



Bridges Weekly Trade News Digest

Weekly trade news from a sustainable development perspective

Volume 15 · Number 24, 29 June 2011

LEAD STORIES

G-20 Agriculture Ministers Unveil Plan to Tackle High Food Prices.....	1
WIPO: Major Movement on Visually Impaired Instrument, Audiovisual Treaty	4

OTHER NEWS

Philip Morris Launches Legal Battle Over Australian Cigarette Packaging.....	6
Russia Finds US Support in WTO Accession Efforts, Though Obstacles Remain.....	7
Mexican Senate Rejects Anti-Counterfeiting Trade Pact.....	9

IN BRIEF

Geneva Delegates Exploring Options on Export Bans	11
---	----

WTO IN BRIEF

Preliminary Aid for Trade Evaluation Hints at Areas for Improvement.....	12
--	----

EVENTS & RESOURCES

Events.....	13
Resources	15

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

Bridges Weekly Trade News Digest is made possible through the generous support of the Government of the United Kingdom (DFID) and ICTSD's core donors including the governments of Finland, Denmark, the Netherlands and Sweden.

Your support to BRIDGES and the BRIDGES series of publications is most welcome; if interested, please contact Andrew Crosby, Managing Director at acrosby@ictsd.ch or (+41) 22 917 8335. Excerpts from Bridges Weekly Trade News Digest© may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the editor (sbalino@ictsd.ch) or the director (rmelendez@ictsd.ch)

Contributors to this issue of Bridges Weekly Trade News Digest© are Ahmed Abdel Latif, Daniella Allam, Pratima Arapakota, Ammad Bahalim, Sofia Alicia Balaño, Perla Buenrostro, Rishabh Dhir, Paolo Ghisu, Abigail Hunter, and Marie Wilke. Editor of this issue: Sofia Alicia Balaño. Director: Ricardo Meléndez-Ortiz.

LEAD STORIES

G-20 Agriculture Ministers Unveil Plan to Tackle High Food Prices

In their first-ever summit, agriculture ministers from the Group of 20 (G-20) leading economies gathered to tackle high and volatile food prices. The Paris meeting, held on 22 and 23 June, ended with the release of an “Action Plan” that drew both praise and criticism. The plan will be evaluated at the G-20 summit in November, where heads of state will meet to decide whether to approve the measures outlined.

French agriculture minister Bruno Le Maire led the meeting, as France currently holds the presidency of both the G-20 and the G-8 groupings. While the former is made up of 19 countries, plus the 27-member EU bloc, the latter only includes Canada, France, Germany, Italy, Japan, the United Kingdom, the US, and Russia.

Prior to the meeting, Le Maire had pushed strongly for a G-20 farm deal that could be presented at November’s summit of G-20 finance ministers. Le Maire told reporters that “all the countries of the G-20 will have to assume their responsibility for taking crucial decisions for world agriculture.”

After the meeting, Le Maire viewed the outcome favourably, telling Reuters that the agreement constitutes “a first step, a positive step, and also an impetus that has been given to investment in agriculture.”

World Bank President Robert Zoellick, while finding the plan to be a “good start,” avoided calling the Action Plan a perfect solution: “Are we there yet? No. It’s too early to take a victory lap and I urge the G20 Heads in November to follow through on the important steps made today.”

Speaking to [reporters](#), Zoellick also cautioned that “agriculture has been the sticking point for international agreement after international agreement. Food may be the essence of life but for years it’s also been the essence of national security and national sovereignty.”

The plan released by the agriculture ministers makes a series of proposals with detailed action steps; these include setting up a research initiative for wheat, an information-sharing system on food stocks, a “rapid response forum” for senior G-20 agriculture officials to evaluate and respond to food crises, and a global agricultural monitoring initiative to produce and release agricultural production forecasts.

Notably, ministers also agreed to remove export restrictions on food destined for humanitarian purposes, and noted their opposition to export restrictions generally. For more on the export restrictions subject, please see our follow-up article later in this issue.

While many heralded the action plan as a step forward in tackling the widely-publicised food security problem, others found the declaration to be less substantive than expected. The Financial Times reports that Brazil, China, and the US all lobbied against proposals for reductions in biofuel usage and export restrictions. The Action Plan’s language regarding these subjects has come under fire from organisations such as Oxfam, which noted that the G-20 could do more on both issues.

Treatment of biofuels raises eyebrows

The release of a draft communiqué prior to the meeting suggests that ministers were initially going to push for a harder line on biofuels, which have been blamed by critics for pushing up food prices.

Reuters reports that a WTO official who attended the meeting found biofuels to be a “very contentious issue, with lots of resistance from Brazil to any language that would give the impression that biofuels from food are not desirable.”

Stefan Tangermann, a professor at the University of Göttingen in Germany and formerly the

OECD’s Director for Trade and Agriculture, emphasised that political concerns on behalf of some countries, particularly the US, likely played a part in limiting the declaration’s language on biofuels. In addition, Brazil, “being a major producer of biofuels, also has an interest in keeping” biofuel production going – however, he added that the biofuel industry in Brazil is primarily market-driven, not subsidy-driven like the US.

The declaration’s final language on biofuels disappointed several onlookers, as the draft declaration had asked for further analysis on the possibility of using flexible mandates to resolve price volatility and food security issues. However, the language on flexible mandates – which allow biofuel production to rise or fall depending on the relationship between feedstock costs and biofuel prices – was removed in the final version, with ministers calling instead for further analysis on the general relationship between biofuels and food security.

Romain Benicchio, a policy advisor at Oxfam International, told Bridges that his organisation “believes that G20 governments should urgently agree to phase-out biofuel mandates and subsidies that provide damaging incentives to divert agricultural feedstocks to fuel.” He added that “G-20 governments should have been more ambitious in developing contingency plans to adjust policies that stimulate biofuel production or consumption when global markets are under pressure and food supplies are endangered.”

