



Bridges Weekly Trade News Digest

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LEAD STORIES

Consensus Proves Difficult as Rio+20 Conference Approaches

The Rio+20 negotiation process has entered the final stages, with less than six weeks remaining before the UN Conference on Sustainable Development (UNCSD) kicks off. Delegates held a two-week negotiating session from 23 April – 4 May in New York with the aim of finalising the outcome document for the June gathering; however, the slow pace of progress has led to a new session being scheduled for later this month in the hopes of achieving greater consensus ahead of the conference.

The June 2012 conference – set to be held in Rio de Janeiro, Brazil – marks 20 years since the landmark 1992 United Nations Conference on Environment and Development (UNCED).

With delegates now having had time to come to grips with the expanded 'zero draft' document since March's negotiations, observers had expressed hope that progress would be made during this latest round of talks towards an outcome document that would secure a renewed commitment to sustainable development and help meet new and emerging challenges (see Bridges Weekly, [4 April 2012](http://www.bridgesweekly.org)).

'Zero draft' sees little movement towards final version

Considerable efforts were made to bring the 'zero draft' outcome document down from 278 to 156 pages by the end of the first week. The second week saw progress slow considerably, with only 21 paragraphs being agreed *ad referendum* – pending agreement on the final text – by delegates. The remaining 400 paragraphs were left for the next round of 'informal informals' later this month.

The co-Chairs of the UNCSD Preparatory Committee – Ambassador John Ashe of Antigua and Barbuda and Ambassador Kim Sook of South Korea – had attempted to reduce and streamline the text by proposing compromise language for many of the more contentious paragraphs, which was referred to as the ‘new Co-Chairs’ suggested text’ (NCST) for the remainder of the negotiations.

The bracketed text covered a wide range of long-standing divisions between delegations over both of the conference’s twin themes: the green economy in the context of sustainable development and eradicating poverty; and the Institutional Framework for Sustainable Development (IFSD).

Along with traditional disagreements between developed and developing countries over existing and future development commitments, debates also continued between a number of developing country delegates over the future of IFSD and what, if any, should be the actionable outcomes of the Rio+20 conference.

At the close of the two weeks, many sides had expressed their frustration at the lack of constructive progress. During the final plenary, the Group of 77 and China (G77/China) grouping particularly emphasised the lack of compromise “from time to time” during the negotiations. According to Reuters, both civil society and private sector observers to the negotiations have criticised delegates for seemingly attempting to water-down some of the key proposals contained in the original ‘zero draft’ document in an attempt to avoid a political flop in Rio de Janeiro.

Delegates given chance for 11th hour agreement on outcome document

In his [closing speech](#) to the second round of ‘informal informals’, Sha Zukang – Secretary-General of the UNCSD (Rio+20) – issued a call to action to the delegates present, reminding them of the considerable work that still needs to be done.

He noted that the negotiating process in its current incarnation had failed and that “working methods need to change.”

“Our objective should be to arrive in Rio with at least 90 percent of the text ready,” he said. “The most difficult 10 percent should then be negotiated in Rio with the highest political support.”

During the closing plenary of the second round of ‘informal informals’, Co-Chair Kim spoke to delegates of a meeting which had taken place earlier in the day between the UNCSD Bureau and UN Secretary-General Ban Ki-moon, who stressed that Rio+20 was a “once-in-a-generation opportunity.”

This meeting prompted the UNCSD Bureau to announce that they would be scheduling an additional week of ‘informal informal’ negotiations, from 29 May to 2 June in New York. This week is designed to allow delegates the opportunity to reach a greater level of consensus on the outcome document prior to the official meetings in Brazil.

Co-Chair Kim also said that the Co-Chairs would jointly produce a new, streamlined text by 22 May to facilitate the third round of ‘informal informals’.

Ban, in an informal briefing to the UN General Assembly on Wednesday 9 May, commended the Bureau for scheduling additional negotiating days.

“I trust that this due process will unleash ambition, creativity, and the flexibility to get the job done,” he said. “After all, we cannot continue the same approach and get different results.”

“The time has come to shift gears to reach our destination in time,” he told member states, adding that countries should be “determined to confront the hard issues now – 100 percent of the issues – instead of kicking the can down to Rio.”

Sustainable Development Goals negotiations offer promise, observers say

While no agreement has yet been reached on the sustainable development goals (SDGs) – which were an initiative originally proposed by Colombia and Guatemala – sources note that the negotiations in New York saw broad support for

their establishment. However, observers commented to Bridges, the politics surrounding the SDGs suggest that their launch will only be agreed at the very last minute in Rio. If so, sources suggest that a likely outcome would see a process to define the SDGs between 2012 and 2015, in order to coincide with the post-2015 Millennium Development Goals (MDGs) programme.

The SDGs have received backing from UN Secretary-General Ban Ki-Moon, who told the UN General Assembly on Wednesday that countries “should agree on launching a process to establish Sustainable Development Goals that build on the Millennium Development Goals.”

