

# BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 17, ISSUE 26, 18 JULY 2013

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## AGRICULTURE

# US Lawmakers Race to Finalise Farm Bill Before August Recess

Efforts to clinch a new US Farm Bill appear to be coming to a head, with key lawmakers pushing to achieve a compromise before the August congressional recess. The US House of Representatives passed its own version of the legislation less than a week ago, months after the Senate.

The version approved by the House last week included everything but nutrition, in a controversial move that effectively ended the long-standing tradition of only considering the two elements in tandem. A previous version that included both elements had been voted down in June, prompting the change. (See Bridges Weekly, [27 June 2013](#))

In discussions over the past two years, the nutrition component of the bill had comprised nearly 80 percent, or nearly US\$800 billion, in spending. At question during the negotiations were the nature of the cuts, leading estimates to vary.

The exclusion of food stamps, or nutritional provisions, in the bill notwithstanding, analysts say that the House legislation is otherwise largely unchanged from that passed by the chamber's Agriculture Committee earlier this year. Minus the nutrition, the expected outlays in the final House bill are virtually "identical" to those in the previous version, according to Bruce Babcock, an agricultural economist at Iowa State University.

The House's new bill would also do away with the need to negotiate new Farm Bills every five years. Some farm interests, from conservation to development, have derided the shift, on the grounds that the renewal process is useful for addressing changing agricultural needs.

Even conservative groups calling for a split bill and deep subsidy cuts, such as Heritage Action, have refused to support the legislation as passed. The organisation [says](#) that the House bill was to the "left of [US President Barack] Obama," especially when compared to what the President had proposed earlier this year.

Notably, trade-distorting subsidies could become permanent under the House Farm Bill, according to Jim French of Oxfam USA, a development group. Eliminating the five-year renewal cycle, he warned, could also leave Congress without an established mechanism for reforming US agricultural spending in the future.



## Two years of negotiations

The Farm Bill has historically been the single most important piece of legislation covering US agricultural spending. The current version, set to expire on 30 September, is operating under a one-year extension after lawmakers failed to approve a new bill last autumn.

Over the past two years, discussions on what shape a new Farm Bill should take have been heated and inconclusive, with the Senate twice passing a bill to the House's one. The political wrangling that has ensued, observers say, has only served to highlight Congress' difficulty in passing important legislation.

"[It is] as easy to watch this from afar as it is to watch a three ring circus," said French.

While trade policymakers outside of Washington have been closely watching the process, given the US' status as a major agricultural exporter, analysts say that trade has been a minimal consideration during the months of Farm Bill debate.

"[This] highlights one of the problems with comprehensive bills, which is that important policy issues are frequently overlooked or ignored," Dan Holler, Communications Director of Heritage Action, said in emailed comments to Bridges.

Farm leaders from both chambers are now expected to rush what is currently on the table into conference, where the two separate bills will be reconciled into a final version, which will then require presidential approval.

## Next steps

In a [memo](#) to the House Agriculture Committee, Chair Frank Lucas of Oklahoma told fellow Republicans that an informal series of compromises will probably be necessary between the Senate and the House before the formal conference process can start.

Lucas has recently indicated that the House will need to pass a bill on the nutrition title before conferencing can begin. The Chair ultimately left the bill on shaky ground, writing in his memo that the non-nutrition components of the bill do "not work for all commodities in all regions of the country."

He also warned that it leaves several producers "without a viable safety-net while locking in profits for others."

Like the rest of the Farm Bill process, the upcoming attempt to "conference" the two chambers' respective pieces of legislation is expected to be divisive. House Republicans have already indicated that they are not amenable to the Senate's food stamp provisions, while leaders of the Senate Agriculture committee are unlikely to pass a bill that only addresses agriculture, such as that passed by the House.

The two chambers are expected to push for some sort of agreement in the next two weeks, before lawmakers return to their districts for the August break.

However, long-time Farm Bill watchers such as Ferd Hoefner of the National Sustainable Agriculture Coalition warn that the process could still fall apart, given the conflicting demands made on the bill. "Bottom line is that we're heading to another extension," he said.

ICTSD reporting; "Frank Lucas: Food stamps could make final farm bill," POLITICO, 16 JULY 2013; "Farm Bill; Ag Economy; Regulations; and, Immigration- Wednesday," FARMPOLICY.COM, 17 JULY 2013.

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## CLIMATE CHANGE

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# Australian Carbon Tax in Limbo as Election Fever Escalates

Australian Prime Minister Kevin Rudd has announced plans to move his country's controversial carbon tax to an emissions trading scheme (ETS) a year early, in an effort to answer complaints over increased costs of living and lost competitiveness. The shift from a fixed-price to floating-price system comes as the country prepares to hold its federal elections later this year.

"The government is moving in this direction because a floating price takes cost-of-living pressures off Australian families and still protects the environment and acts on climate change," the Prime Minister [explained](#) to reporters in Cairns earlier this week.

