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LEAD STORIES

Brazil Takes Aim at US Intellectual Property in Cotton Dispute

Upping the ante in a long-running trade spat with the United States, Brazil announced on Monday that it intends to break US patents and intellectual property rights in retaliation against Washington's failure to put an end to its illegal cotton subsidies.

The publishing of the list of 21 proposed intellectual property sanctions follows the announcement last week of the 102 US goods that are set to be hit with retaliatory tariffs as of 7 April. Brazil estimates that its announced tariffs on goods would have a total value of US$591 million, while the IP restrictions would be worth US$238 million.

The WTO's Dispute Settlement Body ruled in 2005 that the US cotton support programme – specifically, its direct subsidies and a loan guarantee scheme – distort the global cotton market and violate world trade rules. A subsequent compliance panel ruling found that reforms that the US had introduced had failed to bring the country's cotton subsidies in line with its obligations at the WTO.

In a final ruling last year, the global trade body officially authorised Brazil to impose retaliatory sanctions of up US$829 million, including through 'cross retaliation' – the imposition of punitive measures in a sector or under an agreement other than the sector or agreement in which the original violation occurred. If Brazil follows through with the measures proposed on Monday, it will become the first WTO member to 'cross retaliate' against another country's intellectual property.

"We want to show the US that it doesn't matter if you are big or small, or how much money you have as a nation," Brazilian President Luiz Inácio

Lula da Silva said on 10 March, according to media reports. "We all want to be respected and to be treated fairly."

The new retaliatory measures include the suspension – without compensation, and for a fixed period of time – of intellectual property rights on pharmaceuticals; chemicals and biotech products for agricultural use; and copyrights on music, books, and films and other audiovisual products. The measures would also allow Brazil to authorise 'parallel imports' – that is, imports of products very similar to patented products – in the pharmaceutical and farm chemicals sectors. The Brazilian government would also be able to impose additional fees for the registration or renewal of patents and copyrights, and to confiscate a portion of the royalties that Brazilian branches of US firms send back to company headquarters.

The Brazilian government is now allowing 20 days of public consultations on the proposed new IP sanctions. A final list of cross retaliation measures will be announced at a later date.

The IP sanctions were not expected to be announced until later this month, but the various ministers involved in the process reportedly decided that there was no need to wait for Brazil's trade chamber, Camex – which is housed in the Ministry of Industry, Development and Trade (MDIC) – to give its final approval before kicking off the consultation process. Carlos Márcio Cozenday, director of the economic division of the Ministry of Foreign Affairs, denied that the IP sanctions were announced early because officials had failed to negotiate a solution last week during a visit from several high-level US officials, including Commerce Secretary Gary Locke.

Lytha Spíndola, secretary for international trade at the MDIC, explained in an interview on the television programme "Roda Viva" that, unlike the new tariffs on US goods, the IP measures are expected to lower prices for Brazilian consumers. She acknowledged, however, that there are still concerns in some quarters that the measures could trigger shortages in Brazil, especially in certain medicines that local industry is not able to supply. But Spíndola explained that the authorisation of 'parallel imports' of drugs from countries where the drugs' patents have already expired would offset any potential shortage. She also noted that the government's aim was to target patents that will soon expire in Brazil so as to spur local industry to adapt quickly to supply the domestic market.

Spíndola reiterated that Brazil would be willing to cancel its retaliatory measures if it could secure a sufficient compensation package from the US, coupled with a commitment from Washington to eliminate its illegal cotton subsidies in the next version of its Farm Bill, the comprehensive legislation that sets the levels and types of support for US farmers. The most recent version of the bill, which is renewed roughly every five years, was passed in 2008.

So far, however, Brazil has yet to receive a concrete offer from the United States, Spíndola said. That being the case, Brazil will continue to push ahead with its retaliatory measures.

A spokeswoman from the Office of the US Trade Representative warned on Tuesday that Brazil's move to threaten US intellectual property rights could turn investors away from Brazil.