After Rio, the UN Secretary-General will appoint a High Level Panel of Eminent Persons to advise on the post-2015 way forward once the current MDGs expire, co-chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of the UK. Ban also said on Wednesday 9 May that he would be announcing the full panel following the Rio conference.

The issues that have seen the greatest overlap in the negotiations and have so far gained the most traction as possible priority areas that the SDGs could address include: food security; integrated water management; energy; sustainable and resilient cities; oceans; sustainable natural resource management; and sustainable employment.

Last week, the delegations of Colombia, Peru, and United Arab Emirates circulated a non-paper indicting these possible issue areas and the support for them received in various consultative processes since Johannesburg in 2002.

Next steps

With the additional week of ‘informal informal’ negotiations newly scheduled for 29 May – 2 June in New York, observers expect June to be a hectic month for all those involved in the Rio+20 preparatory process.

The third and final Preparatory Committee meeting of the UNCSD will take place on 13-15

June in Rio de Janeiro, ahead of the conference itself on 20-22 June.

ICTSD reporting; “Summary of the UNCSD Informal Informal Consultations: 23 April – 4 May 2012,” EARTH NEGOTIATIONS BULLETIN, 7 May 2012; “Green targets being watered down for UN summit – observers,” REUTERS, 1 May 2012.

OTHER NEWS

G-20 Report Says Trade Reform Could Help Boost Farm Yields

Governments should curb farm subsidies and discipline import and export restrictions in order to boost farm productivity, according to a confidential report by international agencies for the leaders of the G-20 group of major economies.

The draft has been prepared jointly by twelve organisations ahead of a meeting of deputy G-20 agriculture ministers in the Mexican resort of Los Cabos scheduled for next week. It makes ten recommendations for sustainably improving agricultural productivity growth, especially on small family farms.

The vice-ministers – or their senior officials – are due to discuss the recommendations and negotiate language that will be passed to ‘sherpas’, who will prepare the 18-19 June summit of G-20 leaders.

Recommendations in the final draft, dated 27 April and seen by Bridges, are broadly similar to those in an earlier [version](#) that was prepared ahead of the last deputy G-20 agriculture ministers’ meeting in April.

“Huge” yield gap

“We’re trying to highlight the fact there’s a huge yield gap in developing countries,” said one official who helped draft the document. Increasing productivity will require “long-term commitment” from G-20 governments, the source said.

Other officials told Bridges that the document, although finalised, is awaiting endorsement from governments before being circulated. Mexico, which holds the G-20 presidency this year, requested the draft, which was coordinated by the UN Food and Agriculture Organization (FAO) and the Organisation for Economic Co-operation and Development (OECD).

The WTO and nine other agencies also contributed – many of which also collaborated on a similar project during the French G-20 presidency last year (see [Bridges Weekly](#), 11 May 2011).

Alongside trade reform, the document urges governments to catalyse farm productivity by increasing responsible investment, strengthening development co-operation, supporting innovation, and improving water efficiency.

“Much more consensus”

One official told Bridges that there had been “much more consensus” this year over the draft document.

G-20 discussions last year on food price volatility had ignited “heated debate” over questions such as whether speculation or biofuel subsidies had triggered price spikes on commodity markets, and – if so – how best to remedy them.

However, one UN official argued that the absence of more controversial issues had led to a fairly bland draft from the international organisations involved, with few specific proposals that were new.

Silence on Doha

Indeed, the report’s recommendations reiterate the negotiating mandate of the WTO Doha Round – to substantially reduce trade-distorting domestic support, substantially improve market access, and eliminate export subsidies – in words that are scarcely changed from last year’s [report](#) from international organisations to the G-20.

The most notable difference is any reference to whether concluding the eleven-year trade talks might help boost farm productivity.

One official from an international organisation cautioned against reading too much into the subtle change of language, suggesting that the conclusions on agricultural trade and farm productivity remain valid “whether Doha exists or not.”

Trade ministers agreed last December that the talks were in an ‘impasse’, despite repeated efforts to break the deadlock (see Bridges Daily Update #1, [14 December 2011](#)).

Export restriction discussions “to continue”?

The final draft now includes a summary of main points from the G-20's June 2011 [Action Plan](#) – including a controversial agreement to refrain from imposing export restrictions on World Food Programme purchases of humanitarian food aid. A bid to extend the accord to all WTO members fell flat when some G-20 governments opposed the move (see [Bridges Weekly](#), 2 November 2011).

Trade sources privately told Bridges that they see little prospect of movement on this topic in the near future. The draft report nonetheless indicates that “discussions on this issue continue in the WTO.”

Although last year's report had urged G-20 governments to define a ‘critical food shortage situation’ that could justify food export restrictions, the recommendation was dropped this year.

Instead, one official said, “the novelty this year” in the trade section was the emphasis on reducing production losses in developing countries by improving farmers’ ability to meet rules on food safety and plant and animal health. Also new was emphasis in the draft on the need to improve transparency on trade policies, support ‘aid for trade’, and strengthen trade facilitation initiatives.

“Market-smart” input subsidies

G-20 governments could help address what the agencies call Africa’s “fertiliser crisis” by supporting developing countries as they monitor and evaluate “market-smart” input subsidy

programmes that target smallholders through vouchers and grants, the report suggests.

