



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

Volume 16 • Number 8, 29 February 2012

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Bridges Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD), an independent, not-for-profit organisation based at Ch. de Balexert 7, 1219 Geneva, Switzerland, tel: +41 (0) 22-917-8492; fax: 917-8093. To subscribe to Bridges Weekly Trade News Digest or access back issues, visit the [homepage](#).

Bridges Weekly Trade News Digest is made possible through the generous support of the UK Department for International Development (DFID), the Swedish International Development Cooperation Agency (SIDA); the Netherlands Directorate-General of Development Cooperation (DGIS); the Ministry of Foreign Affairs of Denmark, Danida; the Ministry for Foreign Affairs of Finland; the Ministry of Foreign Affairs of Norway; AusAID; and Oxfam Novib.

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ISSN 1563-0

LEAD STORIES

White House Trade Momentum Builds as Election Heats Up

With the US election year well underway, the White House appears to be making a concerted push to advance the trade agenda outlined in January's State of the Union address, with President Barack Obama signing an executive order yesterday for the creation of a new agency that would target "unfair" practices in US trading partners.

The Interagency Trade Enforcement Center (ITEC) "will bring the full resources of the federal government to bear to investigate and counter unfair trade practices around the world, including by countries like China," Obama said at a United Auto Workers convention yesterday after signing the order.

The agency will "help American workers and businesses compete and win on a fair global playing field," US Trade Representative (USTR) Ron Kirk said in a statement.

Kirk told reporters that the agency would help the White House "double down" on its trade enforcement efforts, focusing on the most commercially significant trade barriers.

The new agency's director will be chosen by USTR Kirk, with a deputy selected by Commerce Secretary John Bryson, according to the White House.

The new agency will also receive the support of other US agencies, including the Departments of Agriculture, Homeland Security, Justice, State, and the Treasury. Obama has asked Congress for US\$26 million in new funding for the agency.

Focus on China

The US President had first announced that he would be creating this agency during his 24 January State of the Union address, telling a joint session of Congress that he would “not stand by when our competitors don’t play by the rules.” (See Bridges Weekly, [25 January 2012](#))

China’s trade practices have regularly found themselves in the spotlight over the past year, with the two sides sparring over China’s valuation of its currency, both sides’ renewable energy support policies, and a host of other subjects.

This month’s visit by Chinese Vice-President Xi Jinping brought the trade tensions front and centre. While the two countries resolved a long-standing conflict over Beijing’s restrictions on the importation and distribution of foreign films during the weeklong visit, discussions between Xi and top US officials – including Obama and US Vice President Joe Biden – also touched repeatedly on Beijing’s currency policies and other “areas of concern.” (See Bridges Weekly, [22 February 2012](#))

The US trade deficit with China reached US\$295.5 billion in 2011, according to [data](#) released earlier this month by the US government. On the campaign trail, Republican presidential candidates have repeatedly targeted Obama’s trade record, particularly regarding Beijing.

Mitt Romney – the former governor of Massachusetts, who is one of four candidates currently vying for the Republican party nomination – has promised to take a stronger stance against Beijing should he win office, and has accused Obama of having been “walked all over” by China.

“[China’s] been able to put American businesses out of business and kill American jobs,” Romney told an audience on Wednesday at a campaign stop in the US state of Ohio. “They also steal our designs and our patents and our brand names and our know-how... This president has sat idly by and watched that happen.”

“If I’m president of the United States, that’s gonna end.”

Romney’s election rhetoric on China has already prompted Chinese officials to call for a more “responsible” approach.

“Speaking words responsibly and doing things responsibly is how a responsible politician behaves,” Chinese Foreign Ministry spokesman Hong Lei told reporters this week in Beijing.

Trans-Pacific pact on the move

The past two years have seen increased action in Washington on trade matters, following a lull during the early days of the Obama administration. In early 2010, the US President announced a goal of doubling US exports from their 2009 levels of US\$1.57 trillion to US\$3.14 trillion by 2015; since then, Obama has touted trade as a tool for job creation, against the backdrop of the ongoing economic crisis.

The long-awaited ratification of three FTAs with Colombia, Panama, and South Korea last fall followed years of political wrangling in Congress. Now that the three trade pacts have been enacted into law, the focus has shifted to the broader Trans-Pacific Partnership (TPP) Agreement, a proposed nine-country pact that has been billed as a “21st century” deal.

House Ways and Means Committee Chairman Dave Camp – a Republican from the US state of Michigan – [said](#) earlier this week that “the three free trade agreements with Colombia, Panama, and South Korea that Congress passed last year in a bipartisan manner sent a strong message that the United States has returned to the trade negotiating table.”

“We are now at an important juncture to move forward aggressively on the Trans-Pacific Partnership negotiations and other initiatives to make sure that last year’s momentum is not lost,” Camp added.

The countries negotiating the proposed trans-Pacific deal are hoping to conclude talks by year’s end, after announcing a broad outline for the accord at last November’s gathering of leaders from the Asia-Pacific Economic Cooperation (APEC) economies.

The proposed deal will slash tariffs and other barriers to goods and services trade and investment; the goods covered will represent some 11,000 tariff lines. Negotiators also plan to incorporate in the pact issues involving regulatory coherence; competitiveness and business facilitation; small- and medium-sized enterprises; and economic development and governance, according to the November framework.

USTR Kirk, at a hearing on Wednesday, announced that Obama plans to seek the restoration of legislation that would allow him to negotiate trade agreements and submit them to Congress for a straight up-or-down vote.

