



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### Mexican Proposal for Breaking Doha Deadlock Rejected by US

A Mexican proposal spelling out how WTO members might break the deadlock in the Doha Round of global trade talks through new market-opening and subsidy concessions has been rejected by the US as insufficient.

The proposal, which sets out parameters for a 'package' of liberalisation beyond that which is currently under consideration for manufactured products, services, environmental goods, and farm trade, met with a cautious welcome from several WTO members.

China is believed to have reacted positively to the report in consultations with Mexico; India and Brazil were reportedly more guarded, choosing to take some time before responding. Colombia voiced enthusiastic support for the proposal at a Trade Negotiations Committee meeting last week. Sources say that some delegations other than the US also criticised the approach – albeit for going unacceptably far. They refrained, however, from naming them.

Mexican Economy Minister Bruno Ferrari first outlined the plan to a meeting of trade ministers from two dozen influential WTO members in Davos on 29 January, on the sidelines of the World Economic Forum's annual summit. Arguing that progress on market access issues had been "quite limited," he said that governments needed "a shortcut towards a simultaneous solution for all market access issues."

However, the way that gathering was structured – with brief prepared speeches by ministers and little deliberation -- was not conducive to a negotiation on the Mexican proposal, according to one official familiar with the discussions.

The main sticking point in the Doha Round talks has been a divide between the US and large developing countries such as China, Brazil, and India over the depth of tariff and subsidy cuts. China, India, and Brazil have consistently rejected US demands for greater access to their markets as unrealistic and out of proportion to what rich nations are being asked to do in terms of cutting tariffs and farm subsidies.

Mexico tried to bridge these differences by providing for developing countries to make new concessions on sector-specific liberalisation initiatives in the negotiations on non-agricultural market access (NAMA), a key US demand, but also requiring new concessions from rich countries on capping trade-distorting farm subsidies.

The proposal sought to “provide the scheme we are lacking to unchain the across-the-board negotiations” by setting up a framework for trading concessions across different sectors in the talks, Ferrari told ministers in Davos. If members signed on to the package, they would be able to immediately start scheduling at least some market access and subsidy commitments, he said. The time-consuming and complex process of drawing up commitment schedules is a prerequisite for finalising a Doha accord.

#### **NAMA: Two ‘sectorals’ mandatory, ‘basket’ approach**

In the NAMA talks, the explicit mandate that participation in sectorals is voluntary has been in tension with demands – most vocally from the US – that countries like China, India, and Brazil sign on to such initiatives. The approach put forward by Mexico would require the thirty-odd generally larger developing countries required to use the standard NAMA tariff-reduction formula to sign on to at least two ‘sectoral’ liberalisation initiatives, among the many that have been tabled for sectors such as forest products, toys, chemicals, textiles and clothing, and auto parts. Developed countries would be expected to back every initiative that they sponsor.

As for the tariff treatment of products covered by sectorals, Mexico spelled out a three-tiered

‘basket’ approach. For products in the first basket, tariffs would be eliminated. Developed countries would have to place a higher, to-be-negotiated percentage of products within a given sector in this basket than developing countries. Goods in the second basket would be subject to tariff reduction above and beyond that resulting from the application of the standard ‘Swiss’ tariff reduction formula, which cuts the highest tariffs the most sharply. The additional quantum of ‘formula-plus’ tariff cuts would be higher for developed countries than for developing ones. For developed countries, all tariff lines covered by the sector would be divided between the first two boxes. Developing countries alone would be allowed to place some remaining tariff lines in a third basket, which would be subject only to the overall tariff-reduction formula.

#### **Environmental goods: Countries self-designate lists**

For environmental goods, Mexico envisions an approach slightly different from that for other NAMA sectors.

Despite a specific mandate to negotiate “the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods,” WTO members have been unable in the nine years since the Doha Round talks were launched to agree on what exactly constitutes an environmental good. Some 400 products have been proposed for the extra tariff cuts; a mapping exercise carried out by some countries suggested that some 99 of these were put forward by more than one member.

