Australian miner Lynas to establish a joint magnet plant to supply European wind farms. Neodymium-based rare-earth magnets are needed in wind turbine generators and other energy-efficient drivers.

The joint venture could choose to establish a plant for rare earth extraction in Malaysia, as Lynas is already building a rare earths plant in the country.

ICTSD reporting; “Lynas, Siemens look at rare-earth venture,” THE AUSTRALIAN, 8 July 2011; “China holds firm on rare earth quota,” FINANCIAL TIMES, 14 July 2011; “Russia eyes record German trade with gas, minerals,” REUTERS, 19 July 2011.

IN BRIEF

Backup at Brazil, Argentina Border May Still Remain, Despite Verbal Accord

Brazilian-Argentine trade tensions are flaring up again, despite a verbal agreement made between the two trade ministries early last month, as conflicting reports are emerging about whether products from both countries are being detained at their shared border.

On 2 June, Argentine Industry Minister Deborah Giorgi and her Brazilian counterpart Fernando Pimentel came to a goodwill understanding to make trade restrictions more flexible and to approve entry licenses within the WTO standard of 60 days (see Bridges Weekly, [8 June 2011](#)). However, José Augusto Castro, president of the Brazilian Foreign Trade Association, recently told Argentine newspaper La Nación that the disagreement “still has not been resolved, because nothing more has been said since, and there isn't much political interest,” in doing so.

The Argentine Industry Ministry has adamantly denied the existence of any restrictions. “We cannot talk about restrictions if we take into account that Argentine imports from Brazil soared 34 percent in the first semester compared to last year,” Ministry sources told MercoPress.

However, Argentine newspaper Clarín reports that the Argentine association of automobile manufacturers (Adefa) is saying that 40,000 Argentine vehicles are reportedly stalled at Brazilian customs. There, according to Adefa, “made in Argentina” cars are backed up for miles awaiting permission from Brasilia to cross the border. Meanwhile Brazilian textile and footwear exporters are lodging complaints over Argentine bureaucratic customs obstructions.

“There has been no change in trade relations between the two countries,” the Association of Brazilian Textile Exporters told La Nación. “Everything continues to be very critical,” representatives added

The border monitoring committee, set up by both countries to watch over the cross-border trade, refutes all such claims of restrictive border measures resurfacing, and puts the number of Argentine vehicles stalled at the border at 10,000 rather than the 40,000 cited in Clarín.

“Brazil applies non-automatic import licensing to the whole car sector,” the committee noted. “So the introduction of cars to Brazil slowed down due to ports’ logistic issues, because that’s where cars from all over the world are waiting for their release into Brazilian territory.”

The committee also says that the data reflecting Brazilian textiles, clothing, and footwear crossing the border “shows there are no such problems” like those that the Association of Brazilian Textile Exporters alleges.

Questions are also being raised over Argentine trade policy generally. Global Trade Alert – an independent international monitoring agency – found that in 2010, Argentina was the world’s most protectionist emerging economy, ranked second only to Russia on a global scale.

Claudio Loser, former International Monetary Fund head for the Western hemisphere, noted in a June 2011 [paper](#) published by the Centennial Group that Argentina “has introduced about 110 restrictive measures since 2009 affecting 174 countries, more than any other individual country.”

After experiencing nine percent growth in its industrial sector last quarter, Argentine officials are considering further measures to boost exports.

Miguel Ponce of the Argentine Chamber of Importers recently told the Financial Times that the government is planning to extend to all importers the 1:1 policy already active for automobiles to agricultural machinery, footwear, and toys. The 1:1 policy, implemented under current President Cristina Fernández de Kirchner, requires imports to be matched dollar for dollar by exports.

The two nations, which are partners in the South American trade bloc Mercosur, also reached an accord in early July to eliminate all import tariffs

on Peruvian products beginning in 2012. Peru wishes to negotiate for even greater market access that goes beyond simple tariff eliminations.

“We would also like to see the reduction of barriers that, in practice, do not permit Peruvian products to easily enter. In the case of Argentina, for example, the system of primary licensing,” said Peruvian Vice Minister of Foreign Trade and Tourism, Carlos Posada.

