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LEAD STORIES

Canada, Japan, Mexico Press for Entry into Trans-Pacific Trade Talks

Six months after expressing interest in joining the proposed Trans-Pacific Partnership (TPP) Agreement, Canada, Japan, and Mexico have yet to join the nine-country talks, with a high-profile bilateral meeting in Washington between the US and Japanese heads of state on Monday ending without a formal announcement regarding Tokyo's bid. Current TPP members are said to be still evaluating whether it is feasible to take on new members while also trying to clinch a deal by year's end.

The TPP negotiations – launched in 2005 among four countries, and eventually expanding to a group of nine – are three-quarters of the way done, according to Dominic Goh, director-general of international economics at Singapore's foreign affairs ministry, in comments reported by the Wall Street Journal. The administration of US President Barack Obama has made the accord one of the centrepieces of the White House trade agenda, with Obama hoping for a deal by the end of 2012.

The proposed pact currently includes Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam as members. Canada, Japan, and Mexico expressed interest in joining the talks in November 2011 at the annual Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting (see Bridges Weekly, [16 November 2011](#)).

Since then, current TPP members have been evaluating whether it will be possible to bring Tokyo, Ottawa, and Mexico City into the trade talks while at the same time preserving the desired level of ambition for the pact, and without slowing down the negotiating process. Back in

November, New Zealand Trade Minister Tim Groser acknowledged that such a task might prove difficult. “I don’t think anyone can seriously imagine that we can complete this negotiation with economies as important as these three by the end of 2012.”

All of the TPP negotiating parties are also members of the 21-country Asia-Pacific Economic Cooperation (APEC) 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.

However, as the three prospective new members work to shore up support among current TPP countries, complaints have emerged from some that the process is not moving quickly enough.

No deal announced after US President, Japanese Prime Minister meet

Japanese Prime Minister Yoshiko Noda met with Obama in Washington on Monday, a meeting that was widely acknowledged beforehand as unlikely to lead to an announcement regarding Japan’s TPP membership, despite earlier expectations to the contrary.

“We instructed our teams to continue our consultation regarding Japan’s interest in joining the Trans-Pacific Partnership, which would benefit both our economies and the region,” Obama said at a joint news conference with Noda following their meeting.

While the US has yet to make a final decision on Japan’s membership – with many members of Congress apprehensive over whether Tokyo will be willing to make sufficient market access concessions in various sectors – Noda has also struggled to build up support at home for the trade deal.

One of the main sticking points in consolidating both public and political support in Japan has involved agriculture, with critics fearing that farmers might struggle against losing import tariffs on some commodities, such as rice. Early last week, approximately 300 Japanese lawmakers adopted a resolution urging Noda not to declare during his Washington trip that Japan would

participate in the nine country talks, saying that doing so would be a “wrong political judgment.”

“The Japanese have been engaging in this incredible debate back in Japan on what TPP means for them. And it doesn’t sound, at least from what I’m seeing and hearing, that they’ve made any decisions yet,” Deputy US Trade Representative Demetrios Marantis told reporters in Washington last Thursday.

Mexican officials express frustration

Meanwhile, Mexican officials have lately voiced their frustration over the delay in getting their bid to join the talks approved. “We are waiting for the [US] Trade Representative’s office to go to the next level,” Mexican Economy Secretary Bruno Ferrari said on the sidelines of a World Economic Forum in Latin America event in Puerto Vallarta late last month.

“For some reason this has been delayed. Until everyone is in agreement, and the US is missing, we cannot advance,” Ferrari continued.

“We are undertaking a detailed and thorough process to evaluate the readiness of Mexico, as well as Japan and Canada, to meet the high standards and objectives of the TPP,” Carol Guthrie, a USTR spokeswoman, told Bloomberg last week in an e-mail.

“While we have made progress, we and other current TPP members have additional work ahead, including further consultations on issues that have emerged through our analysis and from input from Congress and stakeholders.”

Canada: Bids should be dealt with separately

In recent remarks, Canadian Trade Minister Ed Fast has said that it is unclear whether the applications will be dealt with jointly or separately, advocating, for his part, for the latter.

“Each of our economies – Japan, Mexico, Canada – have unique circumstances, unique challenges, unique trade barriers that the current partners want to have addressed,” Fast told Reuters.

“We believe it is to our benefit that our application be considered on its own merits rather than as a group,” he continued.

While Canada has recently won the backing of TPP member Chile, Ottawa is still working to gain support of other members, including Australia, New Zealand, and the US, with differences in agriculture reportedly one of the key stumbling blocks in the discussions with Wellington and Canberra.

“We’ve been very encouraged by the support we’ve been receiving,” Fast said earlier this week, noting that the majority of TPP members support Canada’s bid.

The pact, which members bill as a “21st century” agreement, will slash tariffs and other barriers to goods and services trade and investment; the goods covered will represent some 11,000 tariff lines. Negotiators also plan to incorporate into the pact issues involving regulatory coherence; competitiveness and business facilitation; small- and medium-sized enterprises; and economic development and governance, according to an [outline](#) released in November.

The next round of negotiations is scheduled to take place in the US city of Dallas from 8 to 18 May.

ICTSD reporting; “Mexico Says U.S. Stalling on Addition to Pacific Trade Deal,” BLOOMBERG, 23 April 2012; “Mexico, Canada reiterate interest in Asia-Pacific trade deal,” THE HILL, 3 April 2012; “US trade officials call for swift completion of Asia-Pacific trade deal,” THE HILL, 24 April 2012; “Lawmaker resolution to Noda: Don’t commit to TPP during U.S. trip,” JAPAN TIMES, 25 April 2012; “Calderon presses for US answer on Pacific trade pact,” REUTERS, 24 April 2012; “U.S., Japan still mulling regional trade pact: Obama,” REUTERS, 30 April 2012; “US Trade Official: No Deal Expected on Trans-Pacific Pact During Noda Visit,” WALL STREET JOURNAL, 26 April 2012; “Trans-Pacific Partnership Trade Talks are 75% Done – Singapore Official,” WALL STREET JOURNAL, 26 April 2012; “Canada making progress in trans-Pacific bid: Fast,” WINNIPEG FREE PRESS, 20 April 2012.

