

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 16, ISSUE 38, 7 NOVEMBER 2012

GLOBAL FINANCIAL CRISIS

Eurozone Crisis, US "Fiscal Cliff" Fears Dominate G-20 Gathering 1

DISPUTES

China Launches Solar Case Against EU at WTO 4

AGRICULTURE

EU Budget Wrangling Delays Farm Policy Reforms 6

POST-2015 DEVELOPMENT AGENDA

UN High-Level Panel Meets on Post-2015 Development Goals.. 8

PREFERENTIAL AGREEMENTS

Islands Disagreement Dampens Hope for Quick Launch of China-Japan-Korea Trade Talks.. 10

CLIMATE CHANGE

EU Ministers Agree on Strict Air Pollution Limits for Shipping Industry..... 11

EVENTS & RESOURCES

Vacancies 12

Events..... 13

Resources..... 15

GLOBAL FINANCIAL CRISIS

Eurozone Crisis, US "Fiscal Cliff" Fears Dominate G-20 Gathering

Fears of an increasingly prolonged eurozone crisis and an impending US "fiscal cliff" took centre stage as senior finance officials from the Group of 20 major developed and emerging economies met in Mexico on Monday. The high-profile gathering comes amid discussions in other forums on how to use trade to foster a quicker global recovery and prevent a possible slowdown, and concluded just a day before the US presidential election that granted President Barack Obama another four-year term in office.

G-20 officials: "We will do everything necessary to strengthen... the global economy"

The finance officials' gathering comes after weeks of discussions in various forums – such as French and German national leaders' separate meetings with international organisation heads; a recent EU summit; and the International Monetary Fund and World Bank Annual Meetings – that have highlighted the continued risks to global economic growth and open markets, and concerns over how best to balance the use of monetary and fiscal policy measures in advanced economies.

The results of the G-20 meeting, held in Mexico City on Sunday and Monday of this week, were therefore high on the radar of international policymakers, though observers found that the final communiqué showed little differences from the one issued by G-20 leaders in Los Cabos earlier this year and included no major decisions. The final document focused overall on the need to prevent further economic slowdown, given the high-risk climate.

"Global growth remains modest and downside risks are still elevated, including due to possible delays in the complex implementation of recent policy announcements in Europe, a potential sharp fiscal tightening in the United States, securing funding for this year's budget in Japan, weaker growth in emerging markets and additional supply shocks in some commodity markets," officials warned in their final [communiqué](#).

Finance officials also urged that the current reform momentum in Europe "on structural, fiscal, and financial fields" continue, while stressing the need to ensure that the public finances of G-20 economies are on a "sustainable path."

With many advanced economies unlikely to meet 2010 targets to halve their budget deficits, however, officials said that it was necessary to "ensure that the pace of fiscal



International Centre for Trade and Sustainable Development

consolidation is appropriate to support the economy," which analysts note could buy these economies some time in reducing these shortfalls and thus avert a renewed slowdown from enacting such austerity policies too quickly. According to International Monetary Fund (IMF) Managing Director Christine Lagarde, the objective is now for those deficit targets to be met by 2013.

Overall, G-20 officials agreed that efforts to date to resolve global imbalances have not achieved their intended effects. With that in mind, "we will do everything necessary to strengthen the overall health and growth of the global economy," officials said in their final communiqué on Monday.

"Our main focus in the period ahead will be to rebuild confidence and to reduce risks and volatility in international financial markets; contribute to a faster pace of economic recovery and job creation; and promote the foundation for strong, sustainable, and balanced growth," they said.

US "fiscal cliff," eurozone woes share top billing

The difficulties facing the eurozone, while a prominent topic at this week's gathering, were matched by concerns over the possibility that the US might face a "fiscal cliff" should Washington lawmakers not act in time to prevent US\$600 billion in automatic tax hikes and spending cuts that many fear could push the US economy back into recession. If not prevented, the measures would take effect from 1 January of the coming year.

Speaking just days ahead of the US election, officials at the G-20 meeting acknowledged that whoever won the White House would have to act immediately to prevent the "fiscal cliff" fears from becoming reality.

"First and foremost the US leadership needs to address quickly the so-called fiscal cliff and the debt ceiling, those two risks... are clearly factors of uncertainty, not only for the US economy but also for the global economy," Lagarde urged.

"If we're not able to resolve the cliff, that could be the tipping point for a much more complicated scenario in the world economy," Chilean finance minister Felipe Larraín told Reuters on Monday.

The US presidential and congressional election had largely been blamed by observers as preventing Washington lawmakers from taking definitive action; with Obama clinching his second term in the White House, and Democrats having kept their Senate majority while Republicans maintained control of the House of Representatives, analysts predict that the "fiscal cliff" will now top the US policy agenda in the weeks to come.