“Vuelve el conflicto con Brasil: hay 40.000 autos en la frontera,” CLARÍN, 14 July 2011; “Argentina: begging our neighbours,” FINANCIAL TIMES, 14 July 2011; “Argentina denies restrictions in trade with Brazil; admits ‘logical differences’,” MERCOPRESS, 15 July 2011; “Advierten en Brasil que siguen las trabas argentinas a sus productos,” LA NACIÓN, 11 July 2011; “Brasil y Argentina sin aranceles a Perú,” PERU21, 6 July 2011.

Transparency in Trade Initiative Launched at Global Review

The 18 to 19 July Global Review of Aid for Trade saw the launch of a multilateral initiative to provide free, public access to trade-related data, in a move aimed at increasing transparency regarding country-specific trade policies. The final product will be available to the public online.

The project is a joint collaboration between the African Development Bank (AfDB), the International Trade Centre (ITC), the UN Conference on Trade and Development (UNCTAD), the UN Statistics Division, and the World Bank.

At the opening session of the Global Review, World Bank Group President Robert Zoellick outlined the Transparency in Trade (TNT) initiative. In light of the need for improved assessment of Aid for Trade’s impact, which was a recurring theme at the review, Zoellick announced that the World Bank “has developed an analytical framework” to evaluate the Aid for Trade initiative, but would need improved data to do so.

“As trade policy becomes increasingly complex, however, it becomes harder to get clear, accurate trade data,” he noted. Zoellick stressed that information on non-tariff measures is fragmentary at best, with regulatory regimes for services also lacking strong monitoring – problems which this joint TNT effort seeks to remedy.

He added that the TNT builds on the World Bank Group’s experience with their Open Data initiative, noting that the Common Market for Eastern and Southern Africa (COMESA) has already adopted the Bank’s Tariff Reform Impact Simulation Tool to examine the impacts of regional trade liberalisation. For example, Burundi and Rwanda have already used the tool to receive compensation from the COMESA Adjustment Facility for tariff revenue losses.

Later that day, Zoellick joined Petko Draganov, UNCTAD Deputy Secretary General; AfDB President Donald Kaberuka; and ITC President Patricia Francis in formally launching the initiative by signing a declaration of intent to collaborate. The various officials also participated in a brief question and answer session, moderated by Richard Baldwin of the Graduate Institute in Geneva.

Kaberuka noted that “increasing transparency in trade will improve the trading environment in Africa and in Africa’s export markets; it will facilitate the continent’s exports to both regional and international markets” – a nod to the Aid for Trade initiative’s stated goal of improving the capacity of developing countries to participate in and reap the benefits of trade. Many of the discussions at the Global Review centred on the need to build more infrastructure and capacity, and monitor development impact on the ground – efforts that would require improved data.

Draganov added that the initiative will “substantially improve the capacities for informed policy making in the area of trade policy and negotiations to the benefit of developing countries, economies in transition, and LDCs.”

The TNT initiative will build upon some of the existing efforts of these agencies to provide trade data. The multi-year programme will include tools that provide access to trade and trade barrier

information; the collection of data on tariffs, non-tariff measures, trade remedies, and policies that affect trade in services.

The workload will be divided among the different agencies, with ITC taking the lead in the collection of tariff data; UNCTAD leading in data collection of non-tariff measures; the World Bank focusing on data on anti-dumping, safeguards, countervailing duties, and on services trade policies; and the AfDB focusing on non-tariff measure data collection, capacity building, and dissemination in the African region.

ICTSD reporting.

WTO IN BRIEF

WTO Disputes Roundup: Anti-dumping Twice Deemed Unfair; Second Panel in Ukraine- Moldova Spat

Trade lawyers seem determined to clear their tables before the WTO’s annual summer break kicks in on 1 August. In addition to two new panels that were established today – for the *Canada-Renewables* panel see related story in this issue – the organisation released a final Appellate Body report in the *EU-Fasteners* dispute with China and a panel report on US anti-dumping duties on Vietnamese shrimp.

