



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

- Deadlock on Trade Policy in Washington Hurts  
Developing Country Exporters ..... 1
- WTO Doha Round: Indispensable or Irrelevant?  
..... 4

## OTHER NEWS

- Clean Energy Issue Rattles Canada-EU FTA  
Discussions ..... 5
- WTO, WIPO and WHO Examine Role of Patent  
Information in Access to Medicines..... 7

## IN BRIEF

- White House Report: WTO Doha Accord Key to  
Opening Markets in Brazil, India..... 9

## WTO IN BRIEF

- China Launches WTO Dispute Against US  
Shrimp Duties ..... 10

## EVENTS & RESOURCES

- Events ..... 10
- Resources ..... 12

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## LEAD STORIES

### Deadlock on Trade Policy in Washington Hurts Developing Country Exporters

Roses from Colombia, tuna from Ecuador, and tyres from Indonesia. These are just some of the products that have become more expensive for US consumers in recent months, as two trade preference schemes were allowed to lapse amidst partisan bickering over trade policy in Washington.

A trade preference scheme for Andean countries, benefiting mainly Colombia and Ecuador, expired on 12 February, as House Republicans refused to approve an extension in the absence of a clear timeline from the Obama administration for the Congressional passage of free-trade agreements with Korea, Colombia, and Panama. Extending aid to workers made jobless by imports had become legislatively linked to the Andean Trade Preferences Act; as a result, when the preferences lapsed, so did part of the Trade Adjustment Assistance programme.

Six weeks earlier, the US's longstanding Generalised System of Preferences, which afforded duty-free entry to some 4800 products from 131 developing countries, expired when its renewal was blocked by a single Republican senator objecting to its inclusion of Bangladeshi sleeping bags.

US importers of goods previously covered by the two preference schemes must now post bonds with US customs authorities worth the amount that would be levied under Washington's standard import duties for the products. This money could be reimbursed in the future, however, if the preference schemes are reinstated.

In the absence of an overall understanding between Congress and the White House about the US's broader trade agenda, "the collateral damage is that smaller things are not getting done," said Meredith Broadbent, a trade policy expert at the Washington-based Centre for Strategic and International Studies.

Broadbent, who was speaking about the Andean preferences, said that Congress seemed to be "in a logjam" about moving any piece of trade-related legislation. At the heart of the logjam are the three FTAs, which were negotiated by the George W. Bush administration but have yet to be ratified by the US Congress.

While the Obama White House has signaled that it would like to send the Korea FTA to Congress in a matter of weeks, it has been vague about dates for the Colombia and Panama FTAs. Several Congressional leaders, from both parties, would like a vote on the US-Colombia deal. Sixty-seven of 87 first-term Republicans in the House – many of them Tea Party-backed candidates whose views on trade have yet to take clear shape – sent Obama a letter on Tuesday urging him to send the three agreements to Congress for a vote by 1 July. It now seems unlikely that the House Republican leadership will let even the Korea agreement move ahead without greater clarity about the accord with Colombia.

In order to find a way out of the impasse, "Congress and the president need to decide how to process the Colombia FTA," suggested Broadbent, a former US trade official.

### **March meeting to provide hint of way forward?**

Signs of how the Obama administration intends to proceed may come on 9 March, when US Trade Representative Ron Kirk is set to testify before the Senate finance committee. In a joint letter two weeks ago, the Democratic chair and Republican ranking member of the committee, Senators Max Baucus and Orrin Hatch, asked Kirk to "come prepared to identify specifically any additional steps that the Administration believes Panama or Colombia should take; and provide a clear and expeditious timetable for moving both agreements through the US Congress."

Concerns about violence against union members in Colombia were what pushed some within the Democratic Party to argue that the FTA – even after having been renegotiated to meet Democrats' stipulations on labour and environmental standards – should not be ratified until Bogotá rectified the problem. Republicans have argued that violence against union leaders in Colombia is not inconsistent with that country's generally high homicide rates, and accused Democrats of simply pandering to their labour union supporters. The US-Panama deal has suffered from association with the Colombia agreement, although there are also concerns about Panama's status as a tax haven. (A similar FTA between the US and Peru was ratified by the US Congress in 2007 and has subsequently entered into force, supplanting the Andean preferences for Peru.)