"I think there will be no fiscal cliff," Organisation for Economic Co-operation and Development (OECD) Secretary General Ángel Gurría said in comments reported by Reuters. "I think that in the next months, after the election, they will come to an agreement to avert such dramatic consequences."

Protectionism, currency concerns reiterated

Following the gathering, finance officials also stated their commitment to "open trade and investment, expanding markets and resisting protectionism in all its forms." While the pledge is a familiar one from earlier gatherings, the meeting comes just days after the WTO released new figures on trade restrictive measures being implemented in G-20 economies that found that the pace of introducing new measures has slowed.

However, the 31 October WTO report cautioned, the continued build-up of such policies is still cause for concern, particularly given increasing trade frictions. The Geneva-based trade body therefore urged G-20 governments to "redouble their efforts to keep their

markets open, and to advance trade opening as a way to counter slowing economic growth." (See Bridges Weekly, [31 October 2012](#))

The G-20 event, which brought together senior officials from the world's major advanced and emerging economies – but was notably missing US Treasury Secretary Timothy Geithner, European Central Bank chief Mario Draghi, and Brazilian Finance Minister Guido Mantega – also raised the issue of exchange rates, which have been a repeated sticking point between many G-20 members.

While the US has been among those urging China to allow further appreciation of its currency, the renminbi – a topic that was raised repeatedly in the run-up to last night's election – Washington and Frankfurt have also come under fire by emerging economies like Brazil for their own monetary policies, specifically those involving quantitative easing. However, some have defended these recent US, EU, and Japan central bank decisions, with Australian Treasurer Wayne Swan publicly backing the move at the G-20 meeting.

"I know some question the spillover impacts from these central bank actions, but there is nothing more important to the global economy than to lift growth in the world's advanced economies," he said.

A report from the US Treasury Department on the exchange rates of Washington's trading partners is expected in the coming days, having been delayed until after the finance ministers' gathering. The report is watched closely by trade observers, particularly for its assessment of China's currency policies.

At the end of their Mexico City meeting, officials reiterated "our commitments to move more rapidly toward more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, avoid persistent exchange rate misalignments and refrain from competitive devaluation of currencies; to boost domestic sources of growth in surplus economies, and boost national savings in deficit economies."

More collaboration between Europe and Asia?

Meanwhile, in the Laotian capital of Vientiane, leaders from European and Asian economies gathered this week to examine areas – particularly trade – where the two continents might be able to support one another.

"Asia is not able to settle Europe's issues, but Asia can do its part to help Europe" – including by promoting trade, Singapore Prime Minister Lee Hsien Loong said at the Laos summit, in comments reported by Bloomberg.

While comments from both French and Chinese leaders focused on the need for more open markets – with French President François Hollande stressing that "the biggest threat [to recovery] is protectionism," and Chinese Premier Wen Jiabao noting that "free, open, and fair international trade is an important driving force for world economic growth" – underlying tensions over Beijing's currency policies and recent comments from some French officials promoting a "Made in France campaign" remained.

"Currencies must represent more faithfully the state of our economies," Hollande remarked at the summit. "States whose trade are in surplus must necessarily accept a re-evaluation of their currencies. There must be some correction to re-balance exchanges... if we want to spur growth."

Meanwhile, recent protectionist rhetoric from French Industry Minister Arnaud Montebourg has drawn criticism from Beijing, as reflected in a recent editorial from Chinese state-run news agency Xinhua.

"Amid an irreversible momentum towards globalisation, trade protectionism is nothing but a contemptible trick and cannot help France revive its sluggish economy," Xinhua [said](#).

ICTSD reporting; "G-20 fears US sharp fiscal tightening," AFP, 5 November 2012; "UPDATE 6-G20 carves out some more wiggle room on austerity plans," REUTERS, 5 November 2012; "Highlights – G20 meeting in Mexico," REUTERS, 5 November 2012; "Europe, Asia Call for Open Markets to Boost Trade, Growth," BLOOMBERG BUSINESSWEEK, 5 November 2012; "Highlights – G20 meeting in Mexico," REUTERS, 5 November 2012; "Australia's Swan says G20 must act to boost growth now," REUTERS, 5 November 2012.

DISPUTES

China Launches Solar Case Against EU at WTO

China has filed a WTO complaint over local content requirements under renewable energy feed-in-tariff programmes in certain EU member states, officials announced earlier this week. The surprise move comes just days after Beijing launched anti-dumping and countervailing duty investigations domestically over EU exports of solar polysilicon components to the Chinese market.

On the Chinese Ministry of Commerce website, ministry spokesperson Shen Danyang said that the People's Republic had requested consultations with the EU and certain member states – including but not limited to Italy and Greece – under the WTO's dispute settlement proceedings regarding allegedly unfair EU trade practices in the solar sector. According to Shen, electricity produced by EU-made solar components benefited from favourable feed-in tariffs in some countries, which in turn hurt the interests of Chinese producers locked out from such subsidies.

