



Bridges Weekly Trade News Digest

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LEAD STORIES

Green Growth, China Currency Take Centre Stage at APEC Meet

Leaders from the 21 member economies of the Asia-Pacific Economic Cooperation (APEC) forum gathered in the US state of Hawaii last weekend, resolving to boost regional trade and reduce tariffs on environmental goods and services. The ongoing disagreements between Washington and Beijing over China's currency practices also played out publicly at the event, with US President Barack Obama urging that "enough is enough."

On the sidelines of the APEC gathering, Obama and the eight other countries currently negotiating the proposed Trans-Pacific Partnership (TPP) accord unveiled a broad framework for the agreement. In addition, three countries – Canada, Japan, and Mexico – expressed an interest in joining the talks.

The current members of the TPP negotiations – all members of APEC – are Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam. For more on the TPP, see the related article in this issue.

Green growth plan moves forward

At the event, leaders adopted the [Honolulu Declaration](#), in which they outlined plans to develop a list of environmental goods that "directly and positively contribute to our green growth and sustainable development objectives."

"We can and must address both the region's economic and environmental challenges by speeding the transition to a global low-carbon economy in a way that enhances energy security and creates new sources of economic growth and employment," they said.

The Asia-Pacific leaders pledged to reduce by the end of 2015 the applied tariff rates on such products to five percent or less, “taking into account economies’ economic circumstances, without prejudice to APEC economies’ positions in the WTO.”

The list of environmental goods and services subject to these tariff cuts will be drawn up in 2012. Currently only goods are set to be liberalised, an APEC country delegate explained to Bridges; however, the Honolulu text also contains references to environmental services, specifically with regard to other trade concerns related to local content and government procurement.

This inclusion is in recognition of the fact that environmental goods and services are often traded as a package. On services as well as on non-tariff barriers, future work in the Asia-Pacific group will build on what has already been done within APEC, such as the 1999 APEC Non-Binding Principles on Government Procurement.

The delegate stressed that the declaration proved once more that APEC economies are willing to co-operate towards a desirable outcome. While APEC has no penalties for non-compliance with agreed obligations, the outcome reflects a decision taken by APEC leaders freely and in good faith, the delegate added.

Sectoral negotiations at APEC on these goods first began in 1997, as part of the Early Voluntary Sectoral Liberalisation (EVSL) initiative. The EVSL was aimed at rapid liberalisation in selected sectors picked by all APEC members, who would also develop frameworks that specified product coverage and phase-outs of tariffs. These would then be proposed to the WTO for broader support.

Following lack of significant momentum on liberalisation, which depended on voluntary initiatives rather than APEC negotiations, members of the economic grouping reportedly shifted the tariff-cutting component of the initiative to the WTO, preferring to focus instead on non-tariff barriers and technical co-operation.

Prior to last weekend’s APEC summit, China had publicly expressed scepticism over the proposed plan, which had been tabled by the US. Beijing had insisted that the expectations for results were too high and exceeded the reach of APEC’s developing country members (see Bridges Weekly, [9 November 2011](#)).

APEC economies currently account for about 60 percent of trade in environmental goods and services, according to Reuters.

Sparring continues over China’s currency policy

The ongoing disagreements between the US and China over the latter’s strict valuation of its currency played out at the Honolulu summit, with Obama taking an uncharacteristically strong stance on the subject.

At the closing APEC [press conference](#), Obama alluded to the growing Sino-US tensions over various economic issues. He claimed that “there are a range of things that [China has] done that disadvantage not just the United States but a whole host of their trading partners and countries in the region.”

While acknowledging slight “improvements” in China’s currency practices, the US president urged Beijing to do more. “We recognise that they may not be able to do it overnight, but they can do it much more quickly than they’ve done it so far,” he said.

Beijing was quick to respond to Obama’s comments; in a [press release](#) after the event, China’s Ministry of Foreign Affairs presented President Hu Jintao’s response to Washington’s currency concerns.

According to the ministry, Hu told Obama in their bilateral meeting at APEC that China’s currency policy is “responsible,” and stressed that “the Chinese exchange rate is not to blame for structural problems in the US, such as the trade deficit and high unemployment rate.”

China made a commitment at the 3-4 November Group of 20 (G-20) summit in Cannes, France “to increase exchange rate flexibility consistent with

underlying market fundamentals” – a promise that elicited praise from Obama at the time (see Bridges Weekly, [9 November 2011](#)).

The currency subject has drawn renewed attention in recent months, with the US Senate voting earlier this fall in favour of legislation that would target countries undervaluing their currencies.

Prior to the APEC summit, the White House had largely been reluctant to taking a strong public position on the Senate bill, citing the possibility of a WTO challenge as a reason for not pushing forward such legislation too hastily.

Doha

The WTO’s ongoing Doha trade talks, which remain at an impasse after ten years of negotiations, also drew the attention of APEC leaders.

With trade ministers from the global trade body’s membership scheduled to meet in December in Geneva for the WTO’s Ministerial Conference, leaders instructed their officials to “approach the upcoming WTO Ministerial Conference and negotiations beyond it with a view to fresh thinking and a determination to begin exploring fresh and credible approaches.”

Among such approaches would be the option of advancing “specific parts of the Doha agenda where consensus might be reached on a provisional or definitive basis,” they added. Similar calls were made by G-20 members – many of which are also members of APEC – earlier this month.