However, Rudd stressed that the move to "terminate" the tax is not a sign of Canberra backing down on its commitment to tackling climate change.

"I just add on that, on climate change, this is the government that ratified Kyoto, this is the government that brought in the 20 percent mandatory Renewable Energy Target, this is the government which has also brought in a carbon price," he added.

Given that the Australian government stands to lose A\$3.8 billion under the proposed changes, Rudd has pledged that shifting the ETS date forward to July 2014 would need to be "budget neutral." To do so, treasury officials have outlined a series of savings in other areas aimed at offsetting the revenue loss.

The government will, however, keep in place its programmes for providing families and low-income earners "special assistance payments" to help compensate for the impact of carbon pricing.

### One year in

The Australian carbon tax only just began its second year, having entered into force in July 2012. (See Bridges Weekly, [4 July 2012](#)) It targets nearly 400 of the country's biggest polluters, and was instated with the goal of cutting 160 million tonnes of carbon emissions by 2020.

Since its inception, the tax has been criticised by its opponents as having increased energy and living costs for consumers, and made it difficult for businesses to remain competitive under the financial burden. Moving to an ETS early, Rudd says, could save average Australian families A\$380 per year, and will also reduce pressure on businesses.

The tax was set at A\$23 (€16.15, at current exchange rates) per tonne for the first year, increasing to A\$24.15 earlier this month. Under the current scheme, this was originally set to rise once more to A\$25.40 in July 2014, before transitioning to an ETS in 2015 and allowing the market to determine the price of permits – which many expect will bring these prices down considerably. Rudd has [suggested](#) that prices could drop to as low as A\$6 per tonne once the ETS enters into effect.

In comparison, carbon permit prices in the EU – which has had an ETS since 2005 – have been regularly averaging at €5 per tonne, down from the original €30. Australia's scheme is eventually set to be linked to Europe's, which many Australian businesses say would

ease their load by allowing them to buy lower-priced permits from overseas. Whether the planned shift to a floating price system in 2014 instead of the original 2015 will also lead to Canberra bringing forward its linkage with Brussels' programme is currently unclear.

The low prices of the EU permits, however, has posed its own set of problems in the 28-country bloc, with the European Parliament recently backing a plan to delay the auction of millions of carbon allowances in order to boost these prices. (See Bridges Weekly, [4 July 2013](#)) The current levels, many fear, are insufficient to support low-carbon investment and a transition to cleaner methods of energy production, and has raised questions by analysts and officials alike over the ETS' long-term future.

### **Election politics**

Bringing the ETS start date forward will require new legislation; the Rudd government, however, has indicated that this will likely occur after the impending federal election, should the Labor Party remain in power. Elections must be held sometime between August and November, with Rudd to set the date.

Rudd only returned to office last month, having displaced fellow Labor politician and then-Prime Minister Julia Gillard in a surprise party leadership vote. Gillard had previously ousted him in a similar fashion in 2010.

The Prime Minister is now locked in a tight election race with opposition leader Tony Abbott of the Liberal Party, with Rudd's return having narrowed the previously sizeable polling advantage that Abbot had held over Gillard.

Abbott has long promised that, should his party win the upcoming elections, one of his first changes will be to eliminate the carbon tax – and planned ETS – entirely.

Rudd's proposal to shift the ETS date forward, Abbot says, will only provide Australians with "very modest relief," and is little more than a "one-year fiddle."

"Just ask yourself what an emissions trading scheme is all about," the opposition leader said. "It is a so-called market in the non-delivery of an invisible substance to no one."

The Prime Minister, for his part, has noted that Abbot had previously campaigned for an ETS during the 2007 election, which Rudd ultimately won against the Liberal Party's John Howard.

ICTSD reporting; "Rudd Seeks to Ditch Carbon Tax With Eye on Election Campaign," BLOOMBERG, 14 July 2013; "Abbott under fire for attack on ETS," AAP, 15 July 2013; "Why Kevin Rudd will never 'terminate carbon tax'," THE AUSTRALIAN, 17 July 2013.

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## WORLD TRADE ORGANIZATION

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# ITA Expansion Talks Suspended

Talks to expand the product coverage of the WTO's Information Technology Agreement (ITA) have been temporarily suspended, according to a statement released by the US' top trade official on Wednesday evening.

The negotiations in Geneva have been put on hold due to differences between China and many of the WTO members involved, Washington says. The group, which includes the US and EU, has been working to develop a list of products to add to the agreement for over a year, and had hoped to complete a final list this month. (See Bridges Weekly, 6 June 2013)

"The United States is extremely disappointed that it became necessary today to suspend negotiations to expand the Information Technology Agreement," US Trade Representative Michael Froman said in a statement. "Unfortunately, a diverse group of members participating in the negotiations determined that China's current position makes progress impossible at this stage."