Along with citing the WTO's Agreement on Subsidies and Countervailing Measures, China's consultations request also claims that the measures at issue are inconsistent with the General Agreement on Tariffs and Trade (GATT) and the Agreement on Trade-Related Investment Measures (TRIMS).

Notably, the complaint shows similarities with an earlier WTO challenge filed by the EU and Japan against local content requirements in a renewables feed-in tariff scheme in the Canadian province of Ontario. Sources told BioRes last month that a confidential interim report showed that the WTO panel has sided with the EU and Japan in its ruling. (See Bridges Trade BioRes, [15 October 2012](#))

The EU will now have 60 days to respond to China's request for consultations; should the two sides not reach an agreement in that time, Beijing will have the right to officially request the establishment of a dispute panel to review the case. The consultations request was not publicly available as Bridges went to press on Wednesday evening.

Competition in the solar sector is fierce, and profits have dropped sharply at a time when green subsidies are being cut back. The 40 percent drop in the global price of solar panels between 2006 and 2011 has largely been attributed to huge growth in Chinese solar panel production. Some analysts say that oversupply by Chinese solar panel manufacturers is to blame for damage to profits of their European and US counterparts, with share prices

experiencing a similar plunge. In 2011, China exported 60 percent of its solar products to the EU, which represented seven percent of China's overall exports to the trade bloc.

China responds to EU with apparent tit-for-tat

Over the last few years, solar producers in the EU and US have accused China of unfair trade measures in order to let the sector grow, and both the EU and US have launched anti-dumping and – in Washington's case, also anti-subsidy – investigations against Chinese imports. The practice of "dumping" involves companies selling their products abroad at prices below their fair value, causing harm to the domestic industry of the importing country.

In October, the US Commerce Department announced final duties on imports of Chinese solar cells, following a year of investigations. (See Bridges Weekly, [10 October 2012](#)) The US International Trade Commission voted earlier today in favour of applying the anti-dumping and anti-subsidy duties determined by Commerce, which range from 18.32 percent and 249.96 percent in the case of the former and 15.78 to 15.97 percent for the latter.

In September, the European Commission launched similar investigations into allegations of Chinese solar panel manufacturers benefiting from illegal subsidies and dumping their products onto the EU market, with a ruling expected in late 2013. (See Bridges Weekly, [12 September 2012](#))

On Thursday of last week, China's Ministry of Commerce (MOFCOM) [announced](#) that it was launching its own anti-dumping and anti-subsidy investigations focusing on solar-grade polysilicon, a key component of solar panels, from the EU. Among the companies requesting the probe were Jiangxi LDK PV Silicon Technology Co., China Silicon Corp, Jiangsu Zhongneng Polysilicon Technology Development Co., and Daqo New Energy Corp. Reportedly, polysilicon production has fallen by 25 percent while imports have grown by 30 percent, and only a fraction of the 43 manufacturers in China were operating in 2012.

"The announcement is more a response to the EU probe and the result will be highly dependent," cautioned Wang Xiaoting of Bloomberg New Energy Finance in Beijing. "If tariffs are imposed on the US and EU imports, the entire downstream of Chinese photovoltaic manufacturing will face a more difficult situation."

China's current investigations of EU exports will be processed together with similar anti-dumping and countervailing duty probes into US and Korean exports to the country, "to evaluate the accumulated impact of products from the three regions," according to MOFCOM. The previous cases were launched in July, and the probe is expected to finish by the beginning of November 2013 with the possibility of a six-month extension.

Greater focus on domestic market in China?

Besides the WTO complaint and MOFCOM anti-dumping and countervailing duty investigations, China has recently chosen to boost its internal market for photovoltaic technology by improving conditions to connect to the national grid. Until now, the Chinese solar sector has been highly export-oriented.

According to Chinese state-owned news agency Xinhua, the State Grid Corporation of China (SGCC) is implementing a set of measures – including technical assistance and waiving connection charges for small solar installations – in order to make it easier to access the national grid.

"The need to nurture domestic demand for solar panels cannot be overstated," said Wang Sicheng, a researcher with the Energy Research Institute of the National Development and

Reform Commission. According to a recent government white paper cited by Xinhua, China plans to grow its solar power generation capacity seven-fold by 2015.

ICTSD reporting; "China challenges EU solar power subsidies at WTO," REUTERS, 5 November 2012; "China launches trade probes on EU solar products," REUTERS, 2 November 2012; "Xinhua Insight: Fresh air for China's solar industry," XINHUANET, 2 November 2012; "China Probes EU Solar-Silicon Imports for Dumping, Subsidies," BLOOMBERG, 1 November 2012.

AGRICULTURE

EU Budget Wrangling Delays Farm Policy Reforms

Wrangling over the EU's post-2013 budget has delayed plans for reform of the bloc's Common Agricultural Policy (CAP), after the European Parliament decided on Monday to postpone a crucial vote on the issue until the end of January.