OTHER NEWS

US Senate Agriculture Committee Passes Farm Bill; Cotton Spat Unresolved

The Farm Bill process passed another milestone last week, after the US Senate Agriculture Committee approved its version of the omnibus legislation that supports agriculture, conservation, and nutrition. The US Congressional Budget Office [estimates](#) that the proposed legislation will involve a US\$26 billion reduction in spending over ten years.

An earlier proposal by the administration of US President Barack Obama had outlined a US\$30 billion cut; shortly thereafter, a budget proposal from the House Budget Committee had suggested a US\$33 billion cut. (See Bridges Weekly, [21 March 2012](#))

The Senate Agriculture Committee’s bill, or the [Agriculture Reform, Food and Jobs Act of 2012](#), eliminates direct and countercyclical payments, making crop insurance the biggest budget item. Among the commodities, wheat, cotton, and feed grains would see the largest decrease in government payments. Although overall spending is widely expected to be lower, it is likely to become more trade distorting – moving away from direct payments to support that may influence planting decisions.

The proposed legislation also outlines reductions in outlays for direct payments and for nutrition and conservation programmes, while mandating increases in crop insurance, extension, and horticulture over a period of ten years.

To become law, a similar bill must also emerge from the Agriculture Committee of the US House of Representatives and then be reconciled with the Senate version before being put up for a vote in both chambers. The bill will then require presidential approval to become law; the 2008 Farm Bill was vetoed by then-President George W. Bush, only for Congress to override the veto.

In recent weeks, the House Agriculture Committee has been holding hearings on its version of the bill in Washington and across the country. Cuts in spending on food stamps, or the Supplemental Nutrition Assistance Program (SNAP), are expected to be a key difference between the House and Senate versions of the legislation. The Republican Chair of the House Agriculture Committee, Frank Lucas of Oklahoma, has recently put forth what he calls a “common sense” [proposal](#) that achieves savings by reducing costs and closing loopholes.

A finalised bill from the House will likely emerge in the coming weeks as legislators and the farm lobbies push to conclude a bill in both chambers before the current Farm Bill expires on 30 September.

Trade minimally important, observers say

According to some observers, discussions on trade negotiations, particularly at the WTO, have not played a significant role in the Farm Bill debate to date. In Senate [testimonies](#) earlier this year, trade or WTO commitments were only mentioned by commodity-specific lobbies and the American Farm Bureau Federation.

The Secretary of Agriculture, Tom Vilsack, referred to record exports of US\$137 billion in 2011 and a historical record of 50 years of trade surpluses to underscore the importance of farming to the country’s trade position. A representative of the Rice Federation observed that increased spending in some developing countries will uncover “violations of WTO commitments,” while the National Cotton Council made the case that its proposals would resolve the US’ WTO dispute with Brazil. More recent [testimonies](#) from the House were no different.

Urban Lehner, Vice President of DTN Progressive Farmer, [summed](#) up the attitude of legislators towards the WTO as being one of “who cares.” Representative Collin Peterson, a Democrat from the US state of Minnesota, is quoted as saying that the “WTO is irrelevant” to the Farm Bill if the US is within its commitments at the global trade body. Peterson added that the Doha Round of trade talks would likely be a

failure if, as a “development round,” it encourages developing economies to view it as all take and no give.

Brazil weary of NCC proposal

The most discussed trade issue in the Farm Bill debate is perhaps a resolution to the *United States - Upland Cotton* dispute with Brazil. The high-profile dispute was put on hold in 2010, after the US agreed to pay Brazil US\$147 million annually in exchange for the South American country refraining from putting into effect promised retaliation. Both countries also agreed that US farm legislation would be modified to resolve the dispute.

A Brazilian official, speaking on condition of anonymity, observed that the National Cotton Council’s STAX proposal will likely “not be accepted as a solution” to the US-Brazil cotton dispute. “We were disappointed with the markup from the Senate,” he added.

STAX is the Stacked Income Protection Plan for producers of upland cotton, a programme meant to make up for losses beyond what is covered under ordinary crop insurance. Ambassador Roberto Azevedo, Brazil’s representative to the WTO, had earlier written to Congressional agriculture committees describing how STAX and other proposals would be trade distorting.

The final Senate Bill is “very close” to the Council’s proposal, Mario Jales, a cotton expert at Cornell University, told Bridges. A minimum price, generally considered more trade distorting, is now absent from the bill and was present prior to the markup process. He added that the draft legislation does “very little” to reform the marketing loan rate program. The marketing loan provision was found to be the “most trade distorting” element in the *United States - Upland Cotton* case, according to Jales.

In the absence of a satisfactory resolution to the dispute, three members of the House, led by Ron Kind, a Democrat from Wisconsin, have [sponsored](#) legislation to end the US\$147 million in annual payments to the Brazilian Cotton Institute. Critical of the STAX programme, Kind warned

that it “will surely be challenged again by Brazil at the WTO.”

ICTSD reporting; “Trade Is Traded Off in the Farm Bill Debate,” THE PROGRESSIVE FARMER, 27 April 2012.

UNCTAD XIII: Ministers Spar over Economic Crisis

The ongoing economic crisis took centre stage at the thirteenth ministerial meeting of the UN Conference on Trade and Development (UNCTAD XIII), as developed and developing countries sparred over how the UN agency should best tackle the crisis.

The six-day gathering, which closed on Thursday 26 April in the Qatari capital of Doha, also saw countries split as developed countries tried to curb what they saw as duplication of efforts across international bodies, and developing countries tried to resist what they feared was a concerted attack on an organisation that has historically championed their concerns.