Geneva sources speaking to Bridges in recent weeks had noted that Beijing's sensitivities regarding certain product lines could prove difficult to resolve as the group tries to whittle down its draft list to a consolidated final version.

In an e-mailed statement later on Wednesday, China stressed that it has taken a "very serious attitude" toward the ITA talks.

"We share the same goal with the rest of the participants to conclude the negotiations before the Ninth Ministerial Conference in December," China said. "After intensive and difficult domestic consultations, China has added its support to 150 tariff lines, or two thirds of the proposed products, which is a concrete contribution to the negotiations."

Expressing "deep regret" for the decision of other members to put the talks on hold, Beijing said that resuming the talks "should not be conditioned upon China's supporting its list of sensitive products."

However, Washington has said that it is "hopeful" that Beijing will take into account the concerns of its negotiating partners, and urged the Asian country to "revise its position in a way that will allow the prompt resumption of the negotiations."

### **Bali in the background**

The ITA is a plurilateral pact under the aegis of the WTO that eliminates tariffs on trade in information and communication technology (ICT) products. Forty-nine of the WTO's 159 members have signed onto the ITA, if counting the EU as one member, though the benefits extend to the full WTO membership. Of these 49, over 20 are currently involved in the expansion talks.

The original pact dates back to 1996. Countries involved in the expansion negotiations have said that the agreement must be updated to reflect the realities of today's trade, given the development of new technology products over the last 17 years.

With the WTO's Ninth Ministerial Conference in the Indonesian province of Bali scheduled for early December, many hope that a revised ITA could be one concrete outcome to present at the high-profile event. Finalising a list of products is a key step in this direction,

followed by completing the legal terms of the agreement and getting any ITA members not currently involved in the talks on board.

The USTR statement gives no indication of when the ITA expansion negotiations might resume. However, with the WTO set to go on its annual August break in a matter of weeks, the earliest date for new discussions would likely be September.

ICTSD reporting.

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## BILATERAL TRADE TIES

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# US-China Talks Yield Renewed Push for Investment Deal, Climate Action

The US and China have renewed their plans to negotiate a sweeping bilateral investment treaty, while agreeing also to implement a series of climate-focused initiatives. Meeting in Washington last week, the two trading partners – and often rivals – also pledged to work together in helping Beijing submit a new offer later this year for joining the WTO's plurilateral deal on government procurement, and discussed other topics such as currency and the pace of Chinese economic reforms.

Last week's meetings were held in the context of the US-China Strategic and Economic Dialogue – an annual forum that has been held since 2008 – and come less than a month after US President Barack Obama and Chinese President Xi Jinping met in California and outlined their intent to improve their countries' sometimes-troubled relationship.

Beijing and Washington have long struggled to balance their hopes for a deeper partnership with their competitive interests. Their economic disagreements in recent years have ranged from issues such as currency valuation to the use of trade defence instruments to renewable energy support policies, to name a few.

"For two nations as large and influential as ours, it's only natural that there be competition," US Vice President Joe Biden [said](#) at the launch of the two-day meetings. "And if the game is fair and healthy, political and economic competition can then marshal the best energies of both our societies. But this mix places an added burden on both of us."

He added, however, that should the two sides manage to be "straightforward, clear, and predictable with one another," they may be able to find mutually agreeable solutions to some of their differences.

### Investment talks forthcoming

During last week's talks, officials agreed to re-launch negotiations for a bilateral investment treaty, a process that had begun under previous US President George W. Bush and which many say could create major openings in both investment and trade. The two sides have already held nine rounds of technical discussions on the subject.

The proposed agreement, according to the joint statement released last week, would provide national treatment at all phases of investment – the first time China has signed on to do so with another country. The deal will adopt a "negative list" approach, covering all areas except those explicitly excluded.

"China has for the first time agreed to negotiate a bilateral investment treaty on the basis of principles that will be critical to achieving access to China's market and leveling the playing field for American firms," US Trade Representative Michael Froman [said](#) in a statement.

"As the Office of the US Trade Representative prepares to lead these negotiations along with the State Department, we look forward to building on the important commitments China made today to bring home the economic benefits of more exports and more American jobs," he added.

### **China: New GPA offer by year's end**

China has also [pledged](#) to submit a new offer for joining the WTO's Government Procurement Agreement (GPA) by the end of this year. The Asian country has been working to join the plurilateral pact for years, and has already submitted four offers for current GPA members to review.

China's most recent offer was submitted last year. While current GPA parties had welcomed some of the modifications in the offer, they also asked that China make additional concessions in some areas. (See Bridges Weekly, [12 December 2012](#)) Though parties had asked Beijing to submit its next offer by this summer, China had said in March that it could not commit to such a timeline, given the reorganisation of its domestic government prompted by the recent leadership change. (See Bridges Weekly, [6 March 2013](#))

The upcoming offer would, according to Beijing and Washington, respond to the request of GPA parties in areas involving the lowering of thresholds and expanding the coverage of sub-central entities, among other subjects. China and the US are set to hold "intensive technical discussions" on the offer in the coming months.

