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LEAD STORIES

WTO Members Drop Food Security Proposals for Ministerial..... 1

OTHER NEWS

Disputes Roundup: Airbus/Boeing and US-China Solar Panel Conflicts Both Reach Next Level..... 3
In “Marathon” WIPO Copyright Ctte Session, Print Disabled Instrument Finishes Last..... 5
Donors Launch New Global Aid Partnership at Korea Meet..... 6

SPECIAL SECTION

Uncertainty Lingers on Big-Ticket Items as Ministers Arrive in Durban - UPDATED 8

IN BRIEF

US Pushes Conservation Initiatives for Proposed Trans-Pacific Pact..... 12
Trade Issues on the Backburner in Final Regional Prep Meeting for Rio+20..... 13
Syria, Turkey Trade Tensions on the Rise..... 14

EVENTS & RESOURCES

Events..... 15
Resources 17

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LEAD STORIES

WTO Members Drop Food Security Proposals for Ministerial

After months of intense negotiations, WTO members have formally agreed on draft decisions and elements of political guidance to forward to trade ministers when they arrive in Geneva next week. However, two widely-discussed food security proposals failed to make the cut, despite a general agreement among members on the need for a food security agenda.

The items agreed upon at last week's 30 November meeting of the WTO General Council will form the first part of the chair's statement at the ministerial conference, with the second part – a summary of the issues that ministers raise at the event – to be determined at the event itself.

For more details on the draft decisions and elements of political guidance, see last week's [lead story](#) in Bridges.

The food security proposals, one led by the EU and the other by Egypt, varied in scope but aimed to address export restrictions that have been faulted for driving up the price of food. Record food prices this year and in the past have been blamed for increasing hunger in developing countries.

While the food security proposals were some of the more talked-about ideas not to make the cut, sources note that various other proposals tabled in the consultations leading up to the 30 November General Council meeting also failed to make it into the political guidance document.

In many cases, trade sources explained, this was either due to the lack of time for discussing the proposals thoroughly, or because the issues under consideration were not well enough understood.

Although there might be an appetite for a food security agenda at the global trade body, “it seems that people have become quite firm. They’re committed to the political guidance document and don’t want to open it up for discussion” one source said.

Proposals different, yet similarly excluded

Building on a series of political decisions by the Group of 20 leading economies – not to be confused by the developing country grouping of the same name at the WTO – the EU formally proposed this past Wednesday that WTO members also agree not to restrict access to World Food Programme (WFP) purchases.

However, the EU’s proposal – which had 14 co-sponsors, including some G-20 members – failed to find consensus among the broader membership.

Some countries that were unconvinced by the EU proposal said that bringing G-20 language into the WTO would “open the door” for other issues discussed in the G-20 context to be brought into the global trade body.

Similar concerns had also been raised about the language that was eventually included in the political guidance document regarding protectionism. In consultations leading up to the General Council meeting, some countries had questioned whether transposing language used at a political forum like the G-20 to the WTO might set a bad precedent, given the legally binding nature of WTO commitments.

However, one delegate that supported the EU proposal rebuffed these concerns, stating that “we know that the G-20 is not a directorate or steering board for the WTO.”

Those co-ordinating the EU proposal had reportedly been discouraged from submitting the paragraph to a formal process within the Committee on Agriculture, given the apprehension that some members have toward new legal commitments, real or perceived.

Considering that last Wednesday’s meeting of the General Council was the first formal opportunity

for comment on the EU proposal, some criticised the EU for imposing language without an opportunity to modify it.

Meanwhile, Egypt – working with the African, Arab and Net Food Importing Developing Countries (NFIDC) Groups – had tabled its own proposal for addressing food price volatility in Least Developed Countries and NFIDCs. This latter proposal included limits on export restrictions and increases in trade finance.

The proposal grew out of a text tabled earlier this year by Egypt and NFIDCs as part of the Doha Round negotiations. This earlier iteration carved out a specific exemption for NFIDCs and LDCs from export bans.

The most recent version of the proposal, circulated on 25 November in its final form, called for a work programme under the aegis of the General Council to discuss this issue and others, such as trade finance, that contribute to price volatility and food insecurity.

Geneva-based trade officials indicated that, while no single member explicitly blocked the inclusion of either proposal in the final document on political guidance, doubts raised by some members made consensus difficult to achieve.

The days ahead

Those close to both proposals indicated a willingness to press their case at the Ministerial Conference next week; others suggested broad support for a food security agenda at the WTO.

Barring inclusion in the consensus half of the chair’s statement, ministers may still express their support for either proposal or a food security agenda in their independent statements next week. This would allow for their positions to be written up in the second half of the chair’s statement.

Even if WTO members could agree on a food security agenda, a delegate added that it was “difficult to imagine that we could have progress on food security without having progress on the Doha Development Agenda.”

The ten-year Doha negotiations have faced repeated difficulties in recent years, with the political guidance document on 30 November officially acknowledging the impasse in the trade talks.

In the absence of ongoing negotiations, delegates at the WTO have been occupied with templates for scheduling commitments and notifications of domestic support, among other routine tasks. The WTO may need to “survive on procedural activities” according to one official. “It’s not all sad,” he added.

ICTSD reporting.

OTHER NEWS

Disputes Roundup: Airbus/Boeing and US-China Solar Panel Conflicts Both Reach Next Level

Last week brought about significant developments in two high-profile trade cases over advanced manufacturing involving the US. After the EU announced on 1 December that it had complied with an earlier WTO ruling that deemed its subsidies for civil aircraft manufacturer Airbus illegal, the US announced on 2 December that it would be continuing its investigations on subsidised and dumped solar panel imports from China.

EU announces compliance with Airbus subsidy ruling

On Thursday 1 December, the EU submitted a report outlining the measures taken by its member states to comply with a 2011 ruling by the WTO’s Appellate Body that had deemed the EU’s subsidies to aircraft manufacturer Airbus illegal.

The compliance report is the latest move in a long-standing dispute between Washington and Brussels over airplane subsidies. The ‘twin case’ brought by the EU over the US’ subsidies to Airbus competitor Boeing is currently at the appeals stage

In May 2011, the Appellate Body ruling had called upon the EU to withdraw its subsidies or to remove their adverse effects within six months (see Bridges Weekly, [25 May 2011](#)). Brussels had until Thursday to implement the Appellate Body’s rulings and recommendations.

