



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### US, EU Trade Chiefs Mull Options for Deepening Trans-Atlantic Ties

The US and EU should be open to pursuing a modest agreement on selected trade issues, should a broad, over-arching deal appear out of reach, US Trade Representative (USTR) Ron Kirk said on 22 May. The comments from the US' top trade official come just weeks after European Trade Commissioner Karel De Gucht made a public call for the two sides to finalise a comprehensive bilateral trade pact by mid-2014. (See Bridges Weekly, 16 May 2012)

Brussels and Washington, which already boast strong trade ties, have examined options for lowering trade barriers on previous occasions with mixed results.

However, the prospect of a trans-Atlantic deal was revived in November, when leaders from both sides launched a High Level Working Group on Jobs and Growth – led by Kirk and De Gucht – that would evaluate areas for deepening the bilateral trade and investment relationship.

The group is expected to review, among other options, the feasibility of a US-EU trade deal. (See Bridges Weekly, 30 November 2011)

### Shared interest in jobs, differences in rhetoric

As the US and EU examine options for expanding trade between them, contrasting pictures have begun to emerge from recent comments made by the two sides' respective trade chiefs.

While De Gucht has advocated for a broad, comprehensive deal, undertaken as a single package, Kirk has been more guarded in his comments, though noting – like his EU counterpart – that greater trans-Atlantic co-

operation is indeed key to creating growth and jobs.

“Right now, the United States and the European Union face common economic challenges that require us to work even harder to enhance the competitiveness of our economies and workers, and to support more and better jobs for our peoples,” the US official told a London audience on Tuesday.

However, he cautioned, “with so many jobs at stake right now, neither the US nor the EU can afford to leap into open-ended negotiations on faith alone.”

Should the Working Group’s deliberations deem that full-fledged trade negotiations are not likely to achieve the most ambitious outcomes, Kirk said, Washington “will be ready to explore how the US and the EU could reach agreements in areas where we have shared ambitions.”

Comments from EU officials, however, have been more optimistic. “I believe that our priority should now be to move towards a new comprehensive initiative to further liberalise trans-Atlantic trade and investment,” De Gucht told an audience in Hamburg, Germany earlier this month.

“It is my firm view that our objective needs to be both ambitious and realistic. Ambitious enough to include all areas of economic importance, and realistic enough to be successful within a limited period of time,” the EU official said, calling for trade deal negotiations to be launched early next year and concluded within 18 months.

The two trade chiefs, in their respective comments, both expressed an interest in addressing regulatory issues with regards to both food and non-food products in their Working Group discussions. Regulations, product standards, and health protections have been common sticking points in the US-EU relationship for years.

Both sides also plan to discuss services trade, along with possible tariff cuts in goods.

## EU national leaders push for US trade deal

With Europe struggling to overcome its sovereign debt crisis, some EU national leaders – including UK Prime Minister David Cameron and German Chancellor Angela Merkel – have advocated for increased bilateral deals, including a US-EU pact, as a way to prop up economic recovery.

In an article published prior to last weekend’s summit of G-8 leaders – where Europe’s financial woes was, as expected, the headline item on the agenda – UK Prime Minister David Cameron echoed an earlier call made during this year’s annual World Economic Forum in Davos, Switzerland for a Brussels-Washington deal.

“We must work together to give the world economy the one big stimulus that would really make a difference: an expansion of trade freedoms – breaking down the barriers to world trade and getting global trade moving again,” Cameron said.

“Where there are coalitions of the willing, we need to seize the opportunities to forge ahead with ambitious deals. So I will be pushing for progress on the trade deals that the EU is pursuing with three of our G-8 partners – Japan, Canada, and the US.”

The US and EU have the world’s largest trade relationship, with bilateral trade amounting to over US\$500 billion annually. The European Commission for Trade estimates that EU and US economies account for nearly a third of world trade flows.

The UK prime minister stressed that the leaders of the world’s largest economies “have a role in driving [the economic recovery] forward,” promising to use the 18-19 May Camp David gathering and the upcoming G-20 summit and European Council gatherings next month as opportunities to advocate for a 2013 start to negotiations.

Business leaders on both sides, for their part, have also been calling for a US-EU deal, with the US Chamber of Commerce and its European counterpart, BusinessEurope, being vocal supporters of such a plan. Business groups had hoped that meetings between US and European

national leaders at the G-8 summit would yield a political commitment to launching trade negotiations; however, while US and EU leaders reportedly met on the sidelines of the G-8 summit to discuss the Working Group's progress, such a commitment did not emerge.