Mexico sidesteps the need for members to agree on a list or an alternative approach. Instead, it would have developed countries ‘self-designate’ a to-be-negotiated of products “from the universe of products tabled” in the negotiations for tariff elimination. Developing countries would self-designate a lower number of products, and instead of eliminating tariffs on them, would have to reduce them by a margin deeper than that resulting from the standard tariff reduction formula.

#### **Services: Bind current policies, with exceptions**

On services, Mexico called for developed countries and larger developing countries to legally bind existing levels of market-opening, with exceptions to be negotiated; developing countries would retain the ability to deny overseas companies access to a greater number of subsectors than developed countries.

The Mexican proposal would represent a significant departure from the WTO's traditional request-offer approach for negotiating market access in the services sector, since members would be negotiating on the sectors that they did *not* want to liberalise, and with finite constraints on the number of subsectors they could continue to shield from foreign competition.

It would also represent a dramatic increase in terms of secured market access compared to the offers that governments have formally tabled thus far in the Doha Round negotiations. According to an April 2009 article in the *Journal of World Trade* by two World Bank economists, Batshur Gootiiz and Aaditya Mattoo, WTO members' actual policies in the financial, telecom, retail, maritime, and professional services sectors were on average roughly half as restrictive as their Doha Round offers, and far below their existing obligations under WTO rules.

Binding the bulk of existing policies would sharply reduce the gap between a WTO member's applied levels of market-opening and its formal commitments, making it much harder for it to withdraw access from foreign services providers. Moreover, these gaps are currently far wider for most developing countries than they are for developed ones. Gootiiz and Mattoo quantified and compared governments' restrictions on foreign competition in the services sector, ranging from completely unrestricted at 0 to heavily restricted at 100. For the South Asian region, actual policies came in at 36.0 on the restrictiveness scale, compared to Doha Round market access offers that came in at 68.3 (existing WTO obligations were at 83.7). For East Asia, existing policies were equivalent to 36.8, compared to 61.1 for Doha Round offers (and current obligations at 62.8). Latin American countries' existing levels of openness averaged a much lower 16.6, compared to 58.5 for their Doha Round offers (and 64.8 for current obligations). In

comparison, OECD countries' actual policies were at 14.9, and their Doha Round offers at 18.7 (current obligations were at 28.1 on the scale of restrictiveness).

It is unclear how members' formal offers compared to the 'signals' of future market access that ministers from most major trading nations sent during a conference that took place in July 2008 during an ultimately unsuccessful push for a breakthrough agreement on agriculture and NAMA.

### **Agriculture: Bring OTDS cap closer to applied levels**

As for agriculture, which many developing countries argue should set the level of ambition for the Doha Round as a whole, Mexico's proposal called for developing cuts to make additional concessions on both subsidies and tariffs. Specifically, developed countries would have to reduce their spending cap on overall trade-distorting support (OTDS) so that it was only a to-be-negotiated percentage above current spending levels. They would have to bind currently applied tariffs if they were below the rate that would result from the application of the tiered tariff-reduction formula. No more than 4 percent of tariff lines would be eligible to be designated as 'sensitive' and slated for milder tariff cuts against the creation of a new import quota (Canada and Japan had sought more).

### **US: Shortcuts lead to dead ends**

Asked to react to the proposal, a US trade official said that while Washington appreciated the active engagement, "our analysis of Mexico's approach is that it will not address the central issue of ambition."

"The issue of ambition cannot be resolved through blanket prescriptions, or over-arching formulaic solutions," the official told Bridges. "There is simply no substitute for WTO Members sitting across the table and negotiating with one another. Shortcuts all lead to dead ends."

Sources in Geneva said that in talks with Mexico, the US complained that the proposal asked too much of it in terms of agriculture, and delivered too little in terms of access to large developing

countries via NAMA sectorals. In the Doha Round negotiations, the US has offered to cap its OTDS at \$14.5 billion, which is about 10.7 percent higher than the amount of such support it formally reported to the WTO in its most recent notification, for the marketing year 2008.

ICTSD reporting.

