



International Centre for
Trade and Sustainable Development



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LEAD STORIES

G-20 Ministers Compromise on Imbalances, But Real Work Lies Ahead

Finance ministers and central bankers from the Group of 20 leading economies agreed over the weekend on a set of indicators to use for identifying dangerous global financial imbalances, in what is intended to be a step towards the G-20's goal of putting the world economy on sounder footing.

China was at the centre of the compromise thrashed out in Paris, as it successfully resisted a focus on its large foreign exchange reserves and deflected closer scrutiny of currency exchange rates, according to news reports.

‘Rebalancing’ the global economy – making it less reliant on heavy borrowing by some major countries and equally heavy saving and lending by others – has been at the top of the G-20's agenda since it supplanted the rich-nation club of the G-7/8 as the informal steering committee of the world economy in late 2008. But with many participating governments distracted by domestic crises, the more diverse grouping has struggled to build on its early successes, leading some recently to dub it the ‘G-Zero’. What to do about currency exchange rates and macroeconomic imbalances has been at the heart of their disagreements, complicated by an uneven economic recovery that has seen slow growth in advanced nations while emerging economies risk overheating.

Brazil's finance minister, Guido Mantega, has famously warned of an ‘international currency war’ that could spill over into trade protectionism. In addition to criticising rich nations’ ultra-loose monetary policies as an attempt to boost their export competitiveness vis-a-vis developing countries with freely floating currencies like Brazil,

he has complained about the weak value of China's currency, the renminbi. Meanwhile, in the US, sluggish growth and stubbornly high unemployment have combined to make the country's large current account deficit, especially with China, a political minefield. Washington has worked within the G-20 for numerical targets on current account surpluses and deficits, and urged China to let the renminbi appreciate – with some lawmakers in Congress threatening trade sanctions if Beijing does not do so. China, for its part, has rejected accusations that it is manipulating its currency, and, along with fellow surplus country Germany, led opposition to the notion of quantitative caps.

Ultimately, ministers agreed in Paris to authorise the International Monetary Fund to monitor countries' "external imbalance composed of the trade balance and net investment income flows and transfers, taking due consideration of exchange rate, fiscal, monetary and other policies." The language on exchange rates was softer than the reference to "more market determined exchange rate systems" in the ministers' communiqué from Gyeongju, South Korea last fall.

The agreement on indicators is the first in a two-step process: ministers gave themselves until April to develop "indicative guidelines" against which to measure each indicator in order to identify "persistently large imbalances" that require policy action.

Guidelines' specificity will be crucial

It is too soon to tell whether the indicators, along with the prospective guidelines, will lead to enough policy changes for the diverse grouping to shed the unflattering 'G-Zero' moniker.

Nevertheless, said Jeffrey Frieden, a professor of political economy at Harvard, the G-20's recent decisions were notable for their acknowledgement that countries' national financial and macroeconomic policies can have significant global costs, and therefore merit international coordination that goes beyond anodyne pledges to pursue "appropriate" policies.

"They've accepted something that was either denied or downplayed [in the past]," he told Bridges. It might simply be rhetorical "handwaving" without serious intent, he acknowledged, but "handwaving is better than turning your back and pretending that the problem doesn't exist."

Frieden, an expert on the politics of international financial and monetary relations, observed that little had come of past IMF surveillance initiatives. One sign of whether the G-20's expressed interest in internationally cooperative efforts to monitor macroeconomic policies was likely – or not – to be translated into action would come from the nature of the future guidelines linked to the indicators, he said.

If the guidelines "are so vague as to be meaningless," with references, for example, to "appropriate macroeconomic policies," then little can be expected. On the other hand, if the criteria are "measurable, observable, identifiable, and transparent," and consequently concrete enough to point to policy faults in specific countries, they could prove more useful.

Current account balances would have been one such observable criterion, and as such Frieden found it unfortunate that they were not included in the G-20's list of indicators. But this was symptomatic of an underlying tension, he noted: many useful indicators for identifying stresses in the international financial system are also very sensitive politically, and monitoring them is thus unlikely to garner political consensus. Current account balances and foreign exchange valuation might ordinarily have been useful indicators, but China would not have agreed to their inclusion.