Montana Senator Baucus was in the Colombian capital last week, where he spoke in favour of US ratification of the FTA. He said that Washington and Bogotá should "in the coming days and weeks... develop a specific plan that builds on the tremendous progress to date in strengthening labor rights and prosecuting labor violence" so that the FTA can be ratified as soon as possible this year. Baucus praised Colombia's work to ratify international labour conventions and protect union leaders, which he said have cut the murder rate among union members to one-sixth that among the general population. "This is remarkable progress," he said, "but the death of even one union member is one too many."

Baucus acknowledged the US's commercial interest in ratification: the FTA would gain the US over \$1 billion in annual exports in return for providing little more access than what it used to grant under the Andean trade preferences. As importantly, implementing the FTA would prevent US products from being displaced in Colombian markets by competing goods from current and future Colombian FTA partners like Brazil, Argentina, Canada, the EU, and Korea.

In the meantime, he promised to push for the renewal of the Andean trade preferences.

### **Colombia, Ecuador hit by uncertainty**

But as the CSIS's Broadbent noted, uncertainty surrounding the future of preferential market access is often enough to dissuade companies from sourcing products from preference beneficiary countries. Usage rates tend to increase the longer the preferential access is guaranteed; a five-year extension of the now-lapsed GSP programme was used much more than shorter extensions.

According to Analdex, a Colombian exporters' group, the Andean trade preferences covered some 61 percent of Colombian exports to the US between 2006 and 2010. Petroleum products accounted for the lion's share, or some \$6.7 billion of the \$7.8 billion in US imports under the preference scheme between January and October 2010, with the remainder divided mostly among flowers and plants, clothes, leather products, and shoes. For the same period of time, with average US duties for those products ranging from an 84 cent per barrel specific tariff on oil to 3.3 percent for flowers and 11.4 percent for clothing, Analdex estimates that the absence of trade preferences would have added \$163.4 million the US's import bill.

Analdex believes that the uncertainty surrounding the passage of the TPA will also dissuade US buyers from purchasing Colombian goods.

Ecuador uses the Andean preferences less than Colombia does. Ecuador's 2009 exports under the scheme were roughly half those of Colombia, with oil exports accounting for roughly 88 percent of the \$2.7 billion, according to the US commerce department. Cut flowers, tuna, and fruits and vegetables accounted for the rest. Nevertheless, and despite its government's often ambivalent relationship with Washington, Ecuador last week announced that it would seek the extension of the ATPA. News reports from the country suggest that exporters of broccoli fear losing market share to Mexico, which has an FTA with the US. Ecuador has moved to provide credit to exporters in an attempt to soften the blow.

### **TAA expansion blocked along with ATPA**

The speed with which hopes have soured for bipartisan cooperation on trade was underscored

by House Republicans' decision to block the renewal of expanded trade adjustment assistance for US workers as part of their attempt to pressure the Obama administration to bring the pending FTAs to a vote.

The White House pulled no punches in its response. "As a result of this inaction, 155,000 Americans will lose access to the job training they need to provide for their families and compete in the global economy," said Gene Sperling, director of the president's National Economic Council.

Trade adjustment assistance goes to workers displaced by imported goods, or by the movement abroad of factories – and more recently, of services-sector employers such as call centres. Benefits help workers maintain wages, re-train, and search for new jobs. The TAA programme was beefed up substantially in 2009; it is these expanded benefits that have now lapsed. While generally popular among Democrats, some Republicans have criticised the programme for being inefficient.

Jeffrey Frieden, a professor of political economy at Harvard, said that while the TAA programme has "a lot of flaws" – such as underuse by qualified workers – winding it down could further weaken public support for trade liberalisation.

Such support is not strong to begin with. The Pew Research Center reported last November that American public support for free trade agreements is at one of its lowest points in 13 years, with 44 percent of people polled saying that accords like NAFTA and the policies of the World Trade Organization have been "bad" for the US (roughly a third said they had been "good").

Trade adjustment aid has in some instances smoothed the transition of workers out of import-affected sectors, Frieden explained. In doing so, it "buys people out of their support for trade protection."

According to Frieden, assistance for people negatively affected by trade liberalisation helps consumers, because they do not have to pay the costs of protection, as well as producers, who get bought out of a declining industry.

“Unfortunately, it has become a partisan battle,” he said.

ICTSD reporting; “Ecuador: The broccoli exporters affected by Atpdea,” FRESHPLAZA (Source: El Universo), 23 February 2011; “Ecuador offers exporters collateral-free loans after U.S. trade decision,” FRESHFRUITPORTAL.COM, 17 February 2011; “GOP Freshmen Call on Obama to Tee Up Trade Deals,” WALL STREET JOURNAL (blog), 1 March 2011.

