



Bridges Weekly Trade News Digest

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LEAD STORIES

Finish Line “Clearly in Sight” for WTO Govt Procurement Deal: Chair

Forty-two countries are close to finalising a deal that would liberalise access to billions of dollars worth of public procurement contracts, the chair of the WTO committee on government procurement said yesterday. Delegations are being urged to finish negotiations by the global trade body’s December ministerial.

Senior Swiss trade diplomat Nicholas Niggli, who chairs the committee, stressed to delegates at the end of the 17-18 October informal committee meeting that participating countries should aim to conclude the talks by the WTO’s December gathering. He cautioned that, should members fail to meet the deadline, the talks could “crumble” entirely.

A Geneva-based trade official told Bridges that, while not guaranteed, the “prospects [for finishing by December] are very good.”

With the global trade body’s Doha Round of trade talks struggling to make headway, the pressure is on to achieve concrete outcomes in other areas – including, potentially, a finalised version of the new Government Procurement Agreement (GPA) at the December WTO gathering.

The GPA aims to tackle cronyism and corruption in government contracts. The agreement commits members to certain core disciplines regarding transparency, competition, and good governance, covering the procurement of goods, services, and capital infrastructure by public authorities.

An earlier version of the agreement took effect in 1996, and was negotiated during the Uruguay Round of trade talks that ended in 1994.

The current talks seek to renegotiate the 1996 version of the agreement and negotiate accession for several WTO members, particularly China.

The actual revised text for the Agreement has been mostly complete since governments provisionally agreed on revised GPA text in December 2006; however, parties to the pact still need to finalise plans for expanding coverage.

Coverage, when speaking of the GPA, involves what range of government procurements - in terms of the entities or sectors covered - are subject to the rules of the Agreement.

In most countries, government procurements account for 15 to 20 percent of gross domestic product (GDP). Acceding to the GPA means governments have to give up the ability to direct certain types of purchases to domestic firms - a mechanism that is otherwise traditionally used when needing to promote particular economic sectors.

As recompense for relinquishing this option, these countries' companies are given access to the types of public tenders covered by the GPA in all countries that are parties to the agreement. Not all types of public procurement are covered by GPA, however. Each participating party, in acceding to the agreement, made a detailed offer that outlined which public purchases of goods and services would be available for competition from other GPA parties.

A WTO working paper released earlier this month found that the total value of additional market access commitments that could result from GPA accession from 42 WTO members and some others could well be in the range of US\$ 380 billion to US\$970 billion annually.

If the Agreement were to eventually include the BRICS countries - Brazil, China, India, Russia, South Africa - that by itself would add in the range of US\$233 billion to US\$596 billion to that value, the study found. However, China is

currently the only one of these seeking to join GPA, and Russia is not yet a WTO member.

New accord to reflect "21st century" realities

After the informal meeting of the GPA committee, Niggli told delegates that the Agreement's text has seen large improvements, so that it "reflects the realities of government procurement in the 21st century."

Much of the impetus for modernising the GPA is to ensure the agreement reflects technical changes that have occurred since the original pact's negotiation in 1994. For instance, at the time online advertising was rarely used to solicit and receive tenders for public projects; electronic procurement has since become commonplace.

Market access gains for existing membership under the renegotiated agreement are expected to cover more than 200 new ministries, government agencies, and other entities across the Agreement's membership. These gains will also include full coverage of construction services by all parties for the first time; expanded coverage of goods and services by all parties; new coverage of public works concessions by four parties; and reductions by several parties in thresholds applied under the previous Agreement.

US, EU, Japan working out differences

Ninety-five percent of negotiating pairs in the talks are now said to be settled - or close to a settlement - with one another with regards to the market access element of the negotiations.

However, sources close to the talks stressed to Bridges, "95 percent is still not 100 percent - the last steps have to be taken by the big three: the US, EU, and Japan."

"Even amongst those three," the source continued, "it's not like we're starting at zero." The three parties are negotiating intensely, and have all declared their intention of being done in time for the December gathering, the official added.

The EU has had difficulty finding agreement with the US and Japan regarding the two countries'

proposals for coverage of future commitments on liberalised public procurement, and the US and Japan with the EU's proposal.

"The EU was very ambitious in this negotiation... in the sense of wanting to extend coverage" substantially, sources told Bridges. The other two parties were slightly less so, and the three are now working to even out their respective goals.

Historically, the EU has believed its coverage under the GPA to be broader and more comprehensive than that of the US, asking US to reciprocate; Washington has responded with metrics that say its own public procurement is more open (see Bridges Weekly, [16 March 2011](#)).

Possibilities of membership expansion

The results of recent negotiations has led to improved transitional measures for developing countries seeking accession, along with greater flexibility for all parties, Niggli told delegates. Most of those that have, to date, acceded to the agreement are developed countries.

Unlike the Doha Round, the GPA only applies to those members who have acceded to the agreement; to date, 42 members have acceded, including the US and the EU's 27 member states. Armenia was the most recent WTO member to join, acceding to the agreement in September of this year.

Nine other WTO members have applied for accession to the GPA: Albania, China, Georgia, Jordan, Kyrgyz Republic, Moldova, Oman, Panama, and Ukraine. Of these nine, the most active processes are those of China, Jordan, and the Ukraine.

Jordan's process is said to be at an advanced stage, and China has submitted multiple offers and re-affirmed its commitment to provide a "robust improved offer" before year's end.