The GPA is a 42-country agreement that commits its members to certain core disciplines regarding transparency, competition, and good governance, covering the procurement of goods, services, and capital infrastructure by public authorities. While a revised pact was agreed in December 2011, the new version has yet to be implemented, as it requires ratification by two-thirds of its parties. (See Bridges Daily Update #2, [16 December 2011](#))

### **Currency**

China's strict control of its currency, the renminbi, has been a lightning rod for controversy between the two sides. While Beijing has allowed its currency's value to [rise](#) in recent years, critics argue that more needs to be done. Washington lawmakers have long pushed for Beijing to allow its currency to appreciate faster, arguing that the renminbi is currently undervalued and thus makes Chinese exports cheaper than their foreign equivalents.

Following last week's meetings, both sides reiterated their G-20 commitment to move more quickly toward market-determined exchange rate systems. Notably, China also pledged to "continue exchange rate reform, increase flexibility of RMB exchange rate, and let market play a more fundamental role in the exchange rate formation."

Other economy-related topics addressed during the two-day meetings included the reform of China's state-owned enterprise, alleged cyber theft, and Beijing's commitment to open further to foreign investment.

### **Climate**

Last week's talks also saw Beijing and Washington announce a series of joint initiatives aimed at increasing their cooperation on tackling climate change.

The five-part plan was drafted by a bilateral working group, and would be implemented from October onward, at the earliest. The areas covered include reducing emissions from heavy-duty and other vehicles; improving smart grids' carbon capture, utilisation, and storage; collecting and managing greenhouse gas emissions data; and increasing energy efficiency in buildings and industry.

While analysts note that the commitments made in Washington last week are non-binding, some say that it could show signs of the two sides developing common ground on the climate subject. Just last month, Obama and Xi agreed to work together to phase down the production and consumption of hydrofluorocarbons (HFCs), a "super"

greenhouse gas with a warming potential hundreds to thousands of times greater than carbon dioxide. (See Bridges Weekly, [13 June 2013](#))

The US President also outlined his own national climate plan just weeks later, which would involved a series of executive actions aimed at addressing both the causes and effects of climate change. (See Bridges Weekly, [27 June 2013](#))

ICTSD reporting; "U.S.-China talks cover cyber issues, currency, Chinese reform," REUTERS, 10 July 2013; "US-China announce sweeping economic commitments," THE HILL, 12 July 2013.

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**LABOUR RIGHTS**

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## Bangladesh Passes Revised Labour Law

Bangladesh approved a highly-anticipated reform to its national labour law on Monday, as part of a broader effort toward averting future disasters such as the factory collapse in April that killed over 1,100 people. Separately, North American and European retailers that source Bangladeshi textile products have announced two respective plans in recent weeks aimed at improving safety standards for workers in the Asian country.

The factory collapse in Savar was one of the worst industrial disasters in recent memory, and has fuelled questions among the international community over domestic labour conditions in Bangladesh, and what role the country's booming textiles trade has played in the current situation. Bangladesh is the second-largest apparel exporter in the world after China, with a garment industry valued at US\$20 billion per year.

Under the labour law revisions agreed on Monday in Dhaka, workers will not need approval from factory owners in order to form unions. Over 80 other sections of the law have also been revised, government officials note, in order to reflect the results of consultations held with factory owners and workers, retailers, development partners, and the International Labour Organization (ILO).

While the government has said that the "landmark legislation" could lead to substantial improvements in worker conditions, some labour rights activists caution that the revisions, while welcome, do not go far enough.

"This would be good news if the new law fully met international standards, but the sad reality is that the government has consciously limited basic workers' rights while exposing workers to continued risks and exploitation," [said](#) Phil Robertson, deputy Asia director of Human Rights Watch.

The announcement of the labour law changes comes just one week after the governments of the EU and Bangladesh, with the ILO's support, agreed to a "sustainability compact" aimed at improving the country's working conditions. One of Dhaka's main commitments under the compact was the swift passage of labour law reform. (See Bridges Weekly, [11 July 2013](#))

The EU had confirmed at the time that it would be keeping Bangladesh in its Everything But Arms (EBA) trade preference scheme – which grants least developed countries duty-free, quota-free access to the EU market for all goods exports, with the exception of arms and ammunition – as Dhaka works to implement its various commitments in the sustainability compact.

However, Brussels has left open the possibility of reconsidering the Asian country's participation in EBA, should it find progress in implementing its sustainability commitments to be too slow.

Washington has already suspended Dhaka from its own trade preference scheme, though the US programme covers a much smaller percentage of Bangladeshi exports and does not include textiles. (See Bridges Weekly, [4 July 2013](#))

### **European, US retailers outline separate safety plans**

The April tragedy, along with prompting responses from both the EU and US governments, had also sparked calls for those foreign companies that source their textile products from Bangladesh to take actions of their own toward fostering better conditions for workers.