Governments' responses to the Paris meeting were positive, albeit cautious.

Mantega, Brazil's finance minister, told O Estado de S. Paulo, a Brazilian financial newspaper, that he was "fully satisfied" with the agreement reached there, even though he would have preferred for exchange rates and foreign reserves to figure among the indicators. He said that the recognition of "external imbalances" implicitly acknowledged that "currency wars" exist, and that some countries' exchange rates are undervalued,

and thus “went in the direction” that Brazil would like.

G-20 members are “moving gradually to build consensus on ways to assess measures and causes of external imbalances,” said US Treasury Secretary Tim Geithner, calling it the “necessary foundation for effective international cooperation on policy actions that can help pre-empt or diffuse such imbalances.” In a statement released after the meeting, he said that the world “needs to establish stronger norms for exchange rate policies,” emphasising that all large economies, rich and emerging, “need to allow their exchange rates to adjust in response to market forces.”

After noting that Chinese authorities had allowed the renminbi to appreciate against the dollar at a real annual rate of 10 percent since June 2010, Geithner said that “China’s currency remains substantially undervalued, and its real effective exchange rate – the best measure to judge its currency against all of its trading partners – has not moved much.”

The US treasury chief also called for “a better set of incentives” to discourage the re-emergence of large trade and current account imbalances, as well as “a stronger consensus” on policy measures that can help emerging economies manage the risks associated with large capital inflows.

In addition to the G-20’s work on financial sector reform, the ministers’ declaration pledged support for the ongoing democratic transitions in Egypt and Tunisia in the wake of the fall of their respective authoritarian governments.

Ministers also referred to the current spike in commodity prices and the need to refrain from trade protectionism. Pointing to the threat to food security, they reiterated the need for long-term investment in the agricultural sector in developing countries. They also “recognise[d] the importance of a prompt conclusion of the Doha negotiations.”

ICTSD reporting; “Mantega se diz satisfeito com acordo no G-20,” O ESTADO DE S. PAULO, 19 February 2011; “G20 communique takes softer tone on FX policies,” REUTERS, 19 February 2011.

WTO General Council: Lamy Calls for “Major Acceleration” in Doha Talks

“A major acceleration” in the Doha Round negotiations is necessary if WTO members are to meet their goal of striking a multilateral trade deal by the end of the year, Director-General Pascal Lamy told delegates on Tuesday.

In an address to the WTO General Council, Lamy said that despite encouraging signs that senior officials have been discussing specific issues in a substantive manner in bilateral and plurilateral discussions, members needed to do much more.

“Our current process — at each and every level — remains too slow,” he warned.

Recent talks involving eleven influential member delegations have seen improved atmospherics but little in the way of concrete concessions (see Bridges Weekly, 16 February 2011).

The WTO chief said that in an effort to deflect attention, many members were passing the buck between the multilateral negotiating groups, plurilateral formats, and bilateral discussions. “In the negotiating groups we hear that ‘we will move when the plurilaterals move’, and in the plurilaterals we hear that ‘we will move when the bilaterals move’ and, finally, in the bilaterals we hear that ‘I will move when the other does’,” he said. “I believe we will all agree that this vicious circle has to be broken!”

Reminding members that they needed to “produce elements of progress” that could be captured in a fresh round of draft agreement texts by April, Lamy said “a major acceleration at all levels — multilaterally, plurilaterally and bilaterally - is needed in order to make this possible.” In addition, “the output of all these processes needs to urgently move up a level, to real progress on key issues of substance.”

In a rebuke to delegations that said they had no instructions on how to proceed, or could take more time before acting, Lamy argued “the window of opportunity is still there, but it is narrowing every day.”

G-11 criticised for lack of transparency

Members that intervened following Lamy's address generally agreed with his assessment that the pace of progress was too slow.