"Some proposals raise concern regarding their potential impact on the investment climate in Brazil," Nefeterius McPherson said in an emailed statement to Bloomberg. "We will continue to work with Brazil and consult with the US Congress and stakeholders in an effort to reach a solution to the issues in this dispute without Brazil proceeding with countermeasures."

ICTSD reporting; "Brazil sanctions raise concern on investment climate, USTR says," BLOOMBERG, 16 March 2010.

US-China Exchange Rate Tensions Climb

Tensions between Washington and Beijing over China's currency policies rose sharply during the past week, as the Chinese leadership and US lawmakers traded accusations of protectionism over the value of the yuan.

A group of US senators announced legislation on Tuesday that would slap extra duties on imports from China if it did not allow its currency to appreciate.

The move followed months of growing calls from US policymakers for Beijing to revalue the yuan (also called the renminbi), on the grounds that its fixed peg against the dollar, in place since mid-2008, was artificially low and thus effectively subsidising Chinese exports. The 14 senators, from both parties, accused China of manipulating its currency, blaming an undervaluation of 25 to 40 percent against the dollar for US job losses.

Only two days earlier, Chinese Premier Wen Jiabao rejected calls for China to revalue the yuan, calling them unhelpful and tantamount to protectionism. Speaking to journalists at the end of the annual session of the National People's Congress, the country's unelected parliament, Wen said that China would "keep the yuan basically stable at a reasonable level."

"I can understand some countries' desire to raise exports, but what I do not understand is depreciating one's own currency and attempting to pressure others to appreciate, for the purpose of increasing exports. In my view, that is protectionism," he said.

Some senior Chinese policymakers had recently suggested that a change in currency policy might be in the offing. Zhou Xiaochuan said earlier this month that the peg of roughly 6.83 yuan to the dollar was part of China's response to the global financial and economic crisis. While he did not provide a timetable for abandoning policies including the "special foreign exchange mechanism," he said it would happen "sooner or later." Wen's remarks appear to suggest the exit will be later rather than sooner.

Wen's comments came days after US President Barack Obama urged China to allow its currency to rise, in order to reduce global financial imbalances. Obama, who has launched an initiative aimed at doubling US exports in five years, said that "China moving to a more market-oriented exchange rate" would make an "essential contribution" to reducing massive current account surpluses in countries like China, while decreasing large deficits in the US.

The Senate legislation – backed by senators including Charles Schumer (Democrat-New York), Lindsey Graham (Republican-South Carolina), Debbie Stabenow (D-Michigan), Sam Brownback (R-Kansas), and Evan Bayh (D-Indiana) –would establish criteria for the Treasury Department to identify "fundamentally misaligned" currencies, alongside a timeline for increasingly sharp penalties. The penalties would range from withholding support for granting offenders a larger share of votes at the International Monetary Fund to countervailing duties reflecting the estimated undervaluation (the tariffs imposed to offset, or 'countervail' subsidies).

Schumer and Graham tabled similar legislation in 2004, threatening China with a 27.5 percent tariff if it did not let the yuan rise. China subsequently allowed the renminbi to appreciate by over 20 percent between July 2005 and July 2008, but this did not prevent the US trade deficit from increasing by about a third.

The World Bank and the IMF, which tend to be reticent about criticising countries' currency policies, have both recently suggested that revaluing the yuan would be beneficial both to China and to the global economy.

In its most recent quarterly report on China's economy, the World Bank said that a higher exchange rate would help contain inflation. "The case for exchange rate flexibility and more monetary independence from the US is strengthening," it said.

"The Chinese renminbi has depreciated in real effective terms in tandem with the U.S. dollar and is assessed to be substantially undervalued from a medium-term perspective," said a recent IMF report to ministers from the Group of 20 leading economies.

A very different view came from the United Nations Conference on Trade and Development. In a policy brief released this month, UNCTAD argued that far from shirking its responsibilities to contribute to global demand, "China has done more than any other emerging economy to stimulate domestic demand, and as a result its import volume has expanded significantly."

"Expecting that China will leave its exchange rate to the mercy of totally unreliable markets and risk a Japan-like appreciation shock ignores the importance of its domestic and external stability for the region and for the globe," said the two-page report, titled "Global monetary chaos."