However, Benicchio noted that, while the “lowest common denominator [in terms of biofuels] has prevailed,” at least the issue “is now firmly on the G-20 agenda and further work is anticipated.” Given that this is the first time G-20 agriculture ministers have met formally, there is “still time to make progress before the Heads of State Summit in November” on this and other contentious subjects.

Iowa State economics professor Bruce Babcock, who in a recent ICTSD-published study suggested flexible mandates as a policy alternative to resolve the biofuels controversy. However, he noted that there are challenges involved in using flexible mandates.

Speaking to Bridges, he stated that “such a move would increase uncertainty in terms of the quantity of the biofuel in the market.” He noted that Brazil already has such a mandate with regards to the percentage of ethanol used in gasoline, which it adjusts “to reflect the cost of producing ethanol.”

Earlier this month, the United Nations Food and Agriculture Organization (FAO) and the Organisation for Economic Co-operation and Development (OECD) jointly released a [report](#), which they had prepared in collaboration with various other agencies, regarding the price volatility issue and possible policy responses. The report took an especially strong stance on biofuels, noting that all of their projections “suggest that biofuel production will exert considerable upward pressure on [food] prices in the future.”

The report went on to add that government mandates, such as for blending “fixed proportions of biofuels with fossil fuels, or binding targets for shares of biofuels in energy use” would cause biofuel production to “aggravate the price inelasticity of demand that contributes to volatility in agricultural prices.” The fact that agriculture ministers chose not to use the “flexible mandate” language in their declaration, in spite of the report’s findings, was the source of further criticism.

However, recently-elected FAO chief José Graziano da Silva, who will take office at helm of the UN agency on 1 January 2012, defended the use of biofuels at his first post-election press conference on Monday; as mentioned previously, ethanol production is a major industry for his native Brazil. He told reporters that “biofuels are not the silver bullet [for solving the energy problem], but they should not be demonised either.”

The debate over biofuel subsidies has recently taken centre stage in the US Congress, after the Senate voted on 16 June to end federal support for ethanol. While the bill would still need both approval from Congress’ other legislative chamber, the US House of Representatives, and from the executive branch, the Senate effort has

prompted some observers to wonder if the US attitude toward subsidies is beginning to shift.

Trade a recurring theme

In their declaration, ministers also alluded to the struggles facing the Doha Round of trade talks at the WTO, “underlin[ing] the need to bring the Doha Development Round to a successful, ambitious, comprehensive, and balanced conclusion.”

Agriculture leaders also emphasised the need to “recall commitments in previous G20 Leaders’ Summits since 2008 to refrain from raising existing trade barriers or imposing new trade barriers or implementing WTO inconsistent measures that undermine global trade.”

WTO Director General Pascal Lamy, speaking to the [Trade Policy Review Body](#) on 21 June, has openly expressed his concern about rising trade restrictions, as the “monitoring of trade measures reveals that trade restrictions over the past six months have become slightly more pronounced than in previous periods.” Among the barriers that have become more prevalent are the above-mentioned export restrictions.

ICTSD reporting; “World Faces Century of Hunger Without Farm Deal, France’s Le Maire Say,” BLOOMBERG, 17 June 2011; “G20 agrees measures to tackle high global food prices,” BBC, 23 June 2011; “FAO’s new chief defends biofuels,” 28 June 2011; “G20 attacked on food crisis plan,” FINANCIAL TIMES, 23 June 2011; “FAO’s new leader lays out his plans,” THE GUARDIAN, 27 June 2011; “Main points from the meeting of G20 agriculture ministers,” THE GUARDIAN, 23 June 2011; “G-20 Officials Agree on Steps to Stabilize Food Prices and Improve Supplies,” NEW YORK TIMES, 23 June 2011; “France sees G20 farm deal as a first step,” REUTERS, 23 June 2011; “G20 leaves biofuels industry unscathed – for now,” 23 June 2011, REUTERS; “Senate vote marks start of end for ethanol subsidies,” 16 June 2011, REUTERS.

WIPO: Major Movement on Visually Impaired Instrument, Audiovisual Treaty

The World Intellectual Property Organisation's (WIPO) copyright negotiating body agreed last week to move forward on an instrument that would facilitate access to copyrighted works by visually impaired persons and others with print or reading disabilities. A vast cross-regional coalition of members, including Argentina, Brazil, the EU, and the US, came forward in support of a joint document that will significantly pave the way for agreement on an instrument on limitations and exceptions – a first at WIPO – further down the line.

The limitations and exceptions instrument discussed at the 15-24 June meeting of the Standing Committee on Copyright and Related Rights (SCCR) would allow visually impaired readers access to works that would be normally unavailable to them under national copyright laws or cross-border regulations.

Although the issue of limitations and exceptions for persons with print disabilities has been on the agenda for only two years, many countries found that it was time to take steps towards an international treaty. Brazil noted that the committee is “in a position to make a significant contribution to mitigate the plight of more than 150 million human beings...who have limited access to education and culture.”

At the beginning of the session, a cross-regional group of member states that featured Argentina, Australia, Brazil, Chile, Ecuador, Mexico, Paraguay, and the US put forth a “consensus document” that sought to bring together a range of viewpoints on the subject. Some member states took issue with calling the text a consensus document, as a consensus document would need to meet the approval of all members. The document was then submitted as a formal proposal for an instrument, with additional endorsement by Colombia, the EU, Norway, Russia, and Uruguay.

Chair Manuel Guerra Zamorro from Mexico followed by issuing a Chair's document that

included comments from all members, which allowed the committee to move forward with the consideration of a single text.

Despite this development, disagreement remains about the future instrument's legal nature, as developing countries – like the African Group and the Development Agenda Group – still hope for a treaty in the long term. However, the US and EU still favour a soft law approach in the form of a joint recommendation.

A representative from the World Blind Union found the new visually impaired text “pretty good and workable” and expressed the organisation's commitment to a legally binding treaty.

Ultimately, the committee agreed that the Chair will recommend to the WIPO General Assembly that the discussions continue “with the aim to agree and finalise a basic proposal for an international legal instrument.”