In an emailed statement to Bridges, EU Trade Spokesman John Clancy said that Brussels “[has] presented a comprehensive package of actions that achieves full compliance with the WTO recommendations and rulings in the Airbus case.”

The [five-page document](#) lists thirty-six measures of termination and amendments of agreements relating to the EU’s Airbus subsidies. The document further states that Brussels addresses “all models of Airbus covered by the WTO ruling.”

However, one EU expert commented to Reuters that this failed to include aid for the Airbus A350, as the original WTO panel had also excluded such measures from its ruling. Some trade observers have cautioned that this exclusion could open the EU to a challenge from Washington.

Washington limited its comments to a brief initial [statement](#) last Thursday acknowledging receipt of the report. “We have received the EU’s compliance notice today and will review it carefully before announcing our next step,” said US Trade Representative (USTR) Ron Kirk.

“We will base our next steps on a careful evaluation of that announcement, and whether it demonstrates that the EU has in fact taken the steps necessary to bring itself into full compliance with the WTO decision,” Kirk added.

Meanwhile, representatives from the US aircraft industry were less guarded in their comments. Speaking prior to the submission of the compliance document, Boeing officials stressed that the EU was obligated to show that it has already taken steps to comply with the WTO ruling.

“If the Europeans have not done anything to comply, other than to say what they plan to do, that is noncompliance,” Boeing lawyer Robert Novick told Reuters. “The US could under WTO

rules immediately seek authorisation to suspend concessions.”

According to WTO rules on dispute settlement, Washington could indeed request the original panel to review the EU’s status of compliance and the possibility of countermeasures. But experts say that the key to resolving this seven-year battle would be for the two parties to sit at a table and negotiate.

A separate panel ruled in March that the US had been providing illegal subsidies to aircraft manufacturer Boeing (see Bridges Weekly, [6 April 2011](#)). Both sides appealed that judgment.

“What is now important is for everyone to realise that the United States will be in the same position as we are today after the WTO Appellate Body will rule on subsidies to Boeing next year. At that point the EU expects to receive an equally solid set of compliance actions from the United States,” Clancy added in his statement.

The Appellate Body is expected to circulate its report on the Boeing case at the beginning of next year.

US proceedings against Chinese solar panels continue; Beijing denies harm for US manufacturers

Cheap solar panel imports from China have substantially hurt US manufacturers, the US International Trade Commission (ITC) preliminarily [found](#) on 2 December. Following this early assessment, six ITC members unanimously decided to continue investigating the alleged subsidisation and dumping of imports of crystalline silicon photovoltaic (CSPV) cells and modules from China.

The assessment and vote follows the ITC’s decision on 9 November to react to a petition to curb unfair imports submitted by SolarWorld Industries America Inc. and the Coalition for American Solar Manufacturing (CASM) (see Bridges Weekly, [9 November 2011](#)).

Washington’s decision to continue proceedings comes only days after Beijing confirmed that it was conducting its own investigation on

Washington’s renewable energy support (see Bridges Weekly [30 November 2011](#)). Beijing’s probe will cover wind energy, solar, and hydro technology products. The investigation is expected to end by 25 May 2012.

SolarWorld President Gordon Brinser [welcomed](#) the preliminary decision. “Today’s unanimous vote is another step toward restoring the healthy global competition in the solar industry that has reliably driven down production costs and prices by 10 percent or so a year for many years,” he said.

The complainants [argue](#) that “massive state subsidies and sponsorship have enabled Chinese manufacturers to illegally dump their products into a wide-open US market [despite the lack of] a production cost advantage.”

However, Beijing has expressed doubts over the grounds on which ITC determined the economic harm of Chinese imports.

“The US has made a preliminary ruling that is inconsistent with the facts [and it proceeded] regardless of defence opinions from Chinese firms, as well as opposition from the US domestic industries and other interested parties,” China’s Ministry of Commerce (MOFCOM) protested in a [statement](#).

Chinese CSPV panel imports to the US have almost quadrupled during 2008 and 2010. According to ITC numbers, China is currently the largest source of US CSPV imports.

In 2010, CSPV imports from the South Asian trading giant amounted to US\$ 1.2 billion. Another US\$1.5 billion worth of CPSV panels was imported from Germany, Japan, Malaysia, Mexico and Taiwan.

The 2 December decision marks the first step in countervailing and anti-dumping duty investigations. The ITC will now continue its probes on the alleged subsidisation and dumping, the outcomes of which are expected on 12 January 2012 and 22 March 2012, respectively.

ICTSD reporting. “EU says complies with WTO ruling in Airbus spat with US,” REUTERS, 1

December 2011; “UPDATE 2-EU’s Airbus compliance omits A350,” REUTERS, 2 December 2011.

In “Marathon” WIPO Copyright Ctte Session, Print Disabled Instrument Finishes Last

On Friday 2 December, the World Intellectual Property Organization (WIPO) wrapped up a two week long “marathon” session of its copyright committee that tackled issues ranging from treaties for audiovisual performances and broadcasting organisations to a limitations and exceptions instrument for libraries and archives. However, an instrument that would ensure access to works for the print disabled was left on the sidelines, despite having gained momentum at the committee’s previous session.

The Standing Committee on Copyright and Related Rights (SCCR) met from 21 November to 2 December in Geneva, Switzerland. The draft conclusions of the SCCR – adopted late on Friday night – are available [here](#).

Treaties for audiovisual performances and broadcasting organisations progress

A preparatory committee for a treaty on the protection of audiovisual performances, meeting in parallel to the SCCR, agreed that it would hold a diplomatic conference – the highest level of negotiations at WIPO – on the subject after 20 June 2012. A diplomatic conference for the same treaty had been suspended in 2000 over disagreements on the issue of transfer of rights from performer to producer.

The committee agreed that the diplomatic conference – set to take place in Beijing – would not reopen any previously agreed upon provisions from the previous conference, but could add more explanatory language to certain articles.