In response, a group of over 70 companies – most of them European, and including garment giants like Inditex and H&M – has recently signed onto a binding safety deal with Switzerland-based unions UNI Global and IndustriALL.

Along with involving safety inspections in factories where these companies source their products, the initiative will also require participants to pay US\$500,000 per year in order to help maintain safety standards, as well as keep funds in reserve for safety-related renovations to the production hubs. Companies will also be providing detailed information on which Bangladeshi factories they use for their products.

Meanwhile, a group of 17 North American companies, including the GAP, Macy's, Sears, and JC Penney has decided to instead sign a non-binding agreement of their own, which would be in place for a period of five years. Among other provisions, the plan would involve inspections of all factories of the participating retailers and will attempt to establish common safety standards by October of this year.

These North American companies chose not to sign onto the binding version as they do not want to be exposed to "unlimited liabilities," given the differences between the US and EU legal systems, explained Jay Jorgensen, the head of global compliance for Wal-mart.

Labour groups, such as IndustriALL and UNI, have called the North American plan "another toothless corporate auditing programme for Bangladesh factory safety." Along with being non-binding, critics caution that the plan also does not involve any worker representatives or third-party inspections, and there are no legal ramifications if safety standards are not being met.

Activists have urged the participating North American retailers to sign the alternative European accord in order to tackle the safety manufacturing issues in a more comprehensive and binding way. They have also noted that boycotting Bangladesh products will only harm the workers that need the most help, and are instead encouraging consumers to make ethical choices and select products from among the companies who have committed to the binding accords.

ICTSD reporting; "Bangladesh Passes New Labor Law," WALL STREET JOURNAL, 15 July 2013; "Retailers Plan Bangladesh Factory Inspections Under Safety Pact," REUTERS, 8 July 2013; "American retailers' plan for Bangladesh factory safety branded a sham," THE GUARDIAN, 10 July 2013; "U.S. retailers agree to Bangladesh plant safety pact," USA TODAY, 10 July 2013.

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## DISPUTES

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# US Revises "Dolphin-Safe" Tuna Label

The US has enacted new reforms to its dolphin-safe labelling programme, in an effort to comply with an adverse WTO ruling issued last year. However, Mexico, which had been the complainant in the high-profile dispute regarding tuna imports, has already said that the changes do not go far enough toward meeting Washington's WTO obligations and has promised to challenge them at the global trade arbiter.

The new US regulation was developed by the National Oceanic and Atmospheric Administration (NOAA), which had circulated its proposals in April in order to allow for public comments. (See Bridges Weekly, [18 April 2013](#)) The final version was announced last week, ahead of the WTO-established 13 July compliance deadline.

Under the changes, captains and other approved observers will be required to certify "that no dolphins were killed or seriously injured during fishing operations occurring outside the eastern tropical Pacific Ocean." This, Washington says, would make the labelling program "even-handed" compared to before, where no such requirements were necessary for importers outside the Eastern Tropical Pacific (ETP) region.

"I am pleased to announce the United States has complied with the WTO's findings in a way that enhances, and does not weaken, our 'dolphin safe' labeling program," [said](#) US Trade Representative Michael Froman.

"The final rule published by the NOAA helps ensure that American consumers continue to receive accurate information regarding whether the tuna in a product labeled 'dolphin safe' was caught in a manner that caused harm to dolphins," he continued.

The WTO's Appellate Body had found last May that the US' dolphin-safe label was inconsistent with international trade rules, confirming an earlier panel ruling. (See Bridges Weekly, [16 May 2012](#))

Specifically, WTO judges found that the US had discriminated unfairly against Mexican tuna products, given that tuna caught with "purse-seine" nets – encircling nets that temporarily set on dolphins to attract the tuna that swim below – were ineligible for a dolphin-safe label.

Such nets are nearly exclusively used by Mexican fisheries, due to specific conditions in the ETP, effectively preventing the country's tuna from accessing the US market.

### **Mexico: New rules insufficient**

Though the new US measure now covers tuna caught in both the ETP and non-ETP regions, Mexico alleges that its fishermen will continue to face two separate regulatory regimes and will still be subject to discriminatory treatment. The NOAA regulation, Mexico says, is therefore not in compliance with the terms of the Appellate Body ruling.

"Mexico will continue defending the national fisheries sector and the sustainability of fisheries in the WTO and other international forums," the Mexican Secretary of the Economy said in a [statement](#), promising to formally challenge the new measure's compliance. "If the violation [of WTO agreements] is confirmed, Mexico could impose trade countermeasures against the United States."

Under WTO rules, Mexico can request that the original dispute panel issue a decision on the US' compliance in the case. Should the judges find that the US did indeed fail to implement the ruling, countermeasures can then be authorised by the arbitrators.