“We’ve got to have it,” Kirk told the House Ways and Means Committee, adding that the White House would like the legislation – known as Trade Promotion Authority, or “fast track” – by the end of the year in order to fulfil the goal of concluding the TPP in 2012. The legislation expired in 2007.

Some trade observers have suggested that the proposed nine-country pact is a way for the US to respond to China’s growing influence, though Obama has said in the past that “the notion that we are looking to exclude China is mistaken.”

“What we have said is the future of this region depends on robust trade and commerce, and the only way we’re going to grow that trade is if we have a high-standards trade agreement where everybody is playing by the same rules,” Obama said in a November press conference, adding that, while China is welcome to join the pact, it would need to “rethink some of its approaches to trade.”

The past few weeks have seen US officials meeting with prospective TPP members Canada, Japan, and Mexico, which all announced in November their wish to join the nine-country negotiations.

The proposed deal currently counts Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the US, and Vietnam as members. The next round of TPP negotiations is set to begin in Australia on 1 March.

ICTSD reporting; “Obama to Sign Executive Order Creating Trade Enforcement Panel,”

BLOOMBERG, 28 February 2012; “China urges US politicians to be responsible,” CHINA DAILY, 27 February 2012; “Obama to sign order creating trade enforcement unit,” REUTERS, 28 February 2012; “US wants more talks on Japan bid to join Pacific trade group,” REUTERS, 22 February 2012; “White House wants trade promotion authority: Kirk,” REUTERS, 29 February 2012; “Mexico Pushes to Join Pacific Talks,” WALL STREET JOURNAL, 20 February 2012; “Mitt Romney talks tough on China during Ohio visit,” WASHINGTON POST, 29 February 2012.

OTHER NEWS

With Eurozone Crisis in the Background, Beijing and Brussels Spar over Anti-Dumping Probe

Sino-EU tensions are building over a European Commission investigation into Chinese steel products, with Beijing suggesting that the trade probe would “undermine” efforts to resolve the ongoing eurozone crisis.

The European steel association, also known as EUROFER, filed an anti-subsidy complaint with the European Commission – the EU’s executive branch – in January.

The organisation had also filed an anti-dumping complaint at the European Commission in November of last year, alleging that China was selling these products in the EU at below-market prices; the Commission initiated that investigation the following month.

“By promoting a sector intrinsically lacking a genuine cost advantage, China continues to be the major cause of unfair competition in the global steel market, injuring in particular the European steel industry on the domestic and third markets,” said Gordon Moffat, EUROFER’s director general, when the anti-subsidy complaint was filed.

The timing of Brussels’ anti-dumping and anti-subsidy investigations into coated sheet steel

products – primarily used in the building industry – coincides with European leaders asking Beijing to contribute to the eurozone's bailout fund.

At this weekend's Group of 20 meeting of finance ministers and central bankers, G-20 officials said that Beijing's contribution to helping the International Monetary Fund finance efforts to stem the eurozone crisis could approach US\$100 billion, according to the Wall Street Journal.

Along those lines, Chinese Premier Wen Jiabao said earlier this month that Beijing is ready to take a larger role in resolving the European sovereign debt issue. However, Chinese officials have not said openly how exactly they plan to contribute.

China's commerce ministry, in a statement posted on its website, claimed that the anti-subsidy and anti-dumping investigations would "send a wrong signal of trade protectionism to the world," and would "undermine the joint efforts in response to the crisis in Central Europe."

"All countries should jointly cope with the crises with a co-operative, open, and tolerant attitude," the statement continued.

WTO incompatible?

In its statement, the commerce ministry argued that running anti-dumping and anti-subsidy investigations against the same products from China are a violation of WTO rules. The problem referred to by China is known as "double counting", which had been dismissed by the WTO's Appellate Body in March 2011.

The WTO's highest court had found that a country could not simultaneously impose both countervailing duties – duties imposed to remedy the use of subsidies by the violating country – and anti-dumping duties – duties that punish the practice of selling goods in foreign markets below cost, also known as "dumping" – without having assessed whether the extra duties amount to "double remedies." (See Bridges Weekly, 16 March 2011)

However, simultaneous investigations do not necessarily amount to double remedies.

In response to Beijing's concerns, EU Trade Commission spokesman John Clancy told the Wall Street Journal that Brussels applies an optional WTO provision known as a lesser-duty rule, which "is very beneficial for Chinese exporters."

"In most cases, this will eliminate the potential for any double counting of subsidy and dumping," he added. "Should an issue of double-counting arise, the EU will abide by its WTO obligations."

The Commission now has a maximum of fifteen months to investigate the issue before issuing a final recommendation to the Council of the European Union regarding the imposition of countervailing or anti-dumping duties. If China finds these impositions to be illegal, it can request a WTO panel to examine the issue.

Anti-dumping investigations on the downswing, in spite of the crisis

Many trade observers had expected that trade remedy actions, including anti-dumping investigations, would have increased as a result of the ongoing crisis.

"You will recall that in previous global economic downturns trade remedy actions have tended to increase," WTO Director-General Pascal Lamy told an audience in Geneva on 27 February.

"Looking at trade remedies as a whole, however, this has not happened to date."

There has been a decline in the initiation of new anti-dumping negotiations, the trade chief noted, down to 153 in 2011 from 213 in 2008. However, the initiation of countervailing measures has seen an upward trend since 2005 – a trend that is likely to continue over the next few years.

