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PREFERENTIAL AGREEMENTS

TPP Talks See Progress in New York as Officials Suggest Deal Within Months

Efforts to wrap up the 12-country Trans-Pacific Partnership (TPP) talks have reportedly gained momentum in recent weeks, with officials suggesting that a deal may be possible within months. Chief negotiators meeting in New York last week aimed to bridge some of the gaps across several chapters, amid reports that a breakthrough on US-Japan agriculture and automobile talks could be imminent.

Officials did not release a formal statement or summary following the New York informal round, but reports had indicated that advances were being made in a number of areas, leaving mainly the trickiest issues still on the table.

With the finish line now seemingly in sight, US officials have been racing to lay the groundwork for the future ratification of an agreement, if one is indeed completed.

Washington has particularly come into focus, given that the Obama Administration's term will end in January 2017 and with a new Republican Congress now in place, whose leaders have supported the Asia-Pacific trade deal as a priority.

The 12 countries involved in the TPP talks, which together account for 40 percent of global GDP, are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

Froman: final deal "coming into focus"

The US' top trade official testified to Congress last week that the TPP negotiations could be wrapped up quickly, while urging American lawmakers to grant renewed "fast track" trade powers – also known as Trade Promotion Authority (TPA) – in order to ensure that a final deal can be ratified in Congress intact.

"The contours of a final [TPP] agreement are coming into focus," said US Trade Representative Michael Froman in testifying at the Senate Finance Committee last week, in comments reported by the Financial Times. "We think everyone is focused on getting this done... in a small number of months."

Speaking at back-to-back hearings of both the Senate Finance and House Ways and Means committees on the US President's 2015 trade agenda, the trade chief called 2015 a "critical year for trade," in light of both the TPP and separate efforts to advance negotiations on an EU-US trade deal.

The testimony – particularly Froman's calls for TPA – come within days of US President Barack Obama's annual State of the Union address, where the American leader similarly urged lawmakers to work with him on trade to avoid giving China the chance to "write the rules of the world's fastest-growing region." (See Bridges Weekly, [22 January 2015](#))

Mexican economy minister Ildefonso Guajardo has also said that a TPP deal in the near future was "feasible," telling news agency Reuters last month that an agreement could be reached by mid-March. Several reports have indicated that March could be a potential date for another TPP ministerial meeting, though the date and venue have yet to be formally confirmed.

Agriculture, autos breakthrough imminent?

Reports have also emerged in recent weeks of potential advances in the difficult bilateral negotiations between the US and Japan on agricultural market access. Success in those talks, as well as another bilateral track on automobiles which also saw [meetings](#) last week, is said to be key in moving the TPP talks forward as a whole.

Japan's Nikkei newspaper recently suggested that the two sides had made a significant advance on both rice imports and car safety standards, with Tokyo reportedly offering to increase its tariff-rate quota for US rice by "tens of thousands" of tonnes, while maintaining tariffs on the good.

Washington, for its part, has reportedly backed down from its own request that Tokyo ease safety standards for imported cars, the Japanese newspaper said.

The US' National Pork Producers Council (NPTCC), which conducts outreach for 43 state associations of pork producers, has also recently suggested that Tokyo and Washington have also managed to bridge some of their gaps on pork trade.

"Significant progress has been made with respect to Japan's market access offer on pork thanks to the hard work of US trade officials and the strong support of the US Congress," said NPPC President Howard Hill in a 26 January [statement](#), without elaborating on what this progress entails.

Reports in Kyodo News, a Japanese news agency, have indicated that Tokyo is offering to reduce tariffs on US pork imports over a ten-year period, citing unnamed sources.

Despite these reports, Japanese deputy chief negotiator told Reuters on Tuesday in Washington that even though progress has been made in talks this week with the US, there are still further issues that need to be "worked on at an official level" before convening either a bilateral ministerial meeting or an overall TPP ministerial.

Japanese Prime Minister Shinzo Abe's win in a December snap election had been seen by trade observers as providing a potential window for Tokyo to agree to politically difficult reforms to agricultural trade protections, particularly in so-called sacred products such as beef, dairy, pork, rice, and sugar. (See Bridges Weekly, [18 December 2014](#))

"Fast track" timeline

Given the ramp-up in the TPP process, a new TPA bill could be introduced in Congress later this month, key legislators have said over the past fortnight.

Senate Finance Committee Chairman Orrin Hatch, a Republican of the US state of Utah, confirmed last week that he was working with his committee's top Democrat, Ron Wyden of Oregon, and House Ways and Means Committee Chairman Paul Ryan to introduce a

TPA bill in Congress. While not formally committing to a timeline, Hatch did say that this was likely to occur this month.

In a [speech](#) at the Washington-based American Enterprise Institute, Hatch indicated that the fundamentals of the upcoming TPA proposal would be “substantially the same” as the one introduced a year ago by Hatch and the former chairmen of those two committees, though there would be some changes. (See Bridges Weekly, [16 January 2014](#))

TPA, along with ensuring that fully negotiated trade deals cannot later be amended in Congress, would also set negotiating priorities for the US executive branch to follow when negotiating international trade agreements.

Notably, the Senate Finance chief has said that a TPP deal without significant openings in agricultural market access “will never receive support in Congress,” referring specifically to Japan and Canada as countries that need to make larger concessions.

Furthermore, several US lawmakers on both sides of the aisle have asked that provisions relating to currency manipulation be included in a final TPP deal, committing participants not to take action that would unfairly distort exchange rates.

Hatch, for his part, has noted that the previously suggested TPA legislation had included addressing currency manipulation as a principal negotiating objective, and indicated that he would pursue this in the next iteration of the bill.

“Our job creators and workers also need to have confidence that their hard work is not being unfairly harmed by currency manipulation,” Hatch said, adding that many legislators do not feel that the issue is being properly addressed by the executive branch.

