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PREFERENTIAL AGREEMENTS

UK Prime Minister Calls for "No Exceptions" in EU-US Trade Talks

All items should be on the negotiating table when the EU and US kick off their highly-anticipated trade talks this summer, UK Prime Minister David Cameron said this week following a meeting with US President Barack Obama, in comments that highlighted the growing debate within the EU bloc over how certain trade topics should be treated in the upcoming discussions with Washington. The negotiations, Cameron urged, should be ready to begin ahead of the Group of 8 Summit this June.

Brussels and Washington announced in February their plans to begin negotiating a bilateral trade and investment deal, following over a year of discussions of whether such talks would indeed be feasible. (See Bridges Weekly, [13 February 2013](#))

Efforts to liberalise trade between the two sides have hit hurdles in the past, with disagreements centring on topics such as regulations and standards, among others. However, the two sides are hoping that this set of negotiations can lead to a deal that will help support both of their struggling economies, and have said that they aim to clinch an agreement by late 2014.

No exclusions "worth the effort," Cameron says

In an [op-ed](#) published in the Wall Street Journal ahead of his meeting this Monday with Obama, Cameron stressed that excluding certain items from the negotiating agenda would only hinder an EU-US deal from reaching its full potential.

"Too often in trade, the forces defending special interests shout loudest," he wrote. "But it makes no sense to exclude vital parts of the economy. Everything must be on the table." The UK Prime Minister further reiterated that point when [speaking](#) to reporters in Washington on Monday, adding that it is "worth the effort."

Cameron's emphasis on "no exclusions" comes amid growing concern among some EU member states over whether some traditionally off-limits items, such as its "cultural exception" rule, could suffer as a result of the bilateral talks.

The "cultural exception" rule involves the exclusion of audiovisual goods and services from some trade disciplines, on the grounds that cultural goods and services are not the same as other products. This exclusion allows, for instance, for some subsidies, quotas, and other measures to support domestic cultural products.



International Centre for Trade
and Sustainable Development

The topic has become especially heated since the European Commission's submission to member states in March of a draft mandate for the talks. (See Bridges Weekly, [13 March 2013](#)) While the terms of the draft mandate have not been released publicly, French Trade Minister Nicole Bricq has insisted that the final version must make clear that the cultural exception is not up for negotiation.

"This is a sine qua non condition for our country," Bricq said in April, threatening to block the launch of the talks unless this is assured. EU member states must all sign off on the final version of the Commission's negotiating mandate before Brussels can begin negotiating. France has long been a proponent of maintaining the cultural exception, being one of its main advocates during the Uruguay Round of trade talks that established the WTO.

EU Trade Commissioner Karel De Gucht has already sought to dispel fears over the future of the EU's cultural exception, promising to keep it off the agenda of the Washington talks. (See Bridges Weekly, [25 April 2013](#))

The European Parliament's trade committee has already voted in favour of a resolution prompting the European Council to authorise the launch of the talks. (See Bridges Weekly, [2 May 2013](#)) The committee also approved an amendment that called for cultural and audiovisual services to be excluded from the negotiating mandate. The resolution is now on the agenda for the European Parliament's upcoming plenary session in Strasbourg later this month.

EU culture minister group: protect cultural exception

EU culture ministers were quick to respond to Cameron's suggestion of "no exclusions," with 14 of them inking a joint letter insisting that the EU cultural exception be kept off of the negotiating table.

The group – which included Austria, Belgium, Bulgaria, Cyprus, France, Germany, Hungary, Italy, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain – said on Tuesday that the EU must maintain its long-held position on excluding audiovisual services "from any agreements on trade liberalisation," including the WTO and in bilateral agreements, according to excerpts of the letter printed by Agence France Presse.

Audiovisual media accounts for one million jobs across the 27 EU member states, [according](#) to the European Commission.

Launch in time for G-8 summit?

Following his meeting with Obama on Monday, Cameron noted that he hopes the EU-US talks can kick off in time for the G-8 summit next month in Northern Ireland, which is scheduled for 17-18 June. The UK is the current holder of the G-8 presidency.

"There is a real chance now to get the process launched in time for the G-8," Cameron told reporters at a joint press briefing with the US President. "So the next five weeks are crucial."

He also added that the upcoming G-8 summit – which will bring together leaders from the US, UK, Canada, France, Germany, Italy, Japan, and Russia – is an opportunity that the group should seize to agree on "ambitious action for economic growth."

"Open trade is at the heart of this, but we have a broader agenda too – to make sure everyone shares in the benefits of this greater openness, not just in our advanced economies but in the developing world too," Cameron said.

At the press conference, Obama similarly stressed that the EU and US should kick off their talks shortly. "I look forward to launching negotiations with the EU in the coming months," he told reporters. "I believe we've got a real opportunity to cut tariffs, open markets, create jobs, and make all of our economies even more competitive."