About ten African countries now provide input subsidies of the type discussed in the draft, following a move to do so by [Malawi](#).

The report urges G-20 governments to help developing countries improve ways of targeting subsidies at small family farms and graduating away from support afterwards.

“You subsidise an input: it’s then very difficult to remove the subsidy,” one official explained, suggesting that “starter packs” – providing farmers with fertilisers, seeds, and training for a set period – could be one way to do so.

The agencies also call for competition in the fertiliser industry to be strengthened, and for fertilisers to be made available at more competitive prices, especially in sub-Saharan Africa.

Sustainable agricultural intensification?

Expanding reliance on non-organic fertilisers sits oddly with the report’s focus on sustainable agricultural intensification, some critics observed.

“The strong push to scale up fertiliser use is hardly a climate-smart solution,” Romain Benicchio, policy advisor at Oxfam, told Bridges.

However, the draft also calls for governments to review policies that might generate perverse incentives for sustainability and encourage unsustainable use of natural resources.

Innovation and intellectual property rights

The report also discusses the role of agricultural innovation in boosting farm yields, and the controversial issue of whether and how protection for intellectual property rights – such as patents and plant breeders’ rights – could contribute to spurring innovation.

The draft recommends that the G-20 help developing countries to “establish and enforce appropriate [intellectual property rights] systems consistent with international obligations.” WTO

rules on intellectual property rights has prompted extensive debate over the effects of patents involving genetic material on follow-up innovation, with some questioning whether such developments constitute inventions at all.

The draft nonetheless refers to the importance of the FAO’s International Treaty on Plant Genetic Resources for Food and Agriculture – an accord that recognises farmers’ rights, allows plant material from a list of selected crops to be pooled for common benefit, and prohibits governments from granting monopoly rights over these resources.

However, experts note that the report might overestimate the role of intellectual property when it comes to promoting agricultural productivity and investment. The draft also seems to “ignore that IP systems are strongly context-dependent,” Carlos Correa, director of the Centre for Interdisciplinary Studies on Industrial Property and Economics Law at the University of Buenos Aires, commented.

“The report also overlooks the barriers generated by the proliferation of patents with low inventive step and the possible negative impact of broad IP protection on food security,” he said.

Social ‘safety nets’

Governments should also support gender-sensitive social safety-nets to meet the immediate food and nutrition needs of smallholders and their households, the report says.

“We need to take people out of food security traps” one source familiar with the report told Bridges, who emphasised the need to target assistance to women and small children.

Cash transfers to food insecure households could be one tool to do so, the report said.

In the hands of G-20 leaders

“It’s now out of our hands,” sighed one official who had helped contribute to the report. Back in Geneva, trade negotiators were unclear on whether, or how, the proposal could affect them.

“I don’t know if there’ll be an impact on the WTO,” said one, who wondered whether or not the leaders would “address a particular message to us.”

ICTSD reporting.

Bayer Challenges India Compulsory License Ruling

German pharmaceutical company Bayer AG has formally lodged a challenge against a landmark Indian ruling that allowed a domestic generic drug-maker to produce a low-cost version of an anti-cancer drug for the Indian market. The appeal was filed on Friday 4 May with India’s Intellectual Property Appellate Board.

Back in March, the Indian Patent Office announced that it had issued its first compulsory license to Indian generic drug producer Natco – a move that effectively ended Bayer’s monopoly over Nexavar, a drug that is used to treat kidney and liver cancer. (See Bridges Weekly, [14 March 2012](#))

Compulsory licensing is when a government authorises a party other than the patent owner to produce the patented product or process without the patent owner’s consent. The patent owner shall, nevertheless, be paid an adequate remuneration, taking into account the economic value of the authorisation.

“We will rigorously continue to defend our intellectual property rights, which are a prerequisite for bringing innovative medicines to patients,” Bayer spokesman Alope Pradhan told AFP.

The Indian ruling “damages the international patent system and endangers pharmaceutical research,” Pradhan added.

Meanwhile, P.H. Kurian, the then-controller general of patents who issued the March ruling, told LiveMint – a business news website that partners with the Wall Street Journal – that “it’s Bayer’s prerogative to appeal against the order,

and it can put its arguments before the appellate authority.”

Natco, for its part, has said that it has yet to receive a notice of an appeal. “We haven’t received any notice in this regard so far, and if the appeal comes up, we will be able to file a reply and will present our case in the hearing.”

It was not clear when the appeal would be heard as Bridges went to press on Wednesday evening.

India is the world’s third-largest pharmaceutical drug producer by volume; in 2011 the domestic pharmaceutical market reached a record US\$12.2 billion in sales.

New Delhi only began issuing patents for drugs in 2005 in order to comply with the WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). WTO rules explicitly allow compulsory licensing as long as procedures and conditions set out in [Article 31 of TRIPS](#) are fulfilled. The 2001 Doha Ministerial Declaration on the TRIPS Agreement and Public Health further recognised that “each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted.”