Recurring trade tensions

Beijing and Brussels have sparred repeatedly over the past few years on a variety of issues, including China's valuation of its currency, dumping allegations concerning a variety of Chinese imports, and Beijing's restrictions on rare earths exports.

EU Trade Commissioner Karel De Gucht, in a speech earlier this month during a visit to Hong Kong, stressed that “China must grasp that European support for open markets can only be guaranteed if accepted by the public at large.”

“That acceptance requires a perception of fairness,” De Gucht added.

Brussels is not, however, in a trade war with Beijing, the trade chief said, adding that those who say otherwise “are wrong in their analysis of the present and downright reckless in light of the way our partnership with China should evolve in the future.”

The EU has also recently launched investigations into suspected Chinese dumping of ceramic products and pipe fittings, an announcement that was made just as the two sides were meeting for a bilateral summit in mid-February.

China is the EU’s second largest trading partner, with two-way goods trade totalling €428 billion in 2011, according to European Commission estimates. The EU is also China’s biggest trading partner.

ICTSD reporting; “China links EU trade probe with eurozone debt help,” AFP, 23 February 2012; “EU warns China on trade, studies new dumping claims,” REUTERS, 16 February 2012; “Beijing Bristles Over EU’s Steel Probe,” WALL STREET JOURNAL, 24 February 2012; China Gets A Pass from G-20 on Yuan,” WALL STREET JOURNAL, 26 February 2012.

Russia Trade Debate Prepares to Kick Off in Washington

US-Russia trade ties are entering back into the spotlight, with Washington lawmakers set to begin debating the repeal of Cold War-era trade restrictions that would allow Moscow to become a full trade partner.

The visit of Max Baucus – the chairman of the Senate Finance Committee, which has jurisdiction over tax and trade policy – to Russia last week was expected to kick off the debate in Washington,

with the senator meeting with Russian President Dmitry Medvedev to discuss the trade situation and other subjects.

Establishing Russia as a full trade partner will require the US Congress to repeal of the Jackson-Vanik amendment, a legislative provision left behind from the Cold War that allows the US to deny most favoured nation (MFN) status to nations that restrict freedom of emigration.

“Expanding trade with Russia could mean billions of dollars of new opportunities for American businesses, ranchers, and farmers and could create thousands of jobs here at home,” Senator Baucus said in a statement following his Moscow visit.

“Establishing permanent normal trade relations with Russia would be a major boost for our exports and will help us address these serious issues [such as barriers to agricultural trade and concerns over intellectual property rights enforcement] in the WTO.”

However, some US lawmakers have questioned repealing the law, citing concerns regarding Russia’s human rights and economic record.

Russia was denied MFN status due to the Jackson-Vanik provision but has received presidential waivers annually since 2005. The US and Russia have a bilateral trade agreement dating back to early 1990s that provides provisional MFN status.

However, this provisional agreement “doesn’t cover a wide range of areas that are covered by the WTO accession agreement,” Edward Verona, President and CEO of the US-Russia Business Council – a Washington-based trade association – told Bridges.

These areas include intellectual property rights, sanitary-phytosanitary (SPS) standards, and financial services, among others, Verona added.

Impending WTO membership setting the timeframe

In December 2011, Russia was granted admission to the WTO after an 18-year accession process (see Bridges Daily Update, 17 December 2011). The accession package must now be approved by

the Russian parliament in order for Russia to become a full member; the accord is expected to be ratified by summer.

If Congress does not repeal the Jackson-Vanik restriction, some fear that US corporations could be placed at a serious disadvantage to their European and Asian competitors, who would immediately enjoy the benefits of Russia's membership in the global trade body.

In a recent policy [brief](#), Anders Åslund and Gary Hufbauer of the Washington-based Peterson Institute for International Economics emphasised that Russia's WTO accession could cause US exports to double over the next five years – from US\$9 billion in 2010 to US\$19 billion – adding jobs in the services, agriculture, manufacturing, and technology sectors.

These benefits, however, can only be enjoyed if the US grants Russia permanent normal trade relations status, they added.

Along similar lines, US Secretary of State Hilary Clinton has also urged Congress to overturn the Jackson-Vanik amendment, claiming that US farmers and producers are being hurt by the Cold War-era statute.

"We ought to lift it, failing to lift it will put our farmers and manufacturers and our workers at a disadvantage," Clinton said yesterday in her testimony to the Senate Foreign Relations Committee.

Verona echoed that sentiment. "Failing to lift Jackson-Vanik will have no other effect than to harm American commercial interests and to put American jobs at risk," he stated in his [2011](#) testimony to the same committee.

ICTSD reporting: "Clinton Urges Repeal of Soviet-Era Trade Ban to Aid U.S. Farmers," BLOOMBERG, 28 February 2012; "Baucus meets Medvedev ahead of Russia trade debate," FOREIGN POLICY, 22 February 2012; "U.S.-Russian Trade Ties Face Some Political Snags," NEW YORK TIMES, 24 February 2012; "Baucus meets Medvedev ahead of Russia trade debate," WASHINGTON POST, 23 February 2012.

Philippines: US Linking Rice Import Deal to Frozen Meat Standards

A bid by the Philippines to extend special treatment on rice imports at the WTO is being blocked by the US over health and safety standards for frozen meat, the Filipino agriculture minister claimed last Thursday. The two sides met today in the Philippines in an attempt to resolve the row.