In a similar vein, discussions on a treaty for the protection of broadcasting organisations advanced, with the committee agreeing to continue its “signal-based approach.”

The rights of broadcasters are currently addressed by the 1961 Rome Convention, yet some countries and media broadcasters felt it necessary to update them in face of rampant piracy and technological changes. Several countries and NGOs are concerned that such additional protection would undermine copyright holders in the creative industries and create a hierarchy between small webcasters and large “traditional” broadcasters.

Knowledge Ecology International – a Washington-based NGO – noted that this proposed treaty would extend “beyond the beneficiaries of the 1961 Rome Convention” and would give broadcasters rights to content that they did not create or own the copyright to.

In this session of the SCCR, South Africa and Mexico submitted a proposal intended to bridge the gap between differing views, in particular on whether the treaty should cover webcasting in addition to traditional broadcasting. The proposal posits that the treaty should only cover traditional broadcasts in a technologically neutral way.

The committee agreed to discuss this and other proposals for the protection of broadcasting organisations further at the next session of the SCCR.

L&Es for libraries and archives move forward, leaving print disabilities behind

This session of the SCCR saw libraries and archives at the centre of attention, with countries agreeing to discuss the issue under 11 thematic clusters, namely: preservation; right of reproduction and safeguarding copies; legal deposit; library lending; parallel importations; cross-border uses; orphan works, retracted and withdrawn works, and works out of commerce; limitations on liability of libraries and archives; technological measures of protection; contracts; and right to translate works (see Bridges Weekly 23 November 2011).

However, controversy drew out the discussions late into the night as countries disagreed over the nature of the instrument and whether the SCCR should consider a treaty or simply a non-binding instrument.

As a compromise, the WIPO Secretariat proposed that an exhaustive document including all opinions and proposals be compiled, entitled “Provisional working document containing comments on, and textual suggestions towards, an appropriate International legal instrument (in whatever form) on exceptions and limitations on libraries and archives.” The document would be presented to the next session of the SCCR.

Some countries expressed discomfort in having spent valuable negotiation time discussing the wording of the title of the document, but libraries and archives lauded the progress made, calling the process “very encouraging indeed.”

“SCCR’s consideration of prospective provisions for library and archives exemptions augurs well for researchers, students, and the public worldwide,” said former Society of American Archivists President William Maher.

Despite progress in other areas, the issue of limitations and exceptions for persons with print disabilities did not advance much, though the last session of the SCCR had left many hopeful (See Bridges Weekly 29 June 2011).

Brazil expressed its discomfort with the fact that the current text on the table “has much more open issues than the joint proposal that was co-sponsored by a very large representative number of delegations in the last session of the SCCR.”

Meanwhile, the EU proposed substantial revisions to the text, disappointing a number of countries and other members of civil society.

An earlier “consensus document” had been proposed by a wide cross-regional group that included various South American countries, the EU, and the US.

“We are now, perhaps, more distant from the objective than ever before,” the Brazilian delegate said.

“We made relatively little progress, and in some ways went backward,” added Dan Pescod of the World Blind Union.

The next meeting of the SCCR is tentatively scheduled for July 2012, after the diplomatic conference for the audiovisual treaty.

ICTSD reporting; “WIPO Sees Progress on Broadcasters Rights, Library Exceptions; Treaty For Blind Readers Slips,” IP WATCH, 5 December 2011.

Donors Launch New Global Aid Partnership at Korea Meet

Delegates from 160 countries have agreed upon a new global partnership aimed at ensuring that foreign aid reaches those most in need, after meeting last week in South Korea. While the agreement was praised for having gained endorsements from emerging donor countries, particularly China, questions have also been raised about whether the partnership’s non-binding nature will undermine its own effectiveness.

Participants at three-day event in Busan reviewed, among other items, progress toward achieving the 13 goals for aid effectiveness from the 2005 Paris Declaration, in which donors promised to increase aid predictability and reduce aid conditionalities.

Angel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development (OECD), told delegates that the results of such analysis were “sobering,” with only one of the effectiveness targets set for 2010 having been met.

Gurría also stressed that much work still remains to reach the Millennium Development Goals of 2015, which were established in 2000. “We need to do more,” he urged. “We need a collective jolt and, most importantly, collective action.”

The Fourth High Level Forum on Aid Effectiveness, co-hosted by the OECD and the government of South Korea, is known as the world’s premier aid forum; previous iterations were held in Accra in 2008, Paris in 2005, and Rome in 2002.

Emerging donors take centre stage

The growing role of emerging economies in the donor community was at the centre of attention in the Busan talks; while the OECD's Development Assistance Committee (DAC) members spent US\$129 billion in foreign aid last year, many non-OECD countries – including Brazil, China, and India, have transitioned from becoming aid recipients to major aid donors.

In this light, UN Secretary-General Ban Ki-Moon, urged emerging countries that “this is your chance to assume your new leadership.”

“Europe and the United States may be struggling, but in East and South Asia, in Latin America and even Africa, many economies are growing... With such success comes responsibility,” he said.

Of the new donors, China has particularly come under the limelight in recent years, given its growing involvement in Africa. Some have questioned whether Beijing's increased engagement in Africa is the result of an interest in extracting natural resources, rather than promoting development.

The Busan aid partnership, which aims to make the aid process more transparent and tackle corruption, did indeed garner the backing of emerging country donors, particularly Brazil, India, and China.

Prior to the outcome document's release on 1 December, however, early reports had suggested that Brazil, China, and India would not be endorsing the partnership.

The final outcome document from the three-day gathering stressed that “the principles, commitments, and actions agreed in the outcome document in Busan shall be the reference for South-South partners on a voluntary basis.”

The final version of the text, while recognising the prominence of emerging countries in the donor community, also made sure to draw distinctions between those emerging economies and traditional donors.

The document stressed that, while developing and emerging economies are now “important providers of South-South development co-operation,” those countries do still face poverty at home.

Scepticism from NGOs

While the aid partnership was widely praised for bringing in major emerging donors, particularly China, the move came under fire from some observers for not being binding.