Despite the disagreements, governments did manage to clinch a deal on the agency’s mandate for the next four years, following six days of negotiations and months of wrangling beforehand.

Contested outcomes

The UN agency meets at ministerial level every four years to set its priorities and host debates. This year’s gathering, on the theme of “development-centred globalisation,” resulted in consensus on the organisation’s work programme until the next such ministerial – spelt out in a document that was named the Doha Mandate – and a political declaration by the 194 member states called the Doha Manar, a word meaning ‘beacon’ or guiding light in Arabic.

However, in addition to debating what role UNCTAD should play in tackling the economic crisis and the question of whether it was duplicating the efforts of other international bodies, governments at the meeting also disagreed over whether and how to reaffirm the mandate

from the previous high-level gathering in Accra; how important it was to differentiate between the larger ‘emerging’ developing countries and poorer ‘least-developed countries’; and what language to include on controversial questions such as the status of the Palestinian Territories and Cuba.

A post-crisis development consensus?

Whether the organisation’s work over the next four years should address the causes of the current crisis, as developing countries wanted, or – as developed countries preferred – just its effects proved to be one of the major recurring topics of the six-day gathering.

Senior UN officials echoed the concerns about UNCTAD’s role in analysing the economic crisis in their opening remarks.

“UNCTAD XIII is the first major UN ministerial conference on trade and development since the fallout from the economic crisis and, as such, provides us with a good opportunity for such reflection,” UNCTAD Secretary-General Supachai Panitchpakdi [said](#) in his introduction to the six-day event.

Similarly, UN Secretary-General Ban Ki-moon [told](#) delegates that UNCTAD XIII must set the “foundations of the post-crisis development consensus,” in a statement delivered by Deputy Secretary General Asha-Rose Migiros.

Developing countries raise spectre of vote

Any such consensus proved strikingly elusive, though, as countries debated the draft outcome text. Indeed, the difficult talks led some to speculate that the event could end in a vote, rather than a consensus document – particularly following a statement by the G-77 and China last month that seemed implicitly to threaten that the group was willing to take the text to a vote if needed.

“Our development partners may have mistakenly thought that the question that confronts us today is whether or not we will have an outcome document... let me assure our partners that there WILL be an outcome document,” Ambassador Pisanu Chanvitan of Thailand said in a [statement](#)

on 13 April during the UNCTAD XIII preparations, on behalf of the G-77 and China.

“I didn’t get the sense that it would go to a vote, but the G-77 and China made pretty clear that it was ready to do so,” one observer who attended the conference commented, referring to the letter delivered by the Thai ambassador.

UN inspection report casts shadow over talks

The high-level gathering came shortly after the release of a report by the UN Joint Inspection Unit, which among other things criticised the UN trade and development agency for being “somewhat distant from the implementation of the UNCTAD programme of work, leaving too much room to the secretariat to take the lead in the process.”

“There was a chance that the conference would not have continued beyond the first day,” one source sighed, while another explained that the report had become a “political football” in last week’s talks.

After initial disagreements, the issues raised in the report were eventually addressed in the final text of the mandate, which included language about enhancing the efficiency, effectiveness, transparency, and accountability of the UN agency, “including through effective results-based management and ensuring a member state-driven process through the intergovernmental machinery.”

Breadth of the mandate spurs debate

Much of the controversy during the six-day talks centred on whether or not to include language “reaffirming” the Accra Mandate from the previous UNCTAD ministerial meeting in 2008, which some developed country negotiators argued was too broad.

Some critics claimed that the developed country request not to “reaffirm” the Accra mandate was geared at limiting what UNCTAD can say regarding the financial crisis, issues that they say is outside the UN agency’s core mandate on trade and development.

Developing countries, for their part, argued that the UNCTAD mandate should include work on issues such as the financial and economic crisis, global economic governance, technology transfer and intellectual property rights, and climate change, among other topics.

“At Accra we came out with a most comprehensive mandate, which allowed us to deal with climate change, for example,” Supachai said in comments to the Guardian ahead of the event. “We can understand why advanced countries think we might be moving too much into other people’s areas.”

Ensuring that the mandate remained broad was a key concern of developing countries, as was the fear that “the text that we had had been watered down so much,” one delegate from a G-77 and China country commented.

“If you assess it, it was Accra-minus,” he said. “So, for it to have a foundation to have something that could inform the work programme for UNCTAD for the next four years, it was important to reaffirm Accra.”

Developed country negotiators, meanwhile, argued that avoiding duplication was key to achieving meaningful results.

The final language in the Doha Mandate directed UNCTAD to “continue to work within its mandate ... while enhancing synergies and promoting complementarities with the work of other international organisations.” Earlier drafts had proposed that the UN agency’s work be conducted “without prejudice” to the work of other organisations, and later “without duplication” of this work.

‘Green economy’ also sparks tension

While developed countries wanted the text to mandate UNCTAD to work on the ‘green economy’, sources told Bridges that developing economies expressed fears that the language could make it easier for countries to introduce protectionist measures on environmental grounds.

Intellectual property and technology transfer also proved contentious, with developing countries

calling for a text saying that such transfer is important for development. Developed country negotiators, for their part, reportedly argued that transfer of technology should take place only on a consensual basis.

Acrimonious debates, 'bland' outcome

For all the disagreements, the final document was ultimately "quite bland," one negotiator who had participated in the talks observed.

"We didn't need six months of negotiations to agree this," the source commented, who questioned how much genuine difference of opinion there was between countries on the issues under discussion.

Ultimately, the character of the debates was symptomatic of the broader crisis in multilateralism, the official acknowledged – pointing to the Rio+20 negotiations in New York as a process that was also "not going well."

ICTSD reporting; "Unctad criticises inconsistent attempts at global financial reform," THE GUARDIAN, 20 April 2012.