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## WTO Doha Round: Indispensable or Irrelevant?

The Doha Round negotiations at the WTO: indispensable, or irrelevant?

According to former EU trade commissioner Leon Brittan, the fate of the struggling multilateral trade talks is no less than the canary in the coalmine signalling whether the world’s governments might prove able to cooperate on more complex geopolitical and environmental challenges.

Speaking at WTO headquarters in Geneva on Wednesday, he said with governments already in agreement on “80 to 90 percent of what will constitute the final deal,” failure to conclude an accord could have “defining consequences” on governments’ capacity to tackle challenges collectively. “The shockwaves of any failure would be felt for a long time,” he warned. New negotiations would not be opened any time soon, leaving a growing gap between international economic rules and international economic realities.

A markedly different view came this week from the White House: the US president’s trade policy agenda for 2011 warned that the Doha Round negotiations risked irrelevance if they failed to do more to open up the markets of large developing countries like China, India and Brazil.

“For these talks to remain relevant, they must address the world as it is and as it will be in the coming decades,” argued the jobs-focused agenda, prepared by the US trade representative’s office

alongside a report on developments in the country’s trade relations over the past year. “Our requests of key emerging economies will continue to be based on the reasonable proposition that countries with rapidly expanding degrees of global competitiveness and exporting success should be prepared to contribute meaningfully towards trade liberalisation.”

The agenda reflected the stance taken by US trade negotiators over the past two years: that large, fast-growing developing countries must offer greater market-opening for manufactured goods, farm products, and services, if they want an agreement sellable in the US Congress. China, India, and Brazil have generally rebuffed the US’s demands as disproportionate to the reforms Washington is willing to undertake, particularly on farm subsidies.

The US report, released on Tuesday, argues that “the world has changed” since the mandate for the Doha Round negotiations was fixed in 2001. “The remarkable growth of emerging economies like China, India, and Brazil has fundamentally changed the landscape,” it argued, calling on “these emerging economies to accept responsibility commensurate with their expanded roles in the global economy.”

Brittan, who has been travelling around the world to drum up support for a Doha deal since becoming an advisor to UK Prime Minister David Cameron last year, was far more enthused about the market-opening on offer at the WTO. He argued that even the proposals currently on the table would represent “in terms of market access, the most ambitious multilateral trade round ever.”

As EU trade commissioner, Brittan was at the centre of the conclusion of the previous round of global trade negotiations, known as the Uruguay Round. In the late 1990s, he played an instrumental role in setting the stage for the launch of a new round of multilateral talks, which became the Doha Round.

While US and European business groups were vocally supportive of the Uruguay Round, which delivered new global rules for services trade and intellectual property protection alongside industrial market access, they have been notably

lukewarm about the current round of negotiations, a fact that many have blamed for its long stagnation.

Brittan said that while the international business community was supportive of the Doha negotiations, it was not giving it the priority it deserves, especially in the US. He said that he had been pushing US businesses to lobby their government in favour of the WTO talks, and added that he had been asking multinational corporations to express support for a Doha deal in countries where they have a significant commercial presence.

Talking with leaders in Latin America, Asia, the US, and Europe has persuaded Brittan to shed some of his gloom about prospects for a Doha Round deal. "Everyone sincerely wants to conclude the round, and would be prepared to do a bit more to do it," he said. The problem is that in order to offer up new concessions, everyone needs to do it simultaneously. "How do we get the carousel turning?"

Even if the carousel does start turning, it remains unclear whether Washington will be able to settle for what Brazil, China, and India are prepared to give, and vice-versa.

The president's trade agenda specifically calls for China to sign onto sectoral liberalisation initiatives for manufactured products "such as chemicals, information technology and industrial machinery." The US's insistence on the importance of sectoral initiatives has been controversial because of the negotiating mandate's specification that participation in them is to be voluntary. In addition, the report's section on prospects for 2011 in the WTO agriculture negotiations says that "the linchpin to Doha Round success will remain securing meaningful market access commitments," but makes no mention of farm subsidy cuts, a key priority for Brazil and many other developing countries.

Meanwhile, a Brazilian foreign ministry official last week said Brazil would not "do a bit more" in the Doha Round negotiations unless it received new concessions on agriculture.