Second panel in Ukraine-Moldova row over beverages trade

Hardly one month after the WTO established a panel at Ukraine’s request over Moldova applying ‘environmental charges’ to the beverages sector (see Bridges Weekly, [1 June 2011](#)) Moldova has followed suit with a dispute over Ukrainian excess taxes for foreign spirits ([DS423](#)).

Moldova claims that Ukraine applies higher taxes on exported distilled spirits compared to those charged on the domestic versions. Ukraine is an important export market for Moldovan spirits,

especially since exports to Russia and Belarus – two non-WTO members – crashed in 2009.

Ukrainian tax codes make a distinction between Cognac and Brandy, with the latter being taxed at a rate more than twice as high as the one for Cognac. Only spirits produced in the province of Cognac in France or in Ukraine may be called Cognac, a requirement that results in higher taxes for other foreign products. Moldova claims that this distinction is artificial and that the products should be treated alike with the same tax rate.

The two disputes are closely related. In February of this year, Moldovan Deputy Minister of Economy Octavian Calmic said that “Moldova plans to synchronise the WTO examinations of the collection of the ecological duty from juice and beer producers by Moldova, with the problem of high excise taxes for Moldovan spirits.” While the Moldovan environmental charges apply to beer and orange juice, spirits and other beverage producers from Moldova are closely involved in the case against Ukraine.

Interestingly, the EU – which is known for being a defender of geographical indication rights - has voiced its own concerns over the use of the term ‘cognac’ in Ukrainian legislation and tax codes.

Anti-dumping disputes: Chinese Fasteners and Shrimp from Vietnam

With a report released on 15 July, the WTO backed China’s claim that EU antidumping duties imposed on metal fasteners from China were illegal (DS397). This confirms the reading of a previous panel. The Appellate Body ruled that the EU’s calculation methodology was unfair, as it assumed China to be a single exporter rather than treating individual companies separately.

China had brought the case on behalf of hundreds of producers that currently sell their fasteners up to fifty percent lower than their European counterparts.

In another anti-dumping dispute, Vietnam successfully challenged duties imposed by the US on Vietnamese frozen warm water shrimp (DS404). It was the first ever dispute for Vietnam, which continues to struggle with tighter anti-

dumping measures imposed by other countries as a consequence of Vietnam’s non-market economy status.

For the moment, the case marks the last dispute in a series of cases on the controversial method of zeroing that the US uses in its antidumping investigations. The panel followed previous readings by the Appellate Body when dismissing zeroing for initial investigations and administrative reviews in anti-dumping procedures.

The practice of zeroing can result in higher duties that unfairly discriminate against affected exporters. This is particularly true for smaller countries where the difference can mean the difference between the imposition of anti-dumping duties and no additional costs. The US Department of Commerce had imposed the duties in February 2005, prior to Vietnam’s 2007 accession to the WTO.

ICTSD reporting; “Moldova is ready for official consultations with Ukraine in the framework of the WTO regarding the collection of the ecological duty from Ukrainian beer and juice suppliers,” PROFIT MOLDOVA, 27 February 2011.

EVENTS & RESOURCES

Events

21 July, Geneva, Switzerland. PRESENTATION: AFRICAN ECONOMIC OUTLOOK 2011. This event, organised by ICTSD and the Organisation for Economic Co-operation and Development (OECD), will focus on the recently released African Economic Outlook 2011. The report shows Africa sustaining economic expansion in spite of high food and fuel prices, as well as political upheavals in various countries. The report also shows that Africa benefits increasingly from trade, investment and general economic co-operation with emerging economies, such as Brazil, China, India, Korea, and Turkey, along with its links to other advanced economies. The evolution of the global economy thus brings historic opportunities that Africa can best seize by

deepening its own regional co-operation and integration. The publication was prepared by the African Development Bank (AfDB), the OECD Development Centre, the United Nations Development Program (UNDP), and the UN Economic Commission for Africa (UNECA). More information can be found at the event [website](#).