While many agreed with the need for members to discuss the negotiations in 'variable geometries' – the term that has arisen for meetings in groups of varying size and composition – some criticised the so-called G-11* for failing to adequately share information on their discussions with other delegations.

Turkey said that it recognised that the G-11 process was necessary, but stressed that whatever emerges from it will ultimately need to be made acceptable to all WTO members. This sentiment was echoed by Kenya on behalf of the African group, which added that the limited participation made it difficult to assess precisely what is on the table.

The US and the EU rose to the G-11's defence. US Ambassador Michael Punke said that the G-11 was simply one of many 'variable geometry' groups that had been meeting, and was a useful forum for participating countries to test out different options with each other. He expressed the hope that the grouping would be able to contribute to progress in the wider negotiations. He acknowledged, however, that the gaps between members' positions remained wide.

Angelos Pangratis, the new EU ambassador to the WTO, described the G-11 meetings as constructive, but acknowledged that the apparent willingness to conclude the round had not been matched by substantive progress. He called on members to work to look at how to translate their stated desire for an agreement into practice, suggesting that they further examine an approach that would tie market-opening in specific industrial goods sectors to liberalisation for related services. He also appealed for progress in other areas of the negotiations.

Mexican Ambassador Fernando de Mateo said that in terms of market access, whether for industrial goods, farm products, or services, there had been no advances in the past two years. He

did not refer to a recent Mexican proposal for new market-opening and subsidy concessions across all three areas, a proposal that appears to have been doomed by the US's summary rejection.

One of the principal sticking points in the Doha Round negotiations remains the "exchange rate" between how much large developing countries will open up their industrial goods markets and the depth of concessions on tariffs and farm subsidies by rich nations. Washington in particular has argued that fast-growing China, Brazil and India need to offer considerably more market access than is currently on the table – demands that the developing countries have dismissed as disproportionate to the reforms on offer in the US and the EU.

The Dominican Republic, speaking on behalf of the 'informal group' of developing countries, drew attention to the fact that while all delegations said that 'development' must be at the heart of the 'development round', there was no shared view of what this would entail in terms of specific negotiating positions. It cited a recent report from a panel chaired by former WTO Director-General Peter Sutherland and leading trade economist Jagdish Bhagwati, which concluded that a realistic Doha Round agreement would have to be asymmetrical, with concessions proportionate to countries' level of development – even in the cases of large and competitive exporters like China and Brazil. If independent researchers come to this conclusion, the Dominican Republic suggested, maybe negotiators at the WTO should take this into account, too.

Colombia asked Lamy to report to ministers on the absence of progress in the ongoing negotiations, and to ask them to instruct their ambassadors in Geneva to come to the bargaining table prepared for a real exchange. It also called for a senior officials meeting in late March to take stock of the situation in the negotiations – a view that was echoed by Hong Kong.

Notably, Colombia expressed disappointment that some large developing countries – it did not specify which – had refused to meet with some of their medium-sized counterparts to discuss the negotiations. Colombia is believed to have been referring to Brazil, India, and China, which it

thinks are showing insufficient interest in reaching a Doha agreement. Sources report that while Colombia was only speaking on its own behalf, this sentiment is shared by many members of the 'friends of the system', a group of smaller countries, developed and developing, that are keen to see a Doha deal.

Brazil, China, and India did not intervene during the General Council meeting, according to officials who were present at the gathering.

*The G-11 is composed of the US, the EU, Canada, Australia, Japan, Brazil, China, India, Argentina, South Africa and Mauritius.

ICTSD reporting.

OTHER NEWS

Amid Discord, WTO Members Explore Compromises on Environmental Goods

Doha Round proposals for expedited liberalisation for trade in environmental goods risk destroying infant green technology industries in developing countries without benefiting the environment, Brazil's ambassador to the WTO argued last week. Roberto Azevedo, Brazil's WTO envoy, argued that negotiations under the Doha mandate for the reduction or elimination of tariff and non-tariff barriers to environmental goods and services (EGS) should include agricultural goods of particular interest to developing countries – not just industrial products.