Tovar Nunes, a spokesman for Brazilian Foreign Minister Antonio de Aguiar Patriota, said that Brazil was ready to work on the basis of terms for subsidy and tariff cuts discussed in the second half of 2008 – the same terms that the US has deemed inadequate – but would not make any new offers.

"It is unfair at this stage to ask countries like Brazil to increase liberalisation – unless there is movement in agriculture, but that is not likely," he said, reports Dow Jones.

Brazilian officials have complained that the sharp appreciation of their currency, the real, has already "wiped out" much of the protection afforded to manufacturers by tariffs, making additional concessions "unrealistic."

ICTSD reporting, "Brazil Can't Make New Concessions As WTO Talks Proceed – Spokesman," DOW JONES, 24 February 2011.

## OTHER NEWS

### Clean Energy Issue Rattles Canada-EU FTA Discussions

Transatlantic friction over Canada's vast bitumen oil deposits came to a head last week, after secret EU documents appeared to suggest that Ottawa had threatened to pull the plug on a prospective bilateral trade pact if Europe insisted on introducing an environmental clause for oil imports.

The documents, which came to light through access-to-information requests, suggest that Canada has lobbied the EU not to differentiate between tar sands oil and that from conventional sources when developing new fuel standards, going so far as to link it to the current negotiations on a Comprehensive Economic and Trade Agreement (CETA).

Canadian officials immediately denied the allegation, insisting that the fuel standard issue is being discussed outside the trade talks. "While of concern, this issue is not linked to our

commitment to productive free trade discussions with the European Union," Peter Van Loan, Canada's trade minister, said in an email statement.

Details of a briefing note prepared by EU officials for climate commissioner Connie Hedegaard were published by Reuters on 21 February. "Canada has been lobbying the Commission and member states intensively to avoid a separate default value for fuel derived from tar sands," it reportedly reads. "[Ottawa] has raised the issue in the context of EU-Canada negotiations on a Free Trade Agreement." Reuters cites unnamed sources close to the negotiations that support the details in the documents.

A separate briefing note revealed that discussions over an evolving European fuel-quality directive took place during a high-level meeting between Canadian Prime Minister Stephen Harper and European Commission President José Manuel Barroso during a Canada-EU summit last May. The directive in question would require transport fuel suppliers operating in the EU to reduce their lifecycle greenhouse gas emissions to 6 percent below 2009 levels by 2020.

The proposed directive also creates a division between conventional and unconventional oil sources, with oil sands classified as the latter. This opens the possibility that the standard would discourage European purchasers from buying Canadian tar sands oil. According to the briefing note, the two parties agreed to continue discussions, "in order to help broaden (the EU environment directorate's) understanding of the issues presented."

Speculation over the fuel quality directive escalated over 2010 until a document revealed that the EU would push back its ruling on the issue until December 2011 (see Bridges Trade BioRes, [11 October 2010](#)). Some speculated that the move indicated that the EU would be abandoning the initiative, but EU Trade Commissioner Karel De Gucht and Climate Commissioner Connie Hedegaard have reportedly been working diligently on establishing a reliable mechanism for accurately measuring the carbon footprint of fuels.

Experts say the EU is being extremely cautious about establishing scientific evidence to back the potential trade barrier, should Canada decide to take the issue to WTO dispute settlement.

Critics on both sides of the Atlantic have taken issue with a proposed investor-state dispute settlement clause in CETA that would allow corporations to sue governments if climate change regulations inhibited their ability to produce fossil fuels.

Environmentalists across Europe staged protests against the free trade pact last month, arguing that the clause would compromise the EU's ability to effectively regulate greenhouse gas emissions (see Bridges Trade BioRes, [7 February 2010](#)). Scott Sinclair, director of the Trade and Investment Research Project at the Canadian Centre for Policy Alternatives, a left-leaning research institute, says CETA poses a similar threat to environmental protection in Canada.

Sinclair says the governing Conservative Party of Canada will likely continue to push hard on the issue as a means of placating voters in the provinces of Alberta and Saskatchewan, which rely heavily on revenue from the oil industry and have historically been strong supporters of the party.

But the role of bitumen in the CETA negotiations is particularly notable because Canada does not currently export any oil to the EU. Sinclair says Canada is not concerned about the loss of potential markets, but rather the precedent it could create as other countries try to introduce emissions-curbing policies.