While sources close to the talks do not expect China's accession to be concluded by the end of the year, they do expect a "significant milestone" by late November or early December – specifically, the above-mentioned revised offer.

This offer would outline China's proposal for which Chinese government agencies would be covered under the agreement, what thresholds would apply, and other coverage-related details. The submission of this new offer is expected to be "quite well received by the parties," officials say.

Meanwhile, four members – Croatia, Macedonia, Mongolia, and Saudi Arabia – have agreed to provisions in their WTO accession protocol that call for them to eventually seek GPA accession.

Some members without prior obligation to join the GPA are also said to be evaluating whether it is in their favour to join the agreement. Acceding to the GPA requires consensus among the current parties to the Agreement on the terms of accession offered by the party seeking to join.

Work programmes nearly finalised

The committee has also developed a set of future work programmes for after the GPA renegotiation is done and the revised text has taken effect. These work programmes are said to be nearly finalised; these would cover the treatment of small and medium-sized enterprises (SME), sustainability, and statistics, among other issues.

The SME work programme would deal with comparative approaches to SMEs, and would involve a transparency mechanism for countries to explain their SME support measures, a trade official told Bridges.

The sustainability work programme would cover areas such as green procurement, reviewing the Agreement to "illustrate the way it supports environmental values and compare experiences," the same official explained.

Next steps

Another meeting of the GPA committee is currently set for the week of 28 November. At yesterday's meeting, Niggli asked all delegations to prepare final offers for the same week, urging that those offers be pre-tested with the relevant delegations.

In the meantime, delegations have been asked to make some final market access concessions;

reciprocate the current concessions on the table and ones that will soon be put forth; expand coverage as compared to commitments made under the existing GPA – and revise any offers that currently involve backtracking on concessions from the prior agreement – and then bring all of these elements together quickly.

With the 15-17 December ministerial set as a deadline, Niggli stressed that “it should be obvious that the approach I have outlined leaves almost no slippage time. There is, therefore, a heavy onus on you to move swiftly to a conclusion.”

“Given how close we are to the finish line, if we fail to meet our responsibilities, the judgment of history will be harsh, to say the least,” he added.

ICTSD reporting.

OTHER NEWS

US, EU Press for China Currency Revaluation

Pressure is growing from the EU and US for China to loosen its strict control of its currency, particularly amid new reports of slowing Chinese trade growth. EU trade chief Karel de Gucht and US Treasury Secretary Timothy Geithner have lately reiterated the call for China to revalue the yuan – however, Chinese Premier Wen Jiabao has made clear in recent statements to Chinese media that his government would endeavour to keep the yuan stable.

Tensions have been building between the US and China over the currency issue since the Senate passed a bill on 11 October that targets countries that undervalue their currencies (see Bridges Weekly, [12 October 2011](#)).

While the bill is unlikely to make it to the House floor due to opposition from House Republican leadership, the legislation has drawn fire from Chinese government officials that warn of a “trade war” should the bill eventually become law.

China has allowed the yuan to gradually rise since June 2010; it has risen seven percent against the dollar in that time period. However, US critics still argue that the yuan is highly undervalued, and allege that this acts as an export subsidy that makes Chinese exports cheaper than their foreign counterparts – which, some argue, leads to the loss of American jobs.

Treasury Secretary Geithner has been urging China to let the yuan appreciate more rapidly to benefit global growth, while at the same time cautioning that the US Congress should look into whether the US Senate’s proposed currency legislation is consistent with the US’ international commitments.

The US Treasury Department last week delayed a report on the exchange rate policies of its trading partners, including China. The report will come out after various international meetings are concluded, they announced, citing specifically last week’s G-20 finance ministers meeting and the upcoming G-20 heads of state summit and Asia-Pacific Economic Cooperation Leaders’ Meeting, both scheduled for November.

The US Treasury explained that this delay would give them the chance to “assess progress following several international meetings.” The report is often delayed; the last one was due mid-April and released on 27 May.

EU Trade Commissioner De Gucht, speaking in Seoul last week, also called for greater discussion between Brussels and Beijing on currency policy. He explained that China’s currency does not correctly reflect the economic situation in China.

Meanwhile, China’s key G-20 negotiator Cui Tiankai told reporters in Seoul last week that China is doing its best to avoid a currency war – adding that this “requires efforts of all the G-20 members, not China alone.” The recent appreciation of the yuan also has nothing to do with US pressure, Cui stressed.

Trade data shows slowing in Chinese exports

New trade data on the Chinese economy has further fuelled the currency discussion. The data

shows a decrease in Chinese trade growth, appearing to confirm expectations of economic contraction outlined last month by China's Vice Commerce Minister Chen Jian at a high-level conference in Geneva, Switzerland (see Bridges Weekly, [28 September 2011](#)).

Customs data now shows that the Chinese trade surplus in September narrowed for the second month in a row, this time to US\$14.5 billion. Exports increased by their slowest pace in seven months in September: they expanded 17 percent from a year ago to just under US\$17 billion, compared to 25 percent in August.

However, US Commerce Department estimates showed that the US trade deficit with China reached a record high in August of US\$29 billion.

Currency issues arise at G-20 finance ministers gathering

The currency issue was also one of several topics under discussion at last week's meeting of the Group of 20 (G-20) finance ministers. According to Reuters, Chinese negotiators prevented the G-20 at the meeting from going beyond wording issued at their previous meeting in Washington on the need for emerging market economies' currencies to be more flexible (see Bridges Weekly, [28 September 2011](#)).