Arguing that the country's limits on annual rice import volumes are crucial to protecting the livelihoods of millions of poor farmers, Manila is negotiating to prolong exceptional arrangements allowing it to maintain 'quantitative restrictions' on the staple for another five to seven years.

However, Philippines Agriculture Secretary Proceso Alcala has said that controversy over the frozen meat requirements set out in the country's 'Administrative Order No. 22' is stalling progress on extending special treatment for rice, which is otherwise set to expire on 30 June this year.

"They will block us on the [quantitative restrictions] because of our stance on AO 22," Alcala told journalists, according to the Philippine Daily Inquirer.

The minister met with Deputy US Trade Representative Demetrios Marantis today to discuss agriculture trade between the two countries, in the hopes of resolving the conflict.

Washington hopes the matter can be resolved in a "cooperative and constructive manner," the US official told reporters on Wednesday, according to the Business Mirror.

Alcala, meanwhile, said today that, while he hopes the two sides can reach an agreement by next week, it was too early to say whether the suggestions Washington provided in Wednesday's meeting were acceptable to Manila.

In the WTO committee that deals with food safety, the US has called for AO 22 to be suspended, claiming that because its traceability, packaging, and labelling requirements do not apply

to fresh meat that is mainly produced domestically, the measure appears to discriminate against imported frozen meat.

Canada – which alone accounts for over half of Filipino pork imports – has said that there is no scientific rationale for imposing different food safety measures on fresh and frozen meat, an argument that has also been made by the EU.

“Science-based” measures

Filipino officials have denied these claims, arguing that the meat restrictions are ‘science-based’ and make no distinction between domestic and imported meat.

“It’s quite frustrating,” one source familiar with the discussions observed. “In fact, we use the US standard for frozen technology.”

A US official confirmed that the meat safety issue was being addressed among “a number of issues bilaterally,” and that “rice was not at the top of the pile.”

“We’re putting a lot of muscle into the issues that are important to us,” the source told Bridges.

Farm groups: “political arm-twisting and blackmail”

Joe Schuele, communications director for the US Meat Export Federation, told Bridges that the meat safety measures have had a big impact on American frozen meat exports to the country.

“It’s certainly impacted our ability to serve the importers there,” he said.

The US accounted for over a third of Filipino pork imports and over a quarter of its beef imports in 2009, according to FAO figures. US farm groups reportedly wrote to Agriculture Secretary Tom Vilsack last December to complain about the impact the measure was having on trade.

“Proper handling is proper handling,” Schuele told Bridges, “whether you’re thawing meat or just preparing it for sale.”

However, one agricultural expert in the

Philippines contested this assessment. AO 22 is based on scientific evidence “that frozen meat that is allowed to thaw in open air is susceptible to contamination,” he told Bridges.

Some farm organisations in the Philippines have responded angrily to the US stance. The militant peasant group Kilusang Magbubukid ng Pilipinas has decried what they called “political arm-twisting and blackmail.”

“Why is the US so afraid of AO 22?” asked the group’s secretary general Danilo Ramos in a statement issued on Friday. “This means that the US considers even health safety precautions as a barrier to trade and their dumping activities.”

Rice: farmers’ livelihoods at risk

Alcala also cautioned that concessions on either rice or meat would be difficult for the Philippines.

“I will not beg to them,” he said, in comments reported by the Manila Bulletin. “We are talking about the Filipino consumers’ health and the livelihood of rice farmers in the country.”

The Philippines still sees value in pursuing special treatment on rice, one official told Bridges – unlike other countries that have decided to convert border measures into tariffs.

“When you tariff, you rely on the private sector for your dominant staple,” the source said. “That’s why we think it’s very risky.”

Small farmers in the Philippines are widely expected to face serious difficulties in competing with producers elsewhere, under current conditions.

“These are small farms – more or less unsubsidised,” observed the source. “The US subsidy for rice is around seventy percent of income: how can you compete with that?”

ICTSD reporting; “PHL, US act to avert trade row,” BUSINESS MIRROR, 29 February 2012; “US meat leaders join forces against Philippine law,” GLOBALMEATNEWS, 2 February 2012; “US opposes Philippines’ appeal to limit rice imports at WTO,” PHILIPPINE DAILY

INQUIRER, 23 February 2012; "Alcala Protects Local Meat Producers," MANILA BULLETIN, 24 February 2012.

IN BRIEF

EU Dirty Oil Vote Ends in Deadlock

A controversial EU plan to label oil originating from oil sands deposits, like those found in the Canadian province of Alberta, as "highly polluting" has been temporarily put on hold, after an EU committee failed to make a definite decision on the matter.

The draft measure, which would have revised the EU's Fuel Quality Directive by adding a new "tar sands" rank, needed a "qualified majority" – 255 votes of 345 – to pass or defeat it. The motion, voted upon on 23 February in a technical committee, did not receive sufficient votes for either, a result that had been predicted earlier by several experts.

The proposal will now go to the environment ministers of the EU's 27 member states.

The "tar sands" rank would assign oil such as Canada's a default greenhouse gas value of 107 grams of carbon per megajoule. Under the directive, consumers would have to be informed of the greater environmental impact compared to conventional crude's 87.5 grams – making Canadian oil less attractive to environmentally conscious consumers.

The Canadian province of Alberta is third in the world in the size of its oil reserves, following Saudi Arabia and Venezuela. While Canada ships little crude oil to Europe, producers say they are concerned that other countries could follow suit.