Lamy: Continue Moving in 'Small Steps' on Doha

Five months on from the eighth WTO ministerial conference, members are still looking at options for moving out of the Doha Round impasse, with the contentious issues of industrial market access and agriculture having seen little progress during recent negotiations in Geneva.

"Clearly, the situation has not evolved much since my last report," WTO Director-General Pascal Lamy told members at a 1 May meeting of the General Council, the WTO's highest decision-making body outside the ministerial conference.

"But at the same time, my conversations over the past few weeks with ministers and delegations have provided me with a sense that members wish to continue to explore any opportunities to gain

the necessary traction and make tangible progress soon."

Ministers at December's ministerial had declared the Doha Round of trade talks – now in their eleventh year – at an impasse, with members encouraged to explore different negotiating approaches and advance the trade talks in areas "where progress can be achieved." (See Bridges Weekly, [14 December 2011](#))

Tuesday's General Council meeting – the second since the December ministerial – focused little on agriculture and industrial market access, the two areas that have generated the most contention in the round, sources confirmed to Bridges, an omission that Australia highlighted in its comments to the group.

There needs to be "some level of engagement" among the membership to find ways to address these issues in the future, Australia said.

To that end, several ambassadors are gathering this week in Corfu, Greece, together with the Director-General, in an EU-hosted meeting to examine the current state of play and what, if anything, can be done to move the negotiations forward, sources confirmed to Bridges after the General Council meeting.

The meeting in Corfu includes various "key players of the Round," one developing country official familiar with the discussions said, and could provide a "relatively fair indication of whether progress can be made [in the trade talks]" as ambassadors evaluate the elements of political guidance that were agreed at December's ministerial.

"I would say that this meeting now taking place is probably going to be the first serious attempt to come up with something after the ministerial meeting in December," the official added.

Progress in trade facilitation?

One area of the negotiations that has the potential to soon see progress is trade facilitation, Lamy told delegates on Tuesday, noting that discussions with ministers from the Group of 20 major economies in the Mexican resort city of Puerto

Vallarta last month showed a “collective acknowledgement of [trade facilitation’s] win-win potential for all members,” so long as technical assistance and capacity-building for developing countries and in particular least developed countries (LDCs) is provided.

“It’s heartening that, in Puerto Vallarta, there was practically a convergence of opinion that [WTO] members might be able to achieve a result in this area,” one delegate familiar with the G-20 discussions commented.

While several delegations at the General Council spoke in favour of moving the trade facilitation discussions forward, India stressed that – while the issue is important – the subject should not be divorced from the “overall context of the delicate balance of trade-offs negotiated during the Doha Round,” in order that issues of interest to developing countries be “given equal priority and concluded simultaneously.”

The issue “cannot be viewed in isolation,” India added.

However, sources commented, some developing countries in their interventions expressed support for moving the trade facilitation talks forward without linking or making them conditional with progress in other negotiating areas.

Instead, some developing country members argued that the linkages should instead be within the trade facilitation talks themselves, in terms of matching resources with commitments. Similar concerns were also raised by some developed country members, with the EU stressing that any agreement in this field should include technical assistance and capacity-building procedures.

“In any case, [trade facilitation and dispute settlement] are subjects where a majority of the membership does have an interest,” one developing country official commented.

After the meeting, however, some members expressed scepticism in comments to Bridges over whether moving trade facilitation forward in the near future would indeed be feasible.

Protectionism, global value chains

The gathering comes amid concerns of rising protectionism among some members, particularly in light of new trade statistics by the global trade body showing that trade growth is likely to continue slowing in 2012.

“So far, although protectionist pressures have been reasonably contained, recent worrying slippages in the form of trade restrictive measures have been registered,” Lamy told members.

Protectionism fears and global value chains were also high on the agenda last month when G-20 trade ministers met in Puerto Vallarta.

“There was a shared sense that global value chains today require a new trade narrative, where imports matter as much as exports; where both imports and exports contribute to job creation and to growth,” the Director-General said, adding that this is not a “new issues versus old issues” situation.

Multi-stakeholder panel

The creation of a multi-stakeholder panel by the Director-General to assess current and future trade challenges – an initiative first announced at the December ministerial, and elaborated on in recent weeks – sparked a cautious response by some delegations at Tuesday’s meeting.

A number of members – including Brazil, India, and South Africa – stressed in their interventions that, while they welcomed the formation of the panel, the future of the WTO and any rules or obligations emanating in that direction must remain within the purview of members. Any of the conclusions of this panel are not necessarily those of the WTO membership, they added, and are conducted under Lamy’s own responsibility.

“Whatever comes from WTO must be agreed by all members, it’s a member-driven organisation,” one emerging economy official commented.

India, for its part, also criticised the process used in creating the panel, arguing that members were not involved in its composition and that the panel lacks sufficient representation from small and

medium enterprises, experts in the field of trade and development, or civil society.

ICTSD reporting.

EU, Argentina Oil Company Row Gains Steam

Harsh words continue to fly between the EU and Argentina following Buenos Aires' nationalisation of Spanish-owned oil and gas company Repsol YPF, as the legislation associated with the takeover makes its way through the Argentine Congress. Meanwhile, in Geneva, Argentina's import policies have again come under fire at the WTO, with several members – including the US, EU, and Japan – criticising Buenos Aires' licensing process and requirements at a meeting last Friday.

Argentine foreign minister: De Gucht's comments 'unacceptable'

European Trade Commissioner Karel De Gucht's recent comments about Argentina's commercial policy were "unacceptable," Argentine Foreign Minister Héctor Timerman said last Thursday in response to a communiqué sent the previous week by the EU trade chief that criticised the YPF takeover and Argentina's import measures.

"Your comments over Repsol YPF have surprised me both for their focus as well as for their tone. The reaction is disproportionate and the focus deserves a much more detailed analysis," he said.

Responding to De Gucht's concerns regarding the impact of Buenos Aires' commercial policies on its trade and investment relations with Brussels, Timerman stressed that the Repsol takeover is instead geared toward "generating a more predictable economic environment, in favouring the consolidation of the country's growth without the fear that future energy restrictions could limit our economy's expansion."