Arguing that restoring balanced trade relations required "policies that address and prevent currency speculation at the global level," UNCTAD called for a "constant real exchange rate rule" under which nominal exchange rates would vary according to inflation differentials between countries. The report acknowledged that introducing such a rule would require "major political commitments and be fraught with technical difficulties," but insisted that it would be feasible given sufficient political will.

The 21st Century Business Herald, a Chinese newspaper, reported last month that the Chinese commerce ministry was 'stress-testing' labour intensive industries to see how they would be affected by shifts in the value of the yuan. It cited textile industry sources as saying that preliminary findings suggested that each percentage point appreciation in the yuan would reduce net profit margins by 1 percentage point – while net profits in the industry average only 3 to 5 percent.

Nevertheless, Caixin, publisher of the influential Chinese business magazine Caijing, reported today that signs point to a resumption of exchange rate reforms, with a controlled, gradual appreciation of the currency one of the more probable outcomes. Central bank and government policymakers have been exploring different options for exchange rate policy since the beginning of the year, it reported. One proposal calls for "de-dollarising" the yuan and instead linking it instead to a basket of 18 currencies including the euro and the dollar, with each country's weight in the basket linked to its share of China's total trade volume.

ICTSD reporting.

OTHER NEWS

Trans-Pacific Trade Talks Kick Off in Australia

Negotiations toward a deal to open up trade among eight countries along the Pacific Rim got going in Melbourne, Australia on Monday. Expectations are high as some observers predict that the resulting deal, dubbed the Trans-Pacific Partnership Agreement, could be the foundation of a free trade area that eventually spans the entire Pacific region.

In the near term, however, delegates involved in this week's TPP negotiations are hoping to build on the existing 'P-4' free trade deal, which governs economic relations among four countries in the region: Brunei, Chile, New Zealand and Singapore. This week, those countries are joined by Australia, Peru, the United States and Vietnam, all of which are hoping to sign on to an expanded trade pact. Other countries in the region, including China, Japan, South Korea, and some Southeast Asian nations, may also be looking to join the negotiation soon. Proponents say that a solid TPP deal could help the 21 country members of the Asia Pacific Economic Cooperation (APEC) group achieve their goal of establishing a free trade zone across the entire region.

"The fundamental point is that we all agree that this [is] only intended as a building block for a larger Asia Pacific regional trade agreement," New Zealand Trade Minister Tim Groser said this week, the New Zealand Herald reported. "The way in which the blocks are stacked is totally open for discussion and decision at a later stage."

The process of creating a far-reaching TPP Agreement – even among just the eight countries represented in Melbourne this week – could be thorny, as a number of bilateral trade deals already govern trade relations among several of the countries involved in the talks. How the terms of those existing deals will be incorporated in a broader regional pact remains to be seen.

"The language everyone is using is that it will replace existing negotiations because then you can make an argument that if you replace all these existing, overlapping rules it streamlines trade," Deborah Elms, a trade expert at Nanyang Technological University in Singapore, told Agence France-Presse. "But then, when you follow that up with, 'Are you willing to give up the concessions or the benefits that you got out of the existing agreements?' the answer has been 'No'."

The United States is a big newcomer to these talks, in both economic and political terms. The administration of US President Barack Obama has put a strong emphasis on engaging in trade with the Asia-Pacific region, even as some lawmakers in Obama's own Democratic Party continue to voice their concerns about signing onto new trade deals.

But other voices in Washington are calling for the US to become a leading advocate for deeper economic integration across the Pacific. C. Fred Bergsten and Jeffrey Schott of the Peterson Institute for International Economics argued in a letter to US Trade Representative Ron Kirk in January that the US should aim to reach an agreement on a trade deal with "at least a dozen Asia Pacific countries" in time for the APEC summit that US President Barack Obama will host in Hawaii in November 2011. They stressed that the deal should include Japan, South Korea, and at least one major Southeast Asian nation; Canada and perhaps Mexico should also be quickly brought into the fold.