Among those raising concerns about the non-binding nature of the outcome document was BetterAid, a coalition of over 700 development organisations. “It's a big step forward that China is at the table, but it's a pity that they aren't yet ready to promise to act on what they say,” Antonio Tujan, chair of BetterAid, said in a statement.

Oxfam's Gregory Adams was similarly cautious cautious in his evaluation of the partnership. “This meeting became a conversation between Northern and Southern donors about what kind of aid they want to give, not what the world's poorest people need,” he noted.

He acknowledged, however, that while there is room for improvement, “the Busan agreement puts more countries now at the table, and [makes them] accountable for their actions.”

Aid for trade, climate finance

Along with bringing attention to issues of transparency and accountability, the Busan outcome document also included pledges for action to “facilitate, leverage, and strengthen the impact of diverse sources of finance to support sustainable and inclusive development,” including, among other areas, the Aid for Trade initiative and climate financing.

The Busan event comes only months after the WTO's Third Global Review of the Aid for Trade initiative, which was launched in 2005 in order to help developing countries build their trade capacity (see Bridges Weekly, 20 July 2011). The global trade body has been working jointly with the OECD to track the progress of the initiative.

Jon Lomøy, Director of the OECD's Development Co-operation Directorate, commented to Bridges that "Aid for Trade is a good example of the catalytic use of aid, where aid is used to unblock barriers."

What was notable about the Aid for Trade initiative, Lomøy explained, was that this was put into place by using existing resources "smarter" and by "focusing on a common agenda."

"In Busan, Aid for Trade was presented as an example of these principles in action," he added.

The issue of climate financing, which is currently one of the hot-button issues on the table at the ongoing UN Framework Convention on Climate Change (UNFCCC) talks in Durban, South Africa, was also featured at the Busan event.

Countries at the three-day meet pledged to continue backing national climate change policy and planning "as an integral part of developing countries' overall national development plans, and ensure that, where appropriate, these measures are financed, delivered, and monitored through developing countries' systems in a transparent manner."

The climate finance issue has come up repeatedly in the UNFCCC talks. In Copenhagen at the 2009 negotiations, developed countries promised to prioritise climate finance. A year later at the UNFCCC talks in Cancun, parties created a new fund to channel these promised financial resources to developing countries. However, disagreements have since arisen over how much funding, how to manage and disburse such funds, and where the funds will come from. For more on the climate financing debate, see the related article in this issue's special section.

While Busan was not meant to be a second Durban, Lomøy noted, "climate change financing is going to be one important resource flow from rich to poor countries." Therefore, he urged, "when it comes time to decide on financing and implementation modalities, let's remember the lessons learned from development co-operation... and let the principles that have come out enrich the current debate [on climate financing]."

ICTSD reporting; "Global donors plot better ways to spend aid billions," AFP, 29 November 2011; "Donors agree new 'transparent' aid partnership," AFP, 1 December 2011; "China ditches global aid deal," THE GUARDIAN, 1 December 2011.

SPECIAL SECTION

Uncertainty Lingers on Big-Ticket Items as Ministers Arrive in Durban - UPDATED

UPDATE (8 December)

With less than 48 hours left to clinch a deal at COP 17 in Durban, many analysts are now saying they are feeling less than optimistic. Following the arrival of ministers earlier this week, there was enough movement on key issues – most notably the Green Climate Fund – that several negotiators were upbeat and positive. But discussions on the Fund appear to be unravelling and positions on the second commitment period of the Kyoto Protocol seem as divergent as ever.

The main issue plaguing the Green Climate Fund subject reportedly focuses on the details surrounding what the Board of the Fund will look like and who will sit on it. Negotiators have described the talks on the Fund in recent days as "hard" and say they are cautious of watering down the text so much so as to agree on an "empty shell."

It was already established last year in Cancun that the Fund Board will be made up of 24 members, with an equal number of members from developing and developed countries. Positions appear to be divided over what role, if any, the private sector will play in the Board. In general, developing countries are reportedly uncomfortable with the private sector playing a role in the fund. Several developing countries have also expressed their discomfort with the COP's invitation of the Washington-based World Bank to act as the interim trustee of the Fund.

With most countries looking to strike a “balanced package,” where positions on certain issues can be softened in return for flexibility on other issues, it is unclear whether any party is in a position to offer a ground-breaking shift to get the ball rolling. China’s announcement late last week that they may be willing to agree to binding commitments – under certain circumstances – appears to have not been enough to trigger any major movement on the Kyoto Protocol. And while the EU is the most likely developed country party to help encourage their counterparts to sign on to a second commitment period, UK climate secretary Chris Huhne said they would not back away from a deal with “hard, bankable” commitments.

But Brussels has also said it would not cut a deal on Kyoto unless countries not currently bound by the pact – notably the US and China – begin serious negotiations on a legally-binding treaty under the Long-term Cooperative Action (LCA) track. The LCA Chair introduced a new “amalgamated” text on Wednesday morning, but discussions have been detailed, procedural, and glacial in pace. With “big picture” LCA issues sitting on the back burner for now and the US and China not moving from their familiar positions, the EU desire for broader commitment may have to go unfulfilled.

The next two days will be the most crucial for the two week Durban meet. The closed-door meetings, high-level “indabas,” and informal, unannounced huddles have already created a frenzied atmosphere, with those in attendance constantly asking each other if they’ve heard any news. This is expected only to escalate as the closing plenary approaches. In the end, clarity will only truly come at sunrise on Saturday.

Editor’s note: The below article is the second of three Bridges Durban updates. Originally published on Monday 5 December in the Bridges Trade BioRes Review under the headline “Uncertainty Lingers on Big-Ticket Items as Durban Prepares for Ministers’ Arrival,” this update on the state-of-play is included below for your reference.

This is the most difficult UNFCCC Conference of the Parties to get a read on in recent memory.

That seems to be the only thing that delegates and observers will say with absolute certainty as COP 17 wraps up its first week in Durban. The fluidity of the discussions thus far, combined with the quick turn-around seen last year in Cancun once ministers took the helm, has most people close to the talks issuing the caveat that “anything can happen.”