### Single undertaking or piecemeal approach?

"Many in Europe have already voiced support for a comprehensive free trade agreement pursued as a single undertaking," Kirk noted on Tuesday, ostensibly referring to De Gucht's suggestion in Hamburg that a US-EU deal should be pursued as a comprehensive package.

"While the United States agrees that this approach presents many exciting opportunities, we want to ensure that its outcomes could be at least as broad and ambitious as those contained in existing US trade agreements," the US trade chief said.

While not ruling out a single undertaking approach as an option, Kirk noted that, should an overarching deal seem impossible, the US would be open to concluding smaller deals on selected issues.

De Gucht, for his part, has argued strongly for a single undertaking approach, arguing that anything less could have lacklustre results.

"We all know that a more piecemeal approach will at best allow us to solve only the easy problems while the difficult ones – which have the greatest potential to generate jobs and growth – fall by the wayside," De Gucht said in his Hamburg speech. "At worst, a piecemeal approach could lead to deadlock before we even get off the ground."

### Next steps

An interim report from the Working Group is expected in June; De Gucht and Kirk are scheduled to discuss the results of the report with trade ministers from EU member states within the coming weeks, Andrea Mead, a USTR spokeswoman, told Bloomberg earlier this month.

A final report from the working group is due by the end of the year.

The subject of US-EU trade ties is also set to feature in this week's meetings between Kirk, US Commerce Secretary John Bryson, and European officials.

ICTSD reporting; "Broad U.S.-EU Trade Agreement Ties to Growth, Trade Chief Says," BLOOMBERG, 22 May 2012; "Crisis leads to push for a transatlantic trade deal," EUROPEAN VOICE, 6 May 2012; "U.S. trade chief says to be 'pragmatic' on EU deal," REUTERS, 22 May 2012.

## OTHER NEWS

### US-China Renewable Energy Row Escalates with Solar Duty Announcement

Trade frictions between Washington and Beijing over renewable energy are once again on the rise, following the 17 May [announcement](#) that the US Commerce Department would be imposing anti-dumping duties on solar panel imports from China.

The Commerce investigation had been launched in response to a complaint from the Coalition for American Solar Manufacturing (CASM), a group of seven solar panel manufacturers led by SolarWorld Industries America that had together petitioned the US to investigate Chinese solar imports last October. (See Bridges Weekly, [2 November 2011](#))

The seven-company coalition had argued that Chinese companies were deliberately selling products abroad at below-market prices, a practice known as dumping.

In last Thursday's preliminary determination, the US agency found that Chinese producers/exporters sold solar cells in the United States at prices that were between 31.14 and 249.96 percent lower than their normal price.

As a consequence, the majority of Chinese exporters/producers will face a cumulative duty around 250 percent to account for this price

difference. Sixty-one exporters will be subjected to anti-dumping duties of roughly 31 percent.

The announcement quickly prompted outcry from Chinese government officials, who deemed the Commerce Department decision to be “unfair.”

“By deliberately provoking trade friction in the clean energy sector, the United States is sending the world a negative signal about trade protectionism,” Shen Danyang, a spokesman for the Chinese Ministry of Commerce (MOFCOM), said. MOFCOM has not yet outlined how it will respond.

According to calculations by Bloomberg New Energy Finance, the US decision will effectively raise the price of Chinese-made panels to US\$1.11 per watt, making them 17 percent more expensive than their non-Chinese counterparts.

The duties announced last week do not immediately go into effect; rather, they must be confirmed both by Commerce and the US International Trade Commission this fall. If the final determinations are affirmative, the US may enforce the duties from 19 November onwards, as well as retroactively for 90 days.

### **Rift intensifies within US solar industry**

The case has divided the US solar industry, pitting solar panel manufacturers against companies that purchase these panels for use in solar energy projects.

For his part, Gordon Brinser, president of SolarWorld Industries America and the leader of the Coalition for Solar Manufacturing, praised the decision.

“Commerce’s careful measures could help thwart China’s illegal drive to control the solar market and supplant manufacturers and jobs in America,” he said.

Meanwhile, the Coalition for Affordable Solar Energy (CASE) – a coalition of over 100 US firms that formally opposed the CASM case – continues to campaign against the anti-dumping duties, insisting that an increase in the price of solar panels will lead to a fall in the number of service-

related jobs that make up a large part of the US solar industry.

“Today SolarWorld received one of its biggest subsidies yet – an average 31 percent tax on its competitors,” Jigar Shah, president of CASE, said. “What’s worse, it will ultimately come right out of the paychecks of American solar workers.”