For their part, environmentalists in Europe say officials are obligated to establish rules on fuel quality as they try to meet pledges to cut greenhouse gas emissions by at least 20 percent from 1990 levels by 2020. EU member states have set themselves the same target date for increasing renewables' share in final energy consumption to 20 percent, and achieving a 20 percent increase in energy efficiency.

ICTSD reporting; "Tar Sands Row Threatens Canada-EU Trade Deal: Sources," REUTERS, 21 February 2010; "Trade talks could wreck climate



change measures, campaigners warn,” THE GUARDIAN; 31 January 2010; “Canada pressured EU over its green policy to protect Alberta's oilsands: Documents,” THE VANCOUVER SUN, 23 February 2010; “EU to tackle Canadian tar sands in new law –sources,” REUTERS, 23 January 2010.

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### WTO, WIPO and WHO Examine Role of Patent Information in Access to Medicines

The information in patent documents and applications can play an important role in improving access to medicines, said experts at a symposium on “Access to Medicines, Patent Information and Freedom to Operate” in Geneva last month.

Procurement agencies, research institutions, industry and other stakeholders need to know specifics about whether a product is patented in order to understand the constraints surrounding their attempts to devise strategies for the research and development of new medicines, or for improving access to these medicines in poorer countries. However, numerous gaps and challenges need to be addressed in order to ensure patent information is easily available and accessible.

The 18 February gathering was the second such symposium organised by the World Health Organization (WHO) the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO); the three joined hands last July to organise a conference on pricing and procurement practices related to access to medicines.

With the current era of austerity forcing governments to take a closer look at pharmaceutical expenditures, questions about affordability and access to generic medical products were inevitable, WHO Director-General Margaret Chan said in her opening remarks. If health officials were seeking to use their budgets efficiently by procuring lower-cost generics, they must do so with a good understanding of products' patent status. This was particularly true in the developing world, where there was a

“critical need for capacity to manage and apply intellectual property,” she said.

Francis Gurry, the head of WIPO, emphasised that one of the justifications for patent protection was the technology disclosure that went with it. “While this had not functioned effectively in the age of paper copies,” he said, “modern technology has made the information easily accessible.” New tools were helping to overcome access barriers, he said, pointing to PATENTSCOPE, WIPO's fast-expanding searchable database.

WTO Director-General Pascal Lamy, for his part, said that “Understanding what is actually going on out there — who is patenting what, where, to what effect — is central to the kind of policy discussions that take place in the WTO and elsewhere regarding TRIPS and initiatives for access to medicines.” He called for “an information platform that is accessible for all, usable by even those who lack technical or legal expertise, and which gives real-time information about the patent coverage of essential medicines.” The WTO chief praised the joint meeting as an example of how careful coordination among international organization secretariats can help them pursue their respective mandates more effectively.

“Freedom to operate” was defined by one of the speakers, WIPO's Anatole Krattiger, as the ability, from a legal perspective to assemble all the intellectual property rights for a specific product for a specific market and specific use. From a business perspective, he said, it is a product development and risk management strategy, one type of input among many that managers use when making strategic decisions in relation to research and development and product launch. Whether a drug has received patent protection in a certain country is not a barrier per se to freedom to operate, Krattiger noted: such freedom could be secured by a variety of legal means such as licensing, cross-licensing, third party opposition, compulsory licensing as well as R&D strategies such as inventing around and modifying the product.

Speakers at the meeting stressed the need for publicly accessible, easy-to-use databases with information on the administrative status of health-

related patents. Zafar Mirza, of the WHO's team on public health, innovation and intellectual property (PHI), said that patent information was increasingly important for public health not only in terms of "freedom to operate" vis-a-vis medicine procurement, but also in the field of technology transfer. In addition, he said "more transparent and accessible patent information would enable a more profitable use of TRIPS flexibilities," in a reference to provisions in WTO intellectual property rules that are intended to enable the pursuit of public policy objectives such as access to medicine or fairer competition.

Antony Taubman, who heads the WTO's intellectual property division, stressed the need to move "from data to accessible, trusted, neutral and relevant information that informs and illuminates policymaking processes, practical innovation and procurement strategies". Policymakers needed to be equipped to answer three important questions, he stressed: "What's going on out there? What does it amount to? What to do about it?"

A number of case studies presented during the symposium illustrated some of the challenges facing access and use of patent information. These included a joint project between the WHO, WIPO and the University of New Hampshire School of Law to determine the patent status of all 58 medicines added to the WHO's Model Lists of Essential Medicines since 2003, and a joint collaboration between WIPO and the Medicines Patent Pool to understand the patent status of anti-retroviral drugs.