Top Democrats, such as Charles Schumer of New York, have also said that the TPP would not receive their backing without action on currencies. US trade officials, in turn, have indicated that currency issues traditionally fall under the Treasury Department's area of responsibility, as well as international forums such as the G-20 and the International Monetary Fund (IMF).

Regional trade initiatives

The push to finish the TPP comes as various other regional trade liberalisation processes are also ramping up their own momentum. One of these is the push amid the ten-country Association of Southeast Asian Nations (ASEAN) to meet their target of establishing a common market by the end of this year.

Other regional agreements are also said to be in the pipeline, including the planned Regional Comprehensive Economic Partnership (RCEP), which along with all 10 members of ASEAN also includes Australia, China, India, Japan, Korea, and New Zealand. (See Bridges Weekly, [21 November 2012](#))

Speaking at the World Economic Forum's Annual Meeting in Davos, Switzerland last month, Thai Deputy Prime Minister Pridiyathorn Devakula pledged that ASEAN's 2015 goal of an economic community will be met.

“Believe me, we will have a single market by the end of this year,” the Thai official said, while acknowledging the scepticism some observers might feel about the potential to meet such an ambitious target.

The ASEAN process, among others, has sparked questions over what the implications will be of these overlapping regional initiatives, particularly given that not all ASEAN members are involved in the TPP, and vice versa.

Four of ASEAN's members – Brunei, Malaysia, Singapore, and Vietnam – are also involved individually in the TPP. ASEAN, which covers a population of over 600 million people, also includes Cambodia, Indonesia, Laos, Myanmar, Philippines, and Thailand.

Some other ASEAN members, such as the Philippines, have said they too would be interested in signing onto the TPP deal. However, US Assistant Secretary for the Bureau of East Asian and Pacific Affairs Daniel Russell affirmed recently during a speech in Manila that any aspiring new entrants will need to wait until after the agreement is done to apply for membership.

"The Trans-Pacific Partnership, or TPP, is a cornerstone of President Obama's rebalance to the Asia-Pacific region, and while we're focused now on concluding the agreement with our current partners, the TPP is being drafted with an eye toward future expansion," Russell [said](#), noting that Washington hopes Manila will sign on in the near-term.

"To do that, we will need to work together on a host of issues, including investment and trade liberalisation, which will benefit the country in the short term and for years down the road," he said.

ICTSD reporting; "Japan TPP negotiator: Not ready for Japan-U.S. ministerial trade talks," REUTERS, 4 February 2015; "Tokyo offers to cut tariffs on US pork in TPP talks, sources say," KYODO, 3 February 2015; "Mexico says Pacific free trade deal 'feasible' in mid-March," REUTERS, 22 January 2015; "US trade chief says Pacific deal is close," FINANCIAL TIMES, 27 January 2015; "Japan offers compromise on rice in Asia-Pacific trade talks: Nikkei," 24 January 2015; "Asia trade talks heat up as fast-track battle rages," POLITICO, 30 January 2015; "Currency Fight Hinders Talks on U.S.-Pacific Trade Deal," WALL STREET JOURNAL, 25 January 2015.

AGRICULTURE

Doha Round: Farm Exporters Question US Subsidies as Trade Talks Resume

US farm subsidies could exceed proposed new WTO limits by as much as US\$3.6 billion, a new paper from a dozen agricultural exporting countries has said. The paper is the first attempt this year to move negotiators towards a more specific discussion of what they see as desirable and feasible under a possible Doha Round deal on trade.

The countries argue that Washington's levels of agricultural domestic support could breach proposed ceilings under the global trade body's long-running Doha talks. The limits are set out in a draft text tabled six years ago, but are now back at the centre of a renewed bid to move the talks forward.

WTO members have given themselves until July to ink a work programme that would outline how to resolve the various outstanding issues in the Doha Round talks, with agriculture, non-agricultural market access, and services at the core. (See Bridges Weekly, [27 November 2014](#))

The 12 countries that sponsored the paper – all of which are members of the Cairns Group of farm exporters – now say the latest official US figures suggest that the proposed Doha disciplines would be surpassed by "a considerable margin."

John Adank, the New Zealand ambassador who chairs the WTO agriculture negotiations, welcomed the paper's focus on specific details. "We have to get very, very concrete," he told an informal meeting open to all agricultural trade negotiators last Wednesday, at which the paper was discussed.

The paper was tabled by Australia, Canada, Chile, Colombia, Costa Rica, Guatemala, Malaysia, Pakistan, Paraguay, Thailand, Uruguay, and Vietnam. Nine other Cairns Group members did not co-sponsor the original submission, with some sources saying that they had had insufficient time to consult their capitals on the document following a change in last Wednesday's meeting date.

Focus on six "central" countries

The paper focuses on six members which the sponsors say play a "central role" in the trade talks: Brazil, China, the EU, India, Japan and the US.

Except for the US, the report finds that proposed new disciplines would allow these countries to maintain farm subsidy spending at the most recent level the government reported to the WTO.

The exporters' paper examines the possible implications of cuts to three categories of trade-distorting domestic support.

Firstly, the drafters examine how cuts could affect countries' use of "amber box" support – seen as the most heavily trade-distorting under WTO rules.

Secondly, it looks at how proposed reductions might affect "*de minimis*" support, which although trade-distorting is permitted so long as it does not exceed a certain share of the

value of production, which is currently set at five percent for developed countries and ten percent for most developing countries.

Thirdly, it looks at the implications of proposed new rules for “overall trade distorting domestic support” – the sum of amber box, *de minimis*, and the slightly less trade-distorting “blue box” programmes.

Proposed cuts to countries’ *de minimis* allowance would mean the US would have to shift US\$4.4 billion of agricultural domestic support from that category to the amber box, the sponsors say.

This would push Washington’s spending up to US\$11.2 billion – or as much as US\$3.6 billion more than the proposed new limit on amber box support.