More information

The 21 members of APEC are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Chinese Taipei, Thailand, the US, and Vietnam.

ICTSD reporting. “Obama Says ‘Enough’s Enough’ on China’s Undervalued Yuan as Hu Pushes Back,” BLOOMBERG, 14 November 2011; “APEC Leaders Pledge to Reduce Levy on

Green Goods, Bolster Regional Trade,” BLOOMBERG, 14 November 2011; “APEC leaders commit to green trade liberalization,” REUTERS, 14 November 2011.

OTHER NEWS

Russia Quickly Closes in on WTO Entry

After an 18-year process, Russia now appears set to join the WTO, with the Formal Working Party finishing its negotiations on 10 November. Negotiators have forwarded the Russian accession accord to the upcoming December ministerial conference, where trade ministers will vote on the package.

The completion of negotiations drew praise from WTO Director-General Pascal Lamy. “In acceding to the WTO, Russia embraces a series of rules and commitments that are the foundation of an open, transparent, and non-discriminatory global trading system,” he said.

The potential benefits of WTO accession for Russia’s business and investment climate was reiterated by many members, along with Maxim Medvedkov, Russia’s chief negotiator for its WTO bid.

After the Working Party meeting, Medvedkov stressed that “the agreement as negotiated brings [Russia] into the system of multilateral trading rules, creating new opportunities for our traders and investors and enabling us to protect their commercial interests even more effectively than before.”

With the Doha Round of trade talks currently at an impasse, and WTO members still struggling to reach consensus on non-Doha items to include on the ministerial agenda, bringing Russia’s US\$1.48 trillion economy into the WTO system has been touted as one of the major potential achievements of the December meet (see Bridges Weekly, [2 November 2011](#)).

“This win-win result... comes as a most welcome deliverable for the upcoming WTO Ministerial Conference and signals anew the relevance and vibrancy of the WTO as an instrument for international co-operation,” Lamy noted.

Eighteen year process

“It is gratifying to see that after 18 years of sometimes uneasy negotiations the process of WTO accession is completed today,” Medvedkov stated after the Working Party concluded its talks.

Last week’s formal meeting of the Working Party was the first since 2006, when disagreements with current WTO member and Russian neighbour Georgia put the formal talks on hold (see Bridges Weekly, [25 October 2006](#)). However, negotiators have met several times informally since.

After years of stop-and-go negotiations, the past few months have seen talks move forward at a breakneck pace, with Russia gaining strong backing from the US and EU.

An agreement between Brussels and Moscow on outstanding bilateral issues was struck this past October. The agreement addressed Russian incentives to domestic automobile producers, rules on exporting agricultural products and foodstuffs to Russia, and changes to Russia’s practice of taxing European flights over Siberia, (see Bridges Weekly, [26 October 2011](#)).

The administration of US President Barack Obama, meanwhile, has been supporting the accession bid as part of a larger effort to “reset” its relations with Russia (see Bridges Weekly, [29 June 2011](#)).

Upon the Working Party’s announcement last week, US Assistant Trade Representative Chris Wilson [called](#) the moment “an important milestone in our relationship with the Russian Federation, and advances President [Barack] Obama’s determination to expand the economic dimensions of a bilateral relationship traditionally dominated by political and security affairs.”

European Commissioner for Trade Karel De Gucht [echoed](#) this sentiment, calling the event an “important step for Russia’s economic

development and for the multilateral trading system.” He added that the EU played a “crucial role” toward achieving this goal.

Despite having the EU’s and US’ support, the major question had been whether or not Georgia – a WTO member – would withhold its support for its neighbour’s accession bid.

That concern was put to rest after an announcement on 2 November that Russia and Georgia had reached a Swiss-brokered compromise resolving their differences over trade-monitoring in the disputed regions of Abkhazia and South Ossetia (see Bridges Weekly, [2 November 2011](#)).

‘Unprecedentedly detailed’ commitments

The nearly-700 page accession package includes a range of detailed commitments; trade sources note that the accession is the WTO’s most complicated to date, with one Geneva-based trade expert calling the commitments “unprecedentedly detailed.”

Russia has committed to fully apply all WTO provisions, and will be provided with a few transitional periods in some areas. The accession package includes 30 bilateral agreements on market access for services and 57 on market access for goods.

Export duties have been bound for over 700 tariff lines, including certain products in sectors of fish and crustaceans, mineral fuels and oils, raw hides and skins, wood, pulp and paper, and base metals.

Regarding agriculture, the accord states that all agricultural export subsidies will be reduced to zero. In addition, total trade-distorting agricultural support cannot exceed US\$9 billion in 2012; this number will be gradually reduced to US\$4.4 billion by 2018. One Geneva trade expert noted to Bridges that these particular terms have prompted some negative responses within the Russian agriculture community.

With regards to the WTO Agreement on Trade-Related Investment Measures (TRIMS), the accession accord states that all WTO-inconsistent measures, including preferential tariffs or tariff

exemptions, will be eliminated by 1 July 2018. This includes automobile investment programmes, which have drawn criticism in the past over their local content requirements.

The negotiated terms also place a substantial focus on transparency. All legislation affecting trade in goods, services, and intellectual property rights (IPRs) are to be published promptly, consistent with WTO requirements. Notably, Russia will publish all legislation affecting trade in goods, services, or intellectual property rights (IPRs) prior to their adoption.