### **Final decision on countervailing duties forthcoming**

In the same complaint, the CASM had also alleged that Chinese companies had received unfair government support; with regards to this second claim, the Commerce Department tentatively announced in March that it would indeed be imposing anti-subsidy, or countervailing, duties against Chinese manufacturers (see Bridges Weekly, [21 March 2012](#)). Final determinations regarding the countervailing duties are expected by late July.

However, the legitimacy of these countervailing duties could soon be thrown into question, given an ongoing controversy over whether the Commerce Department can indeed apply these duties against imports from non-market economies (NMEs), such as China.

Earlier this year, Washington enacted a law aimed at preserving Commerce’s ability to impose countervailing duties on NMEs after the US Court of International Trade had denied this possibility in 2011. (See Bridges Weekly, [7 March 2012](#)) However, the new law was later challenged on constitutional grounds, and has now been sent back to the Court of International Trade for review.

The case is closely tied to the issue of “double remedies” – in other words, the case where cumulatively applied countervailing and anti-dumping duties remedy the same governmental support. Double remedies could potentially occur in the current solar spat.

### **Proposal for US local content requirement**

Additional legislation targeting Chinese solar panels could soon hit the floor of the US Congress, following the announcement last week

of a proposal that would bar foreign-made solar panels from qualifying for a 30 percent tax credit.

The proposal, authored by US Senators Charles E. Schumer and Sherrod Brown – both Democrats – would see the addition of a requirement whereby 70 percent of the parts of the solar panel would need to be made in the US in order to qualify for the tax credit. Should the final point of manufacture be the US, however, then only 50 percent of the parts would need to be US-made.

“This hard-hitting plan will level the playing field for US solar producers so that they can compete, create jobs and become a global leader in this rapidly-growing industry,” Schumer explained.

ICTSD reporting; “WTO dispute strains the limits of friendship and fair trade,” PV MAGAZINE, 21 May 2012; “US ruling on solar panels ‘unreasonable’,” CHINA DAILY, 19 May 2012; “Solarworld to Lodge China Dumping Complaint In Europe Mid-Year,” BLOOMBERG, 18 May 2012; “US Solar Tariffs on Chinese Cells May Boost Prices,” BLOOMBERG, 18 May 2012; “China ‘caught red-handed’ on US solar anti-dumping charges,” PV MAGAZINE, 18 May 2012.

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## Economic Powers Renew Push to End Hunger

Representatives of the world’s economic and financial powers put food security on the international agenda at two separate events last week. In the US, G-8 leaders announced a new initiative to invest in African agriculture, while deputy G-20 agriculture ministers meeting in Mexico agreed on recommendations that are expected to be passed on to heads of state when they meet in June.

### A ‘New Alliance’

During the 18-19 May G-8 summit, held at secluded Camp David in the US state of Maryland, US President Barack Obama announced a US\$3 billion pledge from 45 companies to invest in African agriculture as part of the group’s “New Alliance to Improve Food and Nutrition

Security.” The effort follows up on the commitment made at L’Aquila by the bloc in 2009.

The G-8 plan is aimed at lifting 50 million people out of poverty over ten years. The New Alliance announcement contends that action on improving private sector investment, spurring innovation, managing risk, and improving nutrition will lead to such an outcome.

Ethiopia, Ghana, and Tanzania will be the first countries to receive assistance as part of the pilot project, a group that is expected to expand should the scheme prove successful.

However, some civil society organizations were sceptical of the G-8 push even before the announcement was made. Oxfam, one such organisation, noted that New Alliance’s funds represent a 96 percent decrease in “investment than previous levels” – referring to the L’Aquila commitment of US\$20 billion over three years.

Others, such as the Washington-based Center for Global Development, welcomed the initiative, while calling for evidence of its effectiveness. Some have suggested that the emphasis on accountability reports in the “New Alliance” may be the most significant shift from earlier efforts.

In a nod to the growing controversy around so-called “land grabs,” the “New Alliance” also endorsed the recently released Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests and the Principles of Responsible Agricultural Investment. (See Bridges Weekly, 16 May 2012)

The G-8 is comprised of large economies - Canada, France, Germany, Italy, Japan, Russia, the UK, and the US. The EU is represented at the Summit, but cannot host or chair the gatherings.

Notably, other economies, such as Brazil, India and China, larger than some current G-8 members, are not present. The G-20 is a similar grouping of major financial powers, including developing countries.



## G-20 report finalised

On a separate front, deputy G-20 agriculture ministers meeting in Mexico City last week [agreed](#) that, in the absence of multi-billion dollar commitments, increased international co-operation is needed for boosting food supplies and addressing issues such as smallholder farming and food price volatility.