The paper does not examine subsidies that are exempt from any cap or cuts under WTO rules – such as green box payments, which are required not to cause more than minimal trade distortion, and input and investment subsidies in developing countries, which are allowed without any upper limit under a special provision in the Agreement on Agriculture.

“This is really new territory for us to venture into, but it’s necessary that we start this exploration,” said Adank.

Farm Bill: falling prices could push support higher

In comments to Bridges, trade sources observed that the paper also does not account for new farm subsidy schemes introduced under the 2014 Agriculture Act, known as the Farm Bill, which some experts expect could increase levels of trade-distorting support if prices for agricultural goods continue to fall from their peaks in 2011. (See Bridges Weekly, [15 January 2015](#))

Officials told Bridges that the falling prices for farm goods meant they were now constantly worried that Washington’s farm subsidy levels could increase further.

Delegates disagree on data

However, in a reference to controversy over different ways of calculating farm subsidy levels, the sponsors of the new paper caution that their use of official data does not “constitute an endorsement” of governments’ reporting practices.

In recent years, WTO members have increasingly disagreed over methodological questions such as whether agricultural domestic support data can be reported in local currencies or US dollars, whether and how inflation can be taken into account, and whether calculations of market price support should be benchmarked against total production or just the amount that is actually purchased by the government.

Delays in reporting farm support have also repeatedly bedevilled attempts to understand how proposed new rules could affect countries’ farm subsidy payments. Last September, India filled a seven-year backlog in notifications by reporting farm subsidy data up to 2010-11, but – despite fast-growing farm support – the new paper’s figures for China only go up to 2008. (See Bridges Weekly, [18 September 2014](#) and [19 October 2011](#), respectively)

A previous paper on domestic support, issued by the Cairns Group nearly a year ago, riled India and China by using a new measure of “total trade distorting support” to calculate subsidy levels. This measure included other forms of farm support that are exempt from WTO limits, such as input and investment subsidies in developing countries. (See Bridges Weekly, [27 March 2014](#))

Other countries react

One risk, a developing country observed, is that "the only one that will really benefit from this paper is the United States."

Some negotiators also told Bridges that there was a risk that other countries would now be asked to make further concessions in the talks, despite the fact that the US had done little to reform farm support programmes to reduce their trade-distorting effects.

Sources said that the US had reacted by saying the new paper showed that the current Doha draft was unbalanced. Some developing countries responded by arguing that this was a consequence of having to address the imbalances that had been inherited from past negotiating rounds.

Some delegates said the exporters' findings seemed to suggest that WTO members should lower the "level of ambition" for the talks in order to strike a deal by the end of the year. But others told Bridges they felt uncomfortable with this approach.

"We will not tailor the negotiations for the United States," said one.

Adank encouraged members to continue focusing on specific details in order to advance the talks further. "My really strong advice to you all as we leave this meeting is please get more concrete with each other, because if we stay in this sea of generalities we're probably not going to get that far."

ICTSD reporting.

DEVELOPMENT FINANCING

UN Talks on New Development Financing Text Advance

UN members meeting amid a snowstorm in New York last week began to make progress on a text geared towards assessing and strengthening development financing. The gathering was the first in a series of sessions building up to a high-level July conference in Addis Ababa, Ethiopia, where the document is set to be agreed.

Delegates decided last week that the outcome document of this Third International Conference on Financing for Development (FfD3) should build on the 2002 "Monterrey Consensus," with some additions to ensure coordination with another ongoing UN process on elaborating a post-2015 development agenda.

Despite these advances, reports indicate that some key areas will still need to be hammered out in the two remaining drafting sessions before the July FfD3 meet, such as how the outcome document will interact with the post-2015 process, including the planned sustainable development goals (SDGs), and the role of private finance.

Negotiations for a post-2015 outcome document began last month, with that text due for adoption at a high-level summit in September. The SDGs would replace the Millennium Development Goals (MDGs) when they expire later this year and a draft list of these goals was put forward by a UN group last July. (See Bridges Weekly, [29 January 2015](#))

Development and trade finance

After years of multilateral discussions on financing for development, the first FfD3 conference in Monterrey, Mexico in March 2002 resulted in an outcome document consisting of six general issues on development financing.

These included mobilising domestic financial resources; mobilising international resources for development; trade; international financial cooperation for development; debt; and systemic issues such as enhanced coherence in the international monetary system vis-à-vis development outcomes.

The [Monterrey Consensus](#) set out various trade policy priorities, such as the importance of the multilateral trading system; reducing agricultural trade distortions; facilitating WTO accession; improving market access; enhancing the role of regional trade agreements; and the need to build productive capacity in low-income countries.

A second FfD conference was held in 2008 in Doha, Qatar in the aftermath of the global economic slump. That [outcome document](#) updated several trade priorities, underlining the need to conclude the WTO's Doha Round and to implement the Aid for Trade initiative. The document also called on developing countries in a position to do so to provide duty-free, quota-free (DFQF) market access for least developed country (LDC) exports.

Trade for sustainable development?

Discussions last week were guided by a non-paper on [possible elements](#) to include in the final outcome document prepared by the FfD3 Co-Facilitators, Ambassador George Talbot of Guyana and Ambassador Geir Pedersen of Norway.

The elements outline seven potential building blocks for future development finance and monitoring – including on the role of trade – that might be included in the final text. A series of policy ideas were also presented in each block. These built on previous FfD outcomes along with the various finance aims in the proposed SDGs.

Trade finance elements largely feature in the proposed SDGs as means of implementation (Mol) for achieving the overall framework, as well as specific targets within certain goals.

Reflecting on trade elements in the Co-Facilitators' paper, some delegates called for leaving substantive discussions on trade to the WTO, where members are working to meet a July deadline for inking a work programme to conclude the Doha Round.