It makes economic sense to join an agreement, the authors argued, noting that US participation could help "offset" the "discrimination against US exports" that has been caused by the recent proliferation of trade pacts among Asian nations. More active US involvement in the Asian economy could also help Washington balance China's growing influence in the region, the authors argue.

Some problems could crop up. The existing P-4 deal on which the TPP talks are based does not include provisions on environment and labour – topics that Obama has vowed not to neglect in any new trade agreements. Moreover, the US will likely be asked to reduce barriers to imports of other countries' agricultural products – a shift that could be difficult to get past lawmakers on Capitol Hill.

Two more TPP negotiating sessions have been scheduled for this year, one in June and another in early December.

ICTSD reporting; "Talks begin on trans-Pacific trade agreement," AFP, 14 March 2010'; "'New generation' free-trade deal talks start today," NEW ZEALAND HERALD, 15 March 2010.

Countries Weigh Ban on Bluefin Tuna Trade

Momentum carrying the bluefin tuna towards an endangered species listing – and an effective trade ban – appears to be slowing as key countries align themselves with Japan, which strongly opposes such a prohibition.

Shortly before the start of the 15th Conference of the Parties (COP) of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) the EU surprised many with its announcement that it had reached a consensus and would vote for a ban at the Doha, Qatar meeting. The EU decision built on the momentum of an earlier US announcement that it would also push for an Appendix I listing for the fish. Species listed on Appendix I of CITES are considered to be "threatened with extinction," and are banned from trade among the 175 countries that are CITES members.

Shortly following the US announcement, Japan - the world's largest importer of bluefin - warned that it may not comply with CITES if the treaty blocks the country's access to the fish. The Associated Press now reports that Japan has managed to muster support for its decision in Doha from China and "several Arab countries." Those aligning themselves with Japan say the trade ban would be damaging to poor fishing nations and assert that the proposal is not backed by sound science. Some 80-90 per cent of the global bluefin tuna catch is exported to Japan, where it is sold as a premium dish in restaurants.

For years, conservationists have argued that the International Commission for the Conservation of Atlantic Tunas (ICCAT), the regulatory body responsible for bluefin tuna stocks, is incapable of adequately managing the industry.

"The regulatory mechanisms that have been relied upon have failed to do the job," said Tom Strickland, the US Interior Department's assistant secretary for fish and wildlife and parks. "We are literally at a moment where if we don't get this right, we could see this very, very special species really at risk for survival."

US, European support gives strong signal

Holding more than 50 per cent of the total bluefin catch quota, European countries along the Mediterranean play a major role in the industry. European maritime countries – such as Greece, Malta, France, and Spain – were initially opposed to adding bluefin to CITES Appendix I. However, France surprised many by agreeing to support the ban, but on the condition that it be delayed by 18 months.

Following France's move, the European Commission ratcheted up pressure on the outstanding member states by recommending that all EU countries back the ban with the French implementation condition. On 10 March, Brussels confirmed that the 27 EU member states would vote for an Appendix I listing for the fish.

But despite the positive momentum provided by the EU decision, critics say the Union's acceptance of France's 18-month delay is not in line with their stated concern.

"If the EU is serious about respecting scientific advice - as it claims - it should support an immediate closure of the bluefin tuna fishery as well as a ban in the international trade of bluefin tuna instead of imposing conditions and delays," said Raül Romeva, a European Green MEP.

France says the delay is needed to conduct scientific testing to confirm whether bluefin tuna stocks are at dangerously low levels, but green groups say the measure does not conform to CITES practices and is meant to appease local fishing communities as elections near.

"The best available data of barely four months ago already demonstrates as clear as day that stock levels are under 15 per cent of historical levels," said Sergi Tudela, head of the WWF Mediterranean's fisheries programme, referring to analyses published by the UN Food and Agriculture Organization and ICCAT itself.

The US had offered preliminary support for bringing bluefin tuna to CITES based on its assessment of ICCAT's adoption of adequate control measures. But despite reeling in catch quotas from 22,000 tonnes in 2009 to 13,500 tonnes for 2010 and decreasing the purse seiner fishing season by one month, the US has concluded that more needs to be done.