Prior to the meeting, reports surfaced suggesting that there would be no G-20 progress on a stronger Chinese yuan. An unnamed G-20 official, speaking to Reuters before the meeting, explained that the EU had hoped China might agree to a plan for eventually making the yuan fully convertible, in the hopes of getting Beijing to agree on dates for such a move.

While Beijing has made clear that a loosening of its control of the yuan will occur in the medium term, there have been no details as to an actual timeline.

China will direct its efforts toward expansionary fiscal policy, specifically focused on boosting domestic consumption, the G-20 official added. China, in the Five Year Plan (FYP) passed in March of this year, is already pursuing a shift in economic development from export-orientation –

a key factor in its growth strategy over the past three decades – to a pattern centred on domestic consumption.

China is also expected to keep its export policy and export-tax-rebate policy stable and increase its credit support for exporters, according to comments that Chinese Premier Wen made to Chinese media. Wen also noted that China will continue to push forward with currency reform.

The final language of the G20 finance ministers' and central bank governors' communiqué from the 14 to 15 October meetings in Paris outlined an action plan of co-ordinated policies for consideration at next month's leaders' summit in Cannes, France.

In the action plan, ministers urged that emerging market economies experiencing surpluses "accelerate the implementation of structural reforms to rebalance demand toward more domestic consumption, supported by continued efforts to move toward more market-determined exchange rate systems and achieve greater exchange rate flexibility to reflect economic fundamentals."

ICTSD reporting; "China leader 'worried' by rising trade protectionism," AFP, 14 October 2011; "EU's De Gucht Says China Should Revalue Yuan Further," BLOOMBERG, 12 October 2011; "U.S. Delays Its Global Currency Report at a 'Delicate Time' for China Ties," BLOOMBERG, 15 October 2011; "China's trade growth slows," FINANCIAL TIMES, 13 October 2011; "China trying to avoid currency war: G20 negotiator," REUTERS, 13 October 2011; "G20 tells euro zone to fix debt crisis in eight days," REUTERS, 15 October 2011; "No G20 progress seen on stronger Chinese yuan-G20 source," REUTERS, 14 October 2011; "Beijing to Keep Yuan Stable, Premier Says," WALL STREET JOURNAL, 17 October 2011.

Brazil Continues Push against Import Surge

Tensions are building between Brazil and its trade partners over imports, with the Brazilian government announcing on 4 October an investigation on whether China is shipping footwear to the South American country via Vietnam and Indonesia to avoid paying an antidumping tariff. Meanwhile, Japan and South Korea reportedly raised concerns at a WTO committee meeting last week over Brasilia's new imported car tax increase.

Brazilian President Dilma Rousseff, who took office in January, has been intent on protecting domestic manufacturers who have been losing market share to foreign competition. The appreciation of the real, Brazil's currency, has stoked concerns that the Brazilian manufacturing sector could be at risk, given the growing flow of imports into the South American country.

The growing preoccupation over currency's potential trade impacts has led Brazil to submit proposals to the WTO asking for the examination of possible trade tools for responding to currency fluctuations (see Bridges Weekly, [28 September 2011](#)). The ongoing struggles of the real have also sparked fears of an "international currency war," with Brazilian Finance Minister Guido Mantega warning repeatedly over the past year against rich countries using excessively loose monetary policies that could put Brazil's currency at further risk.

Footwear imports: trade circumvention?

In response to suspicions of trade circumvention by China – a process by which one country exports goods to another country and then again into a third country, as a way of avoiding duties or tariffs that would be incurred from exporting directly – the Ministry of Development, Industry and Foreign Trade (MDIC) of Brazil [announced](#) on 4 October an official investigation into footwear and shoe materials shipped into the country from Indonesia and Vietnam.

In particular, MDIC has expressed concerns that China might be flooding the Brazilian market with

cheap footwear by exporting it via Vietnam and Indonesia.

Suspensions from Brasilia arose when Vietnamese and Indonesian footwear imports increased substantially after a surtax of US\$13.85 was levied on pairs of Chinese shoes. This anti-dumping duty was imposed beginning in 2010, as established by the [CAMEX Resolution 14](#).

Anti-dumping duties are meant to target products whose price abroad is less than that in their country of origin.

Chinese footwear imports fell from 21 million pairs in 2009 to 7 million in 2010, according to data cited by Brazilian news agency Agencia Brasil. Over the same time period, shoe imports to Brazil from Vietnam jumped from four to seven million and Indonesian imports from 1.7 to 7 million.

During the investigation, these footwear imports will be under non-automatic import licensing, which regulates the flow of certain imports into a country and allows them to be held at the border for up to 60 days.

Concerns over trade circumvention are not new in Brazil, with the South American country deciding in May to impose non-automatic import tariffs on synthetic fibre blankets from China, Uruguay, and Paraguay. MDIC cited concerns of Chinese dumping practices, noting that Beijing might be taking advantage of Brazil's Mercosur partners Paraguay and Uruguay to bring its goods into the Brazilian market.

Antidumping concerns a recurring theme in Brasilia

Chinese steel has also come under scrutiny for potential dumping concerns. On 6 September Brazil announced an antidumping duty on select Chinese steel products, with government officials acknowledging that half of the 81 antidumping measures will directly affect products from China (see Bridges Weekly, [14 September 2011](#)).