Audiovisual treaty in the works after decade-long suspension

Members also managed to reach agreement on the contentious issue of transfer rights from performers to producers, a topic that had stalled negotiations at a 2000 diplomatic conference regarding a treaty for the protection of audiovisual performances.

At the time, the US and EU clashed on the transfer rights issue, particularly since their national laws differ greatly on the subject. The US insisted that the automatic transfer of rights to audiovisual producers would simplify distribution and licensing, while the EU argued that the transfer of rights could and should only happen with the performer's explicit consent.

Last week's move, which included rewording the article in question so that it balances the rights of both performers and producers of audiovisual material, could ease the way for the adoption of the treaty. The draft treaty's other 19 articles have already been agreed upon.

The new article transfers rights to the producer unless there is a contract to the contrary; it also allows for other agreements that can provide the

performer with the right to remuneration for their work. These matters are ultimately deferred to individual members' national legislation.

A representative from the International Federation of Actors commended the committee's work and said that "while there is far to go before a treaty is concluded, today's action was a crucial step forward toward establishing protection for actors at the international level."

However, some countries expressed their frustration with a "double standard" that could allow for quicker movement towards an audiovisual treaty but not one for the visually impaired.

Venezuela regretted that "the audiovisual treaty, which is a matter of economic interests, is being taken up before the instrument for the visually impaired, which is a matter of human rights."

Protection for broadcasting organisations advances

Members also made progress regarding the protection of broadcasting organisations, agreeing to a work plan that could facilitate negotiations for an international instrument. The work plan seeks to "progress work on a draft treaty" and includes an informal consultation two days prior to the next session of the SCCR, which would later lead to a "recommendation to the 2012 WIPO General Assembly on the possible scheduling of a Diplomatic Conference."

The rights of broadcasters are currently addressed by the 1961 Rome Convention, yet some member states and media broadcasters feel it necessary to update them in face of rampant piracy and technological changes.

However, a number of civil society organizations and technology industry groups argued that the SCCR should not focus on an issue that has been inactive for a decade and on rights that are already covered, to a large degree, by existing laws. Critics added that so far they have not heard "a single example of harm to broadcasters which cannot be remedied using existing international norms in the field."

Similarly, the Computer and Communications Industry Association (CCIA) expressed that they saw "no justification for further copyrighting of signals...even major intended beneficiaries of protection of this treaty don't want copyright in their signals."

Nevertheless, the committee approved the Chair's work plan, which the US said "seems to try to reach compromise on so many of the points that were discussed in the Committee." The discussion regarding the protection of broadcasting organisations will continue at the SCCR's November session.

The next session of the SCCR is also expected to tackle the issue of limitations and exceptions to copyright for libraries and archives in greater detail, in accordance with the work programme agreed upon last December's SCCR session. This week, the committee heard a presentation of a revised proposal by the African Group entitled "Draft WIPO Treaty on Exceptions and Limitations for persons with disabilities, educational and research institutions, libraries and archives."

Parallel to the SCCR, WIPO and the Internet Society hosted a panel on the "Role and Responsibility of Internet Intermediaries in the Field of Copyright." The meeting brought together experts to address a wide array of issues and national experiences related to this topic, particularly from countries that had introduced graduated response measures, such as France, or were considering similar coercive approaches, i.e. Spain. However, no representative of internet intermediaries spoke at the event. WIPO signalled its intention to continue work in this area.

ICTSD reporting. "International Treaty for the Protection of Audiovisual Performances Advances at WIPO Meetings—SAD and Actors Unions from Across the Globe Lend Support," SCREEN ACTORS GUILD NEWS, 24 June 2011; "WIPO Committee Sees Breakthrough on Audiovisual Treaty After 11-Year Delay," IP WATCH, 24 June 2011.

OTHER NEWS

Philip Morris Launches Legal Battle Over Australian Cigarette Packaging

Tobacco giant Philip Morris has notified the Australian government that it intends to request arbitration over Canberra's draft law regarding plain packaging requirements for cigarettes. Hong Kong-based Philip Morris Asia Limited (PMA), owner of Australian affiliate Philip Morris Limited, claims that the law would violate Australia's obligations under a bilateral investment treaty (BIT) with Hong Kong.

"The forced removal of trademarks and other valuable intellectual property is a clear violation of the terms of the agreement," Philip Morris said in a [press release on Monday](#). "Legal action is not a course we take lightly, but the government has unfortunately left us with no other option," Anne Edwards, spokesperson for PMA, added.

Australia's Tobacco Plain Packaging Bill 2011, a draft law that aims to make tobacco products less attractive to consumers, would prohibit all logos, along with different colouring and layout on cigarette packs; it would also require that health warnings cover a substantial portion of each package. Though other countries, including New Zealand, the UK, and Uruguay, have previously attempted to adopt similarly strict requirements for cigarette packaging, Australia would be the first country to actually implement such measures.

"We're going to deliver cigarette packages in that drab green, with no logos, nothing attractive or enticing about the package," Australian Prime Minister Julia Gillard explained in an [interview with ABS Melbourne](#). "We are confident of our reforms – confident we can deliver them and confident that they will make a difference to the number of people smoke and that's what this is all about," she added.

Tobacco giant's action follows developing country-led WTO debate

PMA's announcement comes only a few weeks after the same legislation was the subject of heated discussions in the WTO's Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (see Bridges Weekly, [15 June 2011](#)). The Dominican Republic led a group of developing countries in criticising Canberra's draft legislation on similar grounds as the ones currently being posed by the tobacco giant, but in the context of intergovernmental WTO rules.

The group argued that the law could be inconsistent with Australia's obligations under the TRIPS agreement, particularly [Article 20](#), which deals with trademarks. The Dominican Republic noted that producers in small and medium-sized economies could have a challenging time remaining competitive in the Australian tobacco market because of the bill, as it feared that new packaging requirements would make it difficult to distinguish cigarette brands from one another.