Proposed British referendum on EU fuels unease

Cameron's push for the planned EU-US talks comes as the Prime Minister has been plagued by questions over whether or not Britain will even remain in the 27-member EU in the long-term. The UK leader has pledged that he will renegotiate the terms of his country's membership in the bloc if he wins re-election to office in 2015 – and will then hold a subsequent referendum on the reforms, and whether to stay in the group at all, by 2017.

"Well, first of all, on the issue of a referendum, look, there's not going to be a referendum tomorrow," Cameron told reporters at the White House on Monday. "And there's a very good reason why there's not going to be a referendum tomorrow – [it] is because it would give the British public I think an entirely false choice between the status quo – which I don't think is acceptable."

"I want to see the European Union change," he explained. "I want to see Britain's relationship with the European [Union] change and improve. So it would be a false choice between the status quo and leaving. And I don't think that is the choice the British public want or the British public deserve."

The following day, however, Cameron issued a draft bill on such a referendum, in an effort seemingly aimed at placating concerns from within his own party and avoiding having to take a stronger position regarding whether to give up EU membership. He told Channel 5 News in Boston, however, that the move was not one of panic. "If this was a Conservative-only government, we would just get on and legislate. We can't do that because we are in a coalition."

The draft bill proposes that such a referendum be held by the end of 2017, though it does not require the government to leave the EU even if there is majority support for doing so.

Obama, for his part, stressed on Monday that the decision is ultimately that of the UK people, and mostly refrained from weighing in on the subject – while emphasising the importance of the UK-EU relationship.

"I will say this – that David's basic point that you probably want to see if you can fix what's broken in a very important relationship before you break it off makes some sense to me," he said in his joint press briefing with Cameron. While the internal EU negotiations are tough, he said that he would prefer to see what the outcome of such talks are before rendering any judgement of his own.

ICTSD reporting; "Cameron to rush out draft bill on EU vote," FINANCIAL TIMES, 13 May 2013; "David Cameron denies EU referendum plan is panic reaction to Eurosceptics," THE GUARDIAN, 13 May 2013.

WORLD TRADE ORGANIZATION

WTO Formalises Azevêdo Appointment as Next Chief

WTO members formally signed off on the appointment of Brazil's Roberto Carvalho de Azevêdo as the organisation's next Director-General on Tuesday, less than a week after the "troika" of ambassadors tasked with the consultations process announced that he was the candidate most likely to attract consensus.

"I have been working in and with this organisation continuously for the last 15 years. I have seen it in much better days," Azevêdo [told](#) WTO members at Tuesday's meeting of the General Council upon his confirmation. "I pledge to all members that I will work with them, with unwavering and steadfast determination, to restore the WTO to the role and pre-eminence it deserves and must have," he continued, promising to reveal his plans in more detail once he formally takes on his new position.

Tuesday's General Council approval caps a six-month leadership contest that began in December, when nine WTO members – Brazil, Costa Rica, Ghana, Indonesia, Mexico, Jordan, Kenya, New Zealand, and South Korea – tabled candidates for the position, making up the largest field of competitors for the job in the organisation's short history.

WTO members broadly voiced their support on Tuesday for their incoming trade chief, highlighting his capacity for leadership and consensus-building, knowledge of the multilateral trading system, and diplomatic skills.

Azevêdo, who has served as Brazil's WTO Ambassador since 2008, "has the ability to attract impressively wide support from all categories of members, from all regions... and [has] the ability to build a real and profound consensus in this organisation," EU Ambassador Angelos Pangratis [said](#). Such traits, he added, will serve as "assets for the future beyond this result."

Others, such as Barbados, reportedly noted that Azevêdo's developing country background would give him insights into issues of interest to some of the smaller and more vulnerable economies. Trade sources confirmed that Chile, speaking for the Latin American and Caribbean Group (GRULAC), similarly commented that the new WTO head's coming from a developing country has made him fully "aware" of the difficulties of countries that are less advantaged.

Since the announcement of Azevêdo's win, commentators and analysts alike have been quick to raise questions of what the appointment of a trade chief from the global South might mean for the organisation.

Some have noted that it indicates the growing prominence of emerging economies on the world trade scene, while others have questioned how smoothly the Brazilian ambassador will be able to transition from advocating Brasilia's interests – which have at times caused controversy in the trade world – to his new capacity as the WTO's Director-General.

Many, however, have suggested that Azevêdo's long history of working within the Geneva trade scene could help him "hit the ground running" when he begins his four-year term this September.

New D-G selection a moment of unity, Lamy says

The prolonged stall in the Doha Round negotiations have led many in the trade community to question the ability of WTO members to engage with each other in a positive way, leading observers to watch this Director-General selection process with interest.