WTO members will be provided with at least 30 days to comment on such legislation, with some exceptions in cases of emergencies, national security, the public interest, and other reasons outlined in the accord.

The accession package also notes that Russia will fully apply provisions of TRIPS Agreement, including provisions for enforcement, without recourse to any transitional period.

Russia's intellectual property practices have repeatedly come under fire from US lawmakers; a bipartisan group of legislators from the House and Senate Judiciary Committees wrote to US Trade Representative Ron Kirk last Friday to express "serious concerns over continuing gaps and lapses in the protection and enforcement of intellectual property rights concerns" by Moscow.

The US still lacks permanent normal trade relations with Russia, due to a Cold War-era piece of legislation known as the Jackson-Vanik amendment.

The amendment allows the US to deny most favoured nation (MFN) status to nations with limited freedom of emigration, and must be repealed by the US Congress in order for the above-mentioned normal trade relations to take effect.

Further details on Russia's WTO commitments are available [here](#).

Russia intends to join government procurement pact

Russia also intends to join the WTO's Government Procurement Agreement (GPA), according to the terms of its accession package. The GPA, which does not extend to the whole WTO membership, would liberalise access to billions of dollars worth of public procurement contracts among the countries involved.

Upon accession, Russia would become an observer to the plurilateral agreement, which currently has 42 countries; within four years of joining the WTO, Moscow will be expected to initiate negotiations for GPA membership.

The renegotiation of the GPA is being pushed as another possible outcome for December's WTO ministerial; Government Procurement Committee Chair Nicholas Niggli concluded yesterday that parties are "very close" to finalising negotiations, trade sources told Bridges.

Next steps

The Russian accession package will be voted on at the WTO Ministerial Conference in Geneva, Switzerland, which is scheduled for 15-17 December. The Russian Parliament will then be given until 15 June 2012 to ratify the accession accord; 30 days following ratification, Russia will become a full member.

The WTO ministerial is also expected to see another three accessions move forward: Vanuatu and Samoa, whose accession packages were adopted in October by the General Council and the Samoa working party, respectively; along with Montenegro, which has its final Working Party meeting scheduled for the end of this month.

ICTSD reporting.

Framework for Trans-Pacific Pact Announced; New Countries Express Interest

Leaders of the nine countries negotiating the Trans-Pacific Partnership (TPP) Agreement announced a broad outline for the proposed accord at this weekend's gathering of Asia-Pacific leaders. Canada, Japan, and Mexico also stated their interest in joining the negotiations at the meet, held in the US state of Hawaii.

The framework, announced on 12 November at the annual Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting, aims to "enhance trade and investment among the TPP partner countries, promote innovation, economic growth and development, and support the creation and retention of jobs," according to the proposed pact's current members.

Current TPP members include Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam.

In describing the pact, TPP leaders acknowledged that some issues still remain unresolved. Nonetheless, they expressed confidence that this "will be a model for ambition for other free trade agreements in the future."

The pact, which members bill as a "21st century" agreement, will slash tariffs and other barriers to goods and services trade and investment; the goods covered will represent some 11,000 tariff lines. Negotiators also plan to incorporate in the pact issues involving regulatory coherence; competitiveness and business facilitation; small- and medium-sized enterprises; and economic development and governance, according to the framework.

Trade negotiators will next meet to discuss the pact in early December, at which point future negotiating rounds will be scheduled.

Canada, Japan, Mexico interested in signing on

The APEC summit also saw three non-negotiating parties – Canada, Japan, and Mexico – express

interest in joining the trade talks. While the announcement was generally well-received, the potential influx of new members did prompt concern from some parties that negotiations could become even more difficult to conclude.

New Zealand Trade Minister Tim Groser, speaking to Reuters, cautioned that too many additions at this stage could render current expectations somewhat unrealistic.

"I don't think anyone can seriously imagine that we can complete this negotiation with economies as important as these three by the end of 2012," he said.

Canada, disappointed after Washington again delayed approval of the Keystone XL Canada-to-Texas oil pipeline project in the US, has lately expressed an interest in selling more of its energy products to Asian markets.

"This does underscore the necessity of Canada making sure that we are able to access Asia markets for our energy products," Prime Minister Stephen Harper said on the sidelines of the APEC leaders' meeting.

Meanwhile, Japan's announcement sparked some questions with regards to the country's agricultural support practices.

New Zealand's Groser stressed that the TPP talks "must include rice"; the impact of the trade pact on the Japanese rice industry has traditionally been one of the major stumbling blocks preventing Tokyo from committing to the TPP.

Critics in Japan fear that farmers may struggle against losing the current 778 percent import tariff on the commodity (see Bridges Weekly, 2 November 2011).

Groser's comment came in response to news that Japan was objecting to a White House press release on Tokyo's decision to start consultations with TPP members. In the press release, the White House had claimed that Japanese Prime Minister Yoshihiko Noda was allowing all goods on the negotiating table for possible liberalisation – an assertion that Tokyo insisted was an overstatement.

The TPP, which was launched in 2006 as an agreement between Brunei, Chile, New Zealand, and Singapore, is now currently at nine members. The pact has been billed as a possible framework for a larger pact that could eventually cover all 21 APEC economies.

Questions raised about access to medicines, SPS

Interest groups, industries, and NGOs have repeatedly questioned the benefits from this agreement, citing concerns over a range of issues, including access to medicines and animal and plant health measures.