"Argentina fulfils its international obligations and the trade policies it adopts are transparent and consistent with the norms and commitments made at the World Trade Organization," Timerman added.

Tensions have been running high between the 27-member EU bloc and the South American country following Argentine President Cristina Fernández de Kirchner's announcement in mid-April that her government would be expropriating Repsol YPF.

At the time, Kirchner argued that the Spanish-owned company had not sufficiently invested in new oil production and had, in turn, caused Argentina to have to become an energy importer. (See Bridges Weekly, 18 April 2012)

The legislation was recently approved in the Argentine Senate by a wide margin, and will move next to the Argentine Chamber of Deputies, which is expected to sign off on it on 3 May.

The announcement, while popular in Argentina, sparked outcry from Spanish and European officials and concern by various countries over the investment climate in the South American country, along with prompting threats from Madrid that it would respond in the areas of trade, energy, and diplomacy.

Along with De Gucht's letter, EU officials also cancelled a bilateral meeting with Argentine officials that was meant to discuss trade and economic issues, a move that was followed shortly thereafter by the European Parliament's approval of a non-legislative resolution asking the European Commission to consider partially suspending preferential trade treatment for Argentine exports.

At the time, MEPs also urged the Commission to use "all appropriate dispute settlement tools available at the WTO and G-20" to respond to the move. (See Bridges Weekly, 25 April 2012)

De Gucht has since said that Brussels is looking at "all tools at our disposal to give an effective response," telling a European Parliament committee that Argentina's decision is both damaging to Spain and the EU as a whole, as well as to the "future prosperity" of the Argentinean people.

Spanish biodiesel decision ‘unacceptable discrimination,’ Timerman says

In the same letter, the Argentine foreign minister also criticised Spain’s recent decision to effectively curtail imports of Argentine biodiesel. The move “represents an unacceptable discrimination which, if it is not corrected by the EU, affects half of our exports to Spain or 10 percent of our total exports to the EU,” he said.

Madrid announced on 20 April that it would be offering incentives to prioritise the use of Spanish and EU biodiesel in response to Buenos Aires’ expropriation of Repsol YPF, a move that may in turn reduce imports of biodiesel from Argentina – the world’s leading supplier of soyoil and soy-based biodiesel.

Spanish biodiesel imports from Argentina amounted to 750 million euros in 2011, according to government statistics and Spain’s Renewable Energy Producers Association (APPA, by its acronym in Spanish). (See Bridges Weekly, 25 April 2012)

Spanish officials have also said that Argentina’s takeover of Repsol YPF could impact the ongoing trade talks between the EU and South American customs union Mercosur, of which Argentina is a member, which have already hit multiple snags in their thirteen-year run.

According to comments made by Spanish Foreign Minister José Manuel García-Margallo, the EU is currently considering whether to move forward with preferential agreements with the four-country bloc – which also includes Brazil, Uruguay, and Paraguay – “if Argentina does not respect the rules.”

Import policies criticised at WTO committee

Argentina’s import policies, which were also addressed in De Gucht’s letter, again came under fire at the WTO last Friday as a group of over a dozen members expressed concern over the impact of such measures on their producers and traders at a meeting of the global trade body’s Import Licensing Committee.

Referring to the complaint raised by several members at the 30 March meeting of the Council on Trade in Goods, they asked that Buenos Aires explain in detail and in writing how its import licensing measures – which some members reportedly described as “protectionist” – correspond with Argentina’s WTO obligations.

Among other concerns, the members called into question whether Argentina – as a member of the Group of 20 leading economies – was living up to the group’s declarations against rising protectionism, and argued that the licensing is more burdensome than necessary and takes longer than the 30-60 day maximum for non-automatic licenses set out in WTO rules.

In response, Buenos Aires said that, while it would not repeat the answer given at the Goods Council in March, its measures were indeed WTO-compatible. The South American country also stressed that statements made outside the global trade body, such as in the G-20 context, should not be raised at the WTO.

The members raising questions about Argentina’s policies included Australia, Canada, Chinese Taipei, Colombia, Costa Rica, the EU, Japan, Korea, New Zealand, Norway, Peru, Switzerland, Thailand, Turkey, and the US, who together argued that the measures were leading to exports to Argentina being either delayed or declined entirely.

ICTSD reporting; “Spain says Argentina could hinder EU-Mercosur free-trade talks over hostile Repsol takeover,” ASSOCIATED PRESS, 27 April 2012; “EU reaction to YPF takeover ‘unacceptable,’” AFP, 27 April 2012; “Argentina Calls EU Trade Commissioner Comments ‘Unacceptable,’” WALL STREET JOURNAL, 26 April 2012.

IN BRIEF

Rapporteur Urges EU Parliament to Reject Anti-Counterfeiting Pact

The controversial Anti-Counterfeiting Trade Agreement (ACTA) hit a new roadblock last week, as ACTA rapporteur David Martin formally asked the EU Parliament to reject the accord due to its possible impacts on civil liberties, suggesting instead that the Commission look for alternative solutions for Europe to protect its intellectual property.

“The European Parliament cannot guarantee adequate protection for citizens’ rights in the future under ACTA,” Martin warned in his recommendation.

ACTA is a plurilateral trade pact seeking to strengthen global standards for the enforcement of intellectual property rights in order to combat counterfeiting and piracy.

For the EU, the pact will become legally binding when signed and ratified both by the EU as a bloc and by its 27 member states individually. The EU Parliament’s express consent is needed before the agreement is adopted.

Growing concerns about ACTA – including protests throughout the continent – led the European Commission to refer the pact to the European Court of Justice earlier this year, whose legal opinion on the accord’s compatibility with EU law is still pending (See Bridges Weekly, 22 February 2012).