However, the conclusion of the Director-General's race well ahead of its 31 May deadline is "another sign that this organisation is always capable of delivering positive results when all members work constructively towards a common goal," outgoing WTO chief Pascal Lamy [said](#).

WTO members were consulted confidentially in individual meetings with a "troika" of senior ambassadors – General Council Chair Shahid Bashir of Pakistan, Dispute Settlement Body Chair Jonathan Fried of Canada, and Trade Policy Review Body Chair Joakim Reiter of Sweden – as to their preferences for the position, in a three-round process that kicked off in early April. The troika completed its work on 7 May, announcing its recommendation for the candidate most likely to attract consensus the following day. (See Bridges Weekly, [8 May 2013](#))

"This is a moment of unity for the WTO family, in which we can briefly put aside our day-to-day concerns to look at the bigger picture of what this organisation represents and of its fundamental values: openness of trade for the benefit of all, non-discrimination, fairness, transparency," Lamy said.

Azevêdo noted in his own remarks that developed, developing, and least developed countries alike have "extended me their confidence," and noted that reaching consensus – such as in this process – is "certainly a lot more complex than simply counting ballots."

However, the advantage of seeking consensus around a final outcome is that it "adds legitimacy to the choice," he said.

Sources: Kenya, Ghana join consensus

Trade sources say that Kenya and Ghana – both of which had raised concerns about the selection process in the first round – ultimately joined the consensus on Tuesday, while reiterating their earlier qualms.

Sources familiar with the meeting noted that Kenya found the final selection of Azevêdo to represent an "accurate picture" of the position of the membership, despite their frustrations at how the selection process was managed at the beginning. Kenya had reserved its right earlier in the process not to join the consensus, after complaining that some members provided more preferences than what the troika asked for in the first round of consultations. (See Bridges Weekly, [18 April 2013](#))

Ghana, meanwhile, suggested on Tuesday that there be a reform of the selection procedures in order to ensure "fairness and transparency," trade sources said, while welcoming Azevêdo as the new Director-General.

The two members were among those that had tabled candidates for the selection process: Amina Mohamed for Kenya and Alan Kyerematen for Ghana, who had both been eliminated in the first round of consultations.

Next stop: Bali

Azevêdo will begin his four-year term as global trade chief on 1 September – just over three months before WTO members hold their Ninth Ministerial Conference in the Indonesian province of Bali. The 3-6 December meeting is the WTO's highest-level

gathering, and the lead-up to this year's event has proven to be particularly high-profile as the membership aims to make one of the first major advances in the Doha Round of trade talks in several years.

Specifically, WTO members are aiming to clinch a small package of deliverables from the broader Doha talks – including a deal on trade facilitation, as well as some agriculture-related items and issues of interest to developing and least developed countries – in time for the December gathering as a way to help break the impasse that has plagued the overall negotiations.

An outcome in Bali – which Azevêdo has termed “doable” – would help “boost our confidence that we at the WTO can still talk to each other and that we can do it in a constructive and productive way,” he said in his submission for [*Global Challenges and the Future of the WTO: Views from the Candidates Beyond the Hype of the DG Race*](#), which was released by ICTSD - the publisher of Bridges.

Along with assisting in the final preparations for Bali, many say that the new WTO head may really have a chance to make his mark in the post-Bali process, both with regards to Doha and beyond. Azevêdo, in his submission to the ICTSD publication, has stressed that the post-Bali process “must... prioritise the issues of interest to the poorest countries.”

“We cannot throw away the development agenda that was strenuously negotiated to ensure delivery to the poorest and most vulnerable members of this organisation,” he said. “We can't turn the page and leave them behind.”

UNCTAD, ITC

The entry of a new WTO chief comes at a time when other major trade bodies are also undergoing their own leadership transitions. Supachai Panitchpakdi, who currently serves as the Secretary-General of the UN Conference on Trade and Development (UNCTAD) and was previously a WTO Director-General, will be ending his term at the UN body in September.

While Supachai's successor has not been formally announced, recent Kenyan news media reports have suggested that former trade minister Mukhisa Kituyi could be nominated for the position. UN Secretary-General Ban Ki-Moon is soon expected to name a successor to the UN trade and development body, who must then be approved by the UN General Assembly – a process that is expected to be completed this summer.

Azevêdo, Lamy, Supachai, and Supachai's successor will also be [tasked](#) with making a joint recommendation to Ban as to which candidate(s) should take on the role of International Trade Centre (ITC) Executive Director. The ITC is a joint technical co-operation agency of the WTO and of the UN, acting in its UNCTAD capacity. The final decision of who shall serve as new ITC chief – replacing Patricia Francis after she ends her term in June – will lie with the UN Secretary-General.