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## Trade Preference Schemes, FTAs Become Political Footballs in US Congress

Trade was an issue on which the Obama administration and Congressional Republicans were supposed to be able to cooperate. Instead, little over a month into the new Congress, a number of separate trade-related policies have become hostage to partisan gamesmanship and localised concerns.

The affected initiatives include two preferential market access schemes (one for Andean nations and one covering a much larger number of developing countries), a programme that helps US workers hurt by trade, and unratified free trade agreements with South Korea, Colombia, and Panama.

### GSP lapses over Bangladeshi sleeping bags

The Generalised System of Preferences, through which the US offered preferential duty-free entry to some 4800 products from 131 designated beneficiary countries, lapsed at the end of 2010, after the Senate failed to agree on legislation to extend it. Imports previously covered by the agreements have since 1 January been subject to standard import duties, apart from those covered by a separate preferential access arrangement for Africa.

Sleeping bags from Bangladesh turned out to be the sticking point for GSP renewal: Jeff Sessions, a Republican Senator from Alabama acting on behalf of a sleeping bag manufacturer from his home state struggling to cope with Bangladeshi competition, put a procedural hold on the bill that would have extended the preferences after he could not get sleeping bags excluded from the

programme's tariff benefits. A Kentucky-based importer of sleeping bags from Bangladesh opposed the changes.

The GSP programme seems unlikely to be revived until the two companies can resolve their differences.

"It's just a big mess," said Kim Elliott, a senior fellow with the Centre for Global Development in Washington. "How long are they going to let sleeping bags tie up the GSP programme? I don't know."

Expiry is not unprecedented for the US's GSP scheme. According to the US trade representative's office, it has lapsed eight times since 1993, for periods ranging from one to fifteen months. Past renewals were made retroactive to the programme's expiry, with import duties automatically refunded by US customs authorities. It is not clear whether this would be the case for any future reauthorisation.

### Trade adjustment, Andean preferences hang in the balance

Sessions' block on the GSP programme also put a hold on the Andean Trade Preferences Act (ATPA) and the Trade Adjustment Assistance (TAA) programme, which had been part of the same omnibus bill passed by the House in December.

In late December, Congress was able to agree to a six-week extension of the latter two schemes, which are now set to expire on 12 February – just in time for Colombia's important rose industry to export flowers to the US ahead of Valentine's Day. A vote scheduled for Tuesday evening to extend both was cancelled earlier that day by House Republicans. Among their stated reasons for doing so was that the Obama administration had not provided a clear enough timeline for moving forward on pending FTAs, particularly with Colombia and Panama.

On Wednesday, US Trade Representative Ron Kirk told the House's powerful Ways and Means Committee that the President would submit the US-Korea FTA to Congress "in the next few

weeks,” and would aim to secure its approval “this spring.”

As for the Panama and Colombia trade agreements, Kirk said that President Barack Obama had directed him to “immediately intensify engagement with Colombia and Panama with the objective of resolving the outstanding issues as soon as possible this year and bringing those agreements to Congress for consideration immediately thereafter.”

It remains to be seen whether the pledges will be enough to mollify House Republicans to let votes go forward on the TAA programme and ATPA.

Trade adjustment aid, which is popular among Democrats, goes to workers displaced by imported goods or the migration overseas of industry – and more recently, services such as call centres. Benefits help workers maintain wages, re-train, and search for new jobs. Many trade experts believe that adjustment can help build political support for liberalisation by easing its sting.

The ATPA currently provides for preferential access for the bulk of imports from Colombia and Ecuador (although in the case of Colombia, it would be superseded by the FTA if it enters into force). It dates back to 1991, when it was set up to increase incentives for economic activities other than coca cultivation in the Andean region.

“I think they’ll try and do a short-term extension, and try and tie a longer-term extension to seeing some movement on the FTAs,” said the Centre for Global Development’s Elliott. “Clearly the Democrats don’t want these programmes to expire,” she added. While many Republicans had misgivings about expanding trade adjustment aid as planned, she explained, “most Republicans don’t want to see the whole TAA programme disappear either.” Elliott noted that people who favour the ratification of the FTA with Colombia should support extending the trade preferences in the interim.