In tandem with this legislation, CAMEX, Brazil's trade chamber, decided that such duties could be applied retroactively by 90 days prior to a

preliminary ruling on whether the dumping is indeed going on.

This sort of retroactive rule is aimed toward preventing importers from stocking up on goods at the border that may be under investigation for dumping.

Automobile tax increase under fire by Japan, Korea

Last month, Brazil also increased its tax on foreign-built cars by 30 percentage points; all vehicles with less than 65 percent local content that are made outside Mexico or South American customs bloc Mercosur will be subject to the tax.

Foreign automobile producers were allowed 60 days to either comply or be subjected to the tax increase.

The move reportedly drew a strong response from both Japan and Korea at last week's meeting of the WTO's committee on market access, according to Reuters. Whether this will turn into an official dispute at the global trade body was not made clear.

ICTSD reporting; "Brazil faces a flood of footwear from Indonesia and Vietnam of questionable origin," AGENCIA BRASIL, 6 October 2011; "Brazil to investigate Chinese footwear imports," BLOOMBERG BUSINESSWEEK, 5 October 2011; "Japan in WTO move over Brazil car import tax," FINANCIAL TIMES, 14 October 2011; "Brazil decides to impose anti-dumping tariff on several Chinese synthetic fibres," MERCOPRESS, 6 April 2011; "Brazil non automatic import licences on blankets from China and Uruguay," MERCOPRESS, 17 May 2011; "Japan and S. Korea warn Brazil on imported cars," REUTERS, 14 October 2011; "China's Brazil Footwear Trouble Hits Vietnam," TUOI TRE NEWS, 7 October 2011.

US Lawmakers Challenge China on Solar Subsidies

Chinese subsidies to solar panel producers are increasingly drawing attention from US lawmakers, as Washington deals with the aftermath of US solar panel maker Solyndra's bankruptcy filing last month. At a news conference on Friday 14 October, Sander Levin – the top Democrat on the powerful House Committee on Ways and Means – called for the US to step up and protect its solar industry from Chinese competition.

Levin, speaking at a news conference regarding China's alleged currency manipulation, insisted that "there has to be action taken on solar." One option, Levin suggested to reporters, would be to impose safeguard measures against imports of Chinese solar panels.

Safeguard measures are used to temporarily restrict imports of a product if a country's domestic industry is injured or threatened by an import surge.

Beijing has repeatedly come under fire in recent years for providing extensive support to its clean energy producers, which critics in Washington claim puts foreign competitors at a disadvantage. In June of this year, China brought to an end a controversial public fund for wind power manufacturing; the US had alleged that the subsidies were prohibited for being contingent on the use of local input (see Bridges Weekly, [8 June 2011](#)).

The call by Levin to target Chinese subsidies comes in the wake of US solar panel maker Solyndra's bankruptcy filing in September.

The high-profile Solyndra collapse has caused some US observers to question the financial viability of green technologies, and led many to criticise the administration of US President Barack Obama for having provided the California-based company with over US\$500 million in a government guarantee – a guarantee that the company might not be able to pay back.

Until its bankruptcy filing last month, the company had been touted as an example of clean technology's potential in the US. Falling prices caused by Chinese exports have been blamed not only for Solyndra's downfall, but also for the bankruptcy filings of US companies Evergreen Solar and SpectraWatt.

Levin's comments also come just over a month after US Senator Ron Wyden, a Democrat from the US state of Oregon, sent a strongly-worded letter to Obama urging action on the subsidy issue.

"Please know that if your administration is unwilling to take the appropriate steps, with haste, I will advance a legislative effort, as provided by the U.S. trade remedy laws, to ensure that the American solar industry is not harmed by unfair trade," Wyden said.

However, Senator Orrin Hatch, the top Republican on the Senate Committee on Finance – of which Wyden is also a member – recently refuted the suggestion that China alone was to blame for Solyndra's downfall.

"Solyndra tried to make solar panels, but ran up their costs far higher than even domestic competitors," Hatch said. "Of course, the failure was blamed on China, but if you cannot even outcompete US companies, it wasn't foreign competition that ruined your business, it was simply a failed business model."

Clean energy subsidies could face questions on home front and at WTO

Solar manufacturers have also taken up the call against China's domestic support policies, with some of these producers reportedly banding together to prepare a US trade complaint against China. According to Bloomberg, the case will soon be filed at the US Department of Commerce and the US International Trade Commission, and would be one of the largest targeting Beijing.

China's clean energy subsidies were also the subject of a submission made earlier this month by US Trade Representative Ron Kirk to the WTO. In the submission, Kirk identified nearly 200 subsidy programmes that the US claims China

has failed to notify the global trade body, along with 50 Indian subsidy programmes.

"The situation was simply intolerable," Kirk said. "Every member of the WTO is required to come clean on its subsidy programmes on a regular basis."

Whether or not the US will actually pursue a WTO dispute on the subject was not made clear at the time of the USTR's announcement.

China currency issue lurking in the background

The solar subsidies controversy comes at a time of increasing Sino-US tensions regarding the US' growing trade deficit with China and an ongoing attempt in Congress to pass legislation targeting China's valuation of its currency (see related article in this issue).