The move by the parliament's agriculture committee allows it to push the vote back until after heads of state and government meet in two weeks' time to discuss [new proposals](#) for a €50 billion cut in the bloc's overall budget for the next seven-year cycle. French [opposition](#) to any reduction in farm spending is likely to set the country on a collision course with other EU members such as the UK, which favours trimming EU spending as part of a push to tackle fiscal deficits.

Adding to the complexity, rules agreed since the last farm policy reform now require Parliament to reach agreement with the European Commission and European Council before the CAP is finalised.

Italian Member of the European Parliament (MEP) Paolo De Castro, who chairs the parliament's agriculture and rural development committee, warned that the parliament "will not accept" further cuts.

"No final vote on the CAP reform will be taken unless the committee knows how much money will be available for it," De Castro said.

Proposed cuts "a starting point"

However, Cyprus, which currently holds the presidency of the European Council, defended the need for cuts "at a time of exceptional fiscal discipline."

It was "essential" that the new budget reflected "efforts being made by member states to bring their deficits and debt onto a more sustainable path," said a [statement](#) from Andreas Mavroyiannis, the country's Deputy Minister for EU Affairs. A preamble to the document describes the proposed reductions as "a starting point" for discussion, and warns that "more sizeable reductions are needed in order to reach a compromise."

The Cyprus presidency proposal would gradually cut direct payments to producers by a total of 1.3 percent over the seven year period, or rather less than the average 3.7 percent cut for the budget as a whole, [notes](#) Professor Alan Matthews of Trinity College Dublin in a blog post on the new numbers.

"However, the idea of including an annual degressive element opens the door, for the first time, to the perspective that these payments are not guaranteed forever," he adds.

Parliament: over 7400 amendments

While EU leaders square up with one another for a showdown over the budget, European political groups are frantically trying to reach consensus ahead of a 15 December deadline on some 7400 amendments tabled by parliamentarians and aimed at improving the Commission's original post-2013 CAP proposals. (See Bridges Weekly, [27 June 2012](#))

"They're working fiendishly hard on this at the moment – especially greening," said William Surman, a Brussels-based spokesperson for the UK farm group NFU. Proposals to introduce new environmental requirements as a condition for farm payments have proved particularly controversial, with farm groups warning that the move could impose further costs, and environmental groups saying that the proposals do not go far enough. (See Bridges Weekly, [12 October 2011](#))

After a 23-24 January vote in the agriculture committee, the entire parliament is due to vote on the reform proposals during the 11-14 March plenary session. The Council and Commission will then negotiate with Parliament on the reforms, although informal talks on some issues could begin following the agriculture committee vote.

The delay now means that crucial budget decisions will take place during the Irish EU presidency, which sources in Brussels said could strengthen the hand of those opposing budget cuts to the CAP.

Farmers' fears

The official goal is still for the new CAP to enter into force by 1 January 2014. However, the new timetable is "pushing it very tight," Alan Matthews commented to Bridges.

Farm groups are warning that, while direct payments to producers will continue to be made even if the deadline is missed, rural development programmes will not continue automatically.

"If there is no new rural development regulation agreed, or no transitional rules put in place that rolls-on the current programme, then those farmers will be left stranded," cautioned the NFU's senior CAP and international affairs adviser Gail Soutar in a statement.

"We would like a decision as quickly as possible," said Shelby Matthews, chief policy adviser at EU farm group COPA-COGECA, in comments to Bridges.

But some Brussels insiders told Bridges this was unlikely. "Behind the scenes, everyone's saying it'll be 2015," one said.

Some parliamentarians appeared to acknowledge as much already. "We do need to start thinking about transition arrangements in the event that there's going to be a post-2014 hiatus, particularly on the rural development side," [admitted](#) Scottish MEP Alan Smyth.

With national governments continuing to tussle over priorities, Geneva-based observers told Bridges that they had little idea of what would come out of the process. "It's like a parallelogram with lots of moving parts," sighed one.

ICTSD reporting; "France threatens to veto EU budget if farm funds cut," REUTERS, 31 October 2012.

POST-2015 DEVELOPMENT AGENDA

UN High-Level Panel Meets on Post-2015 Development Goals

The second meeting of the UN High-Level Panel of Eminent Persons on Post-2015 Development Agenda concluded on 2 November in London, following three days of meetings geared at eventually helping determine the course of the United Nations' development goals.

MDG deadline in the background

As the 2015 deadline for the fulfilment of the [UN Millennium Development Goals \(MDGs\)](#) draws near, the United Nations Development Group (UNDG), with support from UN Secretary-General Ban Ki-Moon, has begun to address goals and issues in a post-2015 development framework. While it is clear that not all of the ambitious MDGs will be met, several important targets such as halving global poverty, achieving gender parity in primary education, and halving the number of people with limited access to water are on track to be reached by 2015.