In an October [statement](#), the Citizens Trade Campaign – a Washington-based coalition of advocacy organisations – cautioned that the trade agreement may cede too much power to large pharmaceutical firms, undermining access to medicines.

Likewise, the Australian Fair Trade and Investment Network recently told reporters that some US-backed provisions in the pact might increase corporate power and thus hold prices of medicines too high.

Concerns surrounding genetically modified (GM) food and organisms have also emerged lately, particularly from New Zealand civil society groups. Last week, the Wellington-based Sustainability Council of New Zealand published an [op-ed](#) claiming that the US might aim to block mandatory labelling for GM products.

Tony Zohrab, lead negotiator for sanitary and phytosanitary (SPS) issues for New Zealand's Ministry of Agriculture and Forestry, recently [assured](#) critics that blocking pests and diseases from abroad remains a New Zealand negotiating priority.

"We also have a keen interest in the biosecurity and food safety standards applied by governments overseas because of the high proportion of our export trade that comes from the agriculture, horticulture, forestry, and fisheries sector," he said.

ICTSD reporting; "Pacific free-trade deal has hidden dangers: NGO," AUSTRALIA NETWORK NEWS, 14 November, 2011; "Leaders back free-trade pact but unions warn on tariff cuts," THE AUSTRALIAN, 14 November 2011; "Japan set to join trade discussions," FINANCIAL TIMES, 11 November 2011; "Stephanie Howard and Simon Terry: Let's insist on labels for GM foods," THE NEW ZEALAND HERALD, 10 November 2011; "Canada Eyes Asia After US Delays Keystone Project," REUTERS, 14 November, 2011; "WTO fatigue fuels Asia-Pacific trade deal: NZ minister," REUTERS, 14 November 2011; "New Zealand: Japan Must Include Rice in TPP talks," WALL STREET JOURNAL, 14 November 2011.

Disputes Roundup: Tuna Appeal at WTO Likely; Animal Welfare Groups Petition Obama

The long-running dispute between the US and Mexico over Washington's 'dolphin safe' labelling practice for tuna products is likely to see a WTO appeal, after the two parties together asked for an extension of the appeals deadline. Meanwhile, animal welfare and consumer advocacy groups in Washington are urging the US to look into options outside the global trade body for resolving the trade row.

WTO appeals deadline extended to January

At its last meeting on 11 November, the WTO Dispute Settlement Body (DSB) [decided](#) to extend the deadline for submitting an appeal on the latest Tuna-Dolphin ([DS381](#)) ruling issued in September (see Bridges Weekly, [21 September 2011](#)).

In light of the Appellate Body's substantial workload, the US and Mexico had jointly requested an extension of the normally sixty-day period, which otherwise would have expired on 15 November. In accordance with the agreed extension, an appeal will have to be submitted no later than 20 January.

Requests of this kind have been used frequently throughout 2011, as the WTO's appeal judges struggle to resolve the technicalities of the

Airbus/Boeing spat and generally face a large caseload. While most members support this form of collaborative action, Japan has continuously warned that the practice must remain an exception in order to maintain a high level of fairness and efficiency in the dispute settlement system.

The requested extension can be interpreted as a sign that the parties intend to appeal the decision. In almost all instances where members requested a deadline extension, appeals were subsequently filed.

Already in an initial response in September, the United States Trade Representative's (USTR) office said it was carefully examining the possibility of an appeal.

Washington had partially lost its claim in this high-stakes dispute over the US "dolphin safe" label for tuna products when a panel ruled the US practice unnecessarily trade restrictive (for further analysis on the tuna-dolphin case, see Bridges Trade BioRes Review, [November 2011](#)).

Animal welfare, consumer advocacy groups push back

The global trade body's September decision has come under heavy fire from animal welfare groups and consumer protection advocates in the US, to the point where some are now pushing Washington to explore options outside the WTO.

"[The decision] puts at risk one of the most successful environmental consumer education programs in history, which has helped to reduce dolphin deaths in tuna nets from an estimated 80,000 to 100,000," six animal welfare groups warned in an open [letter](#) to US President Barack Obama and US Vice President Joe Biden on 4 November.

"Failure to reach a timely resolution of this dispute ... threatens the integrity of the US Dolphin Safe label and the rights of US consumers to unbiased information about the safety of dolphins," Earth Island Institute and its co-signatories cautioned in the letter.

WTO appeal is not the only avenue for action in this particular matter, however. Earth Island

Institute and its fellow advocacy groups are lobbying for Obama to take the dispute to the presidential level and to address the matter under the North American Free Trade Agreement (NAFTA).

"We urge you to take diplomatic steps with the Government of Mexico to ensure it meets its responsibilities under NAFTA with respect to the US Dolphin Safe tuna label dispute," they said.

The NAFTA dispute between the US and Mexico has been running in parallel to the WTO's proceedings since 2009.

Washington contends that Mexico's decision to pursue the case at the WTO violates a NAFTA clause that allows the US, as the target of a case concerning matters addressed by both WTO and NAFTA rules on the protection of human or animal life or the environment, to choose to have the dispute considered solely under NAFTA procedures (NAFTA Article 2005) (see Bridges Trade BioRes [11 October 2010](#)).