According to the WHO's Richard Laing, patents do not at present appear to be a major barrier to access to essential medicines on the WHO Model List in low and middle income countries. Access was largely influenced by other factors, such as lack of knowhow or financing, and regulatory issues. However, he pointed to other non-patent barriers such as bilateral trade agreements with 'TRIPS-plus' intellectual property rules related to data exclusivity and patent linkage.

The discussion highlighted the gaps and limitations of patent information in light of the variety of data sources both public and

commercial, as well as the expertise needed to use the data.

Lutz Mailänder, a WIPO official, provided an overview of the global intellectual property body's patent information services and resources. Despite recent information technology-driven improvements, he said that patent offices, particularly in developing countries, in many cases still provided limited legal information. A 'one stop shop' for patent information was not totally out of reach, he added, but much work would need to be done.

Sophie Logez, from the Global Fund to Fight AIDS, Tuberculosis and Malaria, underscored the impact of access to patent information on drug procurement activities. "Management of intellectual property issues is a procurement bottleneck," she said, stressed that information is often available only from the originator company, and is not always consonant with other available information. A public list of basic and secondary patents of key products, along with an online database, could facilitate the procurement process, she said.

Tahir Amin of I-MAK (Initiative on Medicines and Access to Knowledge), who has authored a step-by-step guide on conducting patent searches for medicines for a WHO regional office, underlined that ten years after developing countries implemented the WTO TRIPS agreement, the international community was still "in the dark about patent information." He highlighted the complexity in the manner patent information is presented, which in turn requires excessive time and resources to be spent on patent information searches. As a result, he emphasized, patent offices need to re-define how they present patent information, so that it is in a form that is more accessible. This would also be a useful step towards more rigorous evidence-based patent policies, he added.

While commending the WHO, WTO and WIPO for cooperating to organise a second symposium on access to medicines, Amin said such meetings "ultimately need to be translated into specific actions in order to tackle the continuing challenges ahead in order to improve access to medicines."



The role of patent information in determining access to medicines has become more important since the implementation of the TRIPS Agreement required developing countries to accord patent protection to pharmaceutical products, which many of them used not to. Bilateral and regional free trade agreements with more extensive levels of intellectual property protection have been the subject of controversy surrounding their effects on access to medicines.

ICTSD reporting.

## IN BRIEF

### White House Report: WTO Doha Accord Key to Opening Markets in Brazil, India

Opening up the markets of Brazil, India and other emerging economies through an agreement in the Doha Round of WTO negotiations would play a crucial part in meeting Washington's goal of doubling US exports by 2014, the White House said last Wednesday in its [annual economic report](#).

The report – not to be confused with the US trade representative's trade agenda for 2011, released this week – was released by the president's Council of Economic Advisors a day after WTO Director-General Pascal Lamy cautioned government delegates in Geneva that “a major acceleration” in the Doha negotiations was necessary to conclude the nine-year-long talks by year's end. Analysts note that a failure to finalise an accord by then would result in deadlock at least until after the next US presidential elections in November 2012.

“The share of total US exports sent to mature trading partners has been declining for decades,” the report noted, while most future export growth is expected to come from emerging economies. For instance, in 2000, a year before China joined the WTO, only 2 percent of US exports were destined for the Chinese market. By 2009, China was the destination of 6.6 percent of US exports, and the fast-growing Asian giant had become America's fourth largest trading partner behind the EU, Canada and Mexico.

In contrast to China, the report said, US exports to Brazil, India, and other emerging markets have “leveled off” since those countries' initial liberalisation programmes in the mid-1990s. Unlike China, Brazil and India were founding members of the WTO, and did not need to undertake far-reaching market-opening commitments in order to join the global trade body.

The White House report calls for further trade liberalisation commitments from these emerging economies through the Doha Round “not only to enhance opportunities for US exporters...but also to increase opportunities for development-enhancing trade among developing countries.”

The report notes that major developing countries like Brazil, India, and China have significantly cut import tariffs over the past 20 years, but remain high compared to US levels. Brazil's implied import tariff is 13.6 percent, India's is 13, and China's is 9.6 compared to the US's 3.5 percent.

The report also cites a World Bank measure for evaluating a country's overall trade restrictiveness, with a higher number meaning more trade restrictions. On this index, Brazil's score is 20.3, India's is 18, and China's is 9.8 while the US has a score of 6.3, the EU 6.4, and Japan 11.3.