Canberra, on the other hand, maintains that the law is in line with its TRIPS obligations, and that the measure is just one part of a multi-pronged approach to tackle the public health problems posed by tobacco consumption at home.

Australia will "not be intimidated by Big Tobacco's tactics, whether they are political tactics, whether they are public affairs kind of tactics out in the community or whether they are legal tactics," Gillard commented in response to the great stir that the draft legislation has caused even before its final adoption.

She also underlined that Australia believes it is not in violation of any international rules: "We are very confident of our position," she insisted with regard to the legal claims.

Legal loss could have costly implications

Losing the case, however, could cost Australia billions of unexpected public spending. Unlike other international law proceedings, investor-state arbitration usually allows for the imposition of damages, which the government would be compelled to pay. In the area of regulatory

expropriation in particular, some arbitrators have interpreted this right for compensation in a rather liberal manner by requiring governments to pay high amounts to the investors.

“We believe we have a very strong legal case and will be seeking significant financial compensation for the damage to our business,” Edwards said on the tobacco company’s behalf.

Philip Morris’ notice of claim to Australia marks the formal starting point of international investor-state arbitration. Canberra has now three months to reach a negotiated solution; at that point, PMA can then request obligatory arbitration.

Philip Morris has announced that they will request arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) and has proposed Singapore as a potential arbitration centre.

This is not the first time that a draft cigarette packaging legislation has been confronted with potential investor-state arbitration. In 2001, Philip Morris threatened to launch a case against Canada arguing that descriptors such as “mild” and “light” violated investment provisions of the North American Free Trade Agreement (NAFTA). The case became an infamous example of investment protection, although it eventually did not make it to the arbitrators.

Uruguay and Norway are currently struggling with similar cases brought by Philip Morris (see Bridges Weekly, [15 June 2011](#) and [10 March 2010](#)). In the area of investment law, past arbitration panels have often ruled that there is no exception to the requirement of just compensation. Even measures taken in the interest of public health have triggered damages in past cases.

WTO law, on the other hand, provides for a general exception clause that allows, under certain circumstances, trade restrictive policies necessary for public health (GATT Article XX). Moreover, in the specific case of TRIPS, the 2001 Doha Declaration has reiterated “the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health.”

ICTSD reporting.

Russia Finds US Support in WTO Accession Efforts, Though Obstacles Remain

The push is on for finalising negotiations for Russia’s accession to the World Trade Organization by the end of this year. As an integral part of its “reset” strategy for relations with Russia, US President Barack Obama’s administration is making a concerted diplomatic effort to help Russia finalise its 17-year track to the WTO. The EU, along with Russia’s BRICS partners – Brazil, China, India, and South Africa – is also strongly pushing for the move.

“It’s clear that Russia’s ambition is to complete the accession process and become a WTO member by the end of the year,” Chris Wilson, Assistant US Trade Representative for the Office of WTO and Multilateral Affairs, said last week. US Ambassador to Russia, John Beyrle assured listeners at the St. Petersburg International Economic Forum on 17 June that “we in the Obama administration are committed to seeing Russia in the WTO as soon as possible, hopefully this year.”

For accession to be feasible, Russia must find compromises within the next month on industrial car assembly rules, as well as phytosanitary and veterinary controls, in order to come into compliance with its accession requirements. The US and the EU have also cited concerns over rule of law, especially regarding the Russian investment scheme and respect for intellectual property rights.

If these issues are not resolved by the end of July, then they “will not be resolved for a long time,” Russian Deputy Prime Minister, Igor Shuvalov, cautioned at the St. Petersburg forum.

Cold War provisions slowing down process

Since Obama took office in 2009, Washington has been trying to find common ground with Moscow on issues such as missile defence systems in Europe and trade and investment. Russia’s accession to WTO is a major component of these efforts.

Domestically, the White House is lobbying Congress for repeal of the Jackson-Vanik amendment, a legislative relic of the Cold War era that allows the US to deny most favoured nation (MFN) status to nations with limited freedom of emigration under Article XXXV of the WTO's General Agreement on Tariffs and Trade.

Washington has found Russia to be in compliance with emigration conditions since 1994.

Restoring permanent normal trade relations (PNTR) with Russia is another major issue that the US is considering. Doing so would create better market opportunities for American businesses and investors should Russia join the global trading body.

“If the Jackson-Vanik amendment remains in effect and the US is unable to extend PNTR to Russia, US companies could potentially be disadvantaged relative to countries that were able to grant immediate MFN status to Russia,” Edward Verona, President and CEO of the US-Russia Business Council, a Washington-based trade association, told Bridges. “Russia would be free to decide whether or not to discriminate against US exporters.”

While the US and Russia have a bilateral trade agreement dating back to 1992 that provides provisional MFN status, this agreement lacks treaty status. Verona noted that, “compared to MFN/PNTR status under the WTO, that agreement does not provide long-term predictability and robust safeguards.”

A vote on PNTR for Russia is viewed by some US lawmakers as a proxy vote for Russian accession, hence the desire to hold off on the subject until action is taken at the global trading body. Other nations once subject to Jackson-Vanik provisions, such as China and Ukraine, had PNTR restored before official WTO accession.

“There are still a lot of concerns over the rule of law violations in Russia,” Ariel Cohen told Bridges. Cohen is a Senior Research Fellow for Russian and Eurasian Studies and International Energy Policy at the Heritage Foundation. “Even if Jackson-Vanik is lifted by Congress, and that is

a big if, other instruments of legislation are likely to be put in place instead.”

International support

As Russia's largest trade partner, the EU also supports Russian accession, despite their recent trade dispute over fresh vegetables. Earlier this month, Russia placed a blanket ban on the import of all European vegetables after an E. coli outbreak led to several deaths in Europe (see Bridges Weekly Trade News Digest, 15 June 2011).

The EU argued that the ban was in direct violation of WTO rules; Russian Prime Minister Vladimir Putin contended that it was Russia's right to protect its citizens.