A new, post-2015 development framework is intended to build upon that progress by incorporating the 'unfinished business' of the past twelve years and creating a plan to address emerging global problems.

It is also anticipated that a new development framework will incorporate new Sustainable Development Goals (SDGs), which were included in the 'The Future We Want,' the outcome document of the UN Conference on Sustainable Development (UNCSD, or Rio+20), that was held this past June. (See Bridges Weekly, [27 June 2012](#))

The UN Secretary-General announced the following month the establishment of a task force, the High Level Panel of Eminent Persons that would advise on a post-2015 global development agenda. The [26-member panel](#) is composed of civil society, private sector, and government leaders, and is jointly chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of the United Kingdom.

"I look forward to the panel's recommendations on a global post-2015 agenda with shared responsibilities for all countries and with the fight against poverty and sustainable development at its core," Ban said at the time.

Ban Ki-Moon: Panel must be bold, yet practical

The panel is set to submit a first draft of a post-2015 strategy in March of next year, with the final report expected in May. With such a short timeline, meetings of the 26-member group have already begun.

The panel met for the first time in New York on 25 September to trade ideas and solicit opinions for their completion of a development agenda, where they were urged by the Secretary General to "be bold, but be practical."

One key point identified in the lead-up to the meetings was increased transparency and inclusiveness. To that end, the UNDG secretariat, in consultation with the Overseas Development Institute (ODI), is slated to hold over 50 [national and thematic](#)

[consultations](#) with civil society, private sector representatives, and global youth in the lead-up to 2015 to determine the direction and themes that the post-2015 development agenda should pursue.

The secretariat also solicited commentary via an [online portal](#) in the weeks before the first meeting, and has encouraged more widespread engagement via social media such as Twitter.

The second meeting – which took place in London from 31 October to 2 November and was, in effect, the panel's first substantive gathering – was held under the overarching theme of 'Household Poverty.' During the talks, the panel [confirmed](#) its dedication to creating a framework to further combat poverty and include environmental sustainability as they addressed issues of human development, jobs, and marginalised populations.

"We think the Millennium Development Goals have made great progress," UK Prime Minister David Cameron said in his [remarks](#). "There is more progress to be made between now and 2015, but we are clear the next stage should be aiming to eradicate absolute poverty in our world. That is something politicians have been talking about for a while, but for the first time I believe this generation really has the opportunity to do it."

"Through sustainability, we want to guarantee that economic growth does not jeopardise the environment," President Susilo Bambang Yudhoyono of Indonesia added. "We must ensure that the present generation meets their needs without compromising the ability of the future generations to meet their own needs."

Next steps

The next two meetings are planned for the first quarter of 2013 in Monrovia and Bali, and will focus, respectively, on the themes of National Development and Global Partnerships.

ICTSD reporting; "The post-2015 development agenda explained," THE GUARDIAN, 31 October 2012.

PREFERENTIAL AGREEMENTS

Islands Disagreement Dampens Hope for Quick Launch of China-Japan-Korea Trade Talks

With the row between Beijing and Tokyo over a group of contested islands showing little prospect of resolution in the short-term, an increasing number of officials and experts are predicting that free trade discussions between China, Japan, and South Korea will have to wait until at least next year.

Optimism over a possible trilateral FTA was replaced months ago by worry as to whether China and Japan would be able to overlook a heated political stalemate in the interest of increasing trade between the three Asian economic powers.

Disagreements between Tokyo and Beijing over the islands, known as Diaoyu in China and Senkaku in Japan, has have long since crossed into the economic arena, already affecting trade between the two nations. (See Bridges Weekly [17 October 2012](#)) Despite urging from Seoul that both parties put aside their territory-based arguments and come to the negotiating table, progress on free trade talks has been stagnant since the island dispute ramped up earlier this year.

Launch of talks at upcoming ASEAN summit unlikely

Most recently, many had looked to this week's Asia-Europe Meeting (ASEM) as an opportunity for the bickering nations to reconcile. However, in a telling move, Japanese Prime Minister Yoshihiko Noda and Chinese Premier Wen Jiabao failed to hold their customary ASEM bilateral talks at the meeting, which began in Laos on Monday.

Looking forward, this month's Association of Southeast Asian Nations (ASEAN) summit, being held in Cambodia, is now being discussed as the last opportunity for leaders of the three nations to launch free trade negotiations this year, as was originally planned. However, according to a Japanese lawmaker with knowledge of the negotiation process who spoke to the Wall Street Journal, "the current atmosphere doesn't allow political problems to be put aside for the sake of economic cooperation."

Indeed, although discussions would require the approval of all three heads of government, a meeting between the leaders has yet to be arranged, according to officials.