Martin: ACTA may cause more harm than good

Earlier last month, Martin released a draft recommendation to the EU Parliament expressing the same concerns that he officially presented to the EU International Trade Committee (INTA) last week. The document cautioned against ACTA’s ambiguities with regard to individual criminalisation, the definition of “commercial-scale” counterfeiting and online piracy, the role of

internet service providers, and the possible seizures of in-transit generic medicines.

“The intended benefits of this international agreement are far outweighed by the potential threats to civil liberties,” Martin stated in the recommendation.

However, Martin acknowledged that intellectual property is “the raw material of the Union” and recognised that “the problems which ACTA seeks to address are real and growing,” inviting the European Commission to come up with new proposals to protect European intellectual property.

Martin also mentioned the possibility of renegotiating the agreement and suggested that the Commission might be able to “go back to other contracting parties” to modify the present text of the treaty after a rejection from the Parliament.

Continued apprehension about agreement’s impact on internet freedoms

Martin’s recommendation followed an opinion by the European Data Protection Supervisor (EDPS) – an independent authority appointed by the EU Parliament and the European Council devoted to protecting personal data and privacy – which highlights various concerns about the implementation of some provisions of the treaty in the digital environment.

The EDPS underscored that the ACTA provisions regarding intellectual property rights (IPRs) enforcement on the internet “raise concerns from a data protection perspective [and] are highly intrusive to the private sphere of individuals.”

“The indiscriminate or widespread monitoring of internet users’ behaviour ... in relation to trivial, small-scale not for profit infringement would be disproportionate,” notes the document, adding that such measures would also be in violation of EU law.

Meanwhile, Marielle Gallo, the ACTA rapporteur for the EU Committee on Legal Affairs (JURI), expressed her support for the pact and proposed

that the EP give its consent. JURI is one of the four committees that is expected to submit an opinion to the INTA prior to the trade committee issuing its recommendation to Parliament.

“ACTA does not create new intellectual property rights for the Contracting Parties. In other words, that which is currently protected by European legislation remains protected; that which was not protected is still not protected,” Gallo stated.

The INTA has postponed its vote on a final recommendation to the EU Parliament until June to allow more time for discussions and let other committees draft their opinions. The final Parliamentary vote is expected to take place in July.

ICTSD reporting; “ACTA: reject and maybe renegotiate,” says European Parliament rapporteur,” INTA, 25 April 2012; “Euro MP David Martin dismisses anti-counterfeiting treaty,” BBC NEWS, 16 April 2012; “EU privacy chief warns of internet spying threat,” REUTERS, 24 April 2012.

Fears Dissipate Over Further Restrictions against Imports of US Beef

The possibility of widespread measures restricting beef imports originating from the United States appears to have faded, following an initial scare over the 24 April announcement that a cow in the US state of California had tested positive for mad cow disease.

Canada, Japan, Mexico, and South Korea, the four largest purchasers of US beef, have said that they do not plan to restrict beef imports. However, South Korea and Taiwan are performing additional tests on beef imports originating from the US, and Taiwan is seeking permission to send officials to tour US slaughterhouses.

To date, the only nation that has announced trade restrictions is Indonesia, which has enacted an indefinite ban on imports of US beef. With Indonesia accounting for just 0.6 percent of the international consumption of United States beef,

the measures are destined to have only a small impact on trade.

Indonesia has not said how long its ban might last. For the time being, Indonesia “will continue to monitor the situation and seek information from the US authorities,” according to Agriculture Minister Suswono.

US Trade Representative (USTR) Ron Kirk responded by saying that restrictions on agricultural trade should be based only on scientific evidence. “We would expect that Indonesia would quickly re-open its market to consumers for US beef products,” he added.

The mad cow condition is a neurodegenerative disease in cattle scientifically known as bovine spongiform encephalopathy (BSE), which can be transmitted to humans who eat parts of an infected cow.

Health officials in the US have said that the recent mad cow incident poses no risk to the food supply, given that the cow in question was never intended to be used for its meat. Also, scientists have discovered that the cow contracted the virus through a rare mutation, not through the type of feed contamination that has caused larger incidents in the past.

Despite the confined nature of the incident, the international beef trade remains fragile. Three earlier cases of mad cow disease in the US between 2003 to 2006 unleashed harsh international restrictions against US beef that have not been entirely removed.

For instance, Japan banned the import of US cattle products in 2003, a decision that has never been fully reversed. While Japan later decided to allow imports of cattle aged 20 months or younger – given that research showed older animals to be more likely to contract the illness – the Asian country still only imports around half as much US beef as it did during its peak back in 2001.

In recent months, Japan has considered allowing meat from cows slaughtered at more than 20 months of age to enter the country – a move that would greatly increase imports. According to Susumu Harada of the US Meat Export

Federation, “there is still about 45 percent room for growth.”

However, analysts note that any further mad cow incidents could push in the opposite direction, spurring additional import restrictions. Indonesia’s decision “is a reminder that there’s a risk of more import bans to come if the situation in the US worsens,” Carsten Fritsch of Commerzbank AG commented to Bloomberg.

ICTSD reporting; “Holstein with Mad Cow Disease was Lame, Lying Down,” ASSOCIATED PRESS, 27 April 2012; “Cattle Extend Rally as Mad Cow Fails to Slow Demand,” BLOOMBERG, 26 April 2012; “Mad Cow: Latest Episode Raises Questions About Cattle Feed,” CHRISTIAN SCIENCE MONITOR, 28 April 2012; “Indonesia Should Quickly Reopen Market to U.S. Beef: Trade Representative Kirk,” REUTERS, 26 April, 2012; “New Mad Cow Case Threat to U.S. Beef Exports to Japan?,” WALL STREET JOURNAL, 25 April 2012.

WTO IN BRIEF

Montenegro Joins WTO; Samoa Accession Imminent

Montenegro formally joined the WTO on 29 April, becoming the 154th member of the global trade body. Samoa is expected to follow suit next week, with its accession set to become formalised on 10 May.