Arguing that the chief objective of the negotiations was to deliver a 'triple-win' of environmental, developmental and trade benefits, he stressed that the EGS were "not market access negotiations nor should they be turned into super sectoral market access negotiations," in a reference to the sector-specific liberalisation initiatives that are part of the standard non-agricultural market access (NAMA) talks.

In his intervention in the Committee on Trade and Environment – special (negotiating) session,

Azevedo underscored the need for an outcome that offers measurable environmental gains along with improved trade opportunities for developing countries. He criticised discussions in the committee for failing to "shed any light on how the environmental and developmental dimensions of the Doha mandate are to be fulfilled through tariff reductions [and/or] elimination on a list of goods of interest to some members only."

The crux of Azevedo's critique is not unique to Brazil. Several other developing countries, such as India, China, Argentina, and South Africa, have been critical of a list of 153 environmental goods submitted for prospective tariff elimination by a group of mostly industrialized countries in 2007. They argue that many of the items on the list have non-environmental purposes, and in general coincide with the export interests of industrial countries more than with any objective environmental measure.

Despite the contentious backdrop, WTO members have been engaging in simulation exercises to see how tariffs on the proposed list of 153 environmental goods might be reduced as part of a Doha Round agreement. China last week presented the results for three major industrialised members – the United States, the EU and Japan – and three major developing countries, China, India and Brazil.

Simulations reveal potential tariff cuts for specific EGs

According to the Chinese document, the standard tariff treatment for developed countries being discussed in the NAMA negotiations (a 'Swiss' formula with a coefficient of 8) would reduce the US's average tariff rate on select environmental products from 1.31 percent to 0.94 percent. In the case of the EU, the average rate would fall from 2.01 percent to 1.45 percent. For Japan, the decline would be from 0.24 percent to 0.16 percent.

In contrast, China's own average tariff for the same set of products would come down from 7.59 percent to 5.02 percent using a "Swiss" formula coefficient of 20, one of the parameters under consideration for developing countries in the NAMA negotiations. In the case of Brazil, the

average applied tariff rate would fall much more dramatically, from 31.71 percent to 12.08 percent. For India, the average rate would go from 30.47 percent to 11.28 percent.

The move to highlight the relatively deep tariff cuts faced by developing countries was seen by many as a lever to secure special and differential treatment provisions, as well as technology transfer.

More simulations on the impact of tariff cuts on environmental goods, especially on trade flows, are expected shortly.

‘Hybrid’ approach presented

Mexico made a presentation on the ‘hybrid’ approach towards tariff liberalization. Mexico’s approach would see members undertake tariff-reduction commitments on a self-selected list of environmental goods, and then use a request-offer process to negotiate further commitments.

In another presentation on possible elements of a ‘hybrid’ approach, Singapore, Australia, Hong Kong and Norway proposed to have a core list of ‘single-use’ environmental goods, complemented by a selected list and a request-and-offer approach.

The presentations attracted a lot of discussion and interest particularly on the part of medium-sized developing countries that are neither big emitters of greenhouse gases nor likely beneficiaries of large-scale support for climate change mitigation and adaptation.

Several countries asked a lot of questions on the hybrid approach, and did not dismiss it out of hand.

Most members say they wish to see more constructive engagement in the EGS negotiations, and expressed the belief that there are many areas where the gaps can be bridged, despite the discord voiced last week.

Proponents of the hybrid approach will work in the coming weeks to prepare a more formal presentation in time for the next round of negotiations in mid-March.

ICTSD reporting.

IN BRIEF

Congress Votes to Preserve US Subsidies for Brazilian Cotton Farmers

A proposal in the US Congress to end annual payments of \$147 million to Brazilian cotton farmers, an obligation arising from a WTO dispute, was shot down in the House of Representatives last Friday, after Republicans voted against it by more than a two-to-one margin.

The amendment, proposed by Representative Ron Kind (Democrat-Wisconsin), was a part of a series of amendments to the government-wide spending bill voted on by members of the powerful House Appropriations Committee, the committee tasked with setting expenditures for the federal government.