In 2010, the USTR requested that a NAFTA panel be established to rule on this claim. Unlike the WTO dispute, however, the NAFTA disagreement – at this stage – only concerns the appropriate choice of forum and not the substance of the trade spat.

The NAFTA process has stalled since the panel establishment in 2010, however.

Under NAFTA rules, panel composition can be blocked if no panel roster – which provides for a list of panellists that can be chosen from should parties be unable to agree on a panel – is in place. The last roster expired after three years; lately, Mexico has refused to nominate new candidates, thereby effectively blocking the panel composition.

As a result, Washington has been left without any options under NAFTA. In previous situations, the US had made use of the very same procedural loophole to block disputes brought by Mexico.

"The resolution of this case is important in ensuring the integrity of the NAFTA choice-of-forum provisions and to preventing a dangerous

precedent being set for future co-operation with the Government of Mexico in trade disputes,” Earth Island Institute and its partner signatories stated in their letter.

As NAFTA continues to be blocked on the matter, however, an appeal at the WTO seems much more likely than any decision from the trilateral trade pact. This might also be in the interest of the global trade body, giving it the opportunity to address the matter of whether decisions by regional trade courts can bar a WTO member from making use of the adjudicative options provided at the WTO.

New Appellate Body members to be named at next DSB meeting

In other appeals-related news, the DSB is expected to appoint two new Appellate Body members at its upcoming meeting on 18 November.

Following the receipt of nominations from the US, India, and Pakistan this summer, the selection committee and interested country delegations have been conducting meetings with nominees over the past month. The selection committee shared its decision with member states on 7 November.

The decision now needs to be confirmed by the DSB; the appointment had originally been scheduled for Friday of last week.

ICTSD reporting.

Cotton: African Exporters Seek Subsidy Freeze

The US and EU should freeze trade-distorting support for cotton at current historically-low levels, West African exporting countries have argued in a WTO proposal. The proposal was discussed informally last Friday among some of the members concerned.

High prices for cotton and other commodities have caused trade-distorting subsidies to drop in recent years, as these support payments are

designed to be triggered by low prices. A ‘standstill principle’ should apply to these subsidies while a negotiated solution is being reached, cotton-exporting countries in the so-called ‘C-4’ group – Benin, Burkina Faso, Chad, and Mali – claim.

The proposal is included as part of a draft decision that the C-4 countries have submitted for trade ministers to agree upon at the WTO's eighth ministerial conference, scheduled for 15-17 December. The text calls for members to implement agreements on cotton that were reached at the global trade body's fifth ministerial conference, held six years ago in Hong Kong.

Under the draft decision, the WTO secretariat would report at each ministerial on progress in eliminating export subsidies for cotton, and in providing duty-free, quota-free (DFQF) access for least developed countries' exports of cotton and cotton by-products. The [Hong Kong Ministerial Declaration](#) commits members to take these actions by 2006 and by April 2012, respectively.

While the text would have ministers reaffirm the mandate adopted by the WTO's General Council in 2004 to address cotton “ambitiously, expeditiously and specifically,” one official familiar with the proposal told Bridges that the standstill clause was “the main point” of the outline text.

The draft also asks the WTO Director-General to report to each ministerial until a ‘final settlement’ is reached.

In addition, in line with the Hong Kong mandate, the draft would instruct negotiating groups to prioritise an outcome that ensures domestic support for cotton is cut more ambitiously than for other products under the ‘general formula’ for subsidy reductions in the ongoing Doha talks.

However, negotiating groups have not been meeting regularly since WTO members acknowledged in April that they were unlikely to achieve a previously agreed upon goal of concluding the Doha Round this year (see Bridges Weekly, [4 May 2011](#)).

‘No reaction’ from large subsidisers

Members that provide substantial subsidies to their cotton producers – such as the US and EU – have yet to provide an official reaction to the proposal, trade sources told Bridges.

However, one negotiator expressed hope that cotton support might finally be reduced as part of the next US Farm Bill, which is currently being debated in Washington as part of a wider discussion (see Bridges Weekly, [26 October 2011](#)) over cuts aimed at rebalancing the country’s budget.

The delegate speculated that, with high prices prevalent in cotton markets, and US government spending being slashed in other sensitive areas, cotton producers might find it harder than before to make the case for maintaining trade-distorting subsidies.

WTO members are still waiting for the US to remove trade-distorting subsidies that were ruled illegal after a protracted dispute settlement case with Brazil. Washington has said that the support programmes are being reviewed and will be reformed as part of the upcoming Farm Bill (see Bridges Weekly, [14 April 2010](#)).

However, sources familiar with the domestic debate in the US questioned whether the C-4 proposal would be able to gain any traction, arguing that the political landscape had not substantially changed since cotton was discussed as part of a package of measures for least developed countries that had been considered by WTO members this summer. The plan for an LDC-focused package was later abandoned after members were unable to reach consensus on what to include in such a mini-deal (see Bridges Weekly, [28 July 2011](#)).

At the time, the US cautioned that it would find it hard to take action on cotton without other issues also forming part of the package.

If Chinese and Indian cotton subsidies are not subjected to further cuts of their own, the US would probably find it difficult to join a consensus on the cotton issue, the source told Bridges. At a June meeting of the Trade Negotiations

Committee, which is tasked with the Doha talks, the US took a hard stance on the cotton issue, insisting that all of the major developing country cotton subsidisers – such as Brazil and China – also commit to reducing their distortions (see Bridges Weekly, [22 June 2011](#)).