The 17-18 May gathering used detailed findings from 12 international agencies to prepare a report that agriculture “sherpas” – a term used to describe officials acting in the place of heads of state – will pass on to G-20 leaders at their summit in June.

Sources with access to the final report told Bridges that it was different from the one submitted earlier by international organisations, though “many points” look like it. Trade and land tenure were the most contentious during last week’s talks at the Mexican capital city.

At the meeting, Argentine officials resisted attempts to make a “clear commitment” on trade policy, sources said. On the other hand, Chinese officials reportedly showed sensitivity on land tenure as well an exception for the World Food Programme from export restrictions, a proposal that was advanced by last year’s French Presidency of the group. (See Bridges Weekly, [29 June 2011](#))

The WTO and the Doha Development Agenda are notably absent from the bloc’s paper to sherpas, something an official close to the talks found “quite surprising.” The report is not binding and is more of “encouragement,” the source added.

Although both gatherings focused on food security and sought private sector engagement, sources told Bridges that there was no formal link between their activities. While G-20 officials agreed last week on the importance of an initiative that would use rewards to spur public and private innovation in agriculture, the G-8 initiative aims at spurring private sector investment in African farming.

Still, it appears that there is “no co-ordination, no commitment, no link” between the two initiatives,

according an official that is party to both groups. There “may be” one at the highest levels, the source surmised.

“Some G-8 countries are reluctant to handoff the development issues to the G-20” because they may not make it a priority, Kim Elliott of the Center for Global Development commented to Bridges.

## More information

An analysis of the international agency report used in the G-20 deputy agriculture minister discussions is available in the [9 May issue](#) of Bridges Weekly.

ICTSD reporting.

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## First EU EPA with an African Region Takes Effect

Brussels’ first Economic Partnership Agreement (EPA) with an African region is now in effect, the European Commission (EC) [announced](#) last week. The four African countries involved in the trade and development agreement – Mauritius, Madagascar, Seychelles and Zimbabwe – are members of the twelve-country Eastern and Southern Africa (ESA) regional grouping.

The interim EPA will provide duty and quota free access to the EU market for exports from Mauritius, Madagascar, Seychelles, and Zimbabwe. These countries will gradually open their markets to European exports over the course of 15 years, with exceptions for certain products deemed sensitive by the countries involved.

“This is excellent news and I salute the hard work of negotiators and colleagues on all sides,” EU Trade Commissioner Karel De Gucht said upon announcing the EPA’s taking effect. “With this trade deal we hope to accompany the development of our partners in Eastern and Southern Africa and open up better and lasting business opportunities.”

At the end of 2007, Comoros, Madagascar, Mauritius, Seychelles, Zambia, and Zimbabwe

concluded negotiations for an interim EPA with Brussels. Four of those countries – Madagascar, Mauritius, Seychelles, and Zimbabwe – then signed the agreement in August 2009. (See Bridges Weekly, 9 September 2009)

According to the European Commission, those four African countries have now taken and completed steps towards ratifying the EPA, or have notified its provisional application. This, in turn, has allowed the agreement to now be applied.

Once the agreement has been ratified by all countries involved – including all EU member states – the deal will officially enter into force.

The interim EPA with the four ESA countries should be seen as a “stepping stone to a wider and more comprehensive deal currently under negotiation with the ESA region,” European Commission officials said.

Negotiations for a comprehensive regional EPA involving all ESA countries are presently ongoing, having resumed at the beginning of 2008. This comprehensive deal would include countries that are not currently part of the interim EPA, such as Comoros, Djibouti, Ethiopia, Eritrea, Malawi, Sudan, and Zambia.

### **2014 deadline in the background**

The Cotonou Agreement, which was signed in 2000, established the basis for a new trade and development co-operation framework between the EU and the African, Caribbean, and Pacific (ACP) group of countries. Under the Cotonou Agreement, the non-reciprocal trade preferential scheme between the EU and its ACP partners that had prevailed until that point was to be replaced by EPAs.

These partnership agreements were meant to provide for trade reciprocity, promote sustainable development, and allow for further regional integration by encouraging negotiating countries to enter into EPAs with the EU as part of regional groupings.

January 2008 had originally been set as the deadline for bringing the EC–ACP trade regime

into conformity with WTO rules, as providing this type of preferential access violated the requirement of non-discrimination set out in the WTO’s General Agreement on Tariffs and Trade (GATT). The EU-ACP regime had required WTO waivers to allow ACP countries to temporarily receive preferential access to EU markets.