Washington is set to provide a status report on the dispute at the next meeting of the WTO's Dispute Settlement Body (DSB), which is scheduled for 23 July. It was not clear as Bridges went to press whether Mexico would lodge a compliance challenge at that time.

ICTSD reporting.

## IN BRIEF

## Biofuels: EU Parliament Ctte Backs Cap on Food-Based Production

The European Parliament's environment committee has [approved](#) draft legal measures that would cap the share of food-based biofuel used in vehicles at 5.5 percent, ahead of a plenary vote in September.

The committee's vote last Thursday is the latest attempt to ensure that support for biofuels does not indirectly enhance greenhouse gas emissions, through deforestation resulting from the extension of farmland. (See Bridges Weekly, [19 September 2012](#)).

"Ignoring this problem risks undermining the EU's credibility in the fight against climate change and legitimacy of financial support to the industry," [said](#) Corinne Lepage, the parliamentarian who drafted the report.

First generation biofuels – sugar, cereals, or oilseeds – were originally set to be limited at five percent of total energy consumption by 2020, under plans first tabled by the European Commission. As well as raising this ceiling to 5.5 percent, the draft measures approved by the environment committee would also require "advanced" biofuels – from sources such as seaweed or certain waste products – to account for no less than two percent of consumption by the same date.

The report prompted mixed reactions from biofuel industry representatives, green groups, and development agencies. A [statement](#) from European biofuel producers, farmers, and commodity groups said the move would "decimate" the biofuel industry.

Meanwhile, Brazilian sugarcane association UNICA [welcomed](#) the push towards higher environmental standards, while also cautioning against applying an arbitrary cap on all food-based biofuels that would ignore "important differences between conventional biofuels' environmental performance." Geraldine Kutas, head of international affairs at the group, warned that this could be "vulnerable to being de facto discriminatory and breaching World Trade Organization rules."

The South American country is the world's second largest producer of ethanol.

Nusa Urbancic, clean fuels manager at the Brussels-based group Transport and Environment, also [supported](#) the move. "This vote will pave the way for truly sustainable transport fuels, which actually reduce emissions," said Urbancic.

Marc Olivier Herman, Oxfam's EU biofuels expert, [suggested](#) that support to biofuels should be phased out, arguing that food production for energy has proven to fuel "hunger and land grabs in poor countries." He called on MEPs to resist pressure to weaken current proposals before the September plenary vote.

ICTSD reporting; "EU lawmakers deal a blow to crop-based biofuels," REUTERS, 11 July 2013; "Brazil's UNICA welcomes parts of European Parliament biofuel vote, cautions about threat to WTO compliance," THE WALL STREET JOURNAL, 11 July 2013.

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## Negotiators: First Round of EU-US Talks “Positive”

The first round of EU-US trade talks came to a close last Friday in Washington, with both sides reporting “positive” results. The discussions came as the two trading partners continue their efforts to resolve a diplomatic row stemming from reports that Washington has spied on its European partners in the past.

Last week’s meeting reportedly dealt less with substantive trade issues and more on how the talks should be structured, along with finding any early areas of convergence. Trade observers warn that, while this first round was “productive,” future rounds could prove more complicated as both sides take on trickier issues, such as whether to include financial services – which some EU officials have said is a “must – and France’s insistence on keeping the EU “cultural exception” policy.

The negotiations are scheduled to run on a tight timeline, with leaders from both sides wanting to ink the agreement before the 2014 congressional midterm elections in the US and the end of the current European Commission’s term that same year. The second round of negotiations is due to begin this October in Brussels.

The proposed agreement, known formally as the Transatlantic Trade and Investment Partnership (TTIP), seeks to remove restrictions on trade through reducing tariffs and non-tariff barriers, with the goal of boosting economic growth and creating jobs. A European Commission study has suggested that the deal, once completed, could add €119 billion and €95 billion annually to the EU and US economies, respectively.

ICTSD reporting; “US-EU Trade Talks make headway under tight timeline,” AGENCE FRANCE PRESSE, 13 July 2013; “US, EU negotiators say trade talks off to a good start,” REUTERS, 12 July 2013.

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## China, Australia Leaders Renew Push for Trade Pact

Chinese President Xi Jinping called for an “early conclusion” to the negotiations for a Sino-Australian trade pact in conversations with Australian Prime Minister Kevin Rudd last week, prompting speculation that the long-running talks could soon be ramping up.

Trade negotiations between the two countries started in May 2005; 19 rounds later, the talks remain unfinished. Rudd, who returned to office last month and is facing federal elections later this year, has said that the pact with Beijing is a key priority for his administration.

Among the remaining areas of disagreement, media reports say, is China’s push for lower regulatory hurdles for investments by state-owned enterprises. Canberra, meanwhile, has reportedly opposed Beijing’s push for an investor-state dispute settlement provision –

something which Australian officials argue could give an unfair advantage to foreign companies.