Appendix I uncertain

To be accepted, a proposal requires the backing of two thirds of the 175 CITES member countries. Some observers had speculated that Japan could try to muster support from smaller countries in exchange for generous foreign aid packages. But early support from China and the Middle East was unexpected.

Some countries, including Australia and Peru, have said they are in favour of a weakened proposal that would regulate trade in bluefin rather than ban it outright. It is unclear at this point whether such a proposal would have the fish placed on Appendix II of CITES, where trade is only permitted with an export permit and a certificate of origin. This proposal is expected on 18 March.

Whatever the official decision in Doha, Tokyo has signalled that it will register a 'reservation' on the ban - which in practical terms means that it could engage in trade with any other nation that also files a reservation.

Several other CITES proposals for species protection – including six shark species, red and pink coral, and polar bears – are being considered in Doha. However, discussions remain at an early stage. COP 15 will conclude on 25 March.

ICTSD reporting; "Japan leading charge against bluefin ban," ASSOCIATED PRESS, 17 March 2010; "U.S. Backs Proposed Trading Ban on

Bluefin Tuna," THE NEW YORK TIMES, 3 March 2010; "U.S. backs international trade ban on Atlantic bluefin tuna," THE WASHINGTON POST, 4 March 2010; "A Move to Save the Bluefin Tuna," TIME, 4 March 2010.

Implementation of EU FTAs with Colombia, Peru Could Progress Unevenly

New details have emerged about the trade deals that the EU initialled with Colombia and Peru last month. The pacts are set to be signed by heads of state at a summit in Madrid in May, but both agreements must still be approved by lawmakers. The deal with Colombia could stumble on this front, while the Peruvian pact appears to have sunnier prospects.

Several specifics of the negotiating texts have come to light since the talks closed in Brussels last month. In the case of Peru, 95 percent of the country's agricultural products and 99.3 percent of all Peruvian exports will enter the EU duty free once the trade deal takes effect, according to Peru's Ministry of Foreign Trade and Tourism (MINCETUR). In return, Peru will fully liberalise 80 percent of the industrial products that it imports from the EU; meanwhile, Colombia has promised to eliminate tariffs on 65 percent of the same products.

Colombia expects that the deal will increase its exports in sectors such as leather goods, textiles and garments, plastics, glassware and fishery products; 65 percent of the exports in those industries will have zero tariffs immediately. Sugar, meat, bananas, coffee, flowers, ethanol and bottled rum, among other products, will also gain new preferential access to the European market. For example, Colombia will be allowed to sell up to 50,000 tonnes of sugar in the EU annually, while the tariff for bananas will drop from 176 euros per tonne to 75 euros over ten years. Meanwhile, European tariffs on 99 percent of Colombian fish exports will be immediately eliminated.

For its part, the EU will get preferential treatment for a number of its exports to Colombia, including processed pork products, liquor, milk powder, cheese, cars, capital goods, intermediate goods and some inputs.

On intellectual property, Peru has offered to formally recognise a list of 200 European 'geographical indications' – place-based name protections for goods like Champagne and Parma ham. The European bloc recognised only four geographical indications for Peru: Pisco, Giant White Corn Cusco, Ica and Lima Bean Chulucanas.

The section on fisheries – which is of particular interest to Peru – dictates that the export quotas allocated to Peruvian fisheries will be reviewed every three years. Normally, fish caught in Peruvian territorial waters must be caught by a registered Peruvian fishing boat to qualify as Peruvian under fishing rules of origin, but MINCETUR reports that Peru will now get an exception to this condition of ownership for species in which the country has an export interest – mackerel, horse mackerel, squid and anchovies, both in canned and frozen form. This exception to the rules of origin will apply to fish caught outside 200 miles of the Peruvian coastline, contingent on the triennial periodical assessments.

What's left to do

Even with the bulk of the hard-fought negotiations behind them, Peru, Colombia and the EU could still hit a few bumps on the road ahead. Even after the agreement has been signed by heads of state, lawmakers in each country must still review and – hopefully – approve the deal.