Divisions appeared on the framing of regional trade agreements (RTAs) in the Co-Facilitators' elements paper, which says that a proliferation of such deals may not always take into account social impacts, financial stability, and environmental sustainability.

Some UN members said that this wording might overemphasise the negative effects of RTAs, suggesting instead that these agreements could foster development and complement existing trade regimes.

Some trade watchers say that the FfD process may enable a broader discussion about the new realities of the global trading system, in contrast to the proposed SDGs, which mostly refer back to the existing multilateral system under the WTO.

Other ideas in the Co-Facilitators' paper would expand on the proposed SDG targets. For example, the section on possible trade finance policy options calls for DFQF treatment for LDC products in all high and upper-middle-income country markets. Proposed SDG 17 refers to WTO decisions in this area, which encourage developed countries, and developing countries in a position to do so to improve DFQF treatment of LDC exports.

Some suggestions appear aimed at filling gaps in the proposed SDGs. The paper's reference to trade-facilitating infrastructure brings trade facilitation back into the discussion, which has lately been absent from the SDG preparatory process.

The FfD elements paper also included ideas that point to a nuanced discussion about how trade can be harnessed as an engine not just for development – as the Monterrey and Doha outcomes termed it – but for meeting sustainable development objectives, such as by addressing trade liberalisation's social and environmental impacts.

For example, one other trade policy option put forward would be strengthening public interest exemptions for health and climate-related technologies under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

Next steps

The July Addis Ababa conference will be the first in a series of major international meets scheduled for the coming year aiming to craft a new vision for sustainable development.

Along with last week's talks on the relevant links to the planned post-2015 development agenda, delegates also asked questions around the relationship between FfD3 and the UN climate talks scheduled for Paris, France in December for a new global climate agreement.

The Co-Facilitators aim to prepare a zero draft for the Addis Ababa outcome document by the end of February. The next drafting session will be held from 13-17 April.

ICTSD reporting; "Summary of the First Drafting Session of the Outcome Document of the Third International Conference on Financing for Development, 28-30 January 2015," IISD REPORTING SERVICES, 2 February 2015.

ENVIRONMENTAL GOODS

Environmental Goods Agreement Talks Focus on Clean Energy Products

The latest round of talks towards securing a tariff-cutting deal on select environmental goods made progress last week, trade sources say, with several participating countries presenting indicative lists of product nominations related to cleaner and renewable energy, as well as energy efficiency.

Following another discussion round next month, the talks for an Environmental Goods Agreement (EGA) could move into full negotiation mode in the second quarter of this year, officials confirmed, as long as the process continues to head in the right direction.

The US and the EU are said to have tabled the largest lists of indicative product nominations in last week's energy-focused round, with Australia, Canada, Japan, New Zealand, South Korea, and Switzerland also proposing products to include.

China has not yet come forward with indicative product nominations for either this round or the ones preceding it, although it reportedly promised to do so for the EGA's next session in mid-March, citing the need for more time in order to coordinate internally.

Last week's meeting reportedly saw some technical discussion on renewable energy products, including in relation to component parts. Some participants also backed including equipment used in hydropower applications in the eventual EGA.

Sources say that some participants also expressed preferences for including goods related to nuclear power, biodiesel, methanol, wood products, as well as hybrid vehicles, all of which are likely to prompt some further conversations within the group.

These talks are the result of a pledge made a year ago at the World Economic Forum (WEF) gathering in Davos, Switzerland, where a group of 14 WTO members announced plans to negotiate this Environmental Goods Agreement. Formal talks then began last July. (See BioRes, [10 July 2014](#))

In the past, EGA participants said that they would build on a list of environmental goods under 54 tariff lines agreed to by the Asia-Pacific Economic Cooperation (APEC) forum in 2012, with the possibility of including other products. The 21-country APEC group has committed to lowering applied tariffs on these 54 tariff lines to five percent or less by the end of this year.

From discussion to negotiation

March's discussion round will focus on environmental monitoring, analysis, and assessment, environmentally-preferable products, and resource efficiency.

Sources confirmed that the discussion approach has served to help participants fine-tune their product proposals, particularly in terms of "ex-outs," which are product descriptions where international customs codes are not detailed enough.

A total of five technical discussion rounds have been held so far in Geneva, Switzerland, each examining product nominations related to specific environmental goods categories or

sectors. EGA participants have said that this “category approach” is geared towards ensuring the environmental credibility of the products nominated and selected for inclusion in the eventual list slated for tariff cuts.

EGA negotiators reportedly agreed last week that each participant's initial product nominations – across each of the environmental goods categories discussed – should be put forward by the beginning of April. That date represents a soft deadline, however, with participants agreeing to be flexible if necessary.

Once EGA participants come forward with these compiled lists, the talks would then move into a second phase geared more towards concrete negotiations, beginning with a week of consultations in early May.

Two further rounds were reportedly agreed to last week, one planned for 15-19 June and another for 27-31 July.

Climate context

While last week's discussions focused on the details of trade in energy-related products, delegates reportedly are keeping in mind parallel efforts to negotiate a global climate deal under the UN Framework Convention on Climate Change (UNFCCC) in time for this December's Conference of the Parties (COP) in Paris, France.

A number of EGA participants have said that the deal offers an opportunity for trade policy to do something positive on climate action. With the energy supply sector being the largest contributor to global greenhouse gas (GHG) emissions, according to UN climate scientists, boosting trade in clean energy and energy efficiency products could play a role in curbing man-made climate change.

“Reducing tariffs on environmental goods can enable innovation and deployment to other countries, thus helping to scale up low carbon development,” said Danish Ambassador to the WTO Carsten Staur at an event hosted last Monday by ICTSD on the EGA's climate potential. *[Editor's note: ICTSD is the publisher of Bridges]*

A number of goods relevant for the supply of clean energy, in particular solar cells, panels, and modules, are already duty-free in all EGA markets due to the initiative's current participants also being signatories to the WTO's Information Technology Agreement (ITA) – a separate plurilateral tariff-cutting initiative covering select information and communication technology (ICT) products.