22 July, London, United Kingdom. THE FUTURE OF THE WORLD TRADING SYSTEM. After a decade of negotiations, there are few signs that the long-running Doha round of global trade talks will be finalised soon. Looking forward, trade officials now openly speak about a “plan B” that will salvage non-divisive issues from the current round as an initial deliverables package, while leaving other subjects for future consideration. This event, hosted by the Overseas Development Institute, will investigate the key factors shaping the future world trading system, in light of these developments. For more information please visit the event [website](#).

25-29 July, Suva, Fiji. REGIONAL WORKSHOP IN JOINT IMPLEMENTATION OF THE WAIGANI, BASEL, ROTTERDAM AND STOCKHOLM CONVENTIONS. This workshop will offer opportunities for sharing knowledge and experience regarding the requirements of the Waigani, Basel, Rotterdam and Stockholm Conventions. The workshop aims to identify synergies and linkages between the four multilateral environmental agreements in Fiji and the Pacific region as a way to foster implementation of their requirements. The workshop will address legal considerations for the development of an appropriate national legal framework. For more information visit the event [website](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). 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.

26 July: Informal Trade Negotiations Committee

27-28 July: General Council

Other Upcoming Events

28-29 July, Beijing, China. INTERNATIONAL CARBON CAPTURE AND STORAGE (CCS) CONFERENCE. This Conference, organised by the Asian Development Bank (ADB), will take stock of the global status of CCS development. Discussion will be centred on ongoing challenges and opportunities, as well as how to promote CCS projects in developing countries. The conference will explore key challenges and barriers, as well as possible efforts to address them. The conference aims to capture experiences and lessons learned from large-scale CCS projects. A panel discussion will be held on financing CCS in developing and developed countries. For more information visit the ADB [website](#).

28-29 July, Managua, Nicaragua. TENTH ANNUAL REGIONAL CONFERENCE ON CENTRAL AMERICA, PANAMA, AND THE DOMINICAN REPUBLIC. This International Monetary Fund (IMF) conference will focus on current macroeconomic policy challenges in Central America, Panama, and the Dominican Republic. Speakers will discuss: implications of the mid-2011 global outlook (including the effects of high oil and food prices) for the region; progress in rebuilding the fiscal space and securing debt sustainability; the strength of financial regulation and supervision systems, and their macroprudential framework; and the interaction between structural reforms and growth. The event is not open to the public, but will conclude with a press conference. To view the meeting agenda, visit the IMF [website](#).

27 September, Jakarta, Indonesia. FORESTS INDONESIA: ALTERNATIVE FUTURES TO MEET DEMANDS FOR FOOD, FIBRE, FUEL AND REDD+. This event will provide a platform for leaders of all stakeholder groups – government, parliament, business, civil society, and the research and development sector – to

discuss the challenges and opportunities that Indonesia faces in the sustainable use of its forests. It will focus on a series of forums under two themes: implications of trade and investment for forests; and REDD+ (reducing emissions from deforestation and forest degradation in developing countries, as well as conservation, sustainable management of forests and enhancement of carbon stocks) in transition to a low-carbon future. For more information, visit the event [website](#).

1 October, Brussels, Belgium. GURN WORKSHOP ON GREEN ECONOMY. The Global Union Research Network (GURN) is a platform for trade unionists and researchers dealing with the challenges of globalisation from a labour perspective. In collaboration with the International Trade Union Confederation (ITUC), GURN is hosting a workshop that will bring together an international group of trade unionists and researchers to discuss the challenges that a green economy poses for organised labour. Papers will be presented on the following themes: Working Conditions in “Green Jobs”; Environmental Rights and Collective Bargaining on Environmental Issues; and Green Taxation and Fairness. Please note: this date is tentative, and could be changed; please visit the GURN [website](#) for more updates and final date confirmation.

20-22 October, Basel, Switzerland. POVERTY AND THE INTERNATIONAL ECONOMIC LEGAL SYSTEM: DUTIES TO THE WORLD’S POOR. This conference will address the topic of “duties to the world’s poor” from multiple international economic law viewpoints. Global experts in international trade, investment, financial regulation, and commercial arbitration will discuss how various international legal systems affect (or could affect) poverty. The conference will consider whether the rules regulating international economic activities are sufficient to ensure that poverty reduction will actually take place, suggesting changes where necessary. More information is available on the event [website](#).