### **FTAs still face challenges**

Even though the Korea-US FTA was renegotiated last fall to secure greater protection for the US auto sector – a move that saw the accord win rare

plaudits from US labour unions, alongside traditional business support – the accord faces a serious hurdle in Congress. Montana Senator Max Baucus, a Democrat who chairs the Senate committee with jurisdiction over trade agreements, opposes a clause in the renegotiated deal allowing Korea to maintain import restrictions on beef from cattle over 30 months old. Those restrictions are the remnant of a highly contested import ban on US beef that Korea introduced following a mad cow disease scare in the US several years ago.

Baucus – a long-time supporter of trade adjustment assistance – told the Washington Post last week that he would not support the Korea agreement “until Korea opens up its market.” He did not, however, specify whether he would use his procedural powers as finance committee chair to block consideration of the deal indefinitely, or simply vote against it (as he did against the Central American Free Trade Agreement in 2005 over concerns about sugar trade).

Blocking the agreement would run counter to the wishes of many in the US beef industry, which fear that Korea’s impending FTA with Australia might see them shut out of the large Korean market. The National Cattlemen’s Beef Association (NCBA) was one of dozens of food and agricultural groups that has called on Congress to approve the FTA with Korea.

In his remarks to the Ways and Means Committee, USTR Kirk warned that “serious issues” including “core US values and interests, such as the protection of labour rights” needed to be resolved before the Colombia and Panama FTAs can be put to a vote. He repeated the longstanding Democratic Party concern about violence against labour leaders, though he recognised that both countries “have begun to take important steps.”

“We will not be left behind as others open markets and take our market share,” Kirk said, in an implicit nod to accords such as Colombia’s recent FTAs with Canada, and Korea’s with Australia. “But the President has made one thing abundantly clear: we will not sign agreements for agreements’ sake. They must be enforceable and

of the highest standard, in the interests of our workers, farmers, and businesses.”

Republicans have argued that violence against union leaders in Colombia is not inconsistent with that country's generally high rates, and accused Democrats of simply pandering to their labour union supporters.

ICTSD reporting; “White House, key senator in standoff over South Korean trade deal,” WASHINGTON POST, 2 February 2011; “Sign the Colombia trade pact,” WASHINGTON TIMES, 7 February 2011; “House Republicans postpone trade vote to protest slow Obama agenda,” THE HILL, 8 February 2011; “No Way to Run a Trade Policy,” NEW YORK TIMES, 2 February 2011; “More Trade Follies,” NEW YORK TIMES, 4 February 2011.

## OTHER NEWS

### As Weather Disasters Push Up Food Prices, Some See Harbinger of Things to Come

Tight food stocks and uncertain weather are driving up the cost of food for people across the world, according to a new report from the UN's food agency. Sugar, oilseeds and corn continue to see the biggest price increases.

Cyclone Yasi in Australia last week damaged the country's sugar crop. Earlier flooding and drought had already damaged Australian wheat, driving up prices for higher quality wheat in the US. In Indonesia, heavy rains have flooded rice paddies, leading the government to search for imports of the country's most important staple.

In China, the world's largest wheat producer, a severe winter drought is likely to hurt the domestic crop, says the UN Food and Agriculture Organization. The drought has yet to affect productivity, says the FAO, but “the situation could become critical if a spring drought follows the winter one.” The retail price of wheat in China increased by about 10 percent from December to January.

In the past six months, Belarus, Kazakhstan, Moldova, Russia, and Ukraine have moved to limit exports of wheat, according to the Centre for Economic Policy Research, a London-based think tank. The former Soviet bloc countries, some of which are among the world's most important wheat producers, saw production plunge in 2010 as crops were parched by record-setting temperatures and drought. Export restrictions tend to be accompanied by increased price volatility.

In the US, also a major grain exporter, US Department of Agriculture projections for corn output have been repeatedly revised downward due to unusually fickle weather. Meanwhile, government mandated blending policies for corn based ethanol strengthen demand, helping to keep prices high.