The vote has inflamed trade tensions between the two sides, with Canadian officials questioning the scientific basis of the proposed ranking – and the implications a "dirty" label could have on its sales elsewhere – and suggesting that the ranking might amount to unfair discrimination by the EU.

Just days prior to the vote, green group Friends of the Earth Europe used freedom of information laws to access and expose a December letter from Canada's ambassador in Brussels to European leaders. The letter suggests that Ottawa would consider lodging a WTO challenge against Brussels should the bloc vote in favour of the tar sands motion (see Bridges Weekly, [22 February 2012](#)). The release of the letter served as a catalyst for the already growing friction over the planned vote.

Canadian Natural Resources Minister Joe Oliver, who had lambasted environmental groups in recent months for their criticism of the country's oil sand industry, [praised](#) the vote outcome.

"We are pleased to see that many EU countries are opposed to this discriminatory measure," Oliver said. "We are not opposed to the goal of the Fuel Quality Directive; however we remain strongly opposed to Canadian oil sands crude being unfairly discriminated against without scientific justification."

The minister added that Ottawa remains ready to "defend its interests," should the EU try to implement either the new ranking or "any other unjustified, discriminatory measures."

Despite the vote's result, EU Climate Commissioner Connie Hedegaard [took](#) an optimistic tone.

"With all the lobbyism against the Commission proposal, I feared that member states' experts would have rejected the proposal in today's experts committee. I am glad that this was not the case," she said. "Exactly as member states' governments have already agreed when it comes to biofuels, our science-based and non-discriminatory proposal is the right way forward."

A decision on the EU Fuel Quality Directive is expected by June, according to European Commission officials.

ICTSD reporting; "EU committee makes no decision on labelling oil sands as worse for environment than other crude," ASSOCIATED PRESS, 23 February 2012; "EU at stalemate on

Canada's oilsands ranking," CBC, 23 February 2012; "Oilsands gain 'sound win' in Europe," MONTREAL GAZETTE, 24 February 2012; "EU poised for tar sands vote, stalemate likely," REUTERS, 22 February 2012.

US-Korea FTA to Take Effect in March

Nearly five years after its original signing, the long-debated US-Korea FTA will enter into force on 15 March, despite continued sparring in Seoul at both the public and political levels.

The March start date follows months of technical-level talks between South Korean and US officials to review each side's laws and regulations.

The long-awaited announcement of the pact's entry into force was praised by officials on both sides.

"Entry into force of this agreement will open up Korea's US\$1 trillion economy for America's workers, businesses, farmers, and ranchers while also strengthening our economic partnership with a key Asia-Pacific ally," US Trade Representative Ron Kirk said.

"Coming at a time such as this, the US free trade agreement is a positive opportunity for our exports to the United States, which is the world's largest developed market, to grow significantly," South Korean Minister for Trade Park Tae-ho stated.

The pact could also attract Chinese and Japanese investment to Korea, along with creating jobs, Korean President Lee Myung-Bak told reporters last week.

US business groups similarly praised the news. "We will now be able to play on a level playing field in South Korea's dynamic market and start creating tens of thousands of new jobs here at home," US Chamber of Commerce president and CEO Thomas Donohue said in a [statement](#).

Last week's announcement of the FTA's 15 March start date was not welcomed in all quarters,

however, provoking a rally in Seoul on Saturday. The event was one of several that have already been held in South Korea to protest the pact, with critics citing concerns that cheaper agricultural imports from the US could hurt the Korean agriculture and livestock industries.

In response to these concerns, Lee told reporters that "our government can take this chance to support those fragile industries and make them more competitive."

Estimates from the US International Trade Commission suggest that US agricultural exports would increase by anywhere between US\$1.9 billion to \$US3.8 billion as a result of the trade agreement. The deal is set to slash tariffs on nearly two-thirds of US farm exports, and increase US goods exports by approximately US\$12 billion.

Under the pact, South Korea will also open up its US\$580 billion services market. Seoul will eliminate its duties on almost 80 percent of US industrial products.

A turbulent five years

The original accord was negotiated and signed under former Korean President Roh Moo-hyun and his counterpart, then-US President George W. Bush, in 2007. In response to the concerns of US automakers, 2010 renegotiations included a safeguard allowing increased duties for a decade after the US's elimination of tariffs on Korean auto products, in order to respond to surges in auto trade (See Bridges Weekly, [9 December 2010](#)).

"Obama's insistence on renegotiating the agreement to get more favorable auto provisions... was the reason it was approved with 'strong bipartisan support' in the US," USTR Kirk commented to Reuters.

The deal in its current form, championed by Korea's ruling Grand National Party, contains amendments that the opposition claims awards US carmakers an unfair inroad into the market. Fears that Korea would be defenseless to protect its interests were further intensified by an 'investor-state dispute clause', which lets parties bypass domestic courts in favour of an international

arbitration panel (see Bridges Weekly, [15 February 2012](#)).

The deal was ratified by the US Congress in October 2011, receiving presidential approval soon after. It was ratified in Seoul by the South Korean parliament a month later.

South Korea's opposition Democratic United Party – which is widely expected to win April's parliamentary elections – has promised to repeal the pact unless several provisions are renegotiated with Washington, including the investor-state dispute clause. (See Bridges Weekly, [15 February 2012](#)).