Various other goods in this area could, however, still usefully be added to the list according to some researchers.

EGA participants have set themselves the goal of reaching some form of agreement by the WTO's tenth ministerial conference this December in Nairobi, Kenya.

Whether the EGA talks could have come far enough along to deliver a signal of success in time for the Paris climate talks, which are scheduled prior to the WTO's Nairobi meet, remains an open question and will be difficult to evaluate until participants move into more formal negotiations.

ITA lessons?

In the corridors last week, some delegates reflected on the need to learn from the ITA experience, particularly around a review process for the eventual EGA list.

Efforts among a subset of the ITA's signatories to expand the deal's product coverage to reflect the realities of today's trade – given the technological advances seen since the

original agreement was finalised in 1996 – have repeatedly stalled in recent years. The negotiations are currently deadlocked over a disagreement between China and South Korea. (See Bridges Weekly, [18 December 2014](#))

Some experts have argued that it would be important for the EGA negotiations to create a review mechanism as part of the EGA in order to ensure a “living list.” This could be useful in the context of evolving climate mitigation and adaptation technologies and needs, for example, as well as keeping pace with other environmental challenges.

However, no detailed formal discussion has yet taken place on this topic, although some sources suggest that a forthcoming EU non-paper on draft elements for the eventual EGA text – which the 28-nation bloc has suggested it will circulate to other EGA participants following internal consultations – could possibly prompt further talks in this area.

New members

The latest round saw Israel formally join the talks, following domestic approval by existing members, bringing total EGA participants to 15.

Turkey and Iceland have also applied to join the initiative, and sources say that the various domestic procedures among other participants will likely have concluded in time to bring these two nations into the talks for the March round.

ICTSD reporting.

INTELLECTUAL PROPERTY

WHO Global Strategy on IP, Innovation Up for Extension

Following a week of meetings, the World Health Organization's (WHO) Executive Board has recommended that the Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property be extended for eight years, until 2022.

The [Global Strategy](#), or GSPA, was first [adopted](#) in 2008 as a medium-term policy. The scheme proposes that the WHO play a central role in public health innovation, particularly in promoting needs-driven research to target diseases that disproportionately affect people in developing countries.

During the past week of meetings, WHO Director-General Margaret Chan had promised to "change the way pharmaceutical products reach the market" by addressing market failures for vaccines and neglected diseases research.

This recommendation will still need the approval of the full World Health Assembly (WHA), the WHO's highest governing body, when it meets in May. The Executive Board that met this past week is made up of 34 member state-designated individuals who have technical qualifications in the field of health.

The WHA is now also set to consider, for the first time in the global health body's history, a draft resolution on air pollution. The May meeting will also discuss a [revised framework of engagement](#) between the WHO and non-state actors. Open-ended discussions will continue on this framework, such as its general principles, conflict of interest, transparency, and other contested issues.

Extension, evaluation spark debate

The past week of discussions saw Executive Board members raise a series of questions over how to proceed with the GSPA's next iteration, with members such as Brazil calling the Global Strategy a policy with "unlimited validity," justifying the need for an extension.

Going forward, members have expressed interest in reviewing the scheme's achievements, with the results feeding into the programme's next stage.

Several Southeast Asian countries have called for updating the 2008 principles and delinking the cost of medicines from the cost of research and development. Some African countries commented that there is currently a limited use of flexibilities related to intellectual property rights (IPRs), and technical assistance must be intensified in future.

Medicus Mundi and Third World Network are among the NGOs that have called the Global Strategy a pioneering step, one that "reclaims the trade agenda (of pharmaceuticals) and gives it back to the human rights agenda, where it belongs." The groups say, however, that implementation has been less smooth, with a piecemeal result.

The US has also called for a transparent evaluation process, with engagement by member states, while "sticking to the agreements we have reached."

Instead of the scheduled programme review of the Global Strategy this year, the Executive Board has now [recommended](#) extending the review until 2018. In the meantime, member

states are discussing the possibility of launching a wider [evaluation exercise](#) instead of the review, based on suggestions from the Secretariat.

The modalities of such an evaluation exercise, including participation at regional levels and the completion of national-level assessments, will be discussed during May's WHA.

Health, climate change

The Executive Board also discussed the role of the global health body in articulating and responding to the health impact of climate change, following last year's WHO Conference on Climate and Health.

The UK was among those members which called for health policy to be "at the heart of the climate change agenda, where it belongs."

The African regional office of WHO has already adopted a framework on climate change and health, and the Democratic Republic of Congo asked during the meeting for "guidance for developing countries and capacity building in research." The WHO [revised work plan](#) focuses on raising awareness, policy, and technical support for member states, along with building resilient health systems.

The Executive Body also tabled suggestions regarding climate change adaptation and mitigation, such as setting standards at national and regional levels, conducting WHO-led vulnerability analyses, and establishing regional hubs. The US has asked for "locally specific information tools" that can be applied in a climate action plan on a global scale.

WHO to tackle air pollution

WHO member states are also now set to tackle the issue of air pollution, one of the leading causes of deaths worldwide. Discussions on a [draft resolution](#) addressing indoor and outdoor air pollution, as well as trans-boundary air pollution, are now ongoing.

The draft resolution, submitted by ten countries, urges the full WHO membership to implement the organisation's Air Quality Guidelines, reduce related health inequities, and support the widespread adoption of clean air technologies.

WHO statistics attribute eight million deaths annually from air pollution. Indoor pollution from cook-stoves is the leading cause of death among children under the age of five.

Panama, one of the sponsors of the resolution, stressed the heavy burden posed by air pollution, including premature death. Norway, a co-sponsor, thanked countries for "wide, strong and unequivocal support" to the draft resolution in principle, though consensus on a final version has not yet been reached.