Original ruling

The Indian patent authority’s March ruling found Bayer’s version of Nexavar to be “exorbitantly priced and out of reach of most of the people.” The 62-page decision also indicated that the German pharmaceutical giant had not taken “adequate or reasonable steps to start the working of the invention in the territory of India on a commercial level and to an adequate extent.”

The ruling allows Natco to sell the drug at Rs. 8,800 per patient per month, or US\$175 – a 97 percent price cut compared to Nexavar. The compulsory licence was granted to Natco until 2020; the Indian company is required to pay royalties to Bayer on a quarterly basis.

Compulsory licensing decision under scrutiny by trading partners

India's landmark decision has not escaped the notice of its trading partners, with the Office of the US Trade Representative noting in an official report last week that it would "closely monitor developments concerning compulsory licensing of patents in India following the broad interpretation of Indian law in a recent decision ... while also bearing in mind the Doha Declaration on TRIPS and Public Health."

The Special 301 [report](#), issued annually by the Office of the USTR, also urged New Delhi "to provide an effective system for protecting against unfair commercial use, as well as unauthorised disclosure, of test or other data generated to obtain marketing approval for pharmaceutical and agricultural chemical products." (For more on the USTR report, see related article in this issue).

In the report, India was one of 13 countries placed on a "priority watch list" by Washington, a classification that indicates "significant concerns" in the area of intellectual property rights protection and enforcement.

ICTSD reporting; "Bayer challenges India cancer drug ruling," AFP, 7 May 2012; "Bayer appeals against compulsory licence order," LIVEMINT & THE WALL STREET JOURNAL, 5 May 2012; "UPDATE 1-India Cipla slashes generic price of Bayer's Nexavar," REUTERS, 3 May 2012.

Brussels Response to Repsol Takeover Forthcoming, EU Trade Chief Cautions

The 27-member EU bloc is ready to take action against Argentina, European Trade Commissioner Karel De Gucht said on Monday 7 May, in response to Buenos Aires' controversial expropriation of Spanish-owned oil company Repsol YPF. The announcement comes just days after the Argentine decision was signed into law.

Argentine President Cristina Fernández de Kirchner announced in mid-April that her country's government planned to take a 51

percent controlling stake in the Spanish oil company. The move – which swiftly passed through the Argentine Congress, and became law last Friday – has been harshly criticised by Spanish and European officials, and sparked international concern over the investment climate in the South American country, including from regional trading partners such as Mexico and Chile.

"We will soon be moving forward with a response to Argentina's action in the Repsol case, in particular," De Gucht said on Monday, without specifying details as to what such a response might entail.

In the same speech, the EU trade chief also warned of a "growing tendency towards protectionism across Latin America," citing Argentina's import licensing system as one of the country's "other trade restrictive policies." Buenos Aires' import policies have repeatedly come under fire by its trading partners, which claim that the measures are trade restrictive, unclear, and more burdensome than necessary – charges that Argentina has refuted. Recent reports have indicated that Brussels may soon launch WTO dispute proceedings to challenge these policies.

International arbitration expected

Repsol has said that it plans to seek at least US\$10 billion in compensation for the expropriation. It also intends to pursue arbitration under the World Bank's International Centre for Settlement of Investment Disputes (ICSID), basing its claims on a bilateral investment treaty between Spain and Argentina that entered into force in 1992.

Investment treaties provide protection to foreign investors by guaranteeing national and most-favoured nation treatment, and usually protect against expropriation without compensation. These treaties further give investors the chance to call for international arbitration to solve investor-state disputes.

Argentina, for its part, disputes the figure that the Spanish oil company claims is due. Instead, Buenos Aires argues that Repsol is leaving behind US\$9 billion in debt, while having earned more than US\$15.7 billion in just over a decade. Much of that money was sent overseas, Buenos Aires

says, and not reinvested. Kirchner has said that Argentina's own national appraisal tribunal will assess how much the government will pay for the expropriated Repsol shares.

The Kirchner government insists that the Spanish-owned company had not sufficiently invested in new oil production, causing Argentina to have to become an energy importer. (See Bridges Weekly, 18 April 2012) Repsol, meanwhile, argues that it has invested over US\$20 billion since it took control of YPF in 1999.

"Beginning now, our oil will stop being a commodity for Repsol but a basic good to be used for the development of the country," lawmaker Agustín Rossi of ruling party Frente para la Victoria said last week, shortly before the measure was passed in Congress.

With Argentina searching for partners to help YPF develop its shale reserves, Madrid-based Repsol has warned Exxon, Chevron, ConocoPhillips, and other oil companies that it would sue if any of them attempt to invest in either YPF or its assets. The Spanish oil company promised that it would take "actions and/or legal proceedings to protect our investment," according to a letter penned by the oil major and seen by the Financial Times.

Bolivia case

Questions about the investment climate in some Latin American countries have intensified further in the past week, following the Bolivian government's 1 May take-over of the Cochabamba headquarters of power transmission company Empresa Transportadora de Electricidad (TdE). TdE is a subsidiary of Spanish energy company Red Eléctrica.