ICTSD reporting; “Korea, China, Japan to conclude investment pact after 5 years,” DONG-A ILBO, 28 February 2012; “S. Korea President says US FTA to draw China, Japan,” 22 February 2012; “South Koreans still angry over U.S. free-trade pact,” LA TIMES, 25 February 2012; “S.Korea, U.S. free trade deal to take effect March 15,” REUTERS, 21 February 2012.

WTO IN BRIEF

Aerospace Rivals Spar as WTO Informs US, EU of Appeal Result

The WTO's highest court ruled today in the high-profile trade spat between Brussels and Washington over subsidies provided to US aircraft manufacturer Boeing, sources close to the case told news agency AFP. The ruling – submitted confidentially to the two parties – is the latest stage in a seven-year row that has seen both sides accuse each other of illegally subsidising their respective passenger plane producers.

Though the results of the Appellate Body ruling remain private, tensions between the two sides' respective aircraft giants – Boeing in the US and Airbus in the EU – have recently been playing out in the public sphere in anticipation of the result.

This past Monday, Boeing rebuffed recent suggestions from the EU and rival producer Airbus that the differences between the two sides

could be resolved in negotiations without preconditions.

Brussels only has a “sudden desire” to talk because “clearly they have lost,” Boeing spokesman Charlie Miller said to journalists on Monday. He also called the proposal to find a mutual solution in talks without preconditions a “risible” suggestion.

Boeing's comments come shortly after Airbus announced that they did “not expect any change on fundamentals” in Wednesday's verdict. “[The report] should not surprise us or Boeing. There is no way they can win this case,” an Airbus spokeswoman said.

Seven-year spat

The European Union and United States have long fought over their government support to their domestic aircraft producers, with the disagreement playing out in twin cases at the WTO.

Wednesday's expected Appellate Body decision stems from a WTO panel ruling in March 2011 that Boeing had received US\$5.3 billion in illegal support from Washington ([DS353](#)).

Though the EU declared the panel ruling a victory, Brussels quickly appealed the decision in order to clarify certain points of law and thus close a time gap between this case and the mirroring case brought by Washington against Brussels' aid to Airbus (see Bridges Weekly [26 April 2011](#)).

For its part, Washington had mounted its own challenge to EU's support of its flagship manufacturer, Airbus ([DS316](#)). In May 2011, the Appellate Body determined that EU member states were at fault for US\$18 billion in support to Airbus (see Bridges Weekly, [25 May 2011](#)).

The US is now seeking confirmation from the global trade arbiter that the EU has not complied with the ruling in the Airbus case, and is also requesting WTO authorisation to impose hefty countermeasures (see Bridges Weekly, [25 January 2012](#)).

Despite Boeing's negative reaction to an offer for new negotiations, some experts who follow this dispute believe that both sides are at fault and that each will eventually need to come to a mutual agreement and restructure their respective state financing systems in order to end what has been a protracted and expensive dispute.

"The only way to solve this case will be through political discussions at the highest level," one European Union official told AFP.

The trade war between the US and EU over subsidies to aerospace giants Airbus and Boeing is the world's largest trade dispute, affecting a market worth more than US\$2 trillion.

The Appellate Body report is expected to be released in April, though the actual date has not been confirmed.

ICTSD reporting; "WTO gives ruling on Airbus-Boeing state aid dispute," AFP, 29 February 2012; "WTO to rule in Boeing aid dispute next week: sources," AFP, 27 February 2012. "Boeing dismisses EU bid for aircraft subsidy talks," AFP, 28 February 2012. "Appeal verdict looms in aircraft subsidy dispute," REUTERS, 24 February 2012.

EVENTS & RESOURCES

Events

Coming soon

2 March, Tokyo, Japan. POST DURBAN OUTLOOK FOR CLIMATE CHANGE: POLICIES AND FINANCE. Held at the World Bank Tokyo office, this seminar will include a presentation by Andrew Steer, Lead Economist for the Development Prospects Group of the World Bank. He will give an overview of the state of global climate negotiations in the aftermath of the Durban Conference in December 2011, specifically regarding a new commitment period under the Kyoto Protocol, the Durban Platform, and discussions around the Green Climate Fund. In addition, he will present on the implications of the post Durban outlook for the World Bank

Group. Lastly, he will comment on green growth policies and the World Bank engagement in the lead up to Rio +20. For more details about this event, please visit the [website](#).

5-9 March, Asunción, Paraguay. 27TH SESSION OF THE LATIN AMERICAN AND CARIBBEAN FORESTRY COMMISSION (LACFC). Sponsored by the UN Food and Agriculture Organization's (FAO) regional forestry commission serving Latin America and the Caribbean, this biennial meeting aims to review and co-ordinate the application of forestry policies in the region and facilitate the exchange of information among officials from LAC countries responsible for the sector. The LACFC focuses on the sustainable management of forests and wildlife, and the relationship between forests and climate change. Its mandate is based on national and regional priorities and seeks to advise FAO on the forestry programme to be developed in the region. For more information on this meeting, please visit the event's [website](#).

7-12 March, Washington, US. TRADE RULES IN THE INTERNET AGE. While the Internet has been called the trade route of the 21st century, the rules governing the global trading system were written largely during an earlier, analog era. As iPads, Blackberries, cloud services, social and professional networking, and other Internet-based applications and devices become more important to companies, individuals, and entire economies, calls are increasing to update trade rules for the digital world. Hosted by the Washington International Trade Association, this event focuses on what a modern framework for trade in digital information should look like and how countries can achieve a more open, secure, and predictable system for transferring information, given different legal regimes and approaches to issues such as privacy and security. For more information about this event, please visit WITA's [website](#).