However, sources familiar with the C-4 proposal nonetheless rejected the notion that developing country farm support would necessarily have to be covered by it.

“It’s been a long time since we first raised this question,” one trade official said, who argued that the US insistence on including other major subsidisers was a way to “avoid providing a response.”

ICTSD reporting.

IN BRIEF

Korea Again Postpones Vote on US FTA

The South Korean Parliament has once more postponed the vote for ratifying its free trade agreement with the US. The delay is aimed at buying more time for negotiations between the ruling and opposition parties, in the hopes of resolving the current standoff over the pact.

On 10 November, parliamentary speaker Park Hee-Tae postponed the vote for the second week in a row. He moved the next plenary session to 24 November, three weeks after the original vote was scheduled to take place.

A vote scheduled for earlier this month was blocked when the Democratic Party (DP) joined the Democratic Labor Party in occupying the foreign affairs committee’s hearing room, physically preventing the bill from going to the floor.

President Lee Myung Bak underlined the importance of the agreement for his government on Tuesday 15 November by making a personal

plea to parliamentarians to pass the legislation. It was his first visit to Parliament to lobby in favour of a specific piece of legislation, and his third visit ever, since taking office in early 2008.

Recent opposition has centred on the agreement's chapter covering foreign investments. The agreement allows either party to bypass domestic courts and refer investor-state disputes (ISD) to an international arbitration panel.

Proponents argue that such a clause is standard practice, and has already been included in other Korean trade agreements; meanwhile, critics argue that such a provision could have negative implications for the country's legal independence.

Possibility of renegotiation offered

During Lee's visit to Parliament yesterday, he offered legislators the possibility of renegotiating this clause with the US, should the bill be ratified.

"If parliament approves ratification of the FTA bill and advises both the United States and South Korea to renegotiate on the ISD ... then renegotiation will be requested of the United States within three months of the bill taking effect," Lee told lawmakers, according to Reuters.

The move prompted DP lawmakers to meet earlier today to discuss Lee's proposal. Party secretary general Jeong Jang-seon called the offer a "step forward," despite being insufficient. Meanwhile, others insisted that the suggestion was "disappointing" and promised to hold their ground, the Korea Times reported.

The ruling party, the right-leaning Grand National Party (GNP), has a solid majority in Parliament and could attempt to push through the legislation. However, the GNP has avoided doing so in the face of strong minority opposition, with an eye to the upcoming elections.

Opposition parties have vowed to continue blocking the vote unless the FTA is renegotiated. According to the Wall Street Journal, the Korean Parliament lacks mechanisms for minority parties to use negotiating power, such as the US filibuster; this has reportedly led to physical fights during voting on some occasions.

The tide seemed to have turned last week, when over half of the DP parliamentarians expressed interest in a compromise. They agreed to prevent physical blockage of the deal if the GNP would re-negotiate the dispute settlement provision after the bill had taken effect, according to Korean newspaper Yonhap News. The deal was not enough, however, to prevent another delay.

Opposition to the pact is not limited to the investor-state dispute settlement issue alone; critics have also cited concerns over the agreement's potential impacts on certain domestic industries, especially agriculture and small business.

Protests against the agreement have been held almost daily in Seoul; opposition leaders in Parliament have also called for a "ten plus two" plan to modify 10 clauses of the agreement and add two new measures to the agreement aimed at minimising the impact on domestic workers (see Bridges Weekly, [2 November 2011](#)).

The pact was already partially re-negotiated in 2010 to resolve differences between the two countries over Korean access to the US automobile market and US access to the Korean beef and automobile markets (see Bridges Weekly, [9 December 2010](#)).

The original agreement was negotiated and signed under former Korean President Roh Moo-hyun and his counterpart, then-US President George W. Bush, in 2007. The pact was ratified in the US Congress last month and signed into law shortly after by current US President Barack Obama, after years of political wrangling between Democrats and Republicans.

ICTSD reporting; "S.Korea President visits parliament to push trade pact," AFP, 15 November 2011; "SKorea's Lee pushing for US trade deal's approval," ASSOCIATED PRESS, 15 November 2011; "Opposition party discusses Lee's surprise proposal on US FTA," KOREA TIMES, 16 November 2011; "S. Korea president pushes for stalled U.S. trade pact," REUTERS, 15 November 2011; "South Korea Delays Vote on Free-Trade Pact," WALL STREET JOURNAL, 10 November 2011; "Rival parties call off parliamentary session amid standoff over FTA

with U.S.,” YONHAP NEWS, 10 November 2011.

WIPO Report Highlights Changing Innovation and IP Landscape

The face of innovation is changing, with knowledge markets becoming increasingly central to global economic growth, according to a new World Intellectual Property Organization (WIPO) report launched Monday 14 November in Geneva. The report – entitled “The Changing Face of Innovation” – also found that revenue from intellectual property rights reached US\$180 billion annually in 2009, compared to just US\$2.8 billion in 1970.

“Investment in intangible assets is growing more than it is in tangible assets,” WIPO Chief Economist Carsten Fink noted during the launch. This is particularly true, he said, in high-income countries such as Germany, Japan, the UK, and the US.

The first World Intellectual Property Report addresses the changing nature of global innovation trends, placing a particular emphasis on the role that intellectual property (IP) has to play.