A bill that would allow the US to impose duties on countries that undervalue their currencies has already passed the US Senate with bipartisan backing, and reportedly has widespread support in the House (see Bridges Weekly, 12 October 2011). However, House Republican leadership is refusing to bring the currency legislation up for a vote, drawing intense criticism from Democrats. At Friday's news conference, Levin urged that Speaker of the House John Boehner, who opposes the legislation, put aside his objections and "let the House work its will."

The White House has been reticent to get involved in the currency issue; however, the Senate vote has already drawn a harsh rebuke from Chinese government officials, who have alluded to the possibility of a "trade war" if the legislation becomes law.

Proponents of the currency legislation insist that China's strict control of the yuan, also known as the renminbi, acts as an export subsidy that makes Chinese products cheaper than their foreign counterparts. Critics of the legislation argue that targeting China's currency will only cause jobs to move to the next low-cost place, such as Bangladesh or Vietnam, rather than return to the US.

ICTSD reporting; “Blame-China Imports Chorus Grows as Solyndra Falls,” 28 September 2011; “Solar-Panel Imports From China Said to Face U.S. Trade Complaint,” BLOOMBERG, 28 September 2011; “Dems on China bill: Let the House ‘work its will’,” THE HILL, 14 October 2011; “Unlike Solyndra, other California solar projects appear on track,” LOS ANGELES TIMES, 15 October 2011; “200 Chinese Subsidies Violate Rules, U.S. Says,” NEW YORK TIMES, 6 October 2011; “Dark clouds threaten solar makers’ future,” REUTERS, 16 October 2011; “Lawmaker urges action against solar panel imports,” REUTERS, 14 October 2011.

IN BRIEF

Adapting Copyright to Digital Age Essential for Creativity, Concludes WIPO Conference

The advent of the cyber age will require changes in copyright infrastructure and documentation to better serve creativity, participants at a World Intellectual Property Organization (WIPO) conference urged last week. The two-day gathering brought together government representatives, national and international public institutions, academics, and other stakeholders involved in copyright protection and administration.

The Conference on Enabling Creativity in the Digital Environment: Copyright Documentation and Infrastructure, held on 13 and 14 October, discussed findings of the various surveys and studies conducted by WIPO to address challenges regarding copyright registration, deposit systems, and public domain in the digital age.

In his opening remarks, WIPO Assistant Director General Trevor C. Clarke stated that “the discussions in this conference will help Member states, especially Developing countries and Least Developed Countries, adopt policies to address the increasing importance of copyright documentation and infrastructure.”

Laws must keep pace with technology, experts suggest

The conference’s keynote speaker, Ismail Serageldin, Director of the New Library of Alexandria – the Egyptian library dedicated to reviving the original Bibliotheca Alexandrina of 288 BC - emphasised that laws need to progress with technological advancements. “New technology creates new issues and we need new laws to deal with them,” he urged. Serageldin also stated that the system of copyright registration needs to evolve to serve the interests of the public at large, rather than the interests of any particular group of people.

Maria A. Pallante, the newly-appointed Register of Copyrights and director of the US Copyright Office, discussed the history of copyright documentation in the United States and the current problems that her office faces in a changing digital landscape. Some of the most salient issues include collecting and storing copyrighted works and creating a digital register for copyright documentation, she noted.

Folklore, traditional knowledge, creative works spur discussion

Issues like folklore and traditional knowledge sparked debate among conference participants, with the subject of database control coming to the fore. Silke von Lewinski, from the German-based Max Planck Institute for Intellectual Property and Competition Law, suggested that in the case of folklore and traditional knowledge, databases should be either be closed or under the control of indigenous peoples.

She explained that doing so would ensure that indigenous peoples’ living heritage remains grounded in the context it is traditionally expressed in and is not misappropriated.

Panellists at the conference also discussed ways to overcome challenges in the preservation of creative works in the original format they were produced in. Along those lines, they also addressed difficulties involved in creating tools for disseminating information on copyrighted work that is entering the public domain.

In particular, some panellists suggested that orphan works – works for which the copyright owner cannot be contacted – be made available to the public and allowed to be reused only after a diligent search for the rights holder has failed.

Another issue that resonated with some panellists was the reduction of barriers to knowledge and ways to ensure global access to information.

This conference was organised within the framework of the Development Agenda Thematic Project on Intellectual Property and the Public Domain, which is being implemented under the auspices of the WIPO Development Agenda. Recommendations from the WIPO Development Agenda are intended to mainstream the development dimension into WIPO's work.

This conference marked the final stage of the project, which was first approved by WIPO's Committee on Development and Intellectual Property (CDIP) in April 2009.

ICTSD reporting.

Price Volatility and 'Land Grabs' Headline Food Security Meeting

The co-ordinating body for global food security efforts is focusing its attention on sharp changes in food prices and a set of guidelines for large-scale land acquisitions this week. Experts, activists, and senior political officials are meeting in Rome at the Committee on World Food Security (CFS) to try and set a coherent food security agenda for international organisations and governments.

The 2007/8 food price spikes sparked controversy when countries and private firms started expansive acquisitions of farm land (see Bridges Weekly, 20 May 2009). Given the political infeasibility of binding actions, the Committee on World Food Security is attempting to provide major players with voluntary recommendations on how to best protect the interests of those affected by the so-called 'land grabs.'

Representatives of farmer and pastoralist organisations pressed for recognition of their land rights on the sidelines of meetings on land tenure.