Developing countries, including India, have asked for a larger focus on the social determinants of health to address the disproportionate impact of air pollution on vulnerable communities.

India also noted that "air pollution and health impact should not detract us from climate change goals in the relevant institutional agreement," but expressed hopes that sustained financial resources and transfer of clean technology to developing countries may be addressed in the final resolution.

ICTSD reporting; "EB136: WHO Evaluation of the global strategy and plan of action on public health, innovation and intellectual property." KNOWLEDGE ECOLOGY INTERNATIONAL, 18 December 2014.

AFRICA

African Leaders Stress Infrastructure Development Needs to Boost Growth

Enhancing infrastructure can promote industrialisation and boost intra-African trade, serving as a boon to the continent's growth, said South African President Jacob Zuma at the New Partnership for Africa's Development (NEPAD) Heads of State and Government Summit held in Addis Ababa, Ethiopia ahead of the AU Summit last week.

The NEPAD is an African Union entity designed to address a number of development issues in Africa including regional integration and infrastructure.

"With solid and efficient infrastructure, we can without a doubt reach the much sought after and almost magical 7 percent growth rate per annum – a good starting point for Africa," said Zuma.

According to the World Bank, overall, deficient infrastructure costs Africa two percent in reduced output each year.

Deepening intra-regional trade

Greater regional and market integration will help lower transport costs, make goods and persons move faster and more effectively, as well as develop markets and allow for more economic diversification, explained Zuma.

The low industrial capacity of the African continent is partly due to limited intercontinental infrastructure, fragmented markets, and inadequate skills. Experts often point to the fact that regional integration and infrastructure development are a catalyst for economic development in Africa.

The consensus view about intra-Africa trade is that it stands at a very low level, with estimates by the United Nations Conference on Trade and Development (UNCTAD) placing it at 11 percent. Meanwhile, levels of intra-regional trade in other parts of the world average at 70 percent for Europe and 50 percent for Asia and North America. Some experts, however, argue that these figures do not account for informal trade, which is very large in Africa.

Mobilising infrastructure funding

Senegalese President Macky Sall expressed similar aspirations, telling officials that the mission is to "strengthen" the political and socio-economic integration of African countries by completing infrastructure projects. He prompted African leaders to continue engaging in the Programme for Infrastructure Development in Africa (PIDA).

PIDA is an initiative led by the African Development Bank, the AU, and the NEPAD Secretariat. This initiative is intended to increase energy access and reduce power generation costs; reduce transport costs and boost intra-African trade; ensure food security and access to water; and increase global connectivity.

PIDA envisages investments of US\$360 billion up to 2040 and priority investments of US\$67.9 billion up to 2020 in the critical infrastructure sectors of energy, transboundary water supply, transport, and information and communications technology. Such costs are

beyond the financing capacities of governments or even donors. Attracting private sector participation through public-private partnerships (PPPs) is therefore seen by the development community as essential for the delivery of various infrastructure projects envisioned under PIDA.

"Fundamentally we need to attract the private sector," said NEPAD chief executive Ibrahim Mayaki.

During a summit side event, Carlos Lopes, the executive secretary of the Economic Commission for Africa (UNECA) explained that several challenges need to be overcome in order to attract private sector participation in this area. Among some deterring factors, he said, are the fears of expropriation of assets, the enforceability of contracts, or other regulatory risks that arise from a weak regulatory framework across the continent.

China- Africa infrastructure deal

During the event, the AU and China signed a memorandum of understanding to develop major infrastructure plans and cooperate on the industrialisation process of the continent. The proposal includes large infrastructure projects to develop road, air, and rail transports.

Nkosazana Dlamini-Zuma, the AU commission chairperson, qualified the deal as the "most substantive project the AU has ever signed with a partner."

"The relationship, particularly the cooperation is taking a different height, a different level, and a different dimension," said Dlamini-Zuma.

Observers such as Wang Xiangjiang noted that such a deal has elevated China's "win-win" relationship with Africa to new heights. In a blog post on Chinese state-run news agency Xinhua, the writer questioned some of the commonly cited criticisms labelling Beijing's engagement in Africa as a new form of "colonialism" aimed mainly at exploiting the continent's natural resources.

"Some say that China is conducting 'concrete diplomacy' by helping Africa with infrastructure development. This is what Africa needs to pursue economic growth," said China Foreign Ministry Spokesperson Hua Chunying, according to the blog post.

Other experts say, however, that China has held back African industrialisation by perpetuating its dependence on natural resources and by damaging local industries with the import of cheap Chinese products in sectors where some African countries have a competitive edge, such as the clothing sector or specific manufactures.

At around 11 percent, Sub-Saharan Africa's share of manufacturing value-added in GDP – a commonly used measure of industrial development – is the second lowest among all regions of the world.

Other analysts argue that the important trade between China and Africa is in itself a factor for transformation as investments are likely to involve backward and forward linkages with domestic economies. Also, opportunities could materialise from China's structural change involving connection to "global value chains."

Launch of energy initiatives

During last week's AU Summit, the NEPAD agency launched the Africa Power Vision (APV) consisting of 13 priority energy projects for the African continent. The APV aims to achieve a continent-wide 80 percent residential electrification rate by 2040 and 90 percent for industries and business, while also implementing off-grid solutions and making full usage of the vast renewable energy resources available in Africa.

The launch of this initiative came in parallel to the Powering Africa Summit, which brought together US energy officials, their African counterparts, and private companies from 28-30 January to discuss how to strengthen Africa's power grids. During the Washington summit, the World Bank also launched a solar power financing initiative – Scaling Solar – in order to support energy supply across Africa through services, which are aimed at creating a viable market for private projects.