### Climate change

Some see in the weather-related disruptions to food production and prices a sign of things to come, as unchecked climate change alters rainfall and temperature patterns. The Intergovernmental Panel on Climate Change has warned that changes in the climate are likely to exacerbate extreme weather events and affect agricultural production.

Paul Krugman, the Nobel Prize winning Economist, recently argued in the New York Times that the recent record-setting weather and related food price spikes were part of broader climatic shifts.

A more sceptical view comes from Roger Pielke of the University of Colorado at Boulder, who says that although climate change may well lead to increasing prices over the long run, the evidence that climate change causes specific price spikes is weak.

Meanwhile, Daniel Sumner, of University of California at Davis, believes that current price levels are not exceptional by historical standards. On the basis of tests of large swaths of data, he found that prices during the last major spike in 2008, once adjusted for inflation, were similar to those of “two decades earlier.”

## Speculation in sugar

Even more heated than the debate about climate change has been that about whether financial market speculation bears any blame for the high price levels. While French President Nicolas Sarkozy and others have pointed the finger at speculation, many economists have concluded that speculation played little, if any, role in the price rise in 2008 and is unlikely to have played one now.

Nevertheless, the World Sugar Committee, an industry group, recently complained of “parasitic” practices by traders using high-speed computerised algorithms, in a letter to Intercontinental Exchange (ICE), a company that operates many US futures marketplaces.

In the letter, which was reported on in the Financial Times, the committee blamed high-speed traders for volatility and the rise in sugar prices, a claim the Exchange denied. The activity of such speculative traders “only serves to enrich themselves at the expense of the traditional market users,” the Committee said.

Curbing price volatility through better financial regulation and tabs on speculators is a key goal of the French presidency of the G-20 group of economies.

## Inflation worries

Higher food prices, coupled with more expensive oil, are pushing many governments to take measures to curb inflation. India has eased onion imports and banned their exportation in an attempt to keep prices under control. China has introduced market controls and increased wheat subsidies in an attempt to manage inflation expectations.

Food and fuel prices are often linked due to the use of fossil fuels in fertilizer and other agricultural inputs. Outside of food and energy, inflation in developed countries seems to have budged only a little over the last few years.

Some have argued that a cheaper dollar has helped push prices for food commodities higher since they are denominated in the US currency on

international markets. The US federal reserve has been pursuing an ultra-lax monetary policy aimed at avoiding deflation and spurring growth.

## Stockpiling

Fearing a repeat of the 2008 crisis when many countries struggled to purchase food on international markets, several governments are planning large purchases to ensure access to food. North Africa and the Middle East continues to be a hub for such activity, with plans to stockpile wheat or sugar in Egypt, Iraq, Saudi Arabia and Tunisia.

In Asia, Indonesia and the Philippines are preparing deals to acquire rice from the largest exporters, Thailand and Vietnam. Prices for rice on international markets remain lower than historical records, but domestic prices in Asia are continuing to climb.

China is expected to make large purchases of soybeans and corn since domestic production is unlikely to meet demand for both livestock and human consumption.

At a recent UN conference on commodity prices, Martin Abbott, chief executive of the London Metal Exchange, said that large purchases arising from government stockpiling put upward pressure on prices. “There needs to be transparency,” he said, warning that deep-pocketed governments may price others out of the market.

In the absence of bumper crops, high food prices are likely to remain a critical issue in the coming months.