As part of its work to provide analysis of global trends, the Committee commissioned a panel of leading experts to report back on policies, actions, tools, and institutions to manage food price volatility.

In their July report, the panel recommended action in a variety of areas, including trade policy and food stocks. Noting that sovereign states are not prepared to serve international markets at the expense of domestic priorities, the panel called for specific action on export restrictions, protection against import surges, and food aid.

Net Food Importing Developing Countries and members of the Group of 20 major economies have proposed separate bans on export restrictions at the WTO this year (see Bridges Weekly, 5 October 2011). The Special Safeguard Mechanism, a measure against import surges, was widely blamed as part of the reason for the collapse of the Doha Round of trade talks in Geneva in 2008 (see Bridges Weekly, 30 July 2008).

The Committee on World Food Security (CFS) is in the midst of a major overhaul. Rome-based UN agencies – the Food and Agriculture Organization, the World Food Programme, and the International Fund for Agricultural Development – have been leading the charge to make the CFS the world's pre-eminent forum on food security. Civil society organisations, such as Oxfam International, have also supported this effort.

As part of its reform, the CFS has been developing a Global Strategic Framework that aims to co-ordinate responses to food insecurity among governments and international organizations. A draft is not expected before 2012. Sources expect the emphasis to be on climate change in the Framework and at next year's meeting.

A source close to the CFS told Bridges that they were not looking for "declarations or a promise to end hunger" at its 37th session, given the meeting's perfunctory nature.

ICTSD reporting.

WTO IN BRIEF

Chinese Farm Support Doubles, New Data Shows

China's agricultural subsidies doubled between 2005 and 2008, according to new figures provided by the government to the WTO last week. However, the report classes all farm support as 'green box' – the category for payments that are exempt from any ceiling or cuts on the grounds that they cause no more than minimal trade distortion.

This is China's third subsidy notification since its 2001 accession to the global trade body. The previous notifications were in 2010 (for calendar years 2002-2004) and 2006 (for calendar years 1999-2001).

The new data shows a dramatic increase in recent farm subsidy provision, which grew from 310 billion RMB yuan to 593 billion RMB yuan – or approximately US\$85 billion – over the four year period. The growth reflects a long-term trend towards increased support for agriculture in China, all of which has been reported as green box.

According to these new figures, China made no outlays on trade-distorting subsidies in the WTO's 'amber' or 'blue' boxes. Blue box subsidies are production-limiting measures that are considered trade-distorting by the global trade body; amber box subsidies are the most trade-distorting form of permitted support under the WTO system.

The only trade-distorting payments provided fell below the permitted 'de minimis' ceiling, which is equivalent to 8.5 percent of the country's value of production under a special agreement reached when China joined the global trade body in 2001. De minimis spending is a category of trade-distorting support that is currently allowed in small amounts under WTO rules – usually up to

five percent of the country's value of production.

For the year 2008, China reported positive de minimis support for cotton, rice, corn, rapeseed, soybeans, and pork, although support for none of these products exceeded three percent of the value of production, and in most cases was far lower.

Instead, over half of the support provided was classed as 'general services' payments that do not distort agricultural production or trade. This category covers research, pest and disease control, extension and advisory services, and infrastructure.

One particular sub-category of general services reported represented as much as 166 billion RMB yuan in 2008, or a little over one quarter of all subsidies notified. Described as 'other general services', it included the operating costs of buildings and facilities, and the salaries, expenses, and pensions of agricultural agency staff.

General services subsidies for infrastructural services were also important, representing 125 billion RMB yuan or one-fifth of all spending: these covered outlays for services such as flood control engineering, draining and irrigation facilities, rural roads, and soil and water conservation.

Environmental, food security spending rises

Financial support for most measures increased over the period, with spending on environmental measures increasing by around 40 percent to reach 68 billion RMB yuan in 2008. Payments for public stockholding for food security increased by around 30 percent to reach 58 billion RMB yuan, while payments for natural disaster relief jumped five-fold to reach 55 billion RMB yuan. The subsidy increase is linked to a series of reforms that China has introduced in recent years that aim to improve farmer welfare, reduce rural-urban disparities and improve domestic demand.

However, in a notable exception to the general trend towards increased farm support, subsidies for domestic food aid fell from 99 million RMB yuan to 64 million RMB yuan over the same time.

While direct payments to farmers also nearly doubled, they still represent less than four percent of total farm support – in contrast to other WTO members such as the EU, where such payments account for a significant share of the subsidies provided to producers.

Although China is also entitled to provide agricultural input and investment subsidies under a clause providing ‘special and differential treatment’ to developing countries, Beijing reported that no such payments were made.

While in absolute terms China’s farm subsidies are now close to the levels provided by agricultural trading giants such as the US and the EU, on a per capita basis the country’s farmers continue to receive far less than their counterparts elsewhere (see Bridges Weekly, [7 September 2011](#) and [26 January 2011](#), respectively).

With the new subsidy notification, China joins other countries such as the US, Japan, and India, which have all also recently submitted new farm support data to the WTO (see Bridges Weekly, [7 September 2011](#) and [15 June 2011](#), respectively). China and India both recently came under fire from the US for not notifying their subsidies to the global trade body on a regular basis.

More information

The full report (G/AG/N/CHN/21) is available online [here](#).

The current RMB yuan to US\$ exchange rate is: 1 RMB = US\$0.157.

ICTSD reporting.