ICTSD reporting; “Mukhisa Kituyi to head UN Conference on Trade and Development (UNCTAD),” DAILY KENYA, 13 May 2013.

DISPUTES

Argentina Lodges New WTO Complaint on EU Biodiesel Policies

The often-strained trade ties between Buenos Aires and Brussels hit another snag this week, with Argentina filing a new WTO challenge against the EU regarding policies over the importation and marketing of biodiesels, as well as the bloc's support of its biodiesel industry.

In its 15 May complaint (DS459), which will become publicly available in the coming days, Argentina specifically refers to support schemes within the 27-country group for its domestic biodiesel sector. The Latin American country is also concerned that some EU measures geared at promoting energy from renewable sources, along with a system for reducing greenhouse gas emissions, could be in violation of WTO rules.

The implementation of these measures at the member state level could also be in breach of the EU's WTO obligations, Argentina says. The policies at issue are applied by the EU and by member states Belgium, France, Italy, Poland, and Spain, sources familiar with the complaint confirmed to Bridges.

According to Buenos Aires, the measures being cited are in violation of certain provisions in the WTO's General Agreement on Tariffs and Trade (GATT), the Agreement on Subsidies and Countervailing Measures (SCM), the Agreement on Trade-Related Investment Measures (TRIMS), and Agreement on Technical Barriers to Trade (TBT).

"The Geneva action has the objective of ensuring that the international laws under which Argentina biodiesel is granted the same market access treatment as other providers to the European market be respected," the Argentine Foreign Ministry [said](#) in a statement on Wednesday.

"With this decision, the Argentine government maintains its strategy of recurring to the Dispute Settlement Body of the WTO any time it is necessary, in order to defend Argentina producers and exporters in moments when the protectionist European lobby aggressively acts in order to close its markets against more competitive products, as in the case of Argentine biodiesel," the statement continued.

Further details regarding which specific EU policies are at issue in the complaint were not available as Bridges went to press on Thursday morning. Additional information will be provided in next week's edition.

Argentina is currently the world's second largest biodiesel producer, topping international rankings in global soymeal and soyoil exports. Imports of biodiesel from Argentina and Indonesia have skyrocketed in recent years, amounting to 2.5 million tonnes in 2011 – representing over 90 percent of the EU's imports of the product.

Trade rows in the competitive renewable energy sector have become increasingly common over the past few years, as countries question whether subsidies or environment-based trade restrictions are indeed being used for promoting green energy generation, or are instead forms of disguised protectionism. The WTO Appellate Body recently ruled against Canada in a complaint filed by the EU and Japan over local content requirements in the Canadian province of Ontario's feed-in tariff programme; other renewable energy disputes are also ongoing at the global trade arbiter. (See Bridges Weekly, [8 May 2013](#))

The request for consultations is the first stage in the WTO dispute settlement process. Brussels and Buenos Aires will have to undertake discussions for at least 60 days in an effort to resolve their differences without resorting to litigation, before Argentina can request the establishment of a dispute panel to evaluate the case.

Repeated sparring at WTO

Argentina and the EU have spent much of the past year at loggerheads on various trade and investment issues, ranging from Buenos Aires' high-profile nationalisation of Spanish-owned oil and gas company Repsol YFP's Argentine subsidiaries to disagreements at the WTO on import policies.

Notably, Buenos Aires had already lodged a previous dispute with Brussels regarding biodiesel imports last year. That case ([DS443](#)) was specifically in response to Spain's decision to implement a rule that effectively favoured biofuels produced in the European Union over their non-EU counterparts, and was part of a larger piece of legislation implementing the EU's Renewable Energy Directive. (See Bridges Weekly, [12 September 2012](#))

The Directive aims at increasing the use of biodiesel in transportation fuels, and mandates that every transportation fuel be mixed with a certain amount of biofuels. Spain had implemented a rule that allowed only EU-produced biofuels to count toward this blending requirement, among other provisions.

While a first request for a panel was tabled in that case in December – and was blocked by the EU – no second request has been filed, with Argentina instead opting to put the dispute on hold following Spain's decision late last year to modify the biofuels rule targeted in the case. (See Bridges Weekly, [30 January 2013](#)) Whether this past dispute bears any relation to the new one tabled on Wednesday was also not clear at the time of this writing.

The EU, for its part, has its own WTO case ongoing against Argentina regarding Buenos Aires' import policies. Brussels, together with Washington and Tokyo ([DS438](#), [DS444](#), and [DS445](#), respectively) had alleged that Argentina's measures – such as a registration and pre-approval regime for imports – unfairly restrict the entry of their products into the Latin American country. Argentina has removed some of the policies that were named in the complaint; however, the dispute still advanced to the panel stage this past January. (See Bridges Weekly, [30 January 2013](#))

While a panel has been established in that case, it has not yet been composed. A separate challenge on Argentina's policies on goods and services trade has also been raised by Panama ([DS453](#)), with a first panel request currently on the agenda for the upcoming meeting of the WTO's Dispute Settlement Body on 24 May.