Bolivian President Evo Morales justified the move by claiming that the company failed to invest enough. Red Eléctrica, which bought the Bolivian subsidiary in 2002, has invested €60 million in the country's electricity network, according to Brokerage Banesto Bolsa.

"These types of moves are of course a problem for Argentina and Bolivia – which will find it hard

to secure the international investment they need," De Gucht said.

Bolivia has said that it intends to make the Red Eléctrica subsidiary into an independent company, and has guaranteed compensation to Spain within 180 days, following an appraisal of the company's value and any Red Eléctrica investments.

The compensation guarantee has been noted by Spanish officials, who have still expressed reservation over the overall takeover decision.

"This is the path Bolivia has taken and that I would like Argentina to take. It can still make a valuation for an independent company and pay a fair price," Spanish Foreign Minister José Manuel García Margallo said, referring to Bolivia's compensation promises.

However, Madrid "does not like these sorts of decisions as we believe it's fundamental to maintain legal security when investing in countries like Bolivia," Spanish economy minister Luis de Guindos commented.

ICTSD reporting; "EU trade chief warns of imminent action against Argentina," AFP, 7 May 2012; "Argentina Congress Backs Takeover of YPF From Repsol," BLOOMBERG, 4 May 2012; "Repsol warns rivals over investing in YPF," FINANCIAL TIMES, 7 May 2012; "Spain says Argentina should follow Bolivia example and pay a 'fair price' for YPF," MERCOPRESS, 5 May 2012; "Bolivia nationalizes unit of Spain's Red Electrica," REUTERS, 1 May 2012; "UPDATE 1-EU and Spain criticise Bolivia power firm takeover," REUTERS, 2 May 2012.

Washington IP 'Priority Watch List' Sparks Mixed Response

The US has released its annual report listing countries that allegedly deny "adequate and effective" protection of intellectual property, placing over a dozen of its trading partners - including Canada, China, India, and Russia - on its "priority watch list." While industry groups applauded the report, some civil society groups

cautioned that it may have been too heavily influenced by industry lobbying.

The Special 301 Report – which is named after a section of the US Trade Act of 1974 – has been published every year since 1988, when amendments to the Omnibus Trade and Competitiveness Act made it mandatory. This year's version was issued on 30 April.

“This year's Special 301 Report is more significant than ever in light of recent US Government data showing that IP-intensive industries support as many as 40 million American jobs and up to 60 percent of US exports,” US Trade Representative (USTR) Ron Kirk said, referring to new statistics recently published by the US Department of Commerce.

Thirteen countries were included in this year's priority watch list, which flags the most significant concerns regarding insufficient IPR protection or enforcement. The countries named included Algeria, Argentina, Canada, Chile, China, India, Indonesia, Israel, Pakistan, Russia, Thailand, Ukraine, and Venezuela. A lower level watch list outlined 26 other US trading partners – including Mexico and some EU member states – whose IP policies, according to Washington, also merit attention.

Spain and Malaysia, which had both been on last year's second-tier list, were removed from this year's report after adopting new regulations to better protect IPRs, Washington said. Meanwhile, Ukraine moved back to the priority list after having been on the second-tier list in last year's report, as a result of “serious and growing concerns relating to counterfeiting and rampant piracy, including piracy over the internet,” the Office of the USTR said in a statement.

China's IP policies – a repeated point of contention between the two trading partners – also featured heavily in the report. One of the main concerns cited by Washington was Beijing's “indigenous innovation” policies, which it argues “effectively coerce the transfer of IPR from foreign rights holders to domestic entities.”

Trade pacts useful enforcement tools, Washington says

The report also outlines the actions taken by the Administration of President Barack Obama toward effective protection of IPRs, including the negotiation of plurilateral trade agreements. In particular, it describes the proposed Trans-Pacific Partnership (TPP) as “a key initiative to advance the multi-faceted US trade and investment interests in the Asia-Pacific.”

The TPP “will include strong standards for the protection and enforcement of IPRs,” the report noted.

The document also calls the controversial Anti-Counterfeiting Trade Agreement (ACTA) “an important new tool to fight trademark counterfeiting and copyright piracy,” underscoring that the accord “will be implemented in a way that preserves freedom of expression, fair process, and privacy.”

Report sparks mixed reactions

As in previous years, the report drew a mixed response, with supporters insisting that the report is essential for the protection of US economic interests. Critics, meanwhile, argue that the document is too heavily influenced by industry groups, and that it wrongly pushes developing countries into adopting US-style IP policies and legislation that could be detrimental to their public policy objectives, particularly in areas such as access to essential medicines.

“The Special 301 process continues to be effective in gaining high-level attention from our trading partners – attention that is needed to redress intellectual property violations and market access concerns,” Pharmaceutical Research and Manufacturers of America (PhRMA) said in a statement, a sentiment that was echoed by other industry groups.

Washington has sought “to reduce market access barriers that US pharmaceutical and medical device companies face in many countries, and to facilitate both affordable health care today and the innovation that assures improved health care tomorrow,” PhRMA added.

Similarly, Steven J. Metalitz – counsel to the International Intellectual Property Alliance – commented that the “USTR’s report signals strongly the Administration’s commitment to protect one of our nation’s most valuable assets.”