The prospect of increasing US exports to these countries and meeting its export goals for 2014 depends in part on how much further they are willing to cut import tariffs, the report said. In addition to the Doha negotiations, the US is in talks on a Trans-Pacific Partnership trade agreement with a number of Pacific Rim nations (some of which already have trade agreements with the US). The US has signed, but not yet ratified, FTAs with Korea, Colombia, and Panama (see related story, [this article](#)).

ICTSD reporting; Economic Report of the President, Executive Office of the President, February 2011; “Doha deal key to more exports to India, Brazil: US,” [MONEYCONTROL.COM](#), 24 February 2011; “WTO General Council: Lamy calls for ‘major acceleration’ in Doha talks,” [ICTSD](#), 24 February 2011.

## WTO IN BRIEF

### China Launches WTO Dispute Against US Shrimp Duties

The US finds its controversial practice of ‘zeroing’ in the line of fire again, as China on Monday initiated WTO dispute proceedings over Washington’s anti-dumping duties on Chinese shrimp.

Despite having lost several WTO cases on the issue, most recently against Brazil for duties on orange juice, Washington responded coldly to China’s challenge.

“The decision now by China to pursue new claims against the United States on zeroing only complicates resolution of this issue,” said Nefeterius McPherson, a spokesperson for the US trade representative’s office.

WTO rules authorise governments to levy ‘anti-dumping’ duties on goods it determines to be ‘dumped’, i.e., sold abroad for less than the price they command in the exporter’s home market, if they are injuring domestic competitors. ‘Zeroing’ refers to the practice by US commerce authorities of ignoring (or ‘zeroing out’) instances where imported goods cost more in the US than in the exporter’s market. Critics of zeroing argue that it artificially inflates anti-dumping margins, making them even more trade-restrictive. Last December, the US Department of Commerce proposed to end the use of zeroing in annual reviews of existing anti-dumping measures, in an effort to stave off retaliation from major trading partners (for more information on that proposal see [here](#)). The proposal is still open for public comment, but has drawn the ire of some lawmakers and industry representatives, according to Inside US Trade, a Washington-based trade publication.

China has decided to pursue what it sees as a legitimate claim. “Once the cancellation of zeroing was approved officially, it should have applied to all global trade cases,” Zhang Aiqing, a former director of the department of treaty and law in the commerce ministry, told China Daily.

At issue in the complaint are US anti-dumping duties on Chinese shrimp that date back to 2005. Initially fixed in the realm of 27 to 82 percent, the duties were dropped to 5 to 8 percent after Beijing successfully appealed to the US International Trade Commission (ITC), the quasi-judicial body that determines the rate of duties. Nevertheless, China’s Ministry of Commerce complains that the levies remain in violation of WTO rules, and continue to impair the interests of its shrimp producers.

The US ITC will next month vote on whether to extend its duties on imported shrimp from China and other countries for an additional five years. US shrimpers in the Gulf of Mexico are still reeling from the effects of last year’s massive BP oil spill, and have pushed for the extension of the duties.

China’s request for consultations is the first step in the WTO dispute settlement process. If the two sides cannot reach a negotiated settlement within 60 days, Beijing will have the option of requesting a panel to hear the dispute.

ICTSD reporting: “USTR statement regarding China’s decision to request WTO consultations on shrimp antidumping measures,” OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, February 2011; “US irked by China’s shrimp duty challenge at WTO,” REUTERS, 28 February 2011; “China calls for proper settlement of disputes over US anti-dumping duties on Chinese shrimp,” XINHUANET.COM, 28 February 2011; “China takes US to WTO,” CHINA DAILY, 1 March 2011; “Congress urges commerce to alter zeroing proposal, preserve flexibility,” INSIDE US TRADE, 25 February 2011.

## EVENTS & RESOURCES

### Events

#### Coming soon

7 March, Paris. WHAT SOLUTION FOR THE JAPANESE ECONOMY? This seminar, hosted by the Institut français des relations internationales

(Ifri), is organised around Richard Collasse, CEO of Chanel K.K. in Japan and chaired by Françoise Nicolas, Director at the Center for Asian Studies, Ifri. Collasse, a knowledgeable expert on Japan, will give his analysis on the economic situation in Japan and suggest some solutions to put an end to the archipelago's long crisis. More information can be found on the [website](#).