ICTSD reporting.

AGRICULTURE

US Farm Bill Discussions Reignite; Cotton Programme Changed

Both chambers of the US Congress are discussing their separate versions of a potential 2013 Farm Bill this week, following a long lull in activity from the two chambers on the subject. The Senate legislation already cleared its agriculture committee on Tuesday, with the equivalent House panel expected to do the same in the coming days.

The farm bill is the principal legislation governing US agricultural policy over a five-year period. A new bill was expected last year when the 2008 law expired on 30 September 2012. The two chambers of Congress were unable to reach a compromise on the legislation, however, and agreed instead to extend the existing Farm Bill by an additional year. In order to avoid another extension, the two chambers will have to work out any differences before the new end-September deadline.

This year's updated Senate version would lead to US\$24.4 billion in cuts over the next decade, while the current House version aims to reduce spending by up to US\$39.7 billion over the same period. More details on the terms of the proposed Farm Bill will follow in next week's Bridges, after the House Agriculture Committee completes its markup process.

Cotton "reference price" cut

The upcoming Farm Bill also represents an opportunity to resolve the long-running WTO dispute between Washington and Brasilia on the US' support of its cotton farmers ([DS267](#)), arguably one of the most immediate concerns for Geneva-based negotiators.

The WTO had ruled against the US in the high-profile row, and had authorised Brazil to retaliate against its northern neighbour in certain industrial goods and intellectual property rights. The two sides later came to a deal that put the planned retaliation on hold, in exchange for the US providing Brazil with annual payments of US\$147 million and pledges from Washington to reform the non-WTO compliant measures in the next Farm Bill.

Under the agreement, Brazil will continue to receive the payments until the passage of successor legislation, at which point a new agreement would be formalised between the two countries to finally resolve the dispute.

One of the main measures under discussion for resolving the WTO dispute is the Stacked Income Support Program (STAX), a supplemental crop insurance initiative. Observers of the farm bill process, however, note that the latest STAX proposal has been substantially revised, allowing for the programme to operate without a reference price – the price at which farmers would receive guaranteed payouts regardless of market based losses – and instead function as a normal insurance programme.

Harry de Gorter, an agricultural trade expert at Cornell University, indicated to Bridges that the reference price set in earlier 2012 versions of the House bill would have been the most trade-distorting element of the proposed change in cotton policy. The House reference price would have led to large payouts if prices fell and would have been potentially trade-distorting in such cases, de Gorter argued in a [paper](#) for ICTSD – the publisher of Bridges – last year.

Brazilian Ambassador to the WTO Roberto Carvalho de Azevêdo had echoed similar sentiments in a 2012 letter to the US Congress, urging legislators to find a less trade-distorting resolution to the dispute.

A Brazilian trade official speaking on condition of anonymity told Bridges that not having a reference price was one of the most important things in the new House proposal.

The exclusion of a reference price also resolves the earlier disagreements between the House and Senate on the subject. While the 2012 House bill had included a reference price, the Senate had not, and officials close to the process had indicated that the Senate version would likely have prevailed.

Projections from the [Congressional Budget Office](#) on the costs of the bill indicated that the US would spend identical amounts on STAX between 2014-18, regardless of which chamber's version is used: nearly US\$1.5 billion.

ICTSD reporting.

INTELLECTUAL PROPERTY

US Supreme Court Backs Monsanto in Seed Patent Case

Farmers may not use a patented seed for more than one planting, ruled the US Supreme Court on Monday in a battle between agro-giant Monsanto and a farmer who used the company's patent-protected genetically modified soybeans without compensating it. The US Court of Appeals for the Federal Circuit has ordered Indiana farmer Vernon Hugh Bowman to pay Monsanto close to US\$84,000 in damages.

The farmer regularly purchased the Monsanto bean for his first planting, but wanted a lower-cost option for his riskier second planting. He purchased commodity soybeans – which are commonly used for feed – from a local grain elevator instead of the more expensive seeds from a Monsanto-authorized dealer. Knowing that they were probably Monsanto's herbicide-resistant Roundup Ready beans – estimates say about 90 percent of soybeans in the US are – Bowman proceeded to plant, harvest, and replant those beans.

The farmer argues that he was not violating the company's patent because he had already purchased the progeny seeds and therefore Monsanto no longer held a claim over the product. His defence invoked the commonly-called "first-sale" or "patent exhaustion" doctrine, which states that once a product has been sold companies no longer have control over their products.