Despite the territory dispute, China is soon expected to enter into another set of talks with both Japan and South Korea, as well as India, Australia, New Zealand, and the 10-nation ASEAN group, for a regional free trade bloc, according to recent comments by South Korean Trade Minister Taeho Bark. The formal announcement is slated for the upcoming ASEAN summit, according to Reuters, with participating governments hoping to clinch a trade liberalisation deal by end-2015.

The idea for such a regional deal – dubbed the Regional Comprehensive Economic Partnership (RCEP) – originated from the planned Japan-Korea-China trilateral talks, Bark said on Monday, after some ASEAN countries expressed interest in a wider agreement. How the territorial dispute might affect the so-called RCEP, however, is unclear.

Leadership transitions may be the only solution to island row, observers say

Based on the lack of progress in recent months, many experts and officials have already shifted their focus to upcoming political transitions in Seoul, Tokyo, and Beijing as a means to possibly jumpstart negotiations for the trilateral deal. China is soon slated to undergo its once-in-a-decade leadership change, while South Korean President Lee Myung-bak is set to leave office by February. Noda is also expected to soon call a general election.

Some officials suggest that this change could be exactly what is needed to break the current impasse between Tokyo and Beijing. "It would be a lot easier to reset the bilateral relationship under new leadership," one Japanese trade official told the Wall Street Journal.

ICTSD reporting: "Hopes Fade for Start of Japan-China-Korea Trade Talks," WALL STREET JOURNAL, 5 November 2012; "Japan-China Rift Flares at Summit," WALL STREET JOURNAL, 6 November, 2012; "US-led US-Asian pact spurs China's Asian trade bloc, S. Korea minister says," REUTERS, 6 November 2012.

CLIMATE CHANGE

EU Ministers Agree on Strict Air Pollution Limits for Shipping Industry

European environment ministers agreed last week on strict new pollution limits on the sulphur content of shipping fuels, following similar moves in the US and Canada. The strictest limits are set to apply to the Baltic and North seas, as well as the English Channel – so-called sulphur dioxide "Emission Control Areas" – which experience particularly high volumes of shipping.

The new sulphur limit for marine fuels will be lowered to 0.5 percent for all ships, down from the present 3.5 percent for cargo ships and 1.5 percent for passenger ships. This will be phased in starting from January 2015, and will apply to all ships in EU waters by 2020. The even lower limit of 0.1 percent will apply in the Emission Control Areas. The limits had initially been agreed by the European Council and European Parliament in May this year. (See Bridges Weekly, [30 May 2012](#))

Ships can either switch from "bunker fuels" – traditional shipping fuel that is highly polluting – to low sulphur fuels, or they could be allowed to use bunker fuel on ships equipped with modern filtering technologies, such as wet scrubbers. Non-complying ships will face fines set high enough to cancel out any cost savings from non-compliance.

At least [one study](#) estimates that the fuel switch could increase costs by some 60 to 90 percent. The study was released by ICTSD, the publisher of Bridges.

Additionally, the cost could be passed on to consumers of final or intermediate goods. With more than 90 percent of global trade being transported by sea, the impact on trade could be significant.

In the lead-up to the new limits, the Finnish forest products and pulp and paper industries had raised particular concern due to their heavy reliance on transport on the Baltic sea to reach export markets. Polish industries had raised similar questions.

The EU is set to review its overall air quality legislation next year in order to set its limits closer to those recommended by the World Health Organization.

Environmental groups respond

Environmental groups, for their part, welcomed the new rules. "The EU has now sent a clear signal that it wants cleaner fuels earlier rather than later while still leaving a very generous eight years for the industry to adapt," commented European Environmental Bureau Policy Officer on Air Pollution Louise Duprez.

"Shipping air pollution causes 50,000 premature deaths in Europe every year so this reduction will bring clear benefits to people's health, quality of life and environment, as well as leading to important public health savings," she added.

Some groups, however, stressed that more work needs to be done.

"There are a lot of emissions problems in shipping that still have to be tackled quickly, notably greenhouse gases and nitrogen oxides (NOx)," Antoine Kedzierski of the environmental group Transport and Environment said. "When it comes to air pollution, the EU should follow the [even more ambitious policies in the] USA and Canada by making the entire EU coastline a low-SO2 and low-NOx zone, and by ensuring that emissions targets are properly met."

ICTSD reporting; "EU Council adopts marine fuel sulfur cuts," UPI, 31 October 2012; "EU ministers back deep cuts in shipping fuel emissions," EURACTIV, 30 October 2012.

EVENTS & RESOURCES

Vacancies

The **International Institute for Sustainable Development's Europe (IISD-Europe)** office, based in Geneva, is seeking a one-year, full-time Research Officer to work with its Sustainable Finance Programme. The programme aims to collaborate with opinion leaders and policymakers in the financial system in order to explore and debate how the global financial system can be reformed to serve as the basis for more broad-based and sustainable growth. Applicants must have at least two years' work experience in the financial services sector or in public finance, as well as a publications record demonstrating relevant research and drafting skills. Swiss nationality, a Swiss C, B, or G permit, or EC European nationality are also required. For the full job description, please visit the [IISD website](#).