New Zealand has already signed an FTA with China, which observers say has ramped up the pressure for Australia to conclude a deal of its own. China is currently Australia's largest trading partner, accounting for A\$125 billion (US\$115.6 billion, at today's exchange rate) in exports in 2012.

ICTSD reporting; "Rudd, Xi push for China trade deal," AUSTRALIAN FINANCIAL REVIEW, 9 July 2013; "NZ Taiwan trade deal puts heat on China FTA," AUSTRALIAN FINANCIAL REVIEW, 11 July 2013.

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## WTO Accessions: Ethiopia to Submit Services Offer by September

Ethiopia will be submitting to current WTO members an offer on services— including key sectors, such as banking and telecommunications — by September, trade ministry officials have said this past week, in an effort to advance its accession efforts. After a decade of negotiations, Ethiopian officials say they are now confident of being able to join the 159-member body by 2015.

However, Chiedu Osakwe, director of the WTO's accessions division, told Bloomberg on Monday that much work remains before the accession process can be finalised, with the talks now needing to "change gears." Under WTO rules, all current members must sign off for a new member to join, a process involving both multilateral and bilateral negotiations.

Ethiopia, which is also a least developed country (LDC) first applied to join the WTO in 2003. However, accession to the global trade body is a process that usually takes several years, and has often proven particularly difficult for the world's poorest nations. In that context, WTO members agreed last year on a set of revised guidelines for LDCs aimed at facilitating this process. (See Bridges Weekly, [4 July 2012](#))

Ethiopia's gross domestic product has grown an average of nine percent over the past 10 years, ranking it as Africa's second-fastest growing economy.

ICTSD reporting; "Ethiopia Plans to Make WTO Offer on Services by September," BLOOMBERG, 15 July 2013; "Ethiopia expected to join WTO in 2015 – ministry," REUTERS, 10 July 2013.

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## EVENTS & RESOURCES

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# Events

### Coming soon

23 July, online. THE CHALLENGES AND OPPORTUNITIES OF INTERNATIONAL TRADE: PAST, PRESENT, AND FUTURE. The Peterson Institute for International Economics will be webcasting a speech by US Representative Sander Levin, where the Congressman will provide his views on the current US trade agenda, including Trade Promotion Authority, the ongoing Trans-Pacific Partnership negotiations, the US-EU trade talks, and more. For more information, please visit the event [website](#).

24-26 July, Bangkok, Thailand. ASIA AND THE PACIFIC REGIONAL HIGH-LEVEL CONSULTATION ON GENDER, FOOD SECURITY, AND NUTRITION. This meeting is being convened by the Asian Development Bank and the regional office of the UN Food and Agriculture Organization (FAO), with support from Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN). It aims to raise awareness on gender, food security, and nutrition issues in the Asia-Pacific region, in order to identify potential strategies to improve employments rates and livelihood opportunities for women. To learn more, click [here](#).

25 July, Washington, US. JAPAN'S POLICY AGENDA AFTER THE JULY ELECTION: GRIDLOCK BROKEN? This discussion will be hosted by the Center for Northeast Asian Policy Studies at the Brookings Institution, and will address the political and policy implications of the upcoming election in Japan. Panellists will analyse the health of Prime Minister Shinzo Abe's mandate from the electorate and the prospects for implementing the various policies that he has announced since taking office in December. Presentations will address the election itself; potential for instituting constitutional review in light of a changing security environment; and prospects for trade policy and economic sector structural reform. More information is available at the Brookings Institution's [website](#).

### WTO Events

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

22 July: Trade Negotiations Committee

23 July: Dispute Settlement Body

23 July: Working Party on the Accession of Kazakhstan

24 – 25 July: General Council

25 July: Working Party on the Accession of Afghanistan

## Other Upcoming Events

8 - 10 September 2013, Coimbra, Portugal. ENERGY FOR SUSTAINABILITY 2013. "SUSTAINABLE CITIES: DESIGNING FOR PEOPLE AND THE PLANET." Organized by the Institute for Research and Technological Development in Construction Sciences, this forum brings together stakeholders, researchers, and academic practitioners from interdisciplinary fields to discuss and share their expertise on how to tackle the need for a more sustainable world. This year, the challenges posed by the increasing concentration of the world's population in cities will be debated under the four main categories: smart cities, buildings and end-uses, clean energy supply, and policy and assessment. For more information or to register, please click [here](#).

10-11 September, Beijing, China. ASIA-PACIFIC TRADE FACILITATION FORUM 2013: "TOWARDS MORE EFFICIENT AND INCLUSIVE SUPPLY CHAINS: PUBLIC AND PRIVATE SECTOR PERSPECTIVES." Attracting two- to three-hundred participants from 30 countries each year, this annual forum serves as a regional platform for exchanging information, experiences, and practices for trade facilitation in Asia-Pacific, identifying priority areas for regional cooperation and integration, and learning about new tools and services which can increase the efficiency of cross-border transactions. The event is being co-organised by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and the Asian Development Bank. Event organisers hope the gathering can help strengthen regional cooperation and coordination of Aid for Trade and related technical assistance and capacity building in trade facilitation. For more information, please visit their [website](#).