After the Cotonou Agreement expired at the end of 2007, the EU Market Access Regulation (MAR) 1528/2007 was put into place to provide duty free quota free (DFQF) market access to 36 ACP countries, given that not all of the ACP regions had been able to finalise EPAs by the end-2007 deadline. The EU Market Access Regulation requires ACP countries to sign, ratify and implement their EPAs “within a reasonable period of time.”

However, since the launch of EPA negotiations in 2002, progress has been much slower than expected, sparking questions among trade observers about the future of the EPA process. The only full EPA that has been signed at this stage is an agreement between the European Commission and the Caribbean Forum (CARIFORUM) countries, an ACP subgroup.

In September 2011, the EU announced that countries that have concluded an EPA with the EU without having taken the steps to ratify and implement it would be withdrawn from the Market Access Regulation as of 1 January 2014. (See Bridges Weekly, 5 October 2011) The decision has prompted criticism from African legislators and civil society groups, many of which have slammed the European Commission’s deadline as “unrealistic.” (See Bridges Africa, 16 May 2012)

Of the 36 ACP countries that currently benefit from the MAR, 18 island countries – Madagascar, Mauritius, Seychelles, Papua New Guinea, and another 14 Caribbean countries – have taken the necessary steps toward ratification and initialed agreements.

The remaining 18 countries – most of which are least developed countries (LDCs), with the exception of Nigeria – have yet to sign an interim agreement. This group of EPA non-signatories includes nine LDCs, seven low-income or middle-

income countries, and two upper middle-income countries.

### Uncertain prospects for future EPAs

Countries that have already signed interim agreements with the EU are expected to pursue ratification ahead of the impending 2014 deadline. However, trade observers note, the prospects for concluding negotiations for EPAs in other regions are likely to keep dwindling.

For example, in West Africa and Central Africa, the question remains whether the interim agreements already signed by individual countries – such as Cote d'Ivoire – will indeed be extended to other countries within the same region. This is particularly an issue for EPA-signatory countries that are part of regions with common external tariffs, such as the South African Customs Union (SACU) and the West African Economic and Monetary Union (UEMOA).

ICTSD reporting.

## IN BRIEF

### France to Re-Launch EU Carbon Tariff Proposal: Official

In his first interview as France's Minister of Industrial Renewal, Arnaud Montebourg announced that he would be reviving plans to apply a carbon tariff to imports from countries with more lax emission regulations. The idea was first floated by the administration of former President Nicolas Sarkozy in 2009 ahead of UN climate talks in Copenhagen, but was widely rejected as protectionist by fellow EU member states.

Montebourg pointed out that the idea has already been on the agenda in Brussels; back in 2008, European Commission José Manuel Barroso had said that countries could be forced to buy EU pollution permits if they wanted to trade with Europe. The idea, however, was later scrapped when it failed to garner enough support.

The newly appointed minister, who is well known for his distaste for globalisation, says a carbon tariff will help level the playing field in international trade.

"We must demand reciprocity," Montebourg said, adding that such a measure would help protect local industry from unfair competition.

Paris backed away from its tariff plans in the wake of the inability of climate negotiators to agree to a robust deal in Copenhagen in 2009, later rebranding it as a "carbon inclusion mechanism." The revised scheme would have required importers to purchase pollution permits from the EU's emissions trading scheme (EU ETS).

However, if the current government moves ahead with a similar measure it could prove to be a lightning rod for trading partners, many of which have been staunchly critical of Brussels' recent inclusion of aviation into the ETS (see Bridges Trade BioRes, [17 May 2012](#)).

Unilateral measures have traditionally met strong resistance by developing countries in particular; sources note that the subject has again been raised by climate negotiators meeting in Bonn this week as an issue that needs to be dealt with by the UN Framework Convention on Climate Change (UNFCCC).

### Revenues

In a bid to prove that the carbon tariff was not an attempt to protect local industries, the former Sarkozy administration had said that the funds collected through the proposed border tariff scheme could be used to fund low-carbon technologies in developing countries.

Similarly, with regards to aviation sector revenues from the EU ETS, it has been said that the funds raised can be recycled back to developing countries. However, details of such a plan have not been further specified, which observers note is likely due to the fact that EU member states need to decide how to use these revenues.

It is not clear if such an overture will be part of Montebourg's plans moving forward, but in his interview, the minister did not shy away from



strong language that some observers might view as protectionist.

“The European Union will have to revise its totally liberal doctrine which is to say that it is forbidden to favour local industry,” Montebourg said.