Kind’s amendment would have eliminated payments resulting from a ‘framework agreement’ struck in 2010 as Washington sought to stave off \$830 million in WTO-authorized “cross retaliation” by Brazil against US goods, pharmaceuticals, and software. The threatened retaliation was the result of the US’s failure to bring its cotton subsidies in line with WTO Appellate Body rulings following its loss in a long-running trade dispute with Brazil.

The framework agreement established the US-based Commodity Conservation Corporation (CCC), which was to make annual payments of \$147 million to the newly created Brazilian Cotton Institute. Payments were to continue at least until the US could reform its cotton subsidy programmes under the 2012 farm bill, the omnibus legislation that governs the shape and value of subsidies for US farmers. The money goes to Brazilian cotton farmers in the form of a “technical assistance fund” – Washington effectively agreed to subsidise Brazilian cotton farmers in order to keep subsidising its own.

In the meantime, the US remains in breach of its WTO obligations while it maintains its illegal cotton subsidies, and the framework agreement is all that keeps Brazil from retaliating against US goods. Voiding the payments to Brazil would have reopened the door to retaliatory sanctions, which would have increased pressure in the US for cotton subsidy reform.

"It speaks to the lunacy of our current farm programs," Kind told National Public Radio about the framework agreement. "Brazil successfully challenged our program in the US. You would think our normal, reasonable response would be to fix our programs. Instead, a new program was created to buy off Brazilian cotton farmers."

Representative Mike Conway, a Republican whose Texan district is home to many cotton producers, argued that Kind's proposal amounted to "a vote to institute a trade war with Brazil," and would jeopardize the intellectual property rights of American companies.

Kind, a long-time proponent of farm subsidy reform, noted that with cotton prices "at an all-time high in the market place," farmers hardly need lavish government support. "And there is still the built up resistance in [Congress] to get to the hard work of reforming these farm subsidy programs."

ICTSD reporting: "GOP tensions flare over how deep to cut," PITTSBURGH POST GAZETTE, 19 February 2011; "US subsidies for Brazilian farmers," NATIONAL PUBLIC RADIO, 18 February 2011; "House defeat of Kind supports US govt agreement with Brazil," FIBER2FASHION.COM, 21 February 2011.

India, Malaysia Sign FTA

India and Malaysia last week concluded a free-trade agreement cutting tariffs on about 90 percent of bilateral goods trade and removing several barriers to services and investment flows.

Indian Commerce Minister Anand Sharma and his Malaysian counterpart, Mustapa Mohamed, signed the trade agreement on 18 February. The

negotiations were launched in 2008, but subsequently put on hiatus until 2010.

Expected to enter into effect on 1 July, the Comprehensive Economic Cooperation Agreement (CECA) goes beyond India's goods-only pact with the ASEAN bloc, of which Malaysia is a member. Not only are fewer goods excepted from tariff cuts, but several services sectors will be opened up for increased investment, such as construction, computer services, and consultancy services. The new agreement also includes provisions for temporary labour movement between the two countries, an issue negotiated by Malaysia for the first time.

The Malaysian government has estimated that the accord could double trade to \$15 billion by 2015.

The agreement does not include a chapter on intellectual property, and explicitly excludes compulsory licences issued under WTO rules from consideration under its provisions regarding expropriation.

Indian mangoes, bananas, guavas, cotton, motorcycles, trucks, and basmati rice will attract lower import duties in Malaysia as a result of the agreement. Malaysia will look to enter India's advanced biotechnology, software development, science and education markets.

The CECA was the second trade pact signed in the past two weeks by Anand Sharma; the Indian minister had concluded talks with Japan just a few days earlier. The Japan and Malaysia FTAs are congruent with India's "Look East policy" that intends to reduce dependence on Western markets.

ICTSD reporting: "India, Malaysia ink FTA," PRE-INSIDE.COM, 19 February 2011; "India, Malaysia sign Comprehensive Economic Cooperation Agreement," NETINDIAN, 18 February 2011; "India, Malaysia Sign FTA for Trade in Goods, Services," OUTLOOK, 18 February 2011.