The membership of both countries was approved by members at last year’s WTO Ministerial Conference; Samoa’s accession will mark the fifth entry of a least developed country (LDC) to the global trade body since 1995. (See Bridges Daily Update, [18 December 2011](#))

“The accession chapter is now closed,” WTO Director-General Pascal Lamy said. “The membership path is now fully open. I look forward to working with Montenegro and Samoa to help them become full and active members of the global trading system.”

Montenegro, which began its accession bid in 2004, has a population of 631,000 and recorded a GDP of US\$4 billion in 2010.

The commitments outlined in Montenegro’s membership package include binding all tariffs in goods, with an average final bound rate of 5.1 percent. It has also made specific commitments in all 11 core services sectors, and pledged to provide a transparent and predictable environment for trade and foreign investment.

As part of its transparency commitments, Montenegro will establish an official journal dedicated to the publication of all legislation related to international trade two years following its accession.

The Balkan country is also joining the Information Technology Agreement (ITA), and is becoming a signatory to the Trade in Civil Aircraft Agreement; in addition, Montenegro will begin the accession process to join the 42-member Government Procurement Agreement (GPA).

The Pacific island nation of Samoa, for its part, has a population of 179,000, and recorded a GDP of US\$534 million in 2008. Samoa initially applied for membership in 1998.

As part of its commitments, Samoa will fully apply all WTO provisions from the date of accession, requiring transitional periods only in the areas of intellectual property rights, transparency, customs valuation, the import ban on left-hand drive vehicles, vehicles older than 12 years, and turkey tails and turkey tail products, as well as tax treatment of imported and domestic primary products.

Under the terms of Samoa’s accession package, the island nation will apply an average final bound rate of 21 percent on goods, and will bind at zero all other duties and charges in its schedule of concessions and commitments. It has also made specific commitments on 10 services sectors and on 81 sub-sectors.

The accession of Russia, while also approved by WTO members at the ministerial gathering, still needs to be ratified by its parliament before

becoming final; the ratification is expected by summer.

The last member to join the global trade body was Cape Verde, which acceded in 2008.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming soon

9 May, Geneva, Switzerland. **PLURILATERAL TRADE AGREEMENTS: IN OR OUT OF THE WTO? MFN OR PREFERENTIAL?** This event, organised by the Graduate Institute's Centre for Trade and Economic Integration, will feature a presentation on plurilateral trade agreements by Joost Pauwelyn, a professor of international law at the Graduate Institute. The presentation will then be followed by a roundtable discussion, featuring Ambassador Roberto Azevedo of Brazil; WTO Chief Economist Patrick Low; Xiankun Lu, Counsellor, Permanent Mission of China to the WTO; and Gabrielle Marceau, counsellor at the WTO and associate professor at Geneva University Law School. The discussion will be moderated by Richard Baldwin, professor of international economics at the Graduate Institute. For more information, or to register, please visit the [web page](#).

10 May, Geneva, Switzerland. **RIO+20: CHALLENGES, OPPORTUNITIES, RESPONSES.** This event, held at the University of Geneva, will focus on the upcoming UN Conference on Sustainable Development, also known as Rio+20. The event is part a new trans-disciplinary programme organised by the University of Geneva and the UN Environment Programme that aims to improve policy and decision making with regards to global environmental challenges. The speakers at this conference will exchange their perspectives on issues that are increasingly treated along the "North-South" divide and give insights about what the world can expect from Rio+20. For more information, please visit the [website](#).

9-12 May, Tegucigalpa, Honduras. **INTERNATIONAL CONFERENCE ON AGRICULTURE AND ENVIRONMENT.** This conference is organised around the theme "Agricultural Production and Economic Growth in Harmony with the Environment: A Shared Vision in the Context of Climate Change." It will be hosted by the Honduran Government and Zamorano University, with support from the Inter-American Institute on Cooperation on Agriculture (IICA), the Central American Commission on Environment and Development (CCAD), the Central American Commission on Agriculture (CAC), and several international organisations related to agriculture. The conference aims to help prepare the eight member states of the Central American Integration System (SICA) for negotiations on issues related to food, biomass, and other agricultural production in upcoming global talks on biodiversity, biosafety, and climate change, as well as the June 2012 UN Conference on Sustainable Development (UNCSD or Rio+20). For more details, please visit the event's [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.

4 May: Committee on Trade-Related Investment Measures

10 May: Committee on Customs Valuation

14-15 May: WTO Information Technology Symposium

15 May: Committee on Trade and Development – Session on Aid for Trade

15 May: Committee of Participants on the Expansion of Trade in Information Technology Products

15 May: Workshop on Aid for Trade and Trade and Finance

Other Upcoming Events

17-18 May, Washington, US. CHARTING THE COURSE: FOOD SECURITY AND TRADE IN THE ASIA-PACIFIC AND LAC REGION. This seminar, hosted jointly by the Inter-American Development Bank (IDB) and the International Food & Agricultural Trade Policy Council (IPC), will provide an in-depth discussion of food security initiatives, an overview of existing and anticipated trade arrangements, and how these relate to international efforts and negotiations. Key topics to be considered include: domestic policies, food security considerations, the treatment of agriculture in current and future trade agreements – including the Trans-Pacific Partnership – and the regulatory discussions within the Asia-Pacific Economic Cooperation (APEC) forum and other settings. For more information, please visit the [website](#).

23-25 October, Addis Ababa, Ethiopia. EIGHTH AFRICAN DEVELOPMENT FORUM. The eighth African Development Forum (ADF) – convened in collaboration with the African Union Commission (AUC), the African Development Bank (AfDB), and other partners – is being held under the theme “Governing and Harnessing Natural Resources for Africa’s Development.” The ADF will provide a forum for the presentation of the latest research results, opinions and developments within the following six areas: knowledge base, human, and institutional capacities; policy, legal, and regulatory issues; economic issues; governance, human rights, and social issues; participation and ownership of natural resources; and environmental, material stewardship, and climate change. More information can be found [here](#).