ICTSD reporting; “France plans to revive EU carbon tariff,” THE GUARDIAN, 18 May 2012; “French to revive Sarkozy’s EU carbon tariff idea,” EURACTIVE, 18 May 2012.

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### **IP, Innovation, R&D Take Centre Stage as World Health Assembly Kicks Off**

Delegates have gathered in Geneva this week for the World Health Assembly (WHA), the World Health Organization’s (WHO) annual governance meeting. The 21-26 May event has so far seen intellectual property, innovation, and research and development (R&D) figure prominently in the talks, with topics such as WHO reform, pandemic influenza preparedness, and counterfeit medicines slated for discussion later this week.

The World Health Assembly is the WHO’s top decision-making body, tasked with supervising financial policies, reviewing programmatic goals, and determining organisational practices. Professor Thérèse N’Dri-Yoman, Cote d’Ivoire’s Minister of Health and the Fight Against AIDS, is presiding over this year’s WHA.

In her opening address, WHO Director-General Margaret Chan reminded member states that, “as public expectations rise, costs soar, and budgets shrink, we must look to innovation as never before. [It] does the most good when it responds to societal concerns and needs, and not just to the prospects of making a profit.”

“This is frugal, strategic innovation that sets out to develop a game-changing intervention, and makes ease of use and affordable price explicit objectives,” she added.

### **Call for R&D treaty draws mixed response**

One of the most debated issues at the WHA so far has been a [report](#) prepared by the WHO’s Consultative Expert Working Group on Research and Development: Financing and Coordination (CEWG), which calls for a binding convention on R&D to address diseases that disproportionately affect developing countries.

The working group was established by the WHA 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 impact poor countries, along with diseases that occur in both developed and developing countries.

The call for a binding agreement has proved divisive during the early days of this year’s Assembly, with Kenya and the Union of South American Nations (UNASUR) suggesting that the WHO move forward with the negotiations towards concluding a binding convention. The US and Switzerland, however, have cautioned against prejudging the outcome of discussions on the issue.

UNASUR includes Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

At the time Bridges went to press, results from a drafting group scheduled to meet on Wednesday evening to condense all R&D proposals into one consensus document were not yet available.

At a presentation of the report earlier this month, Nobel Laureate in Economics Joseph Stiglitz welcomed the call for a binding agreement on R&D, noting that “living in a profit-driven system means that research goes where the money is.” (See Bridges Weekly [9 May 2012](#))

Yesterday, Norwegian Foreign Minister Jonas Gahr Støre voiced a similar sentiment, saying that “market forces alone will not give us equity” when it comes to public health.

## Big issues lie ahead

The topic of WHO reform – which also featured prominently in last year's World Health Assembly – is scheduled for discussion on Thursday (See Bridges Weekly [25 May 2011](#)). According to the UN agency, this process will involve refocusing the organisation's core business to address 21<sup>st</sup> century health challenges, reforming the financing and management of the organisation, and “transforming governance to strengthen public health.”

In her opening remarks on Monday, Chan indicated that she saw the role of the WHO “as that of a global health guardian, a protector and defender of health, including the right to health.”

On Friday, member states will discuss a framework on pandemic influenza preparedness agreed upon at the 2011 WHA that includes provisions for benefit sharing and aims to ensure greater access to vaccines for developing countries. Members will also examine the work of the WHO's working group on substandard/spurious/falsely-labelled/falsified/counterfeit medical products, which was a contentious issue last year.

Further analysis of this week's WHA discussions, including topics addressed during the Thursday and Friday meetings, will be featured in next week's Bridges.

ICTSD reporting.

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## Australia, Malaysia Ink Trade Deal

Australia and Malaysia have signed a free trade pact, the two sides announced on Tuesday 22 May, two months after concluding bilateral negotiations that date back to 2005. The accord, signed in Kuala Lumpur by the two countries' respective trade ministers, is set to enter into force in January of next year.

“This is an agreement that we can all be proud of,” Australian Trade Minister Craig Emerson said. “It creates effective economic integration between Australia and Malaysia.”

For his part, Malaysian Trade Minister Mustapa Mohamed called the pact “historic,” noting that “Australian exporters to Malaysia will also be able to immediately enjoy significantly reduced tariffs for goods, reaching up to 99 percent by 2020.”

The accord will guarantee tariff-free entry for 97.6 percent of Australian goods exports to Malaysia upon entering into force, increasing to 99 percent by 2017. Malaysian goods imports into Australia, meanwhile, will receive duty-free entry into the Australian market. The agreement's market access commitments are expected to particularly benefit Australian exporters of iron, steel, and dairy products, along with automotive parts producers.