7 March, London. EXPANDING FRONTIERS IN GENDER AND DEVELOPMENT. March 8 marks the centenary of International Women's Day, a day that celebrates the economic, political and social achievements of women, and also serves as a reminder of the inequities still to be addressed. This Overseas Development Institute (ODI) event will aim to identify new frontiers in important areas of gender and development including gender-based violence, climate change, economic and social empowerment, and governance, with the possibility for highlighting promising new initiatives and the potential to go to scale. For more information, please refer to the ODI [website](#).

7 – 8 March, New York City. SECOND PREPCOM FOR UN CONFERENCE ON SUSTAINABLE DEVELOPMENT. This preparatory meeting for the 2012 UN Conference on Sustainable Development (UNCSD) in Brazil will focus on: a green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development. For more information, please see the UNCSD [website](#).

9 March, London. THE IMPACT OF INDIA'S RENEWED AFRICA ENGAGEMENT. Alex Vines, Head of the Africa Programme at Chatham House, will explore the nature and scope of India's Africa footprint, including the extent of its diplomatic and military efforts. Though India's relations with Africa receive less attention in the West than China's, sub-Saharan Africa's exports to India have almost trebled in the last five years and Indian-African business links - particularly in energy resources, precious metals and uranium - have boomed. India is also emerging as a non-Development Assistance Committee (DAC) donor and Africa has benefited. For more information, please refer to the Chatham House [website](#).

## WTO events

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

7 March: Council for Trade in Services

8 March: Trade Negotiations Committee (Informal)

9 March: Committee on Trade in Financial Services

9 March: Committee on Government Procurement

9 March: Council for Trade in Services

## Other upcoming events

25 March 2011, Geneva. TRADESIFT TRADE POLICY TRAINING COURSE. TradeSift is an innovative and powerful software tool designed to deliver highly cost effective trade policy analysis. It aids trade policy decision-making using readily available trade data, without recourse to complex and expensive economic modelling. The one-day Geneva course will comprise a demonstration of the capacities of TradeSift to aid the economic analysis of all aspects of trade policy analysis including RTA, unilateral and multilateral liberalisation and export market analysis using trade statistics from international and national sources at 6 digit level of disaggregation and beyond. This will be followed by 3 hours of hands-on training in the use of the software. The course will introduce TradeSift software and demonstrate its use in delivering rapid and reliable empirical analysis of trade policy choices at low cost in human resources, money and data. Further details about the software can be found [here](#).

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## Resources

IPC POLICY FOCUS: BIOFUEL AND FOOD SECURITY: TIME TO CONSIDER SAFETY VALVES? By Brian Wright. International Food & Agricultural Trade Policy Council, February 2011. The rapid increase of biofuel production from agricultural feedstock has driven grain prices higher and is keeping aggregate cereal stocks low, making the market unusually vulnerable to supply and demand shocks. Not only are commodity prices going through the roof again, but the prospect of further unrest in the Middle East has brought the price of oil over \$100 a barrel: at this price, the production of biofuels from agricultural feedstock becomes viable even in the absence of mandates and subsidies, and is likely to place further pressure on commodity prices. Serious consideration should be given to protection of the most vulnerable consumers who already spend a large share of their income on food. To read the full paper, download it [here](#).

THE SOFT NOTION OF CHINA'S 'SOFT POWER.' By Shaun Breslin. Chatham House, February 2011. Although debates over Chinese soft power have increased in recent years, there is no shared definition of what 'soft power' actually means. External analyses of soft power often include a focus on economic relations and other material sources of power and influence. Many Chinese analyses of soft power focus on the promotion of a preferred (positive) understanding of China's interests and identities overseas. Unpacking broad and inclusive definitions of soft power allows for the identification of different types and sources of power including national image promotion, normative power promotion and 'imagined power.' China's emergence as an alternative economic partner seems to be the major source of attraction for other developing states, though it remains difficult to separate hard, material factors from softer, attraction to values and world-views. This paper is available for download [here](#).

ENERGY EFFICIENCY IN BUILDINGS FACTS AND TRENDS. By the World Business Council for Sustainable Development, February 2011. 14 companies headquartered in 9 countries

have studied and synthesized an exceptional data set reflecting more than 100 billion square meters of building floor space and two-thirds of world energy demand. The result is a significantly more detailed view of the current state of energy demand in the building sector than has previously been compiled. Importantly, it concludes that all participants can immediately drive down world energy demand and reduce carbon emissions using technologies and knowledge available today. This paper is available for Russia and Japan [here](#).

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