"The only way to use the invention...is to plant it and to grow more seeds," said Bowman's attorney Mark Walters in oral arguments in February. However, this argument did not win over the Supreme Court justices, who ruled unanimously that this constituted an infringement of Monsanto's patent rights because Bowman made additional beans that contained the company's technology.

"The exhaustion doctrine does not enable Bowman to make additional patented soybeans without Monsanto's permission," said Justice Elena Kagan, who delivered the court decision.

"Bowman planted Monsanto's patented soybeans solely to make and market replicas of them, thus depriving the company of the reward patent law provides for the sale of each article," Kagan wrote. "Patent exhaustion provides no haven for that conduct."

Yet Kagan acknowledged the case was particularly tricky because the seeds were self-replicating, which could mean that they could replicate outside of the purchaser's control. However, the court noted that the [ruling](#) applies to just this particular case, and that it did not address whether or how the patent exhaustion doctrine would apply in other cases.

Still, some critics say the decision could have far reaching implications.

"The court concluded without detailed examination of the markets and technology that the planting of a seed constitutes unauthorised making of the patented germplasm," said Shubha Ghosh, a professor at the University of Wisconsin Law School. "In so doing, the Court has expanded the scope of liability for patent infringement by users of genetically modified seeds and plants on the sole justification that the patent owner will not be able to be adequately compensated."

Bowman's attorney further argues that the ruling is not in line with current farming practices. Speaking to Reuters, Walters said that the ruling "makes infringers out of 95 percent of America's soybean farmers."

Monsanto, however, expressed satisfaction with the decision, noting that it will enable the company to better meet the needs of a changing planet.

"The Court's ruling today ensures that longstanding principles of patent law apply to breakthrough 21st century technologies that are central to meeting the growing demands of our planet and its people," the agribusiness giant said in a [statement](#).

ICTSD reporting; "US Supreme Court rules for Monsanto in patent fight," REUTERS, 13 May 2013; "Supreme Court rules for Monsanto, says farmer violated genetically modified soybeans' patent" WASHINGTON POST, 13 May 2013.

IN BRIEF

China Pushes Back on EU Proposed Solar Panel Duties

Beijing has publicly spoken out against the European Commission's high-profile decision to apply provisional anti-dumping duties on imports of Chinese solar panels. (See Bridges Weekly, [8 May 2013](#)).

"We hope the EU will be cautious about imposing restriction," Chinese Ministry of Commerce spokesman Yao Jian said following news of last week's Commission decision, adding that the Asian economy wishes to avoid a "trade war." However, while advocating for negotiations between the two trading partners to resolve the disagreement, Yao also said that Beijing "will not let Chinese companies be hurt."

EU member state Germany also prefers an "amicable solution" to the solar row, government spokesman Steffen Seibert said on Monday. China is the EU's second-largest trading partner, and is seen by many as essential for helping the 27-country bloc to pull out of its recession. The Commission is said to be aiming for a negotiated solution before the December deadline for finalising the duties.

ICTSD reporting; "Germany disputes hard EU stance on China solar panel duties," REUTERS, 13 May 2013; "China to resist EU over solar panel import tariffs," MARKETWATCH, 9 May 2013.

Oilsands Row Sparks Renewed EU-Canada Tension

A European Commission proposal to label oil from Canadian oilsands as "highly polluting" has again fuelled tension between Brussels and Ottawa, with Canadian Natural Resources Minister Joe Oliver pledging last week that his country "will defend our interests vigorously" – including possibly tabling a WTO complaint on the matter. The comments come as both parties work to finalise talks for a bilateral trade deal.

Ottawa has previously accused the EU proposal of being in violation of international trade rules and discriminating against Canadian exports. In response, EU Ambassador to Canada Matthias Brinkmann has said that the EU's policies on the subject will be "non-discriminatory and science based and will stand the test at the WTO."

However, Oliver expressed confidence that the dispute would not derail the trade pact negotiations between Ottawa and Brussels, saying "these issues are entirely separate."

ICTSD reporting; "Canada says it may take EU to WTO over oil sands dispute," REUTERS 8 May 2013; "Joe Oliver not backing down in Canada-EU battle over oilsands," CBCNEWS, 11 May 2013.

China, Switzerland Finalise Terms for Bilateral Trade Deal

China and Switzerland have finalised the technical terms for a bilateral trade pact, officials said this weekend, after over three years of negotiations. According to a Swiss economic ministry spokesperson cited by the Wall Street Journal, Bern and Beijing officials are expected to sign the agreement – details of which will be published during the summer – in the coming weeks.

According to Swiss media outlets, officials in Bern are waiting for Chinese Premier Li Keqiang's visit to Switzerland on 24 May to make the news public. No implementation date has been set for the accord, which reportedly covers pharmaceuticals, chemicals, machinery, and watches, among other products.