During the US-Africa Leaders' Summit hosted in Washington in August, US President Barack Obama introduced the Power Africa initiative, a global commitment to "increase electricity access." (See Bridges Africa, [4 July 2014](#))

ICTSD reporting; "African Union Seeks Investors for Infrastructure Repairs," BLOOMBERG, 30 January 2015, "Carlos Lopes Makes Strong Push For Infrastructure Development In Africa," VENTURES, 1 February 2015; "Commentary: The West's baloney about China-Africa cooperation," XINHUA, 2 February 2015; "AU, China agree big infrastructure deal," NEWS24, 27 January 2015; "Infrastructure development will enhance intra-Africa trade: Zuma," SABC, 29 January 2015.

DISPUTES

India Files WTO Appeal in US Poultry Dispute

India appealed last week a WTO dispute panel ruling that found New Delhi's import ban on US poultry, chicken, and eggs to be in violation of trade rules, ensuring that the dispute will go another round at the global trade arbiter. (See Bridges Weekly, [16 October 2014](#))

The dispute ([DS430](#)) was launched by the US nearly three years ago, on the grounds that India's restriction on imports of these agricultural products – which New Delhi said was due to concerns over avian influenza, or “bird flu” – amounted to an illegal prohibition.

Washington claimed that the measure violated the provisions of the WTO's Sanitary and Phytosanitary Standards (SPS) Agreement, particularly those that require the measure be based on relevant international standards or a scientific risk assessment. Furthermore, the US argued that the measure was not necessary to achieve India's goals and constituted arbitrary or unjustifiable discrimination.

Under the SPS Agreement, WTO members may adopt measures aimed at protecting human, animal, or plant life or health from certain specified risks, as long as these policies do not amount to an unjustified protectionist measure.

Scientific principles, alternative approaches

In its appeal, New Delhi mainly argues that the panel failed to make an objective assessment by disregarding some of its arguments and important evidence. For instance, India suggests that the panel would have found that the avian flu measures are based on scientific principles and sufficient evidence, as required by WTO rules, if the panellists had actually assessed all of the arguments and evidence submitted.

India has also challenged the finding that its measures do not reflect international standards, arguing that the panel wrongly delegated the judicial function to the World Organisation for Animal Health (OIE) and failed to review the issue in an objective manner.

India also says that the panel mistakenly deemed that the US had successfully provided initial proof of the existence of a less restrictive alternative, and thus made a legal error by concluding it would meet India's objectives of preventing the spread of avian flu.

India is also challenging findings of arbitrary and unjustifiable discrimination between members where identical or similar conditions prevail.

In its interpretation of certain SPS provisions that require members to recognise pest- or disease-free areas from which the product originated and to which the product is destined, India says that the panel did not take into account that these rules only require the recognition of these concepts in domestic law, and do not address their implementation.

Moreover, India says, an importing country must adapt its sanitary measures to the characteristics of the area of the exporting country only after receiving a formal proposal from the latter, which New Delhi claims it has not received from the US.

The Appellate Body now has 90 days to issue its report and can review aspects of law – such as legal interpretation – but generally will not interfere with factual findings.

ICTSD reporting.

EVENTS & RESOURCES

Events

Coming Soon

4-6 February, Panama City, Panama. WORKSHOP ON CAPACITY DEVELOPMENT FOR MAINSTREAMING ENERGY SUSTAINABLE DEVELOPMENT GOALS (SDGS), TARGETS, AND INDICATORS INTO STATISTICAL PROGRAMMES IN SELECTED LATIN AMERICAN COUNTRIES. The UN Division for Sustainable Development (DSD) will host this event with the purpose of defining a plan of action for enhancing national programmes to incorporate the planned energy SDGs, targets and indicators. The workshop will focus on reviewing current national energy statistics and addressing what is necessary for supporting the proposed energy SDGs. For more information on the event, please visit the [website](#).

6 February, London, UK. PRESS BRIEFING: FALLING OIL PRICES. The Chatham House will host a panel of experts to discuss the impacts of the sharp decline in oil prices over the past seven months. While many consumers benefit by paying less for heat and petrol, oil-exporting nations are suffering from significant revenue losses. The experts will debate the implications of this shift on the geopolitics regarding oil in the Middle East and North Africa (MENA) region. For more information, please visit the event [website](#).

5-7 February, New Delhi, India. 15TH DELHI SUSTAINABLE DEVELOPMENT SUMMIT (DSDS 2015). The DSDS, organized by The Energy and Resources Institute (TERI), provides international leaders the opportunity to exchange knowledge on all current issues regarding sustainable development. The event brings together Heads of State and Government, policy makers, notable thinkers, and representatives of industry, civil society and academia. This year's Summit, themed "Sustainable Development Goals and Dealing with Climate Change", will focus on the proposed sustainable development goals (SDGs) and provide insight into the process followed by the UN General Assembly in coming up with and launching the SDGs of 2015. For more information, please visit this [website](#).

9-10 February, Washington, US. CLIMATE CHANGE AND POVERTY CONFERENCE. The World Bank will host development practitioners and academic specialists for a conference to examine the potential impact of climate change on poverty. Discussions will centre on three areas: the effect on the poor's livelihood, the impact on the risk for non-poor individuals to become impoverished, and the impact on the ability of poor people to escape poverty. The meeting will address on how climate policies could be improved to benefit the poor by taking poverty and social concerns into account in their design. For more information, please visit the event [website](#).

10 February, Geneva, Switzerland. BRIEFING FOR GENEVA-BASED DELEGATES ON CLIMATE CHANGE, SDGS AND TRADE: AT THE CROSSROADS OF SUSTAINABLE DEVELOPMENT. The UN Conference on Trade and Development (UNCTAD) will host this informal briefing to inform delegates about the issues at stake and their potential impacts within the 2015 development agenda. The major negotiations to be discussed are the climate negotiations ahead of December's UN climate meet in Paris, the intergovernmental talks on post-2015 development agenda, and the Doha Round negotiations at the WTO. The UNCTAD meeting will address the ways in which trade plays a role across all three negotiations, the potential linkages between them, and their possible sustainable development impacts. For more information about this event, please visit this [website](#).