IISD Europe, a Geneva-based think tank, is seeking a one-year, full-time Research Officer for its Sustainable Public Procurement and Public Private Partnership (PPP) Programme. The programme provides advisory services to procurement and PPP policy makers, leads and coordinates the Partnership for Procurement and Green Growth catalysed by the Global Green Growth Forum (3GF), engages with opinion leaders, maintains an ongoing research and market intelligence function, and publishes regularly on related aspects. Applicants must have a master's degree in business, economics, or natural sciences, as well as a publications record demonstrating relevant research and drafting skills. Swiss

nationality, a Swiss C, B, or G permit, or EC European nationality are also required. For the full job description, please visit the IISD [website](#).

Events

Coming soon

12 November, London, UK. DELEVERAGING THE WEST: THE IMPACT ON GLOBAL GROWTH. Hosted by Chatham House, this event will aim to answer how the West can deleverage, reform its economies, and achieve fiscal sustainability while stimulating economic growth and maintaining the social compact. The conference will ask whether the eurozone's deleveraging will be orderly or chaotic, and what role banks and other financial intermediaries will play in the European and global economies. For more information, visit the event [website](#).

13 November, Washington, US. THE ECONOMICS OF CARBON TAXES. Co-hosted by the American Enterprise Institute (AEI), the Brookings Institution, the International Monetary Fund, and Resources for the Future, this event will explore ideas for US carbon tax design and options for the potential use of carbon tax revenues. The conference will feature four panels with presentations of policy briefs by leading experts, each of which will tackle a particular design or implementation issue. For more information, visit the AEI [website](#).

13 November, Paris, France. TRADING FREELY WITH EAST ASIA. Hosted by the Institut Français des Relations Internationales (IFRI), this event aims to summarise progress made since the 2006 launch of the European Commission's plan to conclude a new generation of Free Trade Agreements (FTAs) with Asian markets. The event will take stock of the implementation of the Commission's FTA strategy and the positions of a sampling of Asian partners, highlighting both the opportunities and challenges these FTAs create from the perspective of government, business, and independent observers. For more information, visit the IFRI [website](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

8 November: Committee on Trade in Civil Aircraft

8 November: Working Group on Trade and Transfer of Technology

12 November: Committee Workshop on Environmental Technology Dissemination

12 November: Committee on Budget, Finance and Administration

13 November: Committee on Trade and Environment

13+15 November: Trade Policy Review Body – Iceland

14 November: Committee on Agriculture

Other Upcoming Events

16 November, London, UK. CHINA-UK BUSINESS FORUM 2012: GLOBAL INNOVATION EXCHANGE. Hosted by Chatham House, this half-day forum aimed at senior business executives and government officials seeks to provide a networking opportunity for those interested in accelerating their understanding of the opportunities of complementary Eastern and Western innovation techniques. The event will address the adaptive innovations that Chinese companies have practised and which are emerging as a competitive advantage in the 21st century, while Western economies manage a period of austerity. The forum also aims to provide complementary perspectives from CEOs in China and Europe on how their companies manage the creation and commercialisation of ideas. For more information, visit the Chatham House [website](#).

19-21 November, Bogotá, Colombia. BOGOTÁ SUMMIT: CITIES AND CLIMATE CHANGE. Organised by the Mayor of Bogotá, with support from the Latin American Development Bank (CAF), the French Embassy, the French Development Agency (AFD), UN-HABITAT, and others, this summit aims to bring together a range of stakeholders engaged in the governance of the city. The summit will leadership role that local governments play in both facing the challenges and maximising the opportunities derived from climate change impacts. Key issues addressed will include urban resilient infrastructure and smart public services; integrated strategies to mitigate and adapt to climate change in cities; and systemic planning of human settlements, cities, and regions, among others. For more information, visit the event [website](#).

20-21 November, Marrakesh, Morocco. ENVIRONMENTAL MAINSTREAMING IN DEVELOPMENT PLANNING PROCESSES: KEY CONCEPTS, TOOLS AND SUCCESSFUL PRACTICES. Organised by the North-South Research Center for Social Sciences; the Deutsche Gesellschaft für Internationale Zusammenarbeit; the National Council for Climate Change, Sustainable Development and Leadership; and the International Center for Biosaline Agriculture, this workshop aims to provide an opportunity to understand closely the importance of mainstreaming environmental change and environmental risks management into poverty reduction and development strategies. For more information, visit the event [website](#).