20-22 June, Rio de Janeiro, Brazil. UNITED NATIONS CONFERENCE ON SUSTAINABLE DEVELOPMENT (UNCSD). The UNCSD, also known as Rio+20, will bring together world leaders, along with participants

from governments, the private sector, NGOs and other groups, to discuss how to reduce poverty, advance social equity, and ensure environmental protection. The event marks the 20th anniversary of the 1992 United Nations Conference on Environment and Development (UNCED), also held in Rio de Janeiro, and the 10th anniversary of the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg. The Conference will focus on two themes: (a) a green economy in the context of sustainable development poverty eradication; and (b) the institutional framework for sustainable development. The Conference will result in a focused political document. For more information, please visit the UNCSD [website](#).

24-26 September, Geneva, Switzerland. WORLD TRADE ORGANIZATION PUBLIC FORUM 2012. Convening under the theme “Is multilateralism in crisis?”, the Public Forum is the WTO’s largest annual outreach event. It aims to provide a platform for participants to discuss the latest developments in world trade and to propose ways of enhancing the multilateral trading system. The event regularly attracts over 1,500 representatives from civil society, academia, business, the media, governments, parliamentarians, and intergovernmental organisations. For more details about this event, please visit the WTO’s [website](#).

Resources

FRAMEWORK FOR THE INTERNATIONAL SERVICES AGREEMENT. Published by the Peterson Institute for International Economics (April 2012). The authors of this policy brief – Gary Hufbauer and J. Bradford Jensen of the Washington-Based Peterson Institute for International Economics, and Sherry Stephenson of the Organization of American States and Senior Fellow at ICTSD, the publisher of Bridges – consider the questions of who will participate in an International Services Agreement (ISA) and what the agreement itself might contain. The authors argue that it would be important to attract the largest and most successful emerging countries – Brazil, Russia, India, China, and South Africa – which account for a sizeable share of world

services trade. The authors attempt to quantify the gains participating countries would reap from varying degrees of liberalisation, while also suggesting a large range of possible export gains to the United States. For more information, or to download the paper, please click [here](#).

HARNESSING SERVICES TRADE FOR DEVELOPMENT: A BACKGROUND AND GUIDE ON SERVICE COALITIONS IN AFRICA AND THE CARIBBEAN. Published by International Lawyers and Economists Against Poverty (ILEAP) (April 2012). While there are many factors to consider in the development of an internationally competitive services sector, this paper focuses specifically on the establishment of a national (and/or regional) coalition of service industries. The paper finds that the type of service coalitions evolving in developing countries offer an innovative channel to address a range of institutional and practical challenges to micro and small developing country services firms and, as such, to unlocking the potential of the services sector to foster inclusive growth, sustainable development, and ultimately poverty reduction. To learn more, or to download the resource, please click [here](#).

RIO+20 AND THE GLOBAL ENVIRONMENT: REFLECTIONS ON THEORY AND PRACTICE. Published by Chatham House (May 2012). This special issue of International Affairs, a journal published by the Chatham House, will focus on the upcoming UN Conference on Sustainable Development (UNCSD), or Rio+20. Two of the eight papers in this issue focus on recent developments in international climate politics – the rise of emerging powers and the challenge to differential treatment in the climate regime. For more information, or to read the full issue, please visit the International Affairs [website](#).

TRADE, CLIMATE CHANGE AND ENVIRONMENT PROGRAMME (TCCEP) NEWSLETTER, ISSUE NO. 2. Published by the International Trade Centre (April 2012). The International Trade Centre's (ITC) Trade, Climate Change and Environment Programme (TCCEP) focuses on providing capacity-building support to assist exporters in developing countries in pursuing opportunities and overcome barriers in

the market for environmental goods and services. This newsletter provides an update of TCCEP's activities over the last 12 months, including projects in Peru, Kenya, and Zambia. The newsletter is available [here](#).

THE EXPORT PERFORMANCE OF COUNTRIES WITHIN GLOBAL VALUE CHAINS (GVCS). By Andrea Beltramello, Koen De Backer, and Laurent Moussiégt for the Organisation for Economic Co-operation and Development's (OECD) Directorate for Science, Technology, and Industry (February 2012). This OECD working paper discusses the export performance of countries along the value chain by distinguishing upstream activities – in other words, the production of intermediate inputs – and more downstream activities, such as the final assembly of products. The empirical analysis finds that imports of intermediates increasingly determine the export competitiveness of countries in final products. Second, the paper analyses developments at the intensive and extensive margins of trade and studies how structural changes, in terms of geographical and sectoral composition, have contributed to countries' export performance. The paper is available [here](#)

ANALYSING THE EMISSION GAP BETWEEN PLEDGED EMISSION REDUCTIONS UNDER THE CANCÚN AGREEMENTS AND THE 2 °C CLIMATE TARGET. By the Netherlands Environmental Assessment Agency (PBL) (April 2012). This report, conducted at the request of the European Commission and the Dutch Ministry of Infrastructure and the Environment, analyses the effect of the pledges submitted by Parties in the Cancún Agreements on the emission gap, taking into account new information available. The authors pay specific attention to uncertainties and risks and provide a detailed description of the emission implications of the pledges and actions by the 12 largest emitting countries and regions. For more information, or to download the paper, please click [here](#).

POST CARBON PATHWAYS: REVIEWING POST CARBON ECONOMY TRANSITION STRATEGIES. Published by the Melbourne Sustainable Society Institute, University of Melbourne and the Centre for Policy

Development (March 2012). This paper aims to provide a concise overview of lessons learned from eighteen large-scale post-carbon economy transition strategies. The report is the first stage in an ongoing Post Carbon Pathways project designed to strengthen understanding of the most effective ways of overcoming barriers to the rapid implementation of post-carbon economy transition strategies. The paper is available [here](#).