23 September – 20 October, online. PUBLIC DIPLOMACY IN A MULTIPOLAR WORLD. This course, which is organised by the United Nations Institute for Training and Research (UNITAR), aims to help participants understand the strategic significance of public diplomacy, how its practice has evolved over time, and how current challenges are being addressed. It will also examine a range of tools and techniques available to public diplomacy practitioners. To find out more or to register, please click [here](#).

26 - 28 September, Incheon, South Korea. INTERNATIONAL SYMPOSIUM ON SUSTAINABLE CITIES: EMPOWERING LOCAL GOVERNMENTS THROUGH CAPACITY BUILDING. Organised by the United Nations Office for Sustainable Development (UNOSD), this symposium will bring together government officials, along with representatives from international organisations, the private sector, and civil society in order to share good practices on how to foster sustainable cities. Critical areas will be identified in which further capacity building is inevitable, including best strategies for meeting capacity gaps. For more details or to register, please visit their [website](#).

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

7 October - 3 November, online. DRAFTING AND ADOPTING UNITED NATIONS RESOLUTIONS. Organised by the United Nations Institute for Training and Research (UNITAR), this course will focus on improving written communication and teaching delegates how to conduct consultations in preparing resolutions. It will also help participants build the requisite knowledge and skills to draft and adopt UN resolutions. A detailed study of the content, structure, and processes involved in passing resolutions will be covered to reinforce an understanding of decision-making at the UN. For more information or to register, please visit their [website](#).

17 October, Brussels, Belgium. CLOSING THE FUNDING GAP: COMPETITION AT THE HEART OF THE SINGLE MARKET. Organised by the European Capital Markets Institute (ECMI), in collaboration with Carefin - Università Bocconi and the Belgian Financial Forum, the conference will bring together market participants, policymakers, and academics to discuss challenges for capital markets and European integration. This year's theme will focus on exploring the multi-faceted concept of competition within an economically and financially integrated area. For registration or more information, please visit their [website](#).

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## Resources

EU POLICY PRIORITIES 2013: EXTERNAL AFFAIRS AND TRADE. Published by the Green European Foundation (July 2013). This report outlines the main policy proposals that the EU will put forward in the field of external affairs and trade over the year. It also assesses the European Greens' response on these policies, specifically: the planned trade agreement with the US; the debate over investor-to-state dispute resolution mechanisms; trade conflicts with China over alleged solar panel dumping; key EU enlargement affairs; and human rights issues in Russia, Syria, and Egypt. To download the full report, please click [here](#).

SMALL-SCALE FARMERS: THE MISSING ELEMENT IN THE WIPO-IGC DRAFT ARTICLES ON GENETIC RESOURCES. (July 2013) Written by Susan Bragdon for the Quaker United Nations Office (QUNO) (July 2013). This briefing paper explores the possible implications of the draft text released by the Intergovernmental Committee (IGC) of the World Intellectual Property Organization (WIPO) on small-scale farmers and food security in light of the current negotiations on intellectual property rules around Genetic Resources, Traditional Knowledge, and Traditional Cultural Expressions. To read the full report, please click [here](#).

SUSTAINABLE DEVELOPMENT AND THE POST 2015 IMPLICATIONS: A CLOSER LOOK AT THE MDG AND THE SDG PROCESSES. (July 2013) Written by Lichia Saner Yiu and Raymond Saner with D. Andrew Boehmer for the [Centre for Socio-Eco-Nomic Development](#) (CSEND). This paper analyses the trends and issues that have arisen in the preparations of the Sustainable Development Goals (SDGs) as a response to post-2015 development challenges. In addition, the paper also establishes a cross-sector overview on the priorities and demands of stakeholders representing the governments, businesses, and civil societies. To download the full report, please click [here](#).

PRINCIPLES FOR INTELLECTUAL PROPERTY PROVISIONS IN BILATERAL AND REGIONAL AGREEMENTS. Published by the Max Planck Institute for Intellectual Property and Competition Law (July 2013). This report outlines a series of concerns regarding the use of intellectual property (IP) provisions as a bargaining chip in international trade negotiations, the increasing comprehensiveness of international IP rules, and the perceived lack of transparency and inclusiveness in the negotiating process. The second section recommends international rules and procedures that could help achieve a better, mutually advantageous and balanced regulation of international IP. To learn more, please click [here](#).

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PUBLISHED BY



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

DFID - UK Department for  
International Development

SIDA - Swedish International  
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Bridges Weekly Trade News Digest is edited by  
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The Publisher and Director is Ricardo Meléndez-  
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Comments and suggestions are welcomed and  
should be directed to the [editor](#) or the [director](#).

Price: €10.00  
ISSN 1563-0