7 March, Geneva, Switzerland. PREPARATORY COMMITTEE FOR UNCTAD XIII: HEARING WITH CIVIL SOCIETY AND THE PRIVATE SECTOR. Held at the United Nations in Geneva, this event aims to provide an opportunity for dialogue and an exchange of views among representatives of UNCTAD

member states and non-state actors on issues relevant to the theme and sub-themes of UNCTAD XIII. The UNCTAD XIII sub-themes include: enhancing the enabling economic environment at all levels in support of inclusive and sustainable development; strengthening all forms of co-operation and partnerships for trade and development; addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the area of finance, technology, investment, and sustainable development; and promoting investment, trade, entrepreneurship, and related development policies to foster sustained economic growth for sustainable and inclusive development. UNCTAD member states, organisations having observer status with UNCTAD, and those accredited to UNCTAD XIII and its preparatory process are encouraged to participate. For more information, please visit the event's [website](#).

WTO Events

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

7 + 9 March: Trade Policy Review Body – Trinidad and Tobago

8 March: Working Party on the Accession of Tajikistan

13+15 March: Trade Policy Review Body – Nepal

Other Upcoming Events

9 March, New York, US. ECONOMIC GROWTH AND STRUCTURAL CHANGE: PRIORITIES FOR THE LEAST DEVELOPED COUNTRIES. The recent financial, food, and energy crises have demonstrated the urgent need to improve the resilience of least developed countries (LDCs). The purpose of this roundtable

seminar is to provide policy recommendations – based on new research at the World Bank and other institutions – on how LDCs can overcome economic vulnerabilities and better manage risks in order to achieve sustained, equitable, and inclusive economic growth. As economic growth is one of the principal objectives of the Istanbul Programme of Action for the Least Developed Countries (IPoA), the roundtable aims to identify strategies on how the actions agreed upon in the IPoA can be implemented. This event is jointly sponsored by the World Bank, Development Research Group, International Trade and Integration Unit, UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Developing States (UN-OHRLS), and Columbia University, Asia Pacific Economic Cooperation (APEC) Study Center. For more details about this event, please click [here](#).

12-17 March, Marseille, France. SIXTH WORLD WATER FORUM 2012. Known as the world's largest meeting around water, the Forum mobilises creativity, innovation, competence, and know-how in favour of water. Focusing on the theme "Solutions for Water", the World Water Forum 2012 seeks to tackle the challenges the world is facing and to raise the profile of water high on all political agendas. The Forum has developed twelve priorities to work on, as well as three conditions of success to reaching this goal. The regional process commission has also defined priorities and targets for Africa, the Americas, Asia-Pacific, Europe, and two cross-continental regions. Over 180 countries will be represented, with 25,000 participants expected to attend. For more details on this event, please visit its official [website](#).

15 March, Geneva, Switzerland. DE-FRAGMENTING AFRICA: DEEPENING REGIONAL TRADE INTEGRATION IN GOODS AND SERVICES. Held at the WTO, this event will present the findings of a new World Bank report that focuses on regional trade integration in Africa. The report shows how African countries are losing out on billions of dollars in potential trade earnings every year because of high trade barriers with neighbouring countries, and that it is easier for Africa to trade with the rest of the world than with itself. The

report argues that three issues need to be addressed by African leaders to overcome the existing fragmentation and generate much-needed jobs and growth: improving cross-border trade; removing a range of non-tariff barriers to trade; and reforming regulations and immigration rules that limit the potential for trade in services. For more information, please visit the World Bank's [website](#).

16 March, Geneva, Switzerland. WORKSHOP ON CLIMATE CHANGE REPORTING. Held at the United Nations, this event is jointly sponsored by the United Nations Conference on Trade and Development (UNCTAD), the Organisation for Economic Co-operation and Development (OECD), the Climate Disclosure Standards Board (CDSB), and the Global Reporting Initiative (GRI). The objective of this event is to take stock of current corporate climate change reporting frameworks and assess the benefits of greater consistency of approach to the demand for, and supply of, corporate climate change-related information. The workshop will focus on providing information, evidence, and resources to support greater understanding of the policies, initiatives, and practices that currently lead to the demand for and supply of climate change-related information. For more details, please visit the event's [website](#).

21-26 April, Doha, Qatar. THIRTEENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD XIII) AND CIVIL SOCIETY FORUM. This Conference will convene under the theme "Development-centred globalization: Towards inclusive and sustainable growth and development." The Conference's aim is to enhance the understanding of specific trade and development issues, especially after the fallout of the economic crisis. In parallel with the Conference, UNCTAD has also partnered with the United Nations Non-Government Liaison Service and the Qatari National Human Rights Committee to organise a Civil Society Forum, where representatives from the private sector and civil society will explore different ways to strengthen partnerships with UNCTAD to boost the effectiveness of trade and development efforts. The Civil Society Forum will begin its work on 17 April. For more information on the

UNCTAD XIII Conference and the Civil Society Forum, please visit the UNCTAD XIII [website](#).