The bilateral agreement also covers trade in services, investments, and economic and technical co-operation, officials said. With regards to services, Malaysia has committed to permitting majority Australian ownership of service providers in areas such as telecommunications, tourism, education, and mining-related services.

Malaysian companies, meanwhile, can take part in Australia's traditional and complementary medicine sector, as well as private hospital services.

The deal will build upon the benefits from the existing trade agreement between Australia, New Zealand, and the Association of Southeast Asian Nations (ASEAN), known as the AANZFTA, the Australian trade chief said. The AANZFTA entered into force in 2010.

Malaysia is Australia's 10th largest trading partner, with bilateral trade between the two sides reaching US\$12.4 billion last year. Australia, for its part, is Malaysia's 12th largest partner.

## Future Australian trade deals in the pipeline?

In his remarks at the Tuesday signing ceremony, Emerson commented that he hoped the deal would help Canberra's trade negotiations with other Asian trading partners, such as China, Japan, and South Korea. Those negotiations have struggled in the past to overcome differences in the agricultural sector, among other areas.

The Malaysia-Australia deal will hopefully be “an indication to countries like Japan, China, Korea, and Indonesia that we are serious about seeking to conclude high-quality FTAs,” Emerson said.

Notably, the Malaysia-Australia deal was praised by farm groups in Australia, despite earlier difficulties in the negotiating process.

“Protectionist sentiment around agricultural goods is rife and growing across the globe, so in this context, it is pleasing that Australia has managed to forge an agreement with Malaysia that has dealt with some sensitive agricultural issues that were not effectively covered by AANZFTA,” Duncan Fraser, vice president of Australia’s National Farmers Federation, told newspaper *The Australian*.

The deal between Malaysia and Australia includes dairy and rice, which had been excluded in the AANZFTA.

Australian farm groups will continue to push for agriculture to remain “front and centre” in the deals being negotiated with Canberra’s Asian trading partners, Fraser said.

ICTSD reporting; “Malaysia, Australia sign free-trade deal,” AFP, 22 May 2012; “Malaysia, Australia ink free trade pact to bolster trade and investment ties,” ASSOCIATED PRESS, 22 May 2012; “Business, farmers back trade deal with Malaysia,” THE AUSTRALIAN, 23 May 2012.

## EVENTS & RESOURCES

### Events

#### Coming soon

24 May, online. THE IMPORTANCE OF RIO+20. This webinar, hosted by The International Society of Sustainability Professionals (ISSP), will feature both a presentation and a panel discussion focusing on the upcoming UN Conference on Sustainable Development (UNCSD, or Rio+20). The webinar is part of ISSP’s ongoing coverage in the lead-up

to the June conference. The panel will include experts representing NGO, private sector, and government perspectives. For more information, please visit [ISSP’s webpage](#).

29 May-1 June, Beijing, China. ROUNDTABLE FOR LDCS ON BEST PRACTICES IN THE WTO ACCESSION PROCESS. This event, sponsored by the government of China and organised by the WTO secretariat, is one of the three components of China’s LDCs and Accessions Programme, which aims to strengthen the participation of least developed countries in the WTO and at assisting acceding LDCs in their accessions to the global trade body. The objectives of this event are to: share experiences and best practices in the WTO accession process; build negotiating capacity of acceding LDC governments; establish and consolidate a network of LDCs’ Chief Negotiators in the WTO accession process; and identify priorities, within an overall plan to support those LDCs still in the accession process. More information is available on the [WTO website](#).

29 May-2 June, New York, US. THIRD ROUND OF ‘INFORMAL INFORMAL’ NEGOTIATIONS ON THE ZERO DRAFT. At this meeting, delegates will continue negotiations on the draft outcome document, or “zero draft”, for the upcoming UN Conference on Sustainable Development (UNCSD, or Rio+20), which is scheduled to be held in mid-June in Rio de Janeiro, Brazil. This third round of negotiations was announced at the end of the second round of “informal informals,” which were held during the last week of April and first week of May. For more information, please click [here](#).

30 May-1 June, Bangkok, Thailand. WORLD ECONOMIC FORUM ON EAST ASIA 2012. The annual regional meeting organised by the World Economic Forum, will focus on future opportunities for the East Asian region and how to create the necessary models for improved risk management and sustainable and equitable growth. A wide range of topics will be covered over the three-day gathering, including East Asia’s risk resilience, climate change, the Association of East Asian Nations (ASEAN) as a global supply chain hub, natural disaster management, food security, infrastructural development, and

consumer behaviour, among others. For the full programme, please click [here](#).