However, Rashmi Rangnath – from advocacy group Public Knowledge – criticised the report’s vagueness and the influence of industry groups, arguing that the process “continues to force other countries to adopt particular legislation.”

Knowledge Ecology International (KEI) also noted that, “as has become tradition, the list of grievances and the 41 countries named on the various lists are largely driven by lobbying efforts of right holders.”

“The USTR Special 301 report continues to disparage countries for taking measures to restrain drug prices or limit reimbursements on new medicines,” KEI concluded.

ICTSD reporting; “Russia, China on top copyright pirates list again,” REUTERS, 30 April 2012.

IN BRIEF

India Ends Cotton Export Ban

India’s recent blockade of cotton exports formally ended last week, according to an announcement by India’s trade minister.

“We have lifted the suspension of fresh registrations for exports,” Commerce and Industry Minister Anand Sharma said on 30 April. Following the news, new export permits immediately began to be issued; however, the possibility of future restrictions remains open. The export situation will be reviewed every two weeks.

The decision followed an escalation of Agriculture Minister Sharad Pawar’s campaign to reform the country’s export policies with regard to cotton, sugar, and milk. This included a letter of complaint sent from Pawar to Prime Minister Manmohan Singh.

The reversal came directly out of a meeting between top Indian government ministers, including Finance Minister Pranab Mukherjee, Sharma, and Pawar. After announcing a repeal of the ban, Sharma told reporters that “we have to see that demand of domestic industry for cotton is met” and that the ministers will undertake a new assessment of the situation in three weeks.

Indian cotton exporters will now only be allowed to apply for one permit at a time, for a maximum of either 10,000 bales or the actual amount shipped during the current season, depending on which number is lower.

Exporters must also use at least half of their allocated quota before applying for a new permit. The new restrictions are designed to put a cap on the quantity that can be exported at one time, and undercut the advantages of large exporters.

Shifting policy

The reversal of the ban comes two months after India originally announced the export prohibition. The ban, enacted on 5 March, was followed by a series of abrupt changes in India’s cotton export policy. This included a partial repeal days after the ban was announced, followed by a full repeal, before the government decided to instead instate only a partial reversal of the prohibition. (See Bridges Weekly, [14 March 2012](#))

India had previously introduced full bans of cotton exports both in 2010 and 2012.

Analysts predict that the re-entry of India, the world’s second largest cotton exporter, into the world market means that the current global cotton glut could be exacerbated. “The opening of exports of cotton from India will add to the already ample supplies in the cotton market and push down prices on the international market,” Chen Jing of CITICS Futures Company commented, according to the Global Times, a China-based newspaper.

Some have speculated, however, that frequent alterations in Indian export policies may have already prompted international buyers to seek alternative sources. Referring to potential purchases made by China, agricultural expert Hu

Biliang of the Chinese Academy of Social Sciences told the Global Times that “the US and Bangladesh are likely to be priority suppliers due to their steady supply and stable policies”.

“India Lifts Ban on Cotton Exports,” BBC, 30 April 2012; “India Lifts Cotton Export Ban,” GLOBAL TIMES, 2 May 2012; “Centre Sews up Loose Ends in Cotton Export Permits,” THE HINDU BUSINESS LINE, 7 May 2012; “Govt Lifts Curbs on Export Registrations for Cotton,” THE HINDU BUSINESS LINE, 30 April 2012; “Removal of Export Ban Weighs on Cotton Futures,” LUBBOCK AVALANCHE-JOURNAL, 6 May 2012.

Stiglitz Backs Proposal for Binding R&D Global Health Agreement

A proposal for a binding agreement for research and development (R&D) to address diseases that disproportionately affect developing countries needs strong backing from the international health community, Nobel Laureate Joseph Stiglitz said at a seminar held in Geneva, Switzerland last week. The proposal is being featured in a new World Health Organization (WHO) report that will be reviewed during the annual meeting of the organisation’s decision-making body later this month.

The [report](#) was prepared by the WHO’s Consultative Expert Working Group on Research and Development: Financing and Coordination (CEWG).

The working group was established by the World Health Assembly in 2010, in the context of the implementation of the global strategy and plan of action on public health, innovation, and intellectual property (GSPA-PHI). The CEWG was given the mandate of examining current and proposed financing of R&D focused on diseases that disproportionately affect poor countries, along with diseases that occur in both developed and developing countries.

“Market forces will not lead to efficient technologies and affordable medicines” against diseases that disproportionately affect developing

countries, CEWG Chair John-Arne Røttingen explained at the seminar, held at the Graduate Institute of International and Development Studies.

The report suggests that all countries should aim to achieve specified levels of public funding on health R&D relevant to the needs of developing countries, and that a financing system be established under the convention based on contributions by governments.

Such a convention, the CEWG argues, should focus on the development of health technologies for diseases that occur almost exclusively in poor countries – such as HIV/AIDS, malaria, and African sleeping sickness – as well as the specific needs of developing countries regarding more globally widespread illnesses, such as cancer and diabetes.