Much of the mystery clouding week one is due to the high number of closed-door contact groups, informal sessions, and “indabas” – Zulu-inspired informal discussions encouraged by COP President Maite Nkoana-Mashabane – that are taking place on a wide range of issues. Both the media and delegates have said it has been difficult to keep track of the many discussions, let alone get a read on how the talks are progressing.

Informally, several delegates have expressed concern that while there has been movement on many unresolved details pushed forward from Panama, macro issues – most notably the future of the Kyoto Protocol – are advancing too slowly to be resolved before the talks come to a close on Friday.

Kyoto remains foggy at best

Last week’s discussions on a second commitment period of the Kyoto Protocol under the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) were intense, KP Chair Adrian Macey of New Zealand noted during Saturday’s plenary, with some core issues having “crystallised.” While the talks to date have shown a “considerable amount of common ground” regarding the Protocol’s continuity, commitments, and future certainty, Macey also acknowledged that divergence among the Parties still remains “significant.”

Macey thanked Parties on Saturday for discussing issues that were “outside their comfort zone.” However, he cautioned the Parties against locking in a deal with low ambitions, urging instead that any second commitment period – should there even be one – be for a period of time that is worthwhile.

What is crucial for moving forward on Kyoto, he added, is that the Protocol be part of a whole

Durban package – a package that will undoubtedly need to include a deal on mobilising the Green Climate Fund.

Green Climate Fund talks look positive

Despite complaints from critics that Washington was blocking the process on establishing a deal on the Green Climate Fund – agreed to at COP 15 in Copenhagen – talks in Durban have made some forward movement. Key Parties – including the US, Australia, and the EU – have indicated that the “middle ground” report that Fund Transitional Committee Co-Chair Trevor Manuel of South Africa introduced on Wednesday could be agreed to, as long as it is a part of a more balanced package.

The Transitional Committee had hoped to conclude talks on the Fund’s structure – such as establishing the 24-member board, deciding on a host country, and setting up regular meetings – in October. However, the matter was pushed back to Durban after hitting roadblocks on a range of outstanding issues.

A key sticking point for the US continues to be restrictions on who can contribute to the fund. Washington says it is crucial for the private sector to be able to contribute to the fund, while some developing countries are concerned about an overreliance on the private sector. The US also said on Friday that the Fund’s governing instrument should be approved in Durban.

The Fund was discussed in contact groups and informal consultations on Saturday, with several countries voicing concerns over the legal framework that will govern the Fund and its formal relationship to the COP. Developing countries are looking for reassurance that there will be some safety mechanism in place, should Annex I countries be unable to live up to their commitments. Meanwhile, Japan suggested that this tricky issue could be addressed later by the Board, rather than having to establish the relationship beforehand.

The EU wrapped up the discussion on Saturday, saying that they were confident they could agree on the draft instrument and that the Board should start work as soon as possible.

IP on back burner

While the past week’s negotiations have devoted some attention to the issue of technology transfer, intellectual property issues related to a range of climate change issues have been largely ignored. Even the discussions on technology transfer have failed to make much headway, with disagreements emerging on multiple fronts.

Last year’s Cancun Agreements established a Technology Mechanism intended “to facilitate the implementation of enhanced action on technology development and transfer in order to support action on mitigation and adaptation to climate change.” To date, however, the relationship between the two elements of the mechanism – the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) – remains unclear. The hope for Durban was that this issue would be resolved, but talks are moving too slowly to tell.

Last week, developing countries, the G77 and China grouping, and others expressed a desire to have a clear mention of the link between the TEC and the CTCN in a decision currently being drafted at a COP contact group on the TEC. The United States, however, expectedly proposed that the CTCN not be mentioned.

This decision – based on a report presented by TEC Chair Gabriel Blanco – will also combine inputs from the COP’s subsidiary bodies, the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), as well as the AWG-LCA contact group on technology development and transfer.

Regardless of how the relationship between the TEC and CTCN is ultimately defined, neither of these elements will be fully operational until the financing issue is resolved. Talks on financing, which are largely dependent upon the Green Climate Fund, are still unripe at the moment.

While intellectual property concerns are linked to most key items on the Durban agenda, some observers say tackling these details on top of the

array of contentious issues already on the agenda may be overwhelming.

Response measures

Several of the past week's meetings in Durban have focused on response measures – the domestic measures taken by countries to respond to climate change. During a workshop held early last week, several countries showcased their proposals for the establishment of a forum on response measures. While some – mostly developed – countries said they only want an informal forum to be a means of exchanging information on how to address climate change, others – mostly developing countries – argued that they would like to see the establishment of a permanent forum that offers a way of addressing substantial issues, such as the potential trade impacts of response measures.

Meanwhile, another forum was held on the impact of the implementation of response measures under both the SBI and the SBSTA. Several informal group meetings also took place, in which members drafted and considered a text on the response measures forum.

While no consensus was reached on the issue, it is worth following closely. Even if purely procedural in nature, many developing countries say the issue is key for them in moving the wider negotiations forward.

Politics more sensitive than usual

How the rest of Durban will unfold remains largely contingent on the US and China. Washington has been panned in recent years for its slowly diminishing commitment to climate change, especially given President Barack Obama's post-election pledge to "engage vigorously" in the UN talks. Contrary to that promise, however, the Obama Administration's presence has instead been markedly cautious.

"Some countries want to stipulate up-front that [post-2020 initiatives] should be in the form of a legally-binding agreement," said Jonathan Pershing, US Deputy Special Envoy for Climate Change on Monday. "We want to know more about the content of such an agreement before we commit to a particular legal form. One thing I

would underscore about any post-2020 accord is that the only way it could be effective – and garner broad support – is if it applies fully to all significant players."

Washington's presence at this year's talks has been conspicuously small, with not a single member of Congress – or any other major political figures – in attendance for the first time in years.

The role of the BRICS (Brazil, Russia, India, China, and South Africa) countries has also painted much of the speculation regarding Durban's ultimate outcome. In particular, the future of Kyoto appears to hinge upon major developing country emitters signing on to some form of binding commitment to reduce emissions. Some cracks have already emerged over the first week among traditional political groupings, with rumours that poor countries that are particularly vulnerable to climate change were becoming frustrated with their fellow G77 and China members who were blocking movement on contentious issues that could help move Kyoto forward.