ICTSD Reporting. “Indonesia battles rice shortfall,” FINANCIAL TIMES, 2 February 2011; “Food Prices Worldwide Hit Record Levels, Fueled by Uncertainty, U.N. Says,” NEW YORK TIMES, 3 February 2011; “Droughts, Floods and Food,” NEW YORK TIMES, 6 February 2011; Global Food Price Monitor, UN FOOD AND AGRICULTURAL ORGANIZATION, 3 February 2011; World Agricultural Supply and Demand Estimates, US DEPARTMENT OF AGRICULTURE, 9 February 2011; “Manila panel recommends 1-1.5 mln T rice imports, down vs ‘10 record-Update 2”, REUTERS NEWS, 8



February 2011; “Authoritarian governments start stockpiling food to fight public anger”, THE TELEGRAPH, 9 February 2011; “Why Egypt’s government is stockpiling food”, THE TELEGRAPH, 28 January 2011; “Grain, soybeans rise as food riots spur demand for U.S Exports”, BLOOMBERG, 26 January 2011; “Indonesia to boost rice stocks, highlights global food fears”, REUTERS CANADA, 9 February 2011; “Fed denies policy is causing food rises,” FINANCIAL TIMES, 3 February 2011; “Sugar body denounces ‘parasitic’ traders,” FINANCIAL TIMES, 8 February 2011.

## IN BRIEF

### European Parliament Approves EU-Latin America Banana Trade Agreement

One of the WTO’s longest running trade disputes formally came to an end last Thursday, when the European Parliament ratified an agreement between the EU and Latin American banana producing countries over Brussels’ banana tariff policies. Many MEPs, however, called for additional financial aid to EU banana growers as well as to producers in the African, Caribbean, and Pacific (ACP) group of countries that have traditionally benefited from preferential access to the European market.

The “Geneva Agreement on Trade in Bananas,” originally concluded in December 2009 and formally signed last summer, will incrementally cut the EU’s multilateral banana tariff from €176 per tonne to €114 per tonne by 2017. A series of bilateral deals concluded on the margins of that agreement will see tariffs on bananas from Colombia, Peru, Costa Rica, Guatemala, Honduras, El Salvador, Nicaragua and Peru drop to €75 per tonne by 2020.

Ratification of the accord by the European Parliament was necessary because of the demands of the Lisbon Treaty, the EU’s constitutional agreement that entered into force in December 2009.

The Geneva Agreement calls a truce to years of conflict between the EU and Latin American banana producers, often linked to favourable market access terms granted by Brussels to bananas from former European colonies in the ACP group.

According to the European Parliament, the EU sources more than 70 percent of its bananas from Latin America (mainly Ecuador, Colombia, Costa Rica and Panama), while some 20 percent come from ACP countries (chiefly Cameroon, Côte d’Ivoire, Dominican Republic, Belize and Surinam). The rest are grown in the EU itself, primarily in Cyprus, Greece, and overseas territories of Portugal, Spain, and France such as Madeira, the Azores, the Canary Islands, Guadeloupe, La Réunion, and Martinique.

Several MEPs have called for additional aid to both the EU producers and the ACP countries. They warn that the €200 million in adjustment assistance (beyond regular development aid) foreseen for ACP banana producers may prove insufficient. They have called on the Commission to provide additional money, and to ensure that it is not drawn from funds already earmarked for development aid.

Meanwhile, the Association des Producteurs Européens de Bananes (APEB), a European banana growers’ group, thinks that the banana trade wars may in fact not be over. Criticising the EU’s planned tariff reductions, it pointed to the concessions obtained bilaterally by Colombia and Peru, noting that Brazil was seeking a duty-free import quota of its own while Ecuador and Guatemala were pushing for comparable conditions. “The ‘banana war’ might still happen,” it warned in a statement.

ICTSD reporting.

## WTO IN BRIEF

### WTO Ag Talks: Chair’s Consultations Yield No Fruit

Agriculture negotiators at the WTO made no progress in two days of consultations on a future



draft Doha agreement text, delegates reluctantly acknowledged this week.

Despite a renewed push to reach an agreement in the long-running Doha Round of global trade talks by the end of the year, sources said that negotiators had largely repeated well-known positions in the discussions.

The consultations, involving some three dozen countries that make up a representative cross-section of interest groups in the talks, were convened by the chair of the negotiating committee, New Zealand Ambassador David Walker. As part of work towards a revised draft text by April, he had invited trade officials to review some ten outstanding areas of disagreement in the most recent draft which dates back to December 2008.