It also advocates for the de-linking of research costs from final drug prices through upfront public financing. Pharmaceutical companies have traditionally argued that significant R&D expenditures are needed to develop new drugs. In addition, the exclusive protection afforded by patents to pharmaceutical products is an important market mechanism that allows for the channelling of resources for future R&D on innovative products.

However, as acknowledged by the 2001 Doha Declaration on TRIPS and Public Health, while intellectual property protection is important for the development of new medicines, its effects on prices is also an important consideration as it can make products less affordable for poor countries.

According to the CEWG report, an R&D convention should not serve as “a replacement for the existing intellectual property rights system,” but should instead act as a supplementary instrument in areas “where the current system does not function.”

“Living in a profit-driven system means that research goes where the money is,” Stiglitz – who previously held the role of World Bank Chief Economist – said.

He also stressed the need for shaping a well-designed IP regime, given that “intellectual property does not lead to efficient allocation of resources” when it comes to R&D and “patents can be an impediment to innovation.”

Suerie Moon – Research Director and Co-Chair of the Forum on Global Governance for Health at the Harvard Global Health Institute, and a commentator at the event – argued that the implementation of the right to health is primarily a responsibility of governments and invited them to support a binding approach for an R&D treaty at the WHO. “Soft norms have not been enough,” Moon said.

Concluding such a convention could be a valuable opportunity for the WHO to reaffirm the organisation’s role in global norm-setting, she added, given that recent discussions on WHO reform have identified this area as one where the organisation has a unique role to play.

Kenyan Ambassador to the United Nations Tom Mboya Okeyo echoed this sentiment, noting that “what is needed is not the setting up of more Working Groups but to develop further the negotiated global strategy on Public Health Innovation and Intellectual Property into a Research and Development Convention within the context of WHO reform.”

James Love, director of Knowledge Ecology International, said that the WHO should consider broadening the scope of the proposed R&D treaty in order to address global health needs involving high-income countries.

For instance, he suggested, such a treaty could include funding more R&D for new antibiotic drugs or products for influenza pandemics, or to fund independent clinical trials to test products.

The CEWG report will be discussed at the upcoming World Health Assembly on 21-26 May. The organisation’s Executive Board will follow on 28-29 May.

ICTSD reporting.

EU, US Ink Mutual Recognition Customs Deal

Brussels and Washington have signed an agreement to recognise each other’s authorised traders, a top EU official announced on Friday 4 May. The move is aimed at facilitating customs procedures between the two sides, with the goal of increasing bilateral trade and creating jobs.

“Today’s agreement is a major step forward in the EU-US trade relationship,” EU Commissioner for Taxation and Customs Union Algirdas Šemeta said in announcing the accord.

Starting on 1 July 2012, the two sides will formally recognise each other’s so-called safe traders, a move that will subject certified companies to faster controls and reduced administration for customs clearance. To date, Brussels has authorised 5,000 companies as Authorized Economic Operators (AEOs); Washington, for its part, has certified 10,000 companies under the US Customs-Trade Partnership against Terrorism (C-TPAT).

According to the European Commission, the deal will allow EU- and US-certified traders to “enjoy lower costs, simplified procedures, and greater predictability in their transatlantic activities.”

Switzerland, Norway, and Japan already have similar reciprocal agreements with Brussels, which is also exploring the possibility of a mutual recognition accord with China.

Brussels and Washington are also looking at extending mutual recognition in other areas, Šemeta told US congressional newspaper *The Hill*. “We’re working now in the area of maritime transport, in air cargo security, and several other areas where I think that if we agree to mutually recognise our systems, that will significantly facilitate our trade and will lead to growth in jobs, which we badly need.”

Late last year, leaders from both trading partners agreed to examine various options – including the possibility of launching bilateral trade talks – in order to strengthen the US-EU trade and investment relationship. (See Bridges Weekly, [30](#)

November 2011) Bilateral trade between the two sides amounted to €500 billion in 2011, according to European Commission statistics.

Back in February, the two sides also clinched a deal on recognising each other's certificates for organic agriculture products – a decision that officials acknowledged as a “significant step” in strengthening trade ties between Brussels and Washington. (See Bridges Weekly, 22 February 2012)

ICTSD reporting; “EU, US Sign Accord Aimed At Lowering Import, Export Costs,” WALL STREET JOURNAL, 4 May 2012; “Europe Trade Chief sees boom in trade and export jobs, thanks to customs deal with US,” THE HILL; 7 May 2012.

EVENTS & RESOURCES

Vacancy

King & Spalding seeks a junior to mid-level associate for its International Trade practice group in Geneva, Switzerland. Qualified candidates will have experience in WTO litigation and market access issues. Applicants should have at least two years of relevant practice experience, excellent research and writing (in English) skills and the desire to be part of a hard-working, fast-paced environment. More information on how to apply is available here.

Events

Coming soon

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.