Speaking to reporters on Friday, Su Wei, China's lead negotiator, surprised many by saying that Beijing may agree to binding emissions cuts.

"We do not rule out the possibility of legally binding," he said in English. "It is possible for us, but it depends on the negotiations."

It is unclear whether the move is a reaction to pressure from fellow G77 and China members or, simply, an attempt to elicit a response from Washington. Climate watchers will certainly be waiting to see how this move by China colours the discussions in week two as senior ministers arrive.

ICTSD reporting.

IN BRIEF

**US Pushes Conservation Initiatives
for Proposed Trans-Pacific Pact**

Provisions aimed at protecting fish and wildlife species are being backed by the US for inclusion in a proposed trans-Pacific trade deal, according to top US officials. The details of the Washington-supported conservation initiatives were announced on 5 December.

Speaking about the negotiating proposals on Monday, Deputy US Trade Representative Demetrios Marantis stressed that the proposed Trans-Pacific Partnership (TPP) should require parties to take measures that actively prevent both the illegal trade of wildlife and illegal logging, along with curbing marine fisheries subsidies.

“The TPP countries already represent some of the richest, most biologically diverse areas of the Asia Pacific,” Marantis explained.

However, he cautioned, “this diversity in TPP countries and others in the region is at risk.”

On a global scale, illegal logging is worth US\$6 billion a year, while illegal, unreported and unregulated fishing ranges in value from US\$10 billion to US\$23.5 billion, Marantis noted. Meanwhile, the group of nations in the TPP talks includes many countries that are seeing their wildlife species increasingly under threat.

“The United States’ proposal in the TPP environment negotiations seeks to directly confront the types of illegal activities and marine subsidy practices that have been shown over and over again to be harmful to resource conservation and sustainable economic development and growth,” he added.

The TPP currently counts Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam as members (see Bridges Weekly 16 November 2011).

All of the TPP negotiating parties are also members of the 21-country Asia-Pacific

Economic Cooperation group; the proposed trans-Pacific pact has been billed as a possible launching ground for a wider trade deal that could eventually include all APEC members.

In addition to the above-mentioned initiatives, the US is also asking that its fellow TPP members eliminate all tariffs on environmental goods. Last month at the APEC summit, all 21 members of the Asia-Pacific group agreed to reduce applied tariffs on environmental goods to five percent or less by 2015 (see Bridges Weekly, 16 November 2011).

US farm groups show support for Japanese bid

In another development in the trans-Pacific talks, Monday also saw major US farm groups back Japan’s bid to join the nine-country negotiations – despite Japan’s own farm industry having publicly protested the move.

In a letter to US Trade Representative Ron Kirk on Monday, 5 December, the American Farm Bureau Federation and 60 other farm and food groups stressed that “the opportunity to include Japan in the TPP negotiations must be seized. It is an opportunity that may not present itself again.”

The farm groups added that various issues still would need to be addressed before any decision is made regarding Japan’s participation in the TPP negotiations – including “assurances from Japan that it recognises and accepts that the TPP must be a comprehensive agreement.”

The announcement at the November APEC meet that Japan was indeed interested in joining the trans-Pacific trade talks drew sharp criticism from the Japanese farming community, mainly over concerns that the livelihoods of farmers would be threatened by losing the 778 percent import tariff on rice and similarly high tariffs on other agricultural commodities.

Japan is currently the US’ fourth-largest agricultural export market, with US exports to Japan totalling US\$11.8 billion in 2010, according to USTR numbers. Meanwhile, US imports of agricultural products from Japan totalled US\$558 million in the same year.

More information

Further details about the US-backed conservation initiatives are available at the USTR [website](#).

ICTSD reporting; “Pacific trade deal could help save species: US,” REUTERS, 5 December, 2011; “US farmers back Japan bid to join Trans-Pacific pact,” REUTERS, 5 December 2011.

Trade Issues on the Backburner in Final Regional Prep Meeting for Rio+20

The final regional meeting in preparation for next June’s Rio+20 Conference, held last week in Geneva, saw participants largely skirt around trade issues, despite previous regional meetings having seen significant debate surrounding the areas of green trade protectionism and the definition of a ‘green economy.’

The UN Economic Commission for Europe’s (UNECE) Regional Preparatory Meeting was the fifth in a series of regional gatherings being held in preparation for the 20-22 June 2012 Rio+20 UN Conference on Sustainable Development.

The ECE region encompasses North America, Europe, Russia, and Central Asia.

The Rio+20 Conference marks the twentieth anniversary of the 1992 United Nations Conference on Environment and Development. The conference’s objective is to secure a renewed commitment for sustainable development and to meet new and emerging challenges by focusing on the following themes: the green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development.

Unlike previous regional meetings (see Bridges Weekly [26 October 2011](#)), the debate surrounding the green economy did not centre on whether such an economy would lead to trade protectionism and additional conditionalities for developing nations. Delegates, during the session devoted to the ‘Green Economy’, chose instead to focus on whether there should be a Rio+20

Roadmap with concrete sustainable development goals, national policy frameworks needed to promote a green economy, and the technological capacity of transitioning and developing nations.

Notwithstanding the repeated urging of the ECE co-Chairs for delegates to abandon their prepared statements and engage in meaningful dialogue, many delegates avoided going beyond repeating earlier calls for the removal of environmentally damaging subsidies and taxes.

Belarus, in one of the Roundtables of the ‘Green Economy’ session, was the only country to make a strong ploy to focus on trade, but strayed little from the established script in calling for the avoidance of trade discrimination. There was also the repeated insistence by delegates that ministers of finance, economy, and energy need to become more involved with the Rio+20 preparatory process if the transition to a ‘Green Economy’ is to be successful.

However, discussions surrounding the second theme of Rio+20, that of international environmental governance, were noticeably more intense. During the meeting, delegates disagreed as to the future role of the UN Environment Programme (UNEP) and the UN Economic and Social Council (ECOSOC), as well as the possible structure of Multilateral Environment Agreements. Although various alternatives were offered in the course of the meeting, no consensus was reached.