EVENTS & RESOURCES

Events

21-22 October, Shanghai, China. CHINA’S TECHNOLOGICAL RISE: MYTHS, REALITIES AND LESSONS FOR GLOBAL DEBATES ON INNOVATION, TECHNOLOGY TRANSFER AND

INTELLECTUAL PROPERTY. China’s technological and scientific development in recent years, particularly in the areas of space exploration, super-computing, and renewable energies, has spurred much debate. Outsiders have wondered what the role of government policies has been and questioned the extent of these advances in such a short period. This dialogue, co-organised by ICTSD, the Shanghai Institute of Foreign Trade (SIFT), and the China IP Society, will bring together officials, experts, academics and private sector representatives to discuss the expansion of China’s technological capabilities in recent years, its implications, and the lessons to be drawn for global debates on innovation, technology transfer, and intellectual property. For more information, please visit the event [webpage](#).

24-25 October, Brussels, Belgium. GURN WORKSHOP ON GREEN ECONOMY. This workshop, hosted by the Global Union Research Network (GURN) and the International Trade Union Confederation (ITUC), will focus on the challenges a green economy poses for organised labour. As the green economy becomes increasingly a reality for more businesses, the implications for how the impacts could affect workers and the poor has been attracting more attention. This workshop, through the research from trade unionists and researchers, will address an array of discussion topics, including working conditions in a green economy, environmental rights and collective bargaining on environmental issues, and green taxation. Presentations on research from these topics will be followed by in-depth discussion, with the goal of producing ideas and solutions for the future. More information and a breakdown of the topics are available [here](#).

24 October-18 November, online. E-LEARNING COURSE: NEGOTIATING CLIMATE CHANGE FINANCE. This online course, provided by the Multilateral Diplomacy Programme (MDP) at the United Nations Institute for Training and Research (UNITAR) in co-operation with Germanwatch, aims to provide the skills and knowledge necessary for participation in multilateral negotiations, particularly in the context of the United Nations Framework Convention on Climate Change (UNFCCC). The course hopes to build knowledge of diplomatic engagement and focuses on key

objectives and instruments of international climate finance and the multilateral policy framework, and key negotiation-related issues crucial to a post-2012 agreement at the upcoming UNFCCC climate talks in Durban later this year. For more information or to register please visit the [website](#).

24-26 October, Rome, Italy. GEO-CARBON CONFERENCE: CARBON IN A CHANGING WORLD. Jointly organised by the Food and Agriculture Organization (FAO) of the United Nations and the Coordination Action on Carbon Observation Systems (COCOS) of the European Commission, this conference aims to raise current carbon issues and present progress of research within the field. There will be presentations on the building and implementation of a Global Carbon Observing System for land, oceans, and atmosphere; discussions regarding scientific developments in the global carbon cycle; and consideration of progress and gaps in working toward obtaining politically meaningful estimates of regional carbon budgets on land and ocean. For more information, please visit the [website](#).

26-28 October, Addis Ababa, Ethiopia. AFRICAN ECONOMIC CONFERENCE 2011. This conference, jointly organised by the UN Economic Commission for Africa (UNECA), the African Development Bank (AfDB), and the UN Development Programme (UNDP) will act as a platform for experts on Africa to discuss best approaches to attain the Millennium Development Goals, achieve the objectives of the New Partnership for Africa's Development (NEPAD), and accelerate Africa's sustainable development. The sessions will be balanced with roundtable discussions. Presentations will focus on industrial policy, development of human capital, green investment and financing, sustainable agriculture, and poverty reduction and unemployment. This conference aims to make concrete recommendations to inform Africa's position at the 2012 United Nations Conference on Sustainable Development (UNCSD). For more information please view 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.

21 October: Working Group on Standards and Trade Development Facility

24-25 October: Committee on Anti-Dumping Practices – Informal Group on Anti-Circumvention followed by the Working Group on Implementation

24-25 October: Council for Trade-Related Aspects of Intellectual Property Rights

24 October: Working Group on Trade, Debt and Finance

24 October: Committee of Participants on the Expansion of Trade in Information Technology Products

24 October: Committee on Anti-Dumping Practices

25 October: Dispute Settlement Body

26 October: Committee on Subsidies and Countervailing Measures – Special Meeting

26-27 October: General Council

26 October: Committee on Subsidies and Countervailing Measures

Other Upcoming Events

8-10 November, Geneva, Switzerland. AD-HOC EXPERT MEETING ON THE GREEN ECONOMY: TRADE AND SUSTAINABLE DEVELOPMENT IMPLICATIONS. Hosted by the United Nations Conference on Trade and Development (UNCTAD), in collaboration with UN Department of Economic and Social Affairs (UN DESA) and the UN Environment Programme (UNEP), this event will focus on the conditions needed for making the transition to a green economy. Key topics for discussion will

include political and economic feasibility of this transition, technology and finance, investment in global supply chains, and more. Event organisers hope that these discussions will serve to elaborate recommendations for contribution to the United Nations Conference on Sustainable Development (UNCSD, or Rio+20) in June of next year. For more information, please visit the event [website](#).