“The European Commission has always supported Russia's bid,” John Clancy, the Commission's Trade Spokesman, told Bloomberg on 16 June. “We hope Russia can meet the very small number of remaining concerns from WTO members in a timely fashion to ensure the process can move forward with the aim for Russia to join the WTO by the end of the year.”

After a BRICS summit in April, a joint declaration issued by Brazil, China, India, and South Africa extended “full support to the early accession of Russia to the WTO.”

Remaining challenges: Georgia tensions, WTO compliance

Georgia is one of the remaining obstacles to Russian membership at the WTO. Disputes between the two nations over the sovereignty of Abkhazia and South Ossetia and tensions from the 2008 war between the two countries have contributed to their strained relationship. Russia also has a standing Russian import ban on various Georgian products.

US Vice President Joe Biden has been conducting talks with Georgian President Mikheil Saakashvili over Georgia's position on Russian accession, and Switzerland is currently involved in mitigating the conflicts between Russia and Georgia.

Doubts remain, however, over Russia's commitment to proper compliance with WTO law. "Yes, Russia should be a member of WTO when it is in compliance," Cohen told Bridges. "The US and other rule of law countries should insist that Russia complies."

Others believe that bringing Russia into the legal trade structure of the WTO will create more compliance within Russia. "Bringing Russia within the rules-based international trading system will improve confidence in the long-term stability and growth of the Russia economy," Verona contended.

However, Russia is having doubts of its own.

In April, responding to a complaint from Russian Deputy Economic Development Minister Andrei Klepach, Putin said that Russia is currently being forced to "sustain losses" from abiding by WTO obligations while getting "nothing out of a membership that isn't."

Medvedev echoed this concern in his address at the Forum this month. "For a long time, we have been ready to join the WTO...If our partners are not ready for Russia's fair accession to international organisations, it would be a sad scenario."

ICTSD reporting; "Russian Billionaires Criticize US, EU on WTO Delays That Slow Investment," BLOOMBERG, 17 June 2011; "Obama wants Russia trade vote before WTO deal: trade official," REUTERS, 22 June 2011; "Russia accession to WTO to be delayed if 3 issues in 3 weeks not solved," RIA NOVOSTI, 16 June 2011; "Russia can join WTO this year but only on right terms – Medvedev," RIA NOVOSTI, 17 June 2011; "Russia to ignore all WTO commitments until admitted – Putin," RIA NOVOSTI, 8 April 2011; "BRICS nations call for Russia to be admitted to WTO," RIA NOVOSTI, 14 April 2011; "Russia in WTO – reasonable compromise with Georgia is possible," TREND, 10 March 2011.

Mexican Congress Rejects Anti-Counterfeiting Trade Pact

The Mexican Congress last week approved a resolution rejecting the Anti-Counterfeiting Trade Agreement (ACTA), a multi-country intellectual property trade agreement that has been in negotiations since 2006. The resolution, which specifically asks Mexican President Felipe Calderón not to sign the treaty on Mexico's behalf, reflects the ongoing controversy regarding the agreement's potential impact on intellectual property rights.

Negotiating parties, which include Australia, Canada, the EU, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the US, wish to establish a framework to combat "the proliferation of counterfeit and pirated goods as well as the proliferation services that distribute infringing material." The talks were conducted largely behind closed doors, and a final version of the agreement was released in November 2010 (see Bridges Weekly, [3 November 2010](#)).

On 15 June, Mexican Senator Francisco Javier Castellón Fonseca of the Partido de la Revolución Democrática (PRD) introduced a recommendation urging the government not to sign the agreement. Senator Castellón is the President of the Science and Technology Commission of the Mexican Senate and a member of the Grupo de Trabajo Plural, or Plural Working Group, established to evaluate the ACTA. The recommendation went to a full vote, and was unanimously approved by the Mexican Congress on 22 June.

The recommendation was introduced after several months of consultations by the Plural Working Group with officials, academics, and members of civil society, aimed to understand the benefits and costs of ACTA. The Plural Working Group cited, among other issues, a lack of transparency within ACTA negotiations and a need for more detail about the agreement.

Of particular concern were sections on regulating internet usage and policies allowing the intervention of judicial authorities in cases of usage violation. The Plural Working Group

articulated the protests of various civil society members, who argue that ACTA breaches Mexico's privacy laws, and could endanger freedom of access to information and culture.

Mexican legislators have also expressed concerns that ACTA is unconstitutional. During a consultation of the Plural Working Group, Senator María Beatriz Zavala Peniche, of the Partido Acción Nacional (PAN, or National Action Party) argued that "as a senator, I couldn't possibly agree to any international agreement that violates individual rights, that goes against the Constitution, or that is incompatible with Mexican legal rights."

Senator Carlos Sotelo, of the Partido Revolucionario Institucional (PRI, or Institutional Revolutionary Party) argued that Mexico needs to make its own effort to develop balanced legislation on intellectual property and the right to universal broadband access before signing ACTA. Sotelo has also criticised the fact that the Senate had not been adequately briefed on the status of the negotiations.

León Felipe Sánchez, an intellectual property lawyer based at Mexico's Universidad Nacional Autónoma, or National Autonomous University, told Bridges that "Congress' decision to ask the President not to sign ACTA on Mexico's behalf has not been made hastily. It is the product of various rounds of talks with the actors involved and that could be affected and/or benefit from subscribing to the treaty."

Alejandro Pisanty, President of the Internet Society of Mexico, argues that an international agreement for the protection of industrial and intellectual property cannot be signed or ratified without reviewing the digital component. He noted that ACTA includes "ambiguities, indefinites, and contradictions that are very difficult to deal with regard to the digital realm."

This is not the first time that concerns have emerged over ACTA's implications for digital communication. In 2010, the Federal Telecommunications Commission (COFOTEL), Mexico's telecom regulator, sent out a press release citing various potential problems with the conditions of ACTA, which the organisation

argued were too restrictive. COFOTEL emphasised that internet service providers should not become the authorities who monitor the activities of Internet users, and that ACTA could limit broadband penetration in Mexico, making it difficult for the federal government to succeed in reducing the "digital divide." Mexico's National Development Plan discusses the importance of broadband penetration as a strategy for the country's economic development.