The report also examines the economics of IP, with authors comparing old insights with new evidence; collaboration schemes to generate new IP and the role of competition law; and new trends and policies related to the commercialisation of publicly funded research and development.

Recent years have seen innovation feature at the top of the global policy agenda – and at WIPO in particular – with several conferences and reports dedicated to the issue in the last year alone (see Bridges Weekly 6 July 2011, 13 July 2011, and 28 September 2011).

“We will need to use innovation to address some of the world’s most pressing social challenges, such as climate change, access to food, and health,” WIPO Director-General Francis Gurry said during the launch.

At the same time, the Director-General, in his foreword to the report, highlighted that “the role of IP has fundamentally changed” in light of this evolving innovation landscape.

“IP has moved from being a technical topic within small, specialised communities to playing a central role in firm strategies and innovation policies,” he added.

The report also found that innovation has become increasingly more international and collaborative in nature. “Innovation is now multi-polar and is not only driven by high-income countries,” Gurry noted.

China was one of the prime examples of this effect: the country was the second largest spender in research and development (R&D) in 2009.

Speaking at the launch, Pedro Roffe, ICTSD Senior Fellow, commended the report’s high quality and its contribution to policy discussions.

However, he also cautioned that “too little is known about innovation in low-income countries... the evidence mostly relates to high-income countries... and to enter into collaboration you need to have parties that have intangible assets to exchange.” ICTSD is the publisher of Bridges Weekly.

As a result, “these trends, as important as they are, may not be fully global,” he explained.

Roffe suggested exploring whether these trends, particularly those related to the rise of patent applications, payments, and revenues, could be attributed to the establishment of the WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in 1994.

The TRIPS Agreement led to a major expansion of intellectual property protection and enforcement, he noted.

Fink stressed that the report identifies areas where existing evidence is insufficient for drawing credible conclusions and points to areas for future research. As mentioned in the report, this lack of evidence leaves many questions open.

According to WIPO, the new World Intellectual Property Report series intends “to explain, clarify and contribute to policy analysis relating to IP, with a view to facilitating evidence-based policymaking.”

ICTSD reporting, “UN sees boom to \$180 billion in fees paid on intellectual property,” ASSOCIATED PRESS, 14 November 2011.

EVENTS & RESOURCES

Events

Coming soon

21-24 November, Cuernavaca, Mexico. 12th SESSION OF THE COMMITTEE FOR INLAND FISHERIES OF LATIN AMERICA AND THE CARIBBEAN (COPESCAALC). This commission, started by the Food and Agriculture Organization (FAO) of the UN in 1976, aims to promote management and sustainable development of inland fisheries and aquaculture. This meeting will focus on analysing the current state of these fisheries and working towards strengthening the Commission to help further establish priorities of fisheries in this region. The agenda also includes time to review progress since the previous session and a workshop on “Formulation of multisectoral policies for sustainable development of fisheries and aquaculture.” For more information and to access discussion documents and papers, please visit the FAO [website](#).

21-25 November, Kigali, Rwanda. MINISTERIAL CONFERENCE ON RURAL INFRASTRUCTURE FOR IMPROVED MARKET ACCESS. The African Union, with the Comprehensive Africa Agriculture Development Program (CAADP), will be hosting this conference. The event conference will explore possible areas to build upon to ensure regional and international market access for African smallholder farmers. Challenges facing this group are poor quality of rural infrastructure and affordable resource availability –two of several

issues this conference will address. Under the umbrella of the CAADP efforts, discussion will also consider sustainable land management, food supply, and agricultural and technological research. Five regional studies will also be conducted to provide insight into the problem solving process. More information is available in this concept [report](#).

22 November, New York, US. UNIDO PANEL: SUSTAINABLE ENERGY FOR ACCELERATED INDUSTRIAL DEVELOPMENT OF AFRICA. This interactive panel discussion, organised by the UN Industrial Development Organization (UNIDO) on the occasion of the 2011 African Industrialization Day, will focus on the theme of “Sustainable Energy for Accelerated Industrial Development in Africa.” This topic has received particular attention in light of the UN Secretary-General’s recently-launched global initiative on Sustainable Energy for all (SE4ALL). This platform aims to provide in-depth discussion of three energy objectives for 2030: ensuring universal access to modern energy services; doubling the rate of improvement in energy efficiency; and doubling the share of renewable energy in the global energy mix. For more information about UNIDO and its work, please visit the organisation’s [website](#).

23 November, Geneva, Switzerland. DOING BUSINESS 2012: DOING BUSINESS IN A MORE TRANSPARENT WORLD. This event will mark the launch of the latest instalment in the Doing Business Project, which assesses business regulations and their enforcement in 183 economies and selected cities, while offering quantifiable benchmarks for reform. Data covers June 2010 through May 2011. This report found that there were 245 business regulatory reforms in 125 of the 183 economies measured, a 13 percent increase from the previous year. Notably, Morocco saw the greatest level of improvement in its business regulations of the 183 economies measured. A record 36 of the 45 economies in Sub-Saharan Africa also improved their business regulations. Also highlighted was a noticeable improvement in South Korea, which entered the top 10 list for the first time. The report also saw an expansion of its relevant indicators, adding a measurement on the availability and ease of electricity use. For more information about the

event, including registration details, please visit the World Bank [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.