The Colombian deal promises to generate heated debate among legislators. A number of critics have spoken out against the deal since it was signed, including several in the country's dairy sector who fear they would be undercut by European imports that benefit from hefty subsidies.

"We hope that the government will succeed in eliminating [the dairy section] of the agreement because, as it stands, it is not beneficial for the country," José Félix Lafaurie, the president of the Colombian National Cattlemen's Federation, told local media.

Representatives from other parts of Colombia's farm sector have also spoken out against the concessions made in agriculture, citing similar fears. Some observers say that this issue represents the greatest risk to the agreement's approval.

Another factor that is perhaps even more influential on the future of the EU-Colombia FTA is the subject of human rights in the South American country, a point that has already attracted the attention of some European non-governmental organisations.

If Colombia fails to find more support among members of the European Parliament, the treaty could languish indefinitely, much like the country's FTAs with the US and Canada. Those two deals have been finalised but have yet to win the approval of lawmakers in either North American country, thanks largely to concerns over Colombia's record on human rights and the rights of labour and trade unions.

The agreement between the EU and Peru, however, is expected to be less problematic; MINCETUR predicts that it could be ready for implementation by 2012.

ICTSD and CINPE reporting; translated and adapted from Puentes Quincenal, Vol. 7, No. 5; "Angustia de lecheros por el TLC con UE," DIARIO EL COLOMBIANO, 6 March 2010; "Cada tres años se revisarán cuotas de productos pesqueros que Perú exporte a la Unión Europea en marco del TLC," AGENCIA PERUANA DE NOTICIAS ANDINA, 5 March 2010; "En segundo semestre culminaría revisión legal de TLC Perú - Unión Europea, prevé Mincetur," AGENCIA PERUANA DE NOTICIAS ANDINA, 11 March 2010; "Llegó la hora de los nuevos negocios con Europa," EL PAÍS, 7 March 2010.

EU Sparks Controversy with Approval of GM Potato

In a departure from traditional policy, the EU has approved German chemical company BASF's genetically modified (GM) Amflora potato for industrial cultivation. The move has sparked controversy over the crop's antibiotic resistant properties, which critics say could impact antimicrobials – substances that help destroy or resist disease-causing microorganisms.

The decision to approve the GM crop for cultivation is the first in over a decade—the last being Monsanto's MON 810 insect-repellent corn in 1998. The move is pivotal on two accounts: not only does it represent a change in policy of the traditionally GM-resistant EU, it also marks a departure from the collective decision-making tendencies of the body by deferring specific decisions on whether to grow the GM products to member countries themselves.

The GM Amflora potatoes are intended for industrial purposes, with the modification allowing the tuber to produce significantly more starch when manufacturing products such as paper and textiles. Conventional potatoes produce two types of starch; the Amflora consists nearly entirely of the type ideal for technical applications, reducing by-product and waste and optimising the use of potatoes for starch. These starch potatoes, the kind specifically used for industrial purposes, are most commonly grown and processed in Germany, the Netherlands, France, Denmark, and Poland. Already, BASF intends to plant the crop in Germany and the Czech Republic, with Sweden and the Netherlands expected to begin cultivating the crop shortly after.

Safeguarding measures

Controversy over the approval of the Amflora potatoes centred on the use of an antibiotic-resistant gene that serves as a marker for the efficacy of the modifications.

A memo released by the European Commission states that the use of the Antibiotic Resistant Marker (ARM) gene in the potato received high scrutiny in the decision making process and assures European citizens that the EU will implement stringent regulations to ensure that the crop does not propagate or disperse the controversial gene into the environment. In 2007, the European Food Safety Authority (EFSA) acknowledged the importance of guaranteeing that the antibiotic-resistant crop does not interfere with the therapeutic properties of medicinal antibiotics. However, the body now says that the

ARM is safe and that it will have no harmful effect.

In addition to the decision regarding the cultivation of the Amflora potato, the European Commission also adopted decisions allowing the import and processing of three Monsanto types of GM maize for food and feed.