Slim likelihood that President will ignore Senate

The "anti-ACTA" recommendation is not binding on President Felipe Calderón, as it only "respectfully urges the Federal Executive Power...within the framework of its powers, to instruct the ministries and agencies involved in negotiating the Anti-Counterfeiting Trade Agreement (ACTA) not to sign the Treaty." Although Calderón could still sign ACTA, reports suggest that this is highly unlikely. Presidential elections are taking place next year, and by supporting the agreement, Calderón might face difficulties within his own party (PAN). Should Calderón succumb to these pressures, Mexico will likely stay out of ACTA until next year's election.

In his remarks to Bridges on the subject, Sánchez suggested that "subscribing to an international agreement that the Senate has told the President not to sign would basically leave the treaty dead on arrival in Mexico."

There is no guarantee, however, that the agreement will not be signed by the next administration. Although ACTA is widely panned in Mexico, there are several vocal parties in support of the agreement. Rodrigo Roque Díaz, Director of the Mexican Institute of Industrial Property, was reported saying that he it was "unknown" to him why the Congress would order the President not to sign a treaty that aims to "generate the best practices against illicit copies of artistic intellectual works, and the violation of property rights."

Federico de la Garza, Director of the Motion Picture Association (MPA) echoed that sentiment, noting that the Senate's decision is only a

resolution and not a law, and that “...Mexico will not allow a treaty of this calibre to vanish.”

Mexico’s resistance to ACTA could set a precedent for other negotiating governments, and members of civil society are calling for other countries to take a similar stance. ACTA has been criticised for being incompatible with other international agreements, and for potentially running against individual rights and placing limitations on creativity, knowledge-sharing, and innovation.

A May 2011 United Nations Special Rapporteur report on freedom and expression addressed ACTA, noting that, “while the provision to disconnect individuals from Internet access for violating the treaty have been removed from the final text of December 2010, the Special Rapporteur remains watchful about the treaty’s eventual implications for intermediary liability and the right to freedom of expression.”

ICTSD reporting; “Senadores y expertos consideran innecesario firmar tratado ACTA,” B:SECURE MAGAZINE, 18 February 2011; “Cofetel rechaza tratado ACTA porque podría ampliar brecha digital,” B:SECURE MAGAZINE, 24 November 2010; “The Mexican vote against ACTA: A pretty big deal,” BLAYNE HAGGART’S ORANGESPACE, 23 June 2011; “Did Mexico pull out of ACTA for real? For now, yes, but maybe not for long,” TECHDIRT, 29 June 2011.

IN BRIEF

Geneva Delegates Exploring Options on Export Bans

Last week, agriculture ministers from the Group of 20 (G-20) leading economies called for a ban on those export restrictions that interfere with the ability of humanitarian relief agencies to provide food in times of crisis. Geneva-based representatives are now exploring how to accomplish the ban by the December 2011 WTO Ministerial Conference.

WTO experts and Geneva trade delegates note that the legal mechanisms for creating binding rules do exist outside of the trade negotiating mandate of the Doha Round. Provisions in the Marrakesh Agreement establishing the WTO allow biannual ministerial conferences and the WTO General Council, in interim periods, to waive or amend existing trade rules.

According to a WTO legal expert, these waivers apply to certain aspects of the US Generalized System of Preferences (GSP) as well as elements of the WTO’s Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement.

Sources participating in the G-20 deliberations saw a ban on export restrictions affecting humanitarian relief efforts as a lowest common denominator approach for the group. Russia and Argentina are two G-20 countries that have used such measures in recent years. A report from international organisations advising the G-20 had cited the role of export bans in driving food price volatility and encouraged the group to act.

Earlier this year, Net Food Importing Developing countries (NFIDCs) proposed a ban on export restrictions that affected their ability to import food. The proposal allowed NFIDCs to employ bans on food exports, while prohibiting others from doing so when trading with NFIDCs.

LDC-plus package considered

A developing country trade official close to the proposal suggested that some countries are considering pressing the matter either alongside or as a part of an “LDC-plus” package at the WTO Ministerial in December (see Bridges Weekly, [22 June 2011](#)).

At the 22 June meeting of the Trade Negotiations Committee (TNC), the WTO’s highest negotiating body, Ambassador Hisham Badr of Egypt emphasised that “conditionalities” for least developed country (LDC) recipients should not be a part of a December deal. New disciplines on export restrictions are likely to require compromise and some members may not be in favour of providing concessions on issues they see

as vital. Egypt is a leading proponent of the NFIDC proposal.

To implement the G-20's Agriculture Ministerial Declaration, procedurally, a WTO member would need to raise the issue at the General Council or appropriate subsidiary body in order to ensure its inclusion in a decision at December's WTO Ministerial, a WTO official suggested. No such request has been publicly made to date.

Many members are currently considering how to press ahead with trade rule-making in the absence of a concrete outcome from the embattled Doha process. Ensuring that humanitarian relief efforts have access to food may be an important test of how the WTO may move forward.

For more on the G-20 meeting of agriculture ministers, see the lead story in this week's issue.

ICTSD reporting.

WTO IN BRIEF

Preliminary Aid for Trade Evaluation Hints at Areas for Improvement

Representatives from developed and developing countries, NGOs, and international organisations gathered last week to conduct a preparatory meeting in advance of next month's Third Global Review of Aid for Trade. While much of this 23 June workshop was devoted to the review of Aid for Trade case stories, there was also substantial discussion of areas needing improvement, such as monitoring and evaluation of on the ground results.

Last week's meeting, which was held within the context of the WTO's Committee on Trade and Development, featured 275 case stories from a range of sources. The results will feed into the upcoming Global Review on 18 and 19 July. Other factors under consideration will be data from the Organisation for Economic Co-operation and Development's (OECD) Creditor

Reporting System, primarily on aid flows, along with self-assessment questionnaires from both donors and beneficiaries.