The apparent reluctance to engage with some of the most contentious issues challenging the ‘Green Economy’ concept comes in the wake of a number of meetings dedicated to trade within a green economy. These include the Second Ad Hoc Meeting of the United Nations Conference on Trade and Development (UNCTAD) on the Green Economy and Trade, which met in Geneva on 8-11 November 2011.

Meanwhile, a number of recent country submissions to the Rio+20 Zero Draft outcome document for the June conference have also dealt extensively with trade; these submissions were made in advance of a 1 November deadline. For example, the EU, in its submission, urged that a

transformation to a green economy should not be used to introduce new trade barriers.

The EU document goes on to outline the importance of coherence within the international trading system in any transition to a green economy by including the WTO, International Monetary Fund (IMF), and World Bank, as well as regional development banks. By far the most vocal submission calling for caution against the potential for trade protectionism was that of the G77 and China; however few in the ECE region belong to that grouping.

Next steps

The penultimate Intersessional Meeting of the UNCTAD will take place on 15-16 December in New York, followed in March 2012 by the third and final meeting. The last Preparatory Committee meeting is scheduled for 13-15 June next year, only days before Rio+20 itself.

The first five months of 2012 will see a number of monthly informal discussions and negotiations regarding the Zero Draft of the outcome document, which is set to be presented by the conference in Rio de Janeiro.

ICTSD reporting.

Syria, Turkey Trade Tensions on the Rise

On Sunday 4 December, Syria announced the suspension of its free trade zone with Turkey. This latest hike in trade tensions between the two neighbours comes just days after Turkey announced its own sanctions against Syria, in a move aimed at increasing pressure against the regime of Syrian President Bashar al-Assad.

The sanctions that Turkish Minister of Foreign Affairs Ahmet Davutoğlu outlined on 30 November included, among various other measures, the prohibition on arms sales to Syria and various banking restrictions. Financing of infrastructure projects in Syria will also be halted due to the suspension of an Import & Export Bank loan agreement.

Ankara's list of sanctions against Damascus is being co-ordinated with a similar list agreed to by the Arab League, Davutoğlu noted.

While Syria is a main transit route for trade in the region, Turkish officials have stressed that it does have alternatives to Syria. Turkish Transport Minister Binali Yıldırım told state-run Anadolu Agency that his country is "planning to conduct transit transport through Iraq, by opening [new] border gates, if the situation with Syria worsens."

In response to the Turkish measures, Syria issued a release on 4 December via state-run news agency SANA announcing the suspension of the free trade zone between the two countries. The suspension nullifies all provisions of the agreement, which was signed in 2004 and entered into force in 2007.

The announcement, made by Secretary-General of the Cabinet Tayseer al-Zoubi, also laid out plans for tariff hikes and restrictions on freight and fuel movement.

The measures will include a 30 percent tariff on all Turkish imports to Syria. Damascus will also target transit by taxing 80SYP (or US\$1.50, at today's exchange rate) per litre of fuel in Turkish cars leaving Syria. Turkish trucks will also be taxed based on total weight and travel distance.

Syrian Secretary-General al-Zoubi defended the move, citing the need to preserve national interests. He added that several of the Turkish sanctions towards Syria were not in adherence to past bilateral agreements.

Meanwhile, Turkish Economy Minister Zafer Caglayan warned that Syria's decision to cut off bilateral trade will only "[punish] its own people, industrialists, exporters, and entrepreneurs," rather than causing major harm to Ankara.

According to numbers cited by AFP, Turkish imports from Syria account for about 0.3 percent of total imports, while the flow of imports into Syria from Turkey represent approximately 10.6 percent of total imports. Syrian trade flows with Turkey reached US\$2.4 billion last year.

EU also increases sanctions

Damascus' trade concerns do not only lie with its neighbour Turkey, but also with other trading partners frustrated with the al-Assad regime. Back in August, the European Union – Syria's largest trading partner – decided to block Syrian crude oil imports, worth more than €3 billion a year. Ninety-two percent of Syrian exports to the 27-member EU bloc are energy products, according to European Commission statistics from 2010.

The embargo was scheduled to start within three months of the August announcement; however some member states have already begun to implement the policy.

A 1 December statement from the Council of the European Union announced further “restrictive measures” to be placed on the Syrian economy, in response to the “continued repression in Syria.” The restrictions were focused on the energy industry and banking relations.

The Council banned exports of key equipment and technology to the Syrian oil and gas sectors, as well as exports intended for use in monitoring internet and telecommunications.

Member states are also to “exercise restraint” when making financial commitments to support trade with Damascus, such as export credits or guarantees.

ICTSD reporting; “Suspending free trade pact will harm Syrians: Turkey,” AFP, 4 December 2011; “EU to impose oil embargo on Syria,” THE GUARDIAN, 30 August 2011; “Turkey Imposes Economic Sanctions on Syrian Regime,” WALL STREET JOURNAL, 1 December 2011; “Cutting out Syria, Turkey considers Iraq as alternate trade route as Damascus faces sanctions,” WASHINGTON POST, 29 November 2011; “Syria's economy is key to Assad's future,” WASHINGTON POST, 15 November 2011.

EVENTS & RESOURCES

Events

Coming soon

7-8 December, New York, USA. FIFTH HIGH-LEVEL DIALOGUE ON FINANCING FOR DEVELOPMENT. This high-level dialogue, held by the UN General Assembly, will centre on the theme of “the Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead.” The first day will include plenary sessions and meetings between ministers and high-level officials. The second day, all involved stakeholders will participate in informal dialogues and roundtables centred on the following themes: reform of the financial system and its development implications; impact of the crisis on foreign direct investment, external debt, and trade; and the role of financial and technical development co-operation in mobilising resources for development. The interactive dialogue will focus on linkages between development financing and reaching internationally agreed development goals. The dialogues will contribute to an official summary, drafted by the President of the General Assembly. For more information please visit the UN website.