10 May, online. RESILIENT PEOPLE, RESILIENT PLANET: A FUTURE WORTH CHOOSING – REPORT OF THE HIGH-LEVEL PANEL ON GLOBAL SUSTAINABILITY IN LIGHT OF RIO+20. This World Bank webinar will discuss the relevance of the High-Level Panel on Global Sustainability (GSP) report and its recommendations to the work of international financial institutions (IFIs), such as the World Bank. The webinar will address the following three questions: (a) how can IFIs step up their efforts to promote sustainable development in a comprehensive way, and how should they monitor and report on the impact of their sustainable development policies? (b) How can enabling frameworks be created to incentivize substantial financing and sustainable choices from the private sector, including through the creation of partnerships, risk mitigation, etc? (c) How can progress and growth be measured more comprehensively beyond GDP? The webinar begins at 9 AM EST. More information is available here.

11-12 May, Majuro, Marshall Islands. 2012 PACIFIC ISLAND FORUM TRADE MINISTERS' MEETING. This meeting is expected to discuss progress of the Secretariat's Pacific Islands Trade and Invest offices located in Sydney, Auckland, Tokyo and Beijing, which promote trade and investment development throughout the Pacific region. The event aims to provide an opportunity for discussions and advancement on priority regional trade issues. The trade ministerial will be preceded by the 2012 Forum Trade Officials Meeting (FTOM) from 8-9 May, also in Majuro. To learn more, please visit the website.

14-25 May, Bonn, Germany. BONN CLIMATE CHANGE CONFERENCE. This UN Framework Convention on Climate Change (UNFCCC) conference will feature the 36th sessions of the Subsidiary Body for Implementation (SBI) and of the Subsidiary Body

for Scientific and Technological Advice (SBSTA), the fifteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), the seventeenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), and the first session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). These meetings will take place concurrently. Please visit the website for more [information](#).

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.

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

22-25 May, Tirana, Albania. EIGHTH REGIONAL PUBLIC PROCUREMENT FORUM. This event – held under the theme “Electronic Procurement—A big step towards transparency and efficiency” – aims to facilitate the sharing of experiences/practices in public procurement reforms, with a focus on electronic procurement, among participating country representatives and key active donors. The Forum will discuss opportunities in the area of electronic

procurement, recent development in EU procurement directive, framework and centralised procurement, complaint handling, and critical issues in public procurement. The Forum will also take stock of the recent reform on public procurement in all the participating countries. The Forum is co-sponsored by the Asian Development Bank, European Development Bank, the Islamic Development Bank, and the World Bank, and is being hosted by the Public Procurement Agency of Albania (PPA). More information is available on the World Bank [website](#).

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](#).

5-6 November, New Delhi, India. SEVENTH IZA/WORLD BANK CONFERENCE: EMPLOYMENT AND DEVELOPMENT. Since 2006, the annual conference on Employment and Development has aimed to provide a platform for researchers and policy experts to discuss new findings and identify areas where further work is needed. The Institute for the Study of Labor (IZA) and the World Bank will organise this year's conference in partnership with the Indian Council for Research and International Economic Relations (ICRIER) and the Delhi School of Economics. In addition to the regular sessions in all fields of labour economics, special sessions on Youth Employment and Entrepreneurship – the theme of the AfDB-OECD-UNDP-UNECA 2012 *African Economic Outlook* – will be featured. More information is available on the IZA [website](#).

Resources

POSSIBLE EFFECTS OF RUSSIA'S WTO ACCESSION ON AGRICULTURAL TRADE AND PRODUCTION. By Sergey Kiselev and Roman Romashkin for ICTSD (May 2012). This study examines how Russia's WTO accession could affect agricultural trade and production. It finds that developing countries could gain from the accession, especially those exporting products such as beef, pork or sugar, and that grain importers could also gain from greater market stability if Russia respects new commitments on export restrictions. For more information, or to download this paper, please click [here](#).

NATIONAL TRADE POLICY FOR EXPORT SUCCESS. By the International Trade Centre (ITC), (January 2012). This book considers how trade policy influences enterprise competitiveness. It evaluates how the export potential of an enterprise may best be advanced through trade policy reform along the value chain, keeping in mind the goals of reducing the cost of production, logistics, creating a sound business environment and attaining enhanced market access. The book is aimed at entrepreneurs and private sector organisations, in order that they be able to use this book to assess the impact of trade policy and

regulations on the competitiveness of their businesses. The book can be downloaded [here](#).

THE UNITED STATES SHOULD ESTABLISH PERMANENT NORMAL TRADE RELATIONS WITH RUSSIA. By Anders Åslund and Gary Clyde Hufbauer for the Peterson Institute for International Economics (April 2012). In this book, the authors argue that the Jackson-Vanik amendment no longer serves any purpose and outline why the US Congress must vote "yes" to grant Russia permanent normal trade relations (PNTR) ahead of the expected formalisation of Russia's WTO accession later this year. The authors find that, if Congress votes "yes," US exports of goods and services to Russia could double from US\$11 billion in 2011 to US\$22 billion in 2017, adding US jobs in the areas of services, agriculture, manufacturing, and high-technology sectors. Conversely, they argue that a "no" vote will place US farmers, manufacturers, and workers at a severe disadvantage. For more information, please visit the Peterson Institute's [website](#).