The Aid for Trade initiative began six years ago at the WTO Ministerial in Hong Kong, with the goal of providing financial and technical assistance to developing countries so that they can take a greater part in international trade.

The Global Review, which was previously held in 2007 and 2009, is the event where donors, recipient countries, international organisations, the private sector, and other actors gather to discuss the initiative's progress on the ground.

In 2009, resources allocated to the Aid for Trade initiative worldwide amounted to US\$40 billion. According to OECD figures, this is a 60 percent increase from the 2002 to 2005 baseline period – though whether this growth is sustainable is one of the many issues on next month's Global Review agenda.

At a speech to the United Nations Conference on Trade and Development (UNCTAD) earlier this month, WTO Deputy Director General Harsha Singh praised Aid for Trade for “successfully plac[ing] the spotlight on trade as a centre-piece of development.” This sentiment was echoed at the 23 June meeting, which was held within the context of the WTO's Committee on Trade and Development.

While the OECD in its presentation at the 23 June meeting stressed the initiative's success in increasing aid flows and country involvement, the organisation noted that recipient countries need to have more ownership in the process if donors and recipients wish to see more results.

Despite successes, challenges remain

The difficulties of monitoring and evaluating Aid for Trade's success at a country-by-country level were a recurring theme at last Thursday's meeting, with some attendees noting that the initiative is even harder to evaluate than more traditional types of foreign aid.

While the OECD figures show a substantial growth in resources allocated to Aid for Trade,

and the initiative is being increasingly integrated into recipient countries' development strategies, its effectiveness on the ground – i.e. at the country level – remains largely unclear.

Critics cited the time lag in seeing results, along with the difficulties in attributing successes or failures to the programme, as some of the initiative's main problems. Despite having 275 case stories to review, attendees were in agreement that this collection only represents a snapshot of reality.

In an informal conversation with Bridges, a donor country delegate stressed the need for a shift from “anecdotal exercises” to a more “systematic approach” in evaluating the initiative's effectiveness, so that donors can “allocate resources better.” Various donors and recipient countries reiterated this view at the meeting, calling for better monitoring mechanisms, training for conducting monitoring exercises, and the establishment of a concrete methodology for evaluations.

The need to align support with recipient countries' development strategies, along with the recognition of donor shortcomings, were both seen as essential toward improving Aid for Trade effectiveness. However, the OECD made clear that, while the donors are responsible for providing funds and expertise, implementation at the local level lies in the hands of recipient countries.

The United Nations Economic Commission for Europe (UNECE) also criticised the lack of Aid for Trade initiatives in Eastern Europe and Mediterranean countries. UNECE noted that, given that countries in this region tend to be in the middle income group, they often receive less attention from donors, who direct support more toward developing countries in Africa, Asia, and Central America. OECD figures find that the largest share of Aid for Trade resources goes to Asia, at 44 percent, followed by flows to Africa at 35 percent.

Meanwhile, China brought up the need to review not just Aid for Trade successes, but also the initiative's failures and the possible lessons that could be learned from the latter.

At the meeting, Canada also pointed towards the importance of “sequencing in [Aid for Trade] projects – from training to supply side development, to development of supportive national systems” for achieving more effective Aid for Trade programmes.

A Canadian delegate, speaking to Bridges after the event, asserted that the case stories show the “beginning stages of assessment of [Aid for Trade]” and that the Global Review should “ensure ongoing political-level focus on [Aid for Trade], coupled with a discussion on the best possible ways to monitor and evaluate its impact.”

Despite these problems, attendees found that the Aid for Trade initiative has seen improvements since the last Global Review. Efforts to integrate the feedback from 2009 have resulted in better alignment with recipient country development strategies, increased recipient country ownership, improved predictability of funds, strengthened recipient country institutions, and increased private sector involvement.

ICTSD reporting.

EVENTS & RESOURCES

Events

30 June, Saint James, Trinidad and Tobago. EXPERT GROUP MEETING ON THE ECONOMIC IMPACTS OF CLIMATE CHANGE IN LATIN AMERICA AND THE CARIBBEAN. This forum will discuss the results of the “Understanding the Potential Economic Impacts of Climate Change in Latin America and the Caribbean” initiative, implemented by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). To date, the project has analysed climactic models for the Caribbean sub-region and examined the economic impacts of climate change on the macro-economy. ECLAC has also studied the effects of climate change on tourism and water sectors in the sub-region. Project results will be used to inform and strengthen national climate change policy

documents in Caribbean countries. For more information, visit the event [website](#).

30 June, Washington, USA. CORRUPTION, IMPUNITY AND INEQUALITY: EMERGING DISCONTENT AND VOLATILITY IN AFRICA. Since the 1950s, poverty reduction, improved health outcomes, and access to education have been the primary goals of efforts to improve conditions in the developing world. Despite tremendous advances in each of these areas, a new and potentially more significant challenge confronts developing countries today – inequality. John Githongo, Kenya’s former secretary for governance and ethics, will discuss the role of increasing inequality and poor governance in Africa and other developing countries. For more information, visit the event [website](#).

30 June, Vientiane, Lao People’s Democratic Republic. THIRD GMS ECONOMIC CORRIDORS FORUM (ECF-3). The purpose of this meeting is to review progress in the development of the Greater Mekong Subregion (GMS) corridors as real “pathways” of regional integration. The event aims to highlight issues constraining the development of these GMS corridors, to strengthen co-ordination between groups involved in these efforts, and to enhance the involvement of the private sector and provincial authorities. Participation in the forum is by invitation only. More information about the event can be found on the Asian Development Bank [website](#).

4-6 July, Marrakesh, Morocco. THIRD AFRICA CARBON FORUM. At this event, national focal points and representatives from the Designated National Authorities, UN agencies, governments, and the private sector will meet to share knowledge about carbon investments in Africa. Matchmaking sessions will allow Clean Development Mechanism (CDM) project developers to showcase their projects to investors and carbon buyers. The forum is organised jointly by the United Nations Framework Convention on Climate Change, the UN Environment Programme (UNEP), the UNEP Risoe Centre, the International Emissions Trading Association, the UN Institute for Training and Research, the UN Conference on Trade and Development, the

World Bank, and the African Development Bank. For more information, visit the event [website](#).