12-15 December, Abu Dhabi, United Arab Emirates. EYE ON EARTH SUMMIT. Co-organised by the UN Environment Programme (UNEP), Environment Agency Abu Dhabi, the European Environment Agency, and others, and funded by the United Arab Emirates, this event will host the launch of a global environmental information network (EIN) strengthening initiative and address major policy and technical issues. The summit plans to produce a final statement on strategies to strengthen existing initiatives and fill gaps toward informed policymaking on sustainability. With UNCSG 2012 coming up quickly, this gathering will act as a way to look back over 20 years of collective efforts of making the best environmental information available to support decision-making, with the goals of achieving sustainable development, reducing poverty, and transforming the global economy. For more information or an agenda, please visit the event website.

13-15 December, Bogor, Indonesia. **WORKSHOP: SUSTAINABLE WATER MANAGEMENT FOR FOOD SECURITY.** This event aims to provide an international policy dialogue on strategies to improve water management, with an emphasis on Indonesian agriculture. Hosted by the Ministry of Agriculture of the Republic of Indonesia, in conjunction with the Organisation for Economic Co-operation and Development (OECD) and the Asian Development Bank, academic experts, ministry officials, and representatives from inter-governmental organisations will jointly analyse problems and propose best practices. Specific topics include the challenges for the agricultural water management in Indonesia, trends in water system management, experiences from other countries, and policy recommendations. For more information on registration, or to access the agenda and event documents, please visit the [OECD 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.

12-14 December: Geneva Week (Non-resident Members and Observers)

15 December: Ministerial-level meeting of the Committee on Government Procurement

15-17 December: Eighth Ministerial Conference.

Other Upcoming Events

15-16 December, New York City, USA. **SECOND INTERSESSIONAL MEETING FOR UNCSD.** This intersessional meeting of the UN Conference on Sustainable Development (UNCSD) is one of three that were called for by the first preparatory committee in the lead up to

the June 2012 Rio+20. Planning for this event has centred around the following themes: the green economy as it pertains to sustainable development and poverty eradication, and setting up an institutional framework for this green economy. To register, please visit the event [website](#).

15-17 December, Geneva, Switzerland. **WTO EIGHTH MINISTERIAL CONFERENCE.** This biennial event will bring together the trade ministers from the WTO's entire membership to address current issues of relevance to the multilateral trade system. As the highest decision making body of the global trade body, the ministerial gathering will address the current Doha Round of trade talks, along with non-Doha issues and the accession of new members. Decisions on all matters under any of the WTO's multilateral trade agreements can be taken up by ministers at the three-day event. For more information, please visit the [WTO website](#).

16-17 December, Geneva, Switzerland. **THE TRADE AND DEVELOPMENT SYMPOSIUM.** Held in conjunction with the Eighth Ministerial Conference of the WTO, this ICTSD-organised event will provide a forum for discussion on current challenges facing the multilateral trading system. Discussion will cover a range of topics, including protectionism, regional trade pacts, environmental protection, food security, sustainable energy use and production, and trade imbalances. The symposium aims to provide a forum for multi-stakeholder discussion outside the formal negotiation arena and to initiate discussions on the future of the multilateral trading system outside the Doha Round. ICTSD has held similar symposia during previous WTO Ministerial Conferences in Cancun, Hong Kong, and Geneva. For a list of partners, a programme agenda, and more information, please visit the event [website](#).

Resources

OVERCOMING THE IMPASSE ON INTELLECTUAL PROPERTY AND CLIMATE CHANGE AT THE UNFCCC. By Ahmed Abdel Latif, Keith Maskus, Ruth Okediji, Jerome Reichman, and Pedro Roffe. The international community is looking to this week's UNFCCC Durban Conference to produce tangible results, leaving a window of opportunity for negotiators to address one of the most contentious issues in the climate change debate: the role of intellectual property (IP) rights in the development of and access to mitigation and adaptation technologies. Progress on the IP issue in the climate context has remained an elusive goal for the UNFCCC talks; this report suggests several strategies for holding discussions that will provide a "middle ground" upon which parties can move forward in the negotiations. The authors urge all stakeholders to address the IP issue in light of their importance to international climate change talks. To view this policy brief, please visit the ICTSD [website](#).

IMPROVING THE EFFECTIVENESS OF CLIMATE FINANCE: KEY LESSONS. By Jessica Brown, Barbara Buchner, Miriam Chaum, Angela Falconer, Chris Faris, Katherine Sierra, Chiara Trabacchi, and Gernot Wagner for the Environmental Defense Fund, Climate Policy Initiative, Brookings Institution, and Overseas Development Institute (November 2011). Flows of finance to developing countries to encourage climate mitigation and adaptation efforts are increasing every year, both in speed and scale. However, these are often insufficient in comparison to project needs. As international institutions and bilateral agencies focus more on their climate portfolios, the time has come to improve climate finance effectiveness, the authors argue. Based off a survey of current tools and methods in climate finance, the joint study offers an overview of frameworks used in public, private, and market-based finance, as well as the broader field of development finance. The authors highlight key findings and lessons learned from this literature review. The paper can be viewed [here](#).

GREEN DEAL FLOW PLATFORM. By Green Deal Flow and the Sustainable Energy Association of Singapore (2011). Many green projects face the hurdle access to finance, which, according to Green Deal Flow, is not due to lack of capital but rather to a lack of appropriate contacts. In light of this issue, a new platform has been created to connect project developers and green companies with interested investors and certificates buyers. This system allows the parties the opportunity to post projects and for investors and carbon buyers to peruse available initiatives. This platform was launched at the Clean Energy Expo Asia by Agora-Green, on 1 November. To find out more information and to access the platform, visit the Green Deal Flow [website](#).

GLOBAL IMBALANCES: TRADE EFFECTS AND POLICY CHALLENGES. By Przemyslaw Kowalski and Molly Leshner for the Organisation for Economic Co-operation and Development (23 November 2011). Despite the current focus on how shifts in monetary and fiscal policies affect current account imbalances, this study goes beyond these macroeconomic management considerations and exchange rate realignments to evaluate how trade and trade-related policy reforms may facilitate global rebalancing. The authors find that trade reforms, along with other macroeconomic, exchange rate, and structural reforms, are needed to address global economy imbalances. Trade is key, the authors find, because trade distortions can reduce trade benefits and, through their effects on relative prices, jointly influence economic incentives on both the trade balance and net national savings sides of the national savings-investment identity. To view this paper, please visit the OECD [website](#).