Negotiators told Bridges that the lack of movement did not bode well for the April goal. "I don't know how he'll derive a text" admitted one, while another suggested "a miracle" would be needed given the lack of progress in bridging disparate positions.

Walker was due to hold further talks with agriculture delegates on export competition on Thursday, following talks earlier this week on the domestic support and market access parts of the draft accord.

Reportedly, the US told negotiators this week that outstanding domestic support issues were 'political' rather than technical in nature, while Brazilian officials argued that agricultural trade issues were linked to the level of ambition in other areas of the talks.

A new proposal from Mexico linking farm subsidy and tariff cuts to other areas of contention in the Doha Round negotiations had not galvanised momentum in the agriculture talks, sources said. The proposal did not seem to have changed the overall dynamic in the chair's consultations, and has not been discussed explicitly by members in this week's meetings.

Negotiators from India and Pakistan were said to have clashed with the EU and Latin American countries over a side-agreement on liberalisation

for 'tropical' products, which the South Asian neighbours have argued should also incorporate products of export interest to them. In an 'acrimonious' discussion, negotiators from the EU and Latin American countries warned against trying to reopen the controversial accord.

Trade sources suggested that 'horizontal' discussions across separate negotiating areas could lead to more concrete progress next week. The talks, which are scheduled to begin on Monday, are among ambassadors from the so-called G-11 set of countries – Argentina, Australia, Brazil, Canada, China, the EU, India, Japan, Mauritius, South Africa and the US.

ICTSD reporting.

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### Panel Created in Dominican Republic Safeguard Case

At a special meeting on Monday, the WTO Dispute Settlement Body established a panel to determine the legality of safeguard measures imposed by the Dominican Republic on imports of plastic bags and tubular fabric from Costa Rica, Guatemala, Honduras and El Salvador.

The Dominican Republic had blocked the complainants' initial request for the creation of a panel, but under WTO rules, targets of a complaint can only block a panel once. The case is notable in part because it represents a growing trend in disputes involving developing countries. (For further details on the case, click [here](#).)

The DSB meeting also heard requests from China and the US to extend the deadline for an appeal of the panel ruling that upheld safeguard tariffs levied by Washington on Chinese tyres. The US began imposing the duties of up to 35 percent on Chinese car and truck tyre imports in September 2009, following a petition by the United Steelworkers union.

The duties, worth US\$ 1.8 billion, are based on a controversial safeguard clause in China's terms of accession to the WTO. The 'transitional product-specific safeguard mechanism' was designed to help WTO members shield domestic industries against market disruptions and import surges

resulting from Chinese imports. The United Steelworkers had asked for the duties to be imposed, arguing that a threefold increase in Chinese tyre imports between 2001 and 2004 had cost 14 percent of US workers in the industry their jobs.

China originally announced its intention to appeal the case after the panel released its decision on 13 December in favor of the US. However, at last Monday's meeting, both parties requested to extend the 60 day time limit for appeals, which would have lapsed on 13 February 2011, to 24 May 2011. The request was made to help lighten some of the load on the heavily burdened Appellate Body which is currently hearing two cases including the massive Boeing/Airbus appeal between the EU and the US.

The next meeting of the DSB will be held on 24 February 2011.

ICTSD reporting.

## EVENTS & RESOURCES

### Events

#### Coming soon

15 February, London. EMERGING POWERS AND THE INTERNATIONAL DEVELOPMENT AGENDA. Hosted by Chatham House, this event delves into how the emerging powers can play a vital role in helping lift millions out of poverty and tackling the common global challenges. But how can the potential of these new economic powerhouses be leveraged to tackle poverty in an innovative and transparent way? The Secretary of State will set out how the UK will work to strengthen further its partnerships with emerging powers, adapting its approach to reflect the changing international development landscape. More information about this event can be found on the [website](#).

15 – 18 February, Singapore. REGIONAL ECONOMIC INTEGRATION: SHARING ASIAN EXPERIENCES. This event by the Asian Development Bank Institute will discuss the capacity of mid-level officials from countries

belonging to the South Asian Association for Regional Cooperation (SAARC). It will focus on the dynamics of Asian economic regionalism so that they can participate more fully and effectively in enhancing economic integration and cooperation in their region and in building a prosperous and integrated Asia. For further information, please refer to the [website](#).