27-28 October, Mexico City, Mexico. EL DERECHO ECONÓMICO INTERNACIONAL: DESAFÍOS DEL MEDIO

AMBIENTE (INTERNATIONAL ECONOMIC LAW: ENVIRONMENTAL CHALLENGES). This joint conference of the WTO Chairs of Chile and Mexico will bring together regional experts to discuss the challenges that the multilateral trading system is facing. The conference will examine the relationship between international economic law and the environment. The aim of the conference is to determine the most important lessons for the region regarding investment, services, subsidies, intellectual property, dispute settlement, and the creation of policies and agreements. The conference will serve to generate original Spanish-language research that will be published in the Journal of International Economic Law. For more information visit the Centro de Derecho Económico Internacional [website](#).

Resources

AID FOR TRADE ON THE GROUND: EARLY FINDINGS FROM COUNTRY STUDIES. By ICTSD (20 July 2011). Since the launch of Aid for Trade, the WTO and the OECD have led a monitoring process that has generated critical data and analysis on the initiative’s implementation. As part of its own Aid for Trade research, ICTSD has collaborated with the South Asia Watch on Trade, Economics and Environment (SAWTEE) in developing an independent methodology to assess the effectiveness and development impact of Aid for Trade at the country level. So far, this methodology has been applied in Cambodia, Malawi, Mauritius, Nepal, Peru, and Jamaica. This information note explains how the research project has been conducted and presents the preliminary finding of the country assessments. The paper is available on the ICTSD [website](#).

INTERPRETING TRIPS: GLOBALISATION OF INTELLECTUAL PROPERTY RIGHTS AND ACCESS TO MEDICINES. By Hiroko Yamane (2011). The benefits of the WTO’s Trade-Related Aspects of Intellectual Property (TRIPS) Agreement have been questioned in developing countries where national infrastructure for research and development is inadequate and the cost of innovation is high. This book examines

various views on the role of intellectual property rights (IPRs) as incentives for innovation against the backdrop of development and technology transfer between globalised, knowledge-based, high technology economies. The author concludes that for governments, businesses, and scientific communities in developing countries, a great deal depends on domestic policy objectives and their implementation. The book is available for purchase on the publisher's [website](#).

COPING WITH GLOBAL ENVIRONMENTAL CHANGE, DISASTERS AND SECURITY. By H.G Brauch, Ú.O. Spring, C. Mesjasz et al (2011). This publication is a Global Environmental and Human Security Handbook for the Anthropocene (GEHSHA). It addresses new security threats, challenges, vulnerabilities, and risks posed by global environmental change and disasters. Chapters consider the concepts of military and political hard security; and economic, social, and environmental soft security with a regional focus on the Near East, North and Sub-Saharan Africa and Asia. It also examines hazards in urban centres. The focus of this peer-reviewed handbook is how to cope with the effects of global environmental change. The handbook proposes a political geo-ecology and discusses a "Fourth Green Revolution" for the Anthropocene era of world history. The handbook is available for purchase on the publisher [website](#).

INVESTING ACROSS BORDERS. By the Asia-Pacific Economic Cooperation (APEC) (June 2011). This report presents fact-based benchmarking data on laws and regulations affecting entry and operations of foreign direct investors for each APEC member economy. 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 the Investing Across Borders project of the World Bank Group. The report is available on the APEC [website](#).

STUDY ON SME INTERNATIONALISATION BEST PRACTICES ACROSS SELECTED APEC ECONOMIES. By the Asia-Pacific Economic

Cooperation (June 2011). In tandem with its mission to encourage SME (small and medium enterprise) development and increase their capacity to engage in international trade, the Small and Medium Enterprises Working Group (SMEWG) of APEC, led by Spring Singapore, commissioned this study on trade facilitation and SME internalisation best practices across eight selected member countries. The study's objectives are to provide comprehensive mapping, evaluation, and comparison of various trade facilitation services available; highlight best practices/gaps that promote/impece SMEs at various stages of the internationalisation process; and recommend viable strategies to enhance best practices and address gaps. The study is available on the APEC [website](#).