This is the second trade deal between China and a European country, following last month's clinching of a pact between the Asian superpower and Iceland (See Bridges Weekly, [18 April 2013](#)). While Iceland's exports to China last year were US\$61 million, Swiss exports in 2011 were US\$14.7 billion.

ICTSD reporting; "Watchmakers Eye Timely Boost in Trade Deal," WALL STREET JOURNAL, 14 May 2013; "L'accord de libre-échange avec Pékin favorable à l'économie Suisse," RTS, 15 May 2013; "Accord trouvé entre la Suisse et la Chine," L'AGEFI, 15 May 2013.

EU: Bangladesh Factory Collapse Could Affect Trade Scheme Eligibility

Last month's factory collapse in Bangladesh – which led to over 1000 deaths – could soon lead to trade implications for the developing country, as questions continue to be raised over the quality of worker conditions. The factory at issue produced garments for major European and American companies, including Swedish retail giant H&M, US retailer Gap Inc., Spanish retailer Mango, and British company Primark, among others.

According to a [statement](#) released earlier this month by EU High Representative for Foreign Affairs and Security Policy Catherine Ashton and Trade Commissioner Karel de Gucht, the EU is considering "appropriate action" as a response, including potentially re-evaluating Bangladesh's eligibility for the EU Generalised System of Preferences (GSP). Such action would be aimed at incentivising "responsible management of supply chains involving developing countries." Under the GSP's "Everything But Arms" scheme, Bangladesh currently enjoys duty-free and quota-free access to the EU market.

The US had also been reconsidering its GSP programme with Bangladesh since January due to concerns of worker rights issues, even before the factory collapse made international headlines. The US Trade Representative (USTR) is scheduled to decide next month whether to modify Bangladesh's status. How much the factory collapse will impact the decision has not been made clear.

Meanwhile, Bangladesh's government has already responded to such international pressures for industry reform, raising the minimum wage for garment workers and allowing trade union formation without prior permission from factory owners. Several major European retailers that used the Bangladeshi factory have also signed an agreement on Bangladesh building and fire safety. However, the accord has reportedly struggled to find similar support among American companies.

ICTSD reporting; "European, U.S. retailers split on Bangladesh reform plan," REUTERS, 14 May 2013; "Bangladesh eases trade union laws after factory building collapse," THE GUARDIAN, 13 May 2013, "Bangladesh Trade Was Under U.S. Review Prior to Factory Collapse," BLOOMBERG BUSINESSWEEK, 3 May 2013.

EVENTS & RESOURCES

Events

Coming soon

16 May, online. GLOBALIZATION, MULTIPOLARIZATION, AND CURRENCY WARS: THE IMPERATIVE OF SYSTEMIC REFORM. This live webcast by the Peterson Institute for International Economics (PIIE) will feature senior fellow and director emeritus C. Fred Bergsten, who will present his case for fundamental changes in the international financial architecture. His lecture will argue that currency manipulation is the single biggest challenge facing the world economic system and costs millions of US jobs. He will also offer proposals for countervailing intervention and ties between the International Monetary Fund and the World Trade Organization in evaluating currency misalignments. The webcast will be held from 5-6:30 PM EDT (11 PM-12:30 AM CET). More information is available [here](#).

17 May, Washington, US. THE AFRICAN UNION AT 50: THE PATH FORWARD. The Africa Growth Initiative at the Brookings Institution will mark the African Union's 50th anniversary with a discussion on its successes and challenges, in areas such as development, regional integration and stability, and efforts to resolve poverty and inequality. Panellists will include US Deputy Assistant Secretary for African Affairs Reuben Brigety, Georgetown University Professor of Anthropology and Foreign Service Gwendolyn Mikell, and H.E. Tebelelo Seretse, Botswana's Ambassador to the US. Brookings Senior Fellow Mwangi Kimenyi, director of the Africa Growth Initiative, will moderate the discussion. More information is available [here](#).

19-27 May, Addis Ababa, Ethiopia. 21st AFRICAN UNION SUMMIT. The 21st Ordinary Session of the African Union (AU) Summit will convene under the theme "Pan Africanism and African Renaissance." The summit will feature the following three events: the 26th Ordinary Session of the Permanent Representatives Committee (PRC) from 19-20 May; the 23rd Ordinary Session of the Executive Council of the AU from 22-23 May; and the 21st Ordinary Session of the Assembly of the AU from 26-27 May. More information is available [here](#).

22-24 May, New York, US. THIRD MEETING OF THE OPEN WORKING GROUP ON SDGS. The third session of the UN General Assembly (UNGA) Open Working Group (OWG 3) on Sustainable Development Goals (SDGs) is scheduled to take place from 22-24 May 2013. The session is expected to discuss issues of food security and nutrition, sustainable agriculture, drought, desertification, land degradation, water, and sanitation. More information is available [here](#).