9-11 November, Yogyakarta, Indonesia. TENTH ASIA PACIFIC ROUNDTABLE FOR SUSTAINABLE CONSUMPTION AND PRODUCTION (APRSCP). This meeting aims to enhance and strengthen regional co-operation through the discussion of development and implementation of Sustainable Consumption and Production (SCP) strategies, promotion of best practices and lessons learned from SCP-related projects in the Asia-Pacific, and similar topics. Co-hosted by the Ministry of Environment of the Republic of Indonesia and the Indonesia Solid Waste Association (InSWA), this meeting will review the SCP framework and activities to identify challenges and alternative solutions for implementing SCP strategy in relation to greening businesses, and climate change mitigation. For more information and to view an agenda, please visit the APRSCP [website](#).

16-18 November, Bonn, Germany. BONN 2011 CONFERENCE. This high-level conference, organized by the German Federal Government, along with the World Economic Forum, the World Wildlife Fund, and the International Food Policy Research Institute, will aim to make contributions to the 2012 UN Conference on Sustainable Development (UNCSD). Global Trends such as population growth and rising economic prosperity are expected to increase demand for energy, food, and water, which will in turn compromise the sustainable use of natural resources. This pressure on resources could result in shortages which may put water, energy and food security for the people at risk, hamper economic development, lead to social and geopolitical tensions and cause lasting irreparable environmental damage, event organisers note. Action fields will focus on three dimensions: social, economic, and ecologic; these will encompass advocacy for the poor, creating more with less, and investing to sustain ecosystem services. The 500 event participants will include

high-ranking decision-makers from politics, academia, the United Nations, civil society, and the private sector. For more information, visit the event [website](#).

5-6 December, Durban, South Africa. THE DURBAN TRADE AND CLIMATE CHANGE SYMPOSIUM. This symposium, co-organised by ICTSD, the WTO, and the Department of Trade and Industry (DTI) of the Republic of South Africa, will cover various topics within the trade and climate change sectors. By bringing together climate delegates, academics, policy analysts, and representatives from IGOs and NGOs, these discussions will analyse current issues in climate change and development, as well as consider the future of the linkages between the multilateral trade and climate change regimes. Event partners now include Cambridge Econometrics, Climate Strategies, Center for International Forestry Research (CIFOR), Environment and Trade in a World of Interdependence (ENTWINED), Food and Agriculture Organization of the United Nations (FAO), Friedrich Ebert Stiftung (FES), International Food Policy Research Institute (IFPRI), International Institute for Sustainable Development (IISD), National Foreign Trade Council (NFTC), South African Institute of International Affairs (SAIIA), Swedish Standards Institute (SIS) Trade Law Centre for Southern Africa (TRALAC), and the World Intellectual Property Organization (WIPO). This will be held in parallel with the UNFCCC Conference of the Parties (COP). For more information, or to register, please click [here](#).

5 December, Durban, South Africa. DURBAN GLOBAL BUSINESS DAY. This event, organised by the World Business Council for Sustainable Development (WBCSD) and the International Chamber of Commerce (ICC) in partnership with the National Business Initiative (NBI), will be held during the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties 17. This year's global business day will highlight how business leaders can work with governments to find mutually beneficial solutions to the challenges of climate change. The event will also highlight the global business commitment to low-carbon growth. For more information and to register, please visit the event [website](#).

Resources

TO WHAT EXTENT DO EXCHANGE RATES AND THEIR VOLATILITY AFFECT TRADE? By Marilyne Huchet-Bourdon and Jane Korinek for the Organisation for Economic Co-operation and Development (OECD) (2011). Trade deficits and surpluses are sometimes attributed to intentionally low or high currency exchange rate levels. The impact of exchange rate levels on trade has been much debated but the large body of existing empirical literature does not suggest an unequivocally clear picture of the trade impacts of changes in exchange rates. This working paper examines the effects of exchange rates and their volatility on trade flows in China, the Euro area, and the US in two broadly defined sectors: agriculture and manufacturing and mining industry. The research concludes that, while volatility only has a slight impact on trade flows, exchange rates affect trade in both sectors but cannot account entirely for the trade imbalances in the studied regions. For more information, or to download the paper, click [here](#).

FACILITATING TRADE IN SERVICES COMPLEMENTARY TO CLIMATE-FRIENDLY TECHNOLOGIES. By Joy Aeree Kim, for ICTSD (October 2011). This paper builds off of recent ICTSD studies that map and analyse the trade patterns, drivers and barriers associated with climate-friendly goods. The author posits that there are still many challenges to realising the economic and environmental benefits in liberalising trade in climate friendly goods and services. The paper covers multiple key mitigation sectors identified by the Intergovernmental Panel on Climate Change (IPCC): energy supply, transport, buildings, industry, agriculture, forestry, and waste. In doing so, the author extends analysis beyond issues of market access and national treatment and points to a variety of domestic legislation and regulation, such as those regarding government procurement. For more information, or to download this paper, click [here](#).

THE ECONOMIC IMPACT OF US TRADE SANCTIONS ON IMPORTS OF PAPER PRODUCTS. By Robert Shapiro and Sonecon, LLC, for World Growth (September 2011). Two

years ago, three US-based paper companies, joined by the United Steelworkers Union, went to the International Trade Commission (ITC) of the US Department of Commerce to file complaints against the allegedly unfair trade practices of Chinese and Indonesian paper companies. This paper aims to look at the impact of the anti-dumping and countervailing duties that were imposed on paper imports by the ITC. Notably, the authors find that these protective barriers indirectly pushed much of the Chinese and Indian paper supply into third world countries where their lower prices could reduce US foreign market share in the paper industry. To view this report, click [here](#).