### 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.

24 May: Dispute Settlement Body

5 June: Working Party on State Trading Enterprises

5-6 June: Council for Trade-Related Aspects of Intellectual Property Rights

7 June: WTO Introduction Day

7 June: Committee on Rules of Origin

### Other Upcoming Events

5 June, Brussels, Belgium. INFORMATION AND COMMUNICATION TECHNOLOGIES (ICTs) AND AGRICULTURE IN AFRICA: AN UNEXPECTED ALLIANCE. This seminar, organised by the French Institute of International Relations (Institut Français des Relations Internationales, IFRI), will focus on the potential ICTs have for helping Africa achieve more productive, sustainable agriculture. Topics discussed will include the contributions of ICTs for social development, and how telecommunications can help improve the living standards of farmers while enhancing their productivity. For more information, please click [here](#).

5 June, Geneva, Switzerland. WORLD ENVIRONMENT DAY ROUNDTABLE: ENVIRONMENTAL PERSPECTIVES IN SETTING GLOBAL SUSTAINABLE DEVELOPMENT GOALS. Organised by the Geneva Environment Network, the roundtable

discussion will address two issues: environmental perspectives in the setting of global sustainable development goals; and the importance of clearly defined goals. For more information, please click [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](#).

28-30 June, Saint Petersburg, Russia. APEC WOMEN AND THE ECONOMY FORUM. This Asia-Pacific Economic Co-operation (APEC) event will bring together more than 300 female leaders from public, private, non-governmental, and academic sectors to discuss the topic of "Women and Innovative Economic Growth." The discussions will be split into three thematic sessions, focusing on innovative growth, business opportunities, and human capital, respectively. Recommendations from the discussions for concrete actions the 21-country grouping can take to enhance the economic participation of women will be passed on to APEC leaders. More information is available on the APEC 2012 [website](#).

24-26 September, Geneva, Switzerland. WTO 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. Event organisers are currently inviting submissions of short articles of no more than 1,000 words on the themes of the Forum, along with views on the articles submitted by others. Articles should be sent to [publicforum2012@wto.org](mailto:publicforum2012@wto.org), indicating discussion forum on the subject line. For more details about this event, visit the WTO's [website](#).

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## Resources

A SNAPSHOT OF CURRENT TRADE TRENDS IN POTENTIAL ENVIRONMENTAL GOODS AND SERVICES. By Carlos Kuriyama for the Asia Pacific Economic Co-operation (APEC) Policy Support Unit (April 2012). This policy brief attempts to estimate the magnitude of environmental goods and services (EGS) trade, identify current trends, and examine the relevance of EGS in the 21 APEC countries. The author's findings indicate an increasing importance in EGS trade globally and in the APEC region, and notes a growing relevance of EGS for both industrialised and developing APEC member economies. To access the full article, please click [here](#).

CONNECTING TO COMPETE 2012: TRADE LOGISTICS IN THE GLOBAL ECONOMY. Published by the World Bank (May 2012). This publication provides cross-country comparisons and insight into the policies and interventions that improve and modernise logistics performance. The publication builds off of the Logistics Performance Index (LPI), a measure of trade logistics performance across 155 countries. The LPI is designed for national leaders, policymakers, and private sector traders who want to understand the challenges posed by logistical barriers to trade. For the 2012 LPI ranking and scores, click [here](#). To view the full report, please click [here](#).

THE WAY FORWARD: INCLUSIVE GREEN GROWTH POLICIES TAILORED TO REAL WORLD CHALLENGES. Published by the

World Bank (May 2012). The 192-page report sets out an economic argument and framework for greening growth. The authors argue that greening growth is necessary, efficient, and affordable. The report lays out some strategies for inclusive green growth and asserts that all countries, rich and poor, have opportunities to make their growth greener and more inclusive without slowing it. The full report is available at the World Bank [website](#).

IS TRADE IN ASIA REALLY INTEGRATING? By Shintaro Hamanaka for the Asian Development Bank (January 2012). This article argues that trade in Asia has integrated *de jure* – as seen by the increasing number of free trade agreements in Asia – but *de facto* integration – actual level of interdependence in terms of trade flows – is unclear and has been harder to quantify. The author finds that signing free trade agreements does not necessarily translate to trade interdependence, and that this relationship has not been sufficiently studied. The author examines the trade interdependence of different sets of Asian countries, and then evaluates whether *de jure* trade integration is brought about by high-level or low-level *de facto* trade integration. The publication is available [here](#).