23 May, Washington, US. WRITING THE RULES FOR 21ST CENTURY TRADE: NEW SOLUTIONS FOR OLD PROBLEMS IN THE TRANS-PACIFIC AND TRANS-ATLANTIC NEGOTIATIONS. This event, hosted jointly by the International Food & Agricultural Trade Policy Council (IPC) and the US Chamber of Commerce, will focus on various countries' perspectives on the opportunities offered by regional trade agreements, as well as efforts to address longstanding trade barriers through new and existing mechanisms. More information and registration is available [here](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always

announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

21 + 24 May: Negotiating Group on Trade Facilitation (followed by Inf.)

24 May: Dispute Settlement Body

Other Upcoming Events

28-29 May, Beijing, China. GLOBAL SERVICES FORUM. This event, organised by the United Nations Conference on Trade and Development (UNCTAD) together with the Chinese Ministry of Commerce and the People's Government of Beijing Municipality will be held concurrently with the second China International Fair on Trade in Services (CIFTIS). The purpose of this event is to deepen the understanding of opportunities and challenges for developing countries in fostering sustainable and inclusive development through services. The Global Services Forum aims to gather together prominent players in the services sector, from governments, the business world, and academia. Event organisers hope that the ideas emerging from the interaction of participants will help create and strengthen networks and partnerships for the development of the services sector. More information is available [here](#).

1-3 October 2013. WTO PUBLIC FORUM: "EXPANDING TRADE THROUGH INNOVATION AND THE DIGITAL ECONOMY." This annual WTO event aims to provide a platform for public debate across a range of trade issues and topics. This year's forum specifically looks at the future of trade in an era of innovation and digitalisation. A call for proposals for sessions is now open, and online registration for attending the event is also available. More information can be found at the Public Forum [website](#).

21-22 October 2013. DELIVERING CONCRETE CLIMATE ACTION. This Annual Chatham House Conference on Climate Change will focus on workable solutions that could help accelerate global decarbonisation, particularly given the upcoming deadline for a new international climate change agreement in 2015. Some of the several questions that the conference aims to address include what such a global deal may look like, and to what extent new energy realities will affect the politics of climate change. For more information, or to register, click [here](#).

Resources

FOUR CHANGES TO TRADE RULES TO FACILITATE CLIMATE CHANGE ACTION. By Aaditya Mattoo and Arvind Subramanian for the Peterson Institute for International Economics (April 2013). In this policy brief, the authors propose several changes to trade rules that, they argue, would advance climate change goals. The proposed changes would include permitting border taxes on less clean imports, along with relaxing the constraints on the use of production and export subsidies for global environmental goods and technologies, along with strengthening intellectual property rights protection. The authors argue that sufficient technological progress requires deploying the full range of policy instruments, including those related to trade policy. To read the full policy brief, click [here](#).

TRADE COSTS: WHAT HAVE WE LEARNED? A SYNTHESIS REPORT. By Evdokia Moïsé and Florian Le Bris for the Organisation for Economic Co-operation and Development (OECD) (April 2013). This report synthesises all OECD work on cost factors across the entire trade chain. The report proposes a series of questions to help identify priority areas, taking into account country specificities. The strong interdependencies between cost factors, magnified by the prevalence of global value chains, mean that policies to address costs and facilitate trade need to be undertaken in a comprehensive manner, the report says – although the cost-benefit ratio of certain trade facilitation reforms, particularly at the border, may offer immediate and significant benefits. The full report is available [here](#)

ENERGY EFFICIENCY SHOULD BE A PRIORITY FOR 2030, ARGUES RICHARD COWART. Published by viEUws (May 2013). This interview, conducted by Sonja van Renssen for viEUws, the EU Policy Broadcaster, features Richard Cowart, Director of the European programmes at the Regulatory Assistance Project (RAP) to discuss energy efficiency. Cowart specifically discusses the public debate on the 2030 Energy and Climate Framework, and argues that a policy that does not drive aggressively towards removing the wasted use of energy will fail because it is too expensive, too slow, and too dirty. To learn more, or to listen to the interview, click [here](#).

GREEN ECONOMY AND TRADE: TRENDS, CHALLENGES AND OPPORTUNITIES. Published by the UN Environment Programme (May 2013). This report, prepared by the Trade, Policy and Planning Unit of the United Nations Environment Programme, aims to identify international trade opportunities in various key economic sectors associated with the transition to a green economy; identify policies and measures that may act as facilitators and overcome hindrances to seizing trade opportunities arising from such a transition; and assist governments, the private sector, and other stakeholders in building capacity to take advantage of sustainable trade opportunities at the national, regional, or international level. More information, as well as the full report, is available at the UNEP [website](#).

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