4-6 July, Geneva, Switzerland. PAYMENT FOR ECOSYSTEMS SERVICES: WHAT ROLE FOR A GREEN ECONOMY? This event aims to help governments and stakeholders understand which policies and incentives are most effective in implementing Payments for Ecosystem Services schemes. The workshop will explain the sectoral relevance of environmental research linked to the valuation and payment of different ecosystem services, particularly regarding forest and water ecosystem services. The outcome of this workshop will feed into an action plan on forests and the green economy that will be discussed at the joint session of the United Nations Economic Commission for Europe (UNECE) Timber Committee and the UN Food and Agriculture Organization (FAO) European Forestry Commission in October, and will also be presented as a sectoral contribution at the Rio+20 Conference in 2012. For more information, visit the event [website](#).

WTO Events

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

30 June-1 July: Committee on Sanitary and Phytosanitary Measures

30 June-1 July: July Meeting of the Joint Advisory Group on the International Trade Centre (ITC)

5 July: Working Party on the Accession of Tajikistan

6 July: Committee on Trade and Environment

6 and 8 July: Trade Policy Review Body - European Union

Other Upcoming Events

11-15 July, Lombok, Indonesia. INTERNATIONAL CONFERENCE ON FOREST TENURE, GOVERNANCE AND ENTERPRISE: EXPERIENCES AND OPPORTUNITIES FOR ASIA IN A CHANGING CONTEXT. Organised by the Rights and Resources Initiative (RRI) and the International Tropical Timber Organisation (ITTO), this conference aims to promote an assessment of the relationship between forest tenure, sustainable forest management, and income generating enterprises to promote action across a range of Asian countries. It will bring together stakeholders from the Asia-Pacific region and beyond. The event will act as a follow-up to the RRI-ITTO organised international tenure conferences held in Acre, Brazil in July 2007 and Yaoundé, Cameroon, in May 2009. For further information, visit the ITTO [website](#).

18-19 July, Geneva, Switzerland. AID FOR TRADE THIRD GLOBAL REVIEW 2011. The Global Periodic Review is convened regularly by the WTO's Monitoring Body, with two prior reviews having been conducted in 2007 and 2009. Its aim is to strengthen monitoring and evaluation of Aid for Trade initiatives. The purpose of the event is to provide incentives for both donors and country recipients to advance the Aid for Trade agenda. Aid for Trade aims to help developing countries, particularly least developed countries, develop the trade-related skills and infrastructure necessary to expand their trade and implement WTO agreements. More information about the event is available on the WTO [website](#).

19-21 September, Geneva, Switzerland. WTO PUBLIC FORUM. The 2011 Public Forum will provide an opportunity for the public at large to identify the principal trade challenges that impact the multilateral trading system and consider solutions to ensure that the WTO effectively adapts and responds to our quickly changing world. The discussion will encompass four core themes: food security; trade in natural resources; made in the world and value-added trade; and what lies in store for the trading system. These themes will structure the discussion around the future of the multilateral trading system and how the WTO can promote coherence at the

international level to better address world problems and contribute towards improved global governance. More information can be found on the event [website](#).

Resources

JUGGERNAUT: HOW EMERGING MARKETS ARE RESHAPING GLOBALIZATION. By Uri Dadush and William Shaw for the Carnegie Endowment for International Peace (June 2011). This book explores the rise of developing countries. Dadush and Shaw project that the global economy will triple over the next forty years and that the advance of a large group of developing economies will drive this improvement. The authors systematically examine the effects of this seismic shift on the main avenues of globalisation – trade, finance, migration, and the global commons – and identify the policy options available to leaders in managing the transformation. In the near future, the rise of emerging economies will likely enhance prosperity but also create tensions that could slow or even halt the process. This publication calls for leadership by the largest countries in managing these tensions, and underscores the need to cultivate a "global conscience." The book is available for purchase [online](#).

CATALYZING DEVELOPMENT – A NEW VISION FOR AID. Edited by Homi Kharas, Koji Makino, and Woojin Jung (2011). This publication argues that, while some may dispute the effectiveness of aid, aid delivered to the right sources and in the right way can promote development in poor and fragile countries. Aid now operates in an arena with new players, such as middle-income countries, private philanthropists, and the business community; new challenges presented by fragile states, capacity development, and climate change; and new approaches, including transparency, scaling up, and South-South co-operation. The next High Level Forum on Aid Effectiveness must determine how to organise and deliver aid more effectively in this environment. *The book* proposes ten actionable ideas to meet these challenges based on scholarly research. The book is available for purchase [online](#).

POLICY SOLUTIONS TO AGRICULTURAL MARKET VOLATILITY: A SYNTHESIS. By Stefan Tangermann for ICTSD (June 2011). This report assesses the causes of recent episodes of volatility in agricultural markets. The author reviews policy responses by different groups of countries, and assesses the likelihood of increased volatility in the future. The report concludes with suggestions for appropriate policy responses for countries at the national and international level. The report is available for download on the [ICTSD website](#).

DESIGN OF MULTI-SECTOR EMISSIONS TRADING SYSTEMS: A COMPARISON OF EUROPEAN AND AMERICAN EXPERIENCES. By Cécile Goubet and Anaïs Delbosq for CDC Climat (May 2011). Europe and the United States have tried to establish coherent climate and energy legislation with varying degrees of success. This Climate Report analyses the characteristics of the main multi-sector emissions trading schemes in the United States, namely the American Power Act, American Clean Energy and Security Act, and California Cap and Trade Program; it also examines the EU's Emissions Trading Scheme or EU ETS. The conclusion of the report is that the implementation of an emissions trading scheme in the United States at a federal or regional level should not have an impact in the short term on the operation of the EU ETS. The report is available [online](#).