17 November: Committee on Agriculture

18 November: Committee on Agriculture – Special Session

18 November: Dispute Settlement Body

18 November: Trade Policy Review Body

23 November: 5th High-Level Symposium on Global Health Diplomacy

Other Upcoming Events

29-30 November, Geneva, Switzerland. **ENERGYPACT-UNCTAD CONFERENCE: HOW EMERGING ECONOMIES WILL GREEN THE WORLD.** Hosted jointly by the EnergyPact Foundation and the UN Conference on Trade and Development (UNCTAD), this international conference aims to be an innovative platform for brainstorming ideas for green, sustainable economies. The conference aims to put a new perspective on how emerging economies can aid in the process of transitioning to the Green Economy. Session topics include: urbanisation, finding an optimal energy mix for the 21st century, and nuclear energy. Conference organisers expect over 700 participants, including high-level speakers and representatives from various stakeholder groups. For more information and to see event programme, please visit the EnergyPact [website](#).

30 November – 1 December, Washington, US. **STANDARDS IN SOUTH-SOUTH TRADE**

AND OPPORTUNITIES FOR ADVANCING THE SUSTAINABILITY AGENDA. This annual conference, hosted by the Trade Standards Practitioners Network (TSPN) – an international organisation whose membership includes multilateral agencies, bilateral organisations, research institutes, NGOs and other practitioner organisations – will focus on trade integration between developing economies. Sessions at the conference will cover topics such as co-regulation in the timber sector, determinants of standardisation in South-South trade, and the challenges and opportunities that small-and-medium enterprises (SMEs) in these regional markets face. For more information, as well as an agenda, please visit the TSPN [website](#).

3-4 December, Durban, South Africa. **CLIMATE LAW AND GOVERNANCE IN THE GLOBAL SOUTH.** This conference, sponsored by the Centre for International Sustainable Development Law (CISDL), the International Development Law Organisation (IDLO), and Warburton Attorneys, is the first edition of an annual conference specifically focused on the legal and governance facets of climate change adaptation, mitigation, and finance in the global south. Scheduled to precede the 2011 Conference of the Party (COP) 17 talks of the UN Framework Convention on Climate Change (UNFCCC) in Durban, the event's objectives are to catalyse and facilitate discussions on legal thought, promote an integrated approach to climate change, and explore challenges through knowledge and experience sharing. Along with various keynote speeches, panels, and workshops, there will also be several publications launched at this event. For more information regarding the programme and registration, please visit the CISDL [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 UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP). For more information, or to register, please click [here](#).

Resources

TOWARDS THE RIO+20 CONFERENCE. Edited by David Le Blanc for the Natural Resources Forum (October 2011). In light of the upcoming discussions at the UN Conference on Sustainable Development (UNSCD), being held in Rio de Janeiro in June 2012, this virtual issue compiles articles published recently in the Natural Resources Forum that can help inform the conference discussions. The articles selected specifically focus on sustainable production and consumption, along with the relationship between the green economy and sustainable development. Articles focus on topics such as green funds, policy challenges for the green economy, the government's role in sustainable production and consumption, and more. Relevant articles from upcoming special issues of NRF will be added to this virtual issue. The entire contents of the publication are available [here](#).

RIO+20: MAKING IT HAPPEN. By the United Nations Conference on Sustainable Development (UNSCD) (2011). This newsletter, published by the Rio+20 Secretariat in the Division of Sustainable Development of the UN Department of Economic and Social Affairs (DESA), highlights events and news leading up to the 2012

Rio+20 meeting. This edition includes excerpts of world leaders' remarks during the General Assembly's 66th session, focusing on Rio+20; the newsletter also regularly circulates news and alerts from Regional Meetings, high-level symposiums, and relevant seminars or conferences. The most recent issue also highlights the panel discussion held on "Means of Implementation for Sustainable Development" and the Conference Secretary General's consultation in November with key organising partners of the nine major groups for the event. To read current and past issues of this newsletter, please visit the [UNSCD website](#).

INSTITUTIONALISING CLIMATE ADAPTATION FINANCE UNDER THE UNFCCC AND BEYOND: COULD AN ADAPTATION 'MARKET' EMERGE? By Åsa Persson (2011). With new strategies and institutional architectures emerging for climate change adaptation finance, this paper examines how this process is being institutionalised. The paper delves into the possibility of an adaptations market emerging, similar to carbon markets, where adaptation projects are traded as commodities. The author addresses the question of how to create a standardised product for such a market. The author analyses two possible paths for commodifying adaptation: focusing on adaptation benefits or trading in credits for spending adaptation funds. This paper is available [here](#).

WORLD DEVELOPMENT REPORT 2012: GENDER EQUALITY AND DEVELOPMENT. By the World Bank (2011). Despite the substantial improvements in women's rights and treatment throughout the past quarter century, this report posits that large disparities still remain, illustrated especially through inequalities in developing countries. The report argues that improving gender equality makes for better economic outcomes, including higher productivity, improved development potential for the future, and more representative institutions. Besides taking stock of current gender issues, this report lays out what has helped drive progress and what factors are still impeding growth. In conclusion, four policy areas are marked as priorities: reducing female mortality and closing the remaining education gaps; improving access to

economic opportunities; increasing women's voice and agency in the household; and stopping inequality from continuing on into future generations. To access this report, please visit the World Bank [website](#).