Despite Deficit, White House Farm Subsidy Cut Proposals Face Tough Climb

The Obama administration's federal budget proposal for fiscal year 2012 includes cuts to US farm support programmes that would total more than \$4 billion over the next 10 years. Meanwhile, the budget proposed by Congressional Republicans would make no cuts to agriculture subsidies, in spite of the party's strong rhetoric about the need to rein in federal spending.

President Obama's budget calls for slashing \$2.5 billion in direct payments to wealthy farmers over the next decade. In addition, payments to insurance companies that take part in the federally backed crop insurance programme would be reduced by \$1.8 billion over ten years, according to a breakdown by the Environmental Working Group, a Washington-based NGO that analyses farm spending.

The call for cutbacks in farm subsidies comes at a time when commodity prices are booming and farmers have seen their profits jump, some as much as 27 percent within the last year.

Despite a yawning federal budget deficit projected to be in excess of \$1.6 trillion, analysis by the website Politico suggests that proposed farm subsidy cuts face an uphill battle if they are to become law. For one, many of the Republican leaders of key House committees, such as Agriculture and Appropriations, hail from farm states, and would likely block any changes that would jeopardise the flow of subsidies to their home districts. Moreover, with the next US agricultural policy-setting farm bill on the horizon, legislators are sure to resist drastic changes in spending this year.

House Republicans, who campaigned on pledges to slash federal spending, have focused on cutting food aid programs, such as a nutritional supplement programme for women and children, rather than cutting payments to cotton, corn, or wheat farmers, according to the Environmental Working Group. "It is unconscionable to propose cutting a program that puts food in hungry children's mouths while continuing to send

billions to farmers and landlords that are headed for a record profitable year," said Craig Cox, director of EWG's Iowa office.

While the Obama administration budget plan would cut certain direct payments to farmers and agribusinesses, it calls for investing an additional \$6.5 billion in biofuel development. Incentives to produce corn-based biofuels have been blamed for causing environmental damage and raising food prices, and criticised for dubious environmental benefits.

Nevertheless, US Agriculture Secretary Tom Vilsack stressed pointed to biofuels as a "growth" area in domestic agriculture at a press conference on Monday. "The growth opportunities in the 2012 budget are biofuels, additional research on livestock...and ecosystem markets and exports...and we want to make sure we don't jeopardise our capacity to grow our way out of this deficit in addition to cutting our way out of the deficit."

ICTSD reporting; Obama's budget would deeply cut farm subsidies," LOS ANGELES TIMES, 14 February 2011; "Ag spending targeted for cuts," AGWEEK, 22 February 2011; "Farm subsidies test GOP pledge," POLITICO.COM, 25 January 2011; "Obama would cut subsidies to wealthy farms," ENVIRONMENTAL WORKING GROUP, 14 February 2011.

EVENTS & RESOURCES

Events

ICTSD event

28 February, Geneva. ROUNDTABLE DISCUSSION ON BIOFUELS. This lunchtime event, organised by ICTSD, will feature an update and overview of the current status of biofuels trade, as well as of emerging issues and developments. There will be presentations covering EU sustainability criteria and their status under WTO law. The complex question of how to deal with indirect land use change in this context will be touched upon. The roundtable will take place at the WTO in room C from 13-15h, and will include a sandwich lunch. Please confirm your

interest to <aaseeva@ictsd.ch> by Thursday, 24 February.

Coming soon

23-25 February, Geneva. UNCTAD MULTI-YEAR EXPERT MEETING ON INTERNATIONAL COOPERATION: SOUTH – SOUTH COOPERATION AND REGIONAL INTEGRATION (THIRD SESSION). This expert meeting will explore how developing countries can use trade, investment and technology flows to support strong productivity growth, increased employment and rising real wages, without generating external imbalances and distortions that could slow down the catch-up process. Participants will discuss these issues in the context of growing economic linkages among developing countries, and will examine how South-South cooperation can ensure that these linkages complement the efforts to build productive capabilities in countries with different initial endowments, institutional histories and policy capacities. For more information, please consult the UNCTAD [website](#).