23 April, Doha, Qatar. HIGH-LEVEL EVENT ON WOMEN IN DEVELOPMENT. Gender inequalities persist in all countries and take the form of labour segregation, gender wage gaps, and gaps in asset ownership and in access to technology and information, and huge differences in responsibility for house and care works. As a main event occurring during the UNCTAD XIII Conference, this event aims to promote policies that empower women to be full participants in economic and political life. Its purpose is threefold: to take the gender issue to a new level of political prominence; to yield new insights into the relationship between macro-economic policies, development, and gender; and to launch a number of institutional initiatives to further the above objectives. The event will feature a high-profile, interactive roundtable and will be organised into four thematic sessions, bringing together policy leaders, UN agencies, academia, the private sector, and civil society. For more information, please visit the event's [website](#).

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

Resources

BASELINE GHG EMISSIONS FROM THE AGRICULTURAL SECTOR AND MITIGATION POTENTIAL IN COUNTRIES OF EAST AND WEST AFRICA. By Sandra Brown, Alex Grais, Stephen Ambagis, and Timothy Pearson for the CGIAR Research

Program on Climate Change, Agriculture and Food Security (CCAFS) (February 2012). In this working paper, the authors explore how climate change mitigation actions in the agriculture sector can be taken in nine East and West African countries without compromising their food security. The main question examined in the paper is: How can agricultural greenhouse gas emissions be reduced or sequestration enhanced while maintaining and even increasing food supply? To view this paper's findings or for more information, please click [here](#).

RIO +20 NGO MAJOR GROUP NEWSLETTER. Published by the Northern Alliance for Sustainability (ANPED), CIVICUS World Alliance for Citizen Participation, and Consumers International (February 2012). Entitled "Own the Edge", this informational newsletter seeks to broaden and strengthen participation in and collaboration with the UNCSO Rio +20 process. The three sponsoring organisations are the officially appointed Organising Partners (OPs) for the Major Group of the NGOs on the UNCSO Rio +20 Summit. Their role is to facilitate the debates and secure policy inputs from non-governmental organisations during the preparation process and the Conference itself. This newsletter is released monthly in the lead-up to the Rio +20 Summit and provides news and information on the process, as well as featuring articles of interest on Rio +20 themes, events, and other opportunities for engagement. To access the newsletter, please click [here](#).

THE GLOBAL ECONOMIC, FINANCIAL AND POLITICAL OUTLOOK FOR 2012. Speech made by Roger Altman (February 2012). This resource includes a transcript of a speech at Chatham House made by Roger Altman, Founder and Chairman of Evercore Partners and United States Deputy Secretary of the Treasury (1993-95), on 8 February. During his speech, Altman discussed the outlook, from a US perspective, on the prospects for the global economy and international relations in 2012, focusing particularly on the US, Europe, and China. The transcript can be viewed [here](#).

PAVING THE WAY FOR UNFAIR COMPETITION: THE IMPOSITION OF EU

ANTI-DUMPING DUTIES ON CERAMIC TILES FROM CHINA. Published by the Swedish National Board of Trade (February 2012). This report identifies problems and concerns with the EU anti-dumping instrument, as applied today, regardless of the fact that the investigation procedures and methods might be in line with the current regulation and practice. The report's arguments are based on the recent anti-dumping investigation – and imposition of anti-dumping measures – on imports of ceramic tiles from China, but authors find that the observations and conclusions from the analysis are valid for most EU anti-dumping investigations. This report is aimed as a contribution to the modernisation review of the EU trade defence instruments that is due to take place this year. For more details or to access this publication, please click [here](#).

LATIN AMERICAN ECONOMIC OUTLOOK 2012: TRANSFORMING THE STATE FOR DEVELOPMENT. Published by the Organisation for Economic Co-operation and Development and the UN Economic Commission for Latin America and the Caribbean (February 2012). Even in the midst of a global financial crisis, Latin American and Caribbean economies find themselves in better condition than in years past. The authors of this book argue that Latin America must seize this opportunity to design and implement good policies. They provide specific policy examples that countries in the region need to work on, such as improved efficiency of public administration and carrying out meaningful and effective fiscal reforms. In addition, they highlight three key priority areas for investing additional resources to raise countries' potential to increase competitiveness and social inclusion: education, infrastructure, and innovation. To view this publication, please click [here](#).

GREENING DEVELOPMENT: ENHANCING CAPACITY FOR ENVIRONMENTAL MANAGEMENT AND GOVERNANCE. Published by the Organisation for Economic Co-operation and Development (OECD) (February 2012). This policy guidance outlines a number of steps to be considered when building capacity for greening national development planning, national budgetary processes, and key economic sector strategies. It identifies key actors to be engaged in the decision-

making processes, outlines possible capacity needs, and suggests how these needs can be addressed. This policy guidance is intended to support developing countries in their efforts to move to a greener development path. It is also intended to assist development co-operation and environment agencies in their efforts to support that process. The cyclical approach advocated in the report, the authors note, reflects a shift from the traditional view of capacity development as a purely technical process to one that recognises the importance of country ownership at different levels in governments and society. To access this resource, please click [here](#).

MOMENTUM FOR CHANGE INITIATIVE WEBPAGE. Created by the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat (February 2012). The Momentum for Change Initiative, which is the first pillar of the 'Momentum for Change', was launched by the UNFCCC Secretariat in 2011. The initiative highlights public-private partnerships benefiting the urban poor. A new webpage has now been created to showcase this theme, which includes links to outstanding climate change projects presented at the climate change conferences, videos, and much more. The concept of 'Momentum for Change' is a way to demonstrate the multiple benefits of addressing climate change and to transform misperceptions surrounding taking action on climate change. The concept will evolve over time to focus on various important aspects of the overall global climate change effort. The webpage can be viewed [here](#).