4 December, Brussels, Belgium. A GLOBAL PERSPECTIVE ON BIOFUEL SUBSIDIES REFORM IN THE EU. Organised by the International Institute for Sustainable Development (IISD), this meeting aims to facilitate an exchange of insights on the global context of political barriers to biofuel subsidies reform. The discussion will bring together speakers representing various stakeholder groups and different regions of the world to address views, concerns, and interests of various parties that will be positively or negatively affected under different scenarios of biofuel subsidy reform. The discussion will also attempt to find a politically feasible, economically expedient, and environmentally sound mix of biofuel policies in major biofuel producing countries, particularly in the EU. For more information, visit the IISD [website](#).

Resources

WORLD DEVELOPMENT REPORT 2013 PRESENTATION. Presented by the World Bank (November 2012). This video link highlights the presentation of the 2013 World Development Report, held last week at the International Labour Organisation. Entitled "Jobs," the report stresses the role of strong private sector-led growth in creating jobs and outlines how jobs that do the most for development can spur a productive development cycle. The report also focuses on how poverty falls as people work their way out of hardship and as jobs empower women to invest more in their children. The video link is available [here](#).

LINKING RENEWABLE ENERGY TO RURAL DEVELOPMENT. Published by the Organisation for Economic Co-operation and Development (OECD) Green Growth Studies (2012). This publication is the final report of the OECD's two-year research project, "The Production of Renewable Energy as a Regional Development Policy in Rural Areas." It presents the project's main findings, policy recommendations, and case studies, bringing together empirical evidence and providing information geared toward national, sub-national, and local governments dealing with a green growth agenda. The full text is available [here](#).

THE EVOLUTION AND GOVERNANCE ARCHITECTURE OF THE CLIMATE CHANGE REGIME. By Daniel Bodansky and Lavanya Rajamani (October 2012). This paper provides an historical and legal introduction to the UN climate change regime. It reviews the development of the regime, from the emergence of the climate change issue in the 1980s until today. It outlines the principal elements of the legal regime, and concludes with some brief observations about its future direction. The full text is available [here](#).

ADAPTING TO CLIMATE CHANGE: ASSESSING THE WORLD BANK GROUP EXPERIENCE. Published by the World Bank's Independent Evaluation Group (2012). This evaluation draws lessons from the World Bank and the International Finance Corporation's (IFC) engagement with climate change adaptation. The evaluation aims to learn from the World Bank Group's experience with efforts to address climate variability by answering questions in the following three areas: responding to climate variability; factoring climate change risks into investment projects; and anticipating climate change. The full study is available [here](#).

PERU: COMPANY PERSPECTIVES – AN ITC SERIES ON NON-TARIFF MEASURES. Published by the International Trade Centre (2012). As part of a series of publications assessing the impact of Non-Tariff Measures (NTMs) on the business sector, this report is based on a large-scale survey conducted in Peru with companies directly reporting burdensome NTMs and the reasons why they consider these measures to be trade barriers. The report analyses survey findings and compares them to other sources on NTMs to identify regulatory, procedural, and infrastructural obstacles in Peru and its partner countries. The report covers all major sectors of Peru's economy and outlines policy options discussed at stakeholder meetings. The full text is available [here](#).

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BIORES

Analysis and news on trade and environment for a global audience
<http://ictsd.org/news/biores/>
English language

BRIDGES AFRICA

Trade and sustainable development news and analysis on Africa
<http://ictsd.org/news/bridges-africa/>
English language

PUENTES

Latin America-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/puentes/>
Spanish language

МОСТЫ

CIS-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/bridgesrussian/>
Russian language

PONTES

Analysis and news on trade and sustainable development for the Portuguese-speaking world
<http://ictsd.org/news/pontes/>
Portuguese language

桥

Analysis and news on trade and sustainable development for the Chinese-speaking world
<http://ictsd.org/news/qiao/>
Chinese language

PASSERELLES

Africa-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/passerelles/>
French language

PUBLISHED BY



International Centre for Trade and Sustainable Development

Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

Bridges Weekly Trade News is made possible
through generous contributions of donors and
partners including

DFID - UK Department for International Development

SIDA - Swedish International Development Agency

DGIS - Ministry of Foreign Affairs Netherlands

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

Ausaid, Australia

Oxfam Novib

Copyright ICTSD, 2012. Readers are encouraged
to quote and reproduce this material for
educational, non-profit purposes, provided the
source is acknowledged.

This work is licensed under the Creative
Commons Attribution-Noncommercial-No-
Derivative Works 3.0 License.

Your support to BRIDGES and the BRIDGES series
of publications is most welcome; if interested,
please contact Andrew Crosby, Managing
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,
Jonathan Hepburn, Amanda Nelson, Eric Riley,
and Malena Sell. This edition of Bridges Weekly
Trade News Digest is edited by Sofia Alicia Baliño.

The Publisher and Director is Ricardo Meléndez-
Ortiz. The Editor in Chief is Andrew Crosby.
Comments and suggestions are welcomed and
should be directed to the [editor](#) or the [director](#).

Price: €10.00

ISSN 1563-0