16 February, Washington D.C. OVERHEATING IN EMERGING MARKETS: THE NEXT CRISIS? Hosted by the Carnegie Endowment, this debate will argue how emerging markets are leading the global recovery. However, with vast global liquidity, asset prices and currency values overshoot, and inflation surges, the stage may be set for a repeat of the Asian financial crisis of the 1990s or the Latin American debt crisis of the 1980s. It will explore the possibility of policy makers in emerging markets being able to avert these dangers. More information can be found on the [website](#).

#### WTO events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/meets\\_public/meets\\_e.pdf](http://www.wto.org/meets_public/meets_e.pdf). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

7 February: Dispute Settlement Body

14-18 February: Negotiating Group on Trade Facilitation

14 February: Working Party on GATS Rules

15 + 17 February: Trade Policy Review Body - Japan

#### Other upcoming events

16 – 17 February, London. CHINESE VIEWS OF THE EU: DISAGGREGATING CHINESE PERCEPTIONS OF THE EU AND THE

IMPLICATIONS FOR THE EU'S CHINA POLICY. This is an academic conference hosted by Chatham House aimed at students, business people and policy-makers that will pursue a comprehensive and thorough understanding of how different segments of Chinese society view various aspects of the EU, provide insight into EU-China relations for EU institutions, and help EU stakeholders develop more effective strategies for achieving productive relations with China. For more information, please refer to the [website](#).

19 – 20 October 2011, Washington, D.C., THE TIPPING POINT: SUSTAINED STABILITY IN THE NEXT ECONOMY. In a few words, UNEP FI is a strategic public-private partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI produces its large scale, high profile Global Roundtable event for its Signatories and the broader stakeholder community on a biennial basis. The Global Roundtable is a key platform for the financial sector to engage with UNEP FI Signatories, partner organizations, government, and broader stakeholder. For further information, please refer to the [website](#).

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## Resources

A NEW APPROACH TO TRANSPARENCY AND ACCOUNTABILITY AT THE WTO. By Mark Halle and Robert Wolfe. (International Institute for Sustainable Development, 2010.) IISD's Mark Halle and Robert Wolfe examine an approach to measuring the accountability of the WTO to its outcomes, process, and members. They discuss the transparency measures currently in place and suggest how these might be improved. Their policy brief, one of several research papers aimed at better integrating environmental aspects into international trade negotiations, was written in association with IISD's research partners at the Environment and Trade in a World of Interdependence. For the complete text, please consult the [website](#).

TRADE AND FOOD SECURITY POLICY IN TANZANIA. By Sheila Kiratu, Lutz Märker, and

Adam Mwakolobo. (International Institute for Sustainable Development, 2011.) This paper investigated the impact of the 2007–08 international food crisis on Tanzania and assesses the extent to which both the country's long-term and short-term policies helped mitigate the effects of the crisis on its society and economy. Using household-level data from a budget survey, we estimate that 0.5–1 per cent of the population, mostly clustered in urban regions, was driven into poverty by the crisis, as measured by the national poverty line, rendering the crisis less severe than in many other countries. There is no clear evidence that short-term policies helped alleviate these effects, whereas some success can be attributed to Tanzania's economic reforms since the early 2000s, which enabled it to export some of its food to its neighbouring countries. A major challenge, however, remains that of increasing productivity and stabilizing output growth. For the complete paper, please consult the [website](#).

TRYING TO READ THE NEW 'ASSERTIVE' CHINA RIGHT. By Kerry Brown and Loh Su Hsing. (Chatham House, January 2011.) This paper argues that in a pragmatic attempt to maintain their hold on power, China's leaders have replaced a tightly controlled ideological system with one based on an amalgam of ideas ranging from nationalism to Confucianism. China's unclear narrative leads it into apparently contradictory actions and positions by claiming to champion developing countries but still expects to be treated as one of the major powers. Available online [here](#).

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