11 February, New Delhi, India. REGIONAL TRADE POTENTIAL OF WMSMEs IN SOUTH ASIA: THE CASE OF INDIA. The workshop addresses the findings of the study entitled "Regional Trade Potential and Associated Non-Tariff Barriers, With Special Focus on WMSMEs: The Case of India." CUTS International conducted the study with support from the Asia-Pacific Regional Centre of the United Nations Development Programme (APRC-UNDP). The study seeks to uncover and analyse the domestic constraints and export-related difficulties facing Indian women-owned and managed micro, small and medium enterprises (WMSMEs) in the South Asian region. For more information, click [here](#).

WTO Events

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

5 – 6 February: Council for Trade in Services – High-level meeting (LDC Waiver)

10 + 12 February: Trade Policy Review Body – Brunei Darussalam

11 February: Committee on Government Procurement

Other Upcoming Events

25-27 February, Geneva, Switzerland. THE TRANSFORMATION OF THE INTERNATIONAL INVESTMENT AGREEMENT REGIME. This expert meeting, convened by the UN Conference on Trade and Development, will bring together a range of stakeholders from the investment and development community in order to identify concrete strategies and action plans that will help shape a sustainable development-friendly framework for international investment and foster improved global investment governance. The meeting's overall objective is to develop a roadmap for reform through an open and inclusive multi-stakeholder approach, building on the work of past events. More information is available [here](#).

7-11 June, Toronto, Canada. THIRD INTERNATIONAL SYMPOSIUM ON CORPORATE RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT. The symposium, themed "Exploring the Nexus of Responsibility for Sustainable Development," will be held at Ryerson University in Toronto, Canada. The event aims to explore the ways in which differing interests of business, government, and multilateral organisations intersect to shape and affect socio-economic development. Proposals, either conceptual or research based, should be sent to ccrsd.org@gmail.com by 30 April at the latest; if accepted, the participant will be invited to register as a presenter in the symposium. For more information on deadlines for submitting proposals, please visit this [website](#).

30 June – 2 July, Geneva, Switzerland. FIFTH GLOBAL REVIEW OF AID FOR TRADE: REDUCING TRADE COSTS FOR INCLUSIVE, SUSTAINABLE GROWTH. This event, hosted at WTO headquarters, will focus on the various actions underway to reduce trade costs, at levels ranging from the national, bilateral, regional, and multilateral, as well as the private sector and non-governmental. Participants will be asked to consider which actors are involved in what; how the issue of trade costs is being addressed by national governments and regional organisations in their planning; and whether sufficient progress has been made, and if not, how to improve it. To learn more about this biennial event, visit the WTO [website](#).

Resources

ILLEGAL LOGGING AND RELATED TRADE: THE RESPONSE IN CAMEROON. Published by Chatham House (21 January 2015). This paper examines the extent of illegal logging in Cameroon and the apparent lack of political will to enact reforms necessary to deter the criminal activity. According to the paper, illegal logging is rife throughout the forest sector of Cameroon with an estimated half of all timber production coming from the informal artisanal sector. The author argues that to achieve further progress, markets for legal timber need to be developed in key consumer countries, including the EU nations and China. At the same time, the Cameroon government must intensify efforts to strengthen criminal enforcement and promote a legal domestic market for timber. The report can be accessed [here](#).

MONITORING AND EVALUATION OF CLIMATE CHANGE ADAPTATION: METHODOLOGICAL APPROACHES. Published by the Organisation for Economic Co-operation and Development (OECD) (December 2014). This Environment Working Paper examines several methodological approaches that can be used to monitor and evaluate projects and programmes geared towards climate change adaptation. It looks to draw lessons from previous experiences, including various programmes conducted by the United Nations Capital Development Fund throughout Africa. The report focuses on three main challenges associated with the monitoring and evaluation process of climate change adaptation: assessing attribution, establishing standards and targets, and coping with long-term projects. To access the full report, please click [here](#).

GLOBAL RISKS 2015, 10TH EDITION. Published by the World Economic Forum (WEF) (15 January 2015). This report analyses and evaluates the likelihood and potential impact of 28 global risks while placing them into five categories – economic, environmental, societal, geopolitical, and technological. The paper identifies the possible causes of these risks and maps out 13 patterns associated with the risks' driving forces. The risks outlined by the WEF range from political and social issues, like interstate conflict and rising unemployment, to environmental threats, such as water crises and failure to adapt to climate change's impacts. The report puts forth suggestions for initiatives aimed at addressing these significant challenges through collaboration among business professionals, civil actors, and government officials. The full report can be found [here](#).

EVIDENCE OF IMPACT: CLIMATE-SMART AGRICULTURE IN AFRICA. Published by the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS) (2014). This book studies various climate-smart agricultural practices and technologies being implemented across Africa to combat the challenges associated with climate change. These practices serve to sustainably increase productivity, reduce harmful levels of greenhouse gases, and assist farmers' climate change adaptation efforts. After reviewing several case studies, the publication draws eight lessons, including the need to include communities and foster innovation by farmers, which are deemed necessary for successful climate-change agriculture. The entire book can be accessed [here](#).

TRADE, INVESTMENT, AND INDUSTRIAL POLICIES IN INDIA: EFFECTS ON THE U.S. ECONOMY. Published by United States International Trade Commission (USITC) (December 2014). In preparing the report, the US ITC used three approaches, including surveys, quantitative analysis, and qualitative research of case studies, to gain insight into the effect of India trade policy on US economic affairs. The report argues that India's implementation of restrictive policies in trade, investment, and industry matters have had adverse effects for US firms conducting business in India. To read the full report, please click [here](#).

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