24 February, Washington D.C. PURSUING NEW INTERNATIONAL POLITICS: AN UNFINISHED GLOBAL REVOLUTION. Global Economy and Development at Brookings will host former United Nations Deputy Secretary General Mark Malloch-Brown for a discussion of the expanding role of international politics. In an ever-shrinking world, national problems, such as unemployment and environmental degradation, are rooted in international trends and are increasingly difficult for national governments to solve on their own. Lord Malloch-Brown argues for the need for stronger international organizations to make headway in important issues, including finance, public health, poverty and climate change. He contends that in the 21st century, we need to embrace more powerful international organizations to take on issues that are beyond the scope of national governments. Further 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.

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.

24 February: Dispute Settlement Body

1-2 March: Council for Trade-Related Aspects of Intellectual Property Rights

Other upcoming events

24 February, London. THE BEGINNINGS OF A NEW CHINESE WORLD ORDER. Organised by Chatham House. The author Martin Jacques will argue that the Western financial crisis has led to a major shift in power from the United States to China. Jacques will examine how China should conceive of and promote its rapidly expanding global role, and consider some of the drivers and essential characteristics of a new Chinese world order. For more information, please consult the [Chatham House website](#).

28 February – 1 March, Tokyo. CLIMATE CHANGE AND GREEN ASIA. Hosted by the Asian Development Bank Institute (ADBI), this inception workshop will discuss the concept paper, background papers, and relevant issues related to the ADBI study on Climate Change and Green Asia. This flagship study will examine how emerging economies of Asia can operate amid changing demands for low carbon development by focusing on six themes: development trajectory and GHG emission profiles, policies to affect sectors and firms in moving to a low carbon economy, harnessing individual and social lifestyle changes to address climate change, eco-technology innovations for a resource efficient green Asia, financing low carbon green growth and regional cooperation for managing the transition. More information is on the ADBI [website](#).

Resources

THE UNFINISHED GLOBAL REVOLUTION: THE PURSUIT OF A NEW INTERNATIONAL POLITICS. Penguin, February 2011. Former United Nations deputy secretary general and author Mark Malloch-Brown diagnoses the central global predicament of the twenty-first century: as we have become more integrated, we have also become less governed. National governments are no longer equipped to address complex global issues, from climate change to poverty, and international organizations have not yet been empowered to step into the breach. In this book, Malloch-Brown wrenches the discussion away from terrorism, nationalism, and Iraq and calls for a new global politics—a bigger league, with greater opportunity for all.

THE CHANGING WEALTH OF NATIONS: MEASURING SUSTAINABLE DEVELOPMENT. World Bank, January 2011. The World Bank's book contends that most countries are relatively highly dependent on natural capital initially, and the ones that progress most successfully are those that manage their assets for the long term and reinvest in human and social capital as well as in building strong institutions and systems of governance. A key goal is to properly value ecosystem services, such as coastal protection from mangroves and hydrological services from forests. The book is available [here](#).

FOREIGN FIRECT INVESTMENT IN TIMES OF CRISIS. By Lauge Skovgaard Poulsen and Gary Clyde Hufbauer. Peterson Institute for International Economics, January 2011. This paper compares the current foreign direct investment (FDI) recession with FDI responses to past economic crises. The authors find that although developed country outflows have taken an equally big hit as major developed countries have after past crises, outflows seem to be bouncing back more slowly this time. By contrast with the overall decline in recent years, inflows to emerging markets often remained stable during their past economic crises. Both patterns indicate that the global scale of the current crisis has led to a greater FDI response than after individual country crises in the past. The authors conclude by recommending that policymakers not just further liberalize FDI regimes—as they find was

the typical pattern during earlier crises—but rather use the downturn to rethink their FDI policies with an enhanced focus on "sustainable FDI" promotion. This document is available to download [here](#).