Reactions to the move

Some European manufacturers have claimed that the EU's hesitation to approve the cultivation of GM crops has hurt the competitiveness of European farmers and biotech companies, and compromised the bloc's long-term food security. Nevertheless, several member states continue to express significant concern over GM foods, despite scientific research that the modifications pose no health risk.

Marco Contiero, Greenpeace's EU Policy Director on Genetic Engineering, called the application of the ARM and admittance of the potato "problematic," adding that he finds it "shocking that one of the Commission's first official acts is to authorise a GM crop that puts the environment and public health at risk." Italy has threatened to rally other EU states against the measures, with the country's agriculture minister, Luca Zaia, heading the charge. In addition to the GM issue itself, Zaia has said that he believes the decision infringes on the sovereignty of EU member states.

The decision marks a commitment by EC President José Manuel Barroso to approach the GM question in the EU with what he calls sound science, rather than emotions. The EU decision comes in the wake of a string of national bans against the cultivation of MON 810 implemented last year despite safety reassurances from Brussels.

In the US, Dick Lugar, a senator and ranking member on the Senate Foreign Relations Committee, lauded the decision, saying that the approval of Amflora potatoes could be a first step toward more general EU acceptance of biotech products. The US has long been critical of the EU's anti-GM position, arguing that it is not in line with Europe's WTO commitments.

ICTSD reporting; "Brussels breaks ground with go-ahead for modified potato," FINANCIAL TIMES, 3 March 2010; "EU Approves First Modified Crop for Planting in 12 Years," THE NEW YORK TIMES, 2 March 2010, "EU Clears Biotech Potato for Cultivation," THE NEW YORK TIMES, 2 March 2010; "EU Commission under fire over GM Potato," THE PARLIAMENT.COM, 9 March 2010; "European Commission okays GM Potatoes," FRANCE 24, 03 March 2010; "GM potato Cleared for EU Farming," BBC NEWS, 2 March 2010; "Is the EU finall embracing GM crops?" REUTERS, 2 March 2010.

IN BRIEF

EU Parliament Criticises Secrecy of ACTA Negotiations in Landslide Vote

In a 633 to 13 vote, with 16 abstentions, the European Parliament approved on 10 March a non-binding resolution that expresses concern over the European Commission's handling of ongoing negotiations toward a multi-state deal to clamp down on violations of intellectual property rights.

The resolution found fault with the Commission over several negotiating points that have been spelled out in documents leaked by officials involved in the talks toward an ACTA. The document also calls on the Commission and the Council to grant public and parliamentary access to ACTA negotiating texts. The ACTA talks have been shrouded under a veil of secrecy due to "an agreement amongst ACTA parties that the negotiating text can only be made public if all parties agree.

The issue of transparency was a major point of contention for the parliamentarians. The resolution went so far as to indicate that the Parliament reserves the "right to take suitable action, including bringing a case before the European Court of Justice" if the European Parliament were not "immediately and fully informed at all stages of the negotiations."

The document also "deplores" the fact that the parties involved in the talks chose to work outside well-established international bodies, such as the World Intellectual Property Organization and the WTO, which have established frameworks for public information and consultation.

The resolution also emphasised that ACTA should not make it possible for any so-called "three-strikes" measures to be imposed through an ACTA deal.

Such a measure, also known as a "graduated response policy," would allow Internet Service Providers to suspend Internet access to subscribers suspected of conducting a certain number of illegal downloads. In some cases, internet access could be denied without the involvement of any court system.

Karel De Gucht, European Commissioner for Trade, was given the opportunity address the Parliament on the day before the vote. Facing tough questions by lawmakers, De Gucht was forced to defend not only the secrecy of the ACTA negotiations but also to quell the fears of parliamentarians about leaked documents and provisions. De Gucht spoke specifically to several of the Parliament's concerns, including transparency. The trade commissioner contended that it is not unusual for negotiations to be confidential to allow "each party to feel comfortable to make concessions and/or to try options before finally settling for an agreement."

Additionally, De Gucht argued that the Commission is doing its utmost keep Parliament informed. He added, however, that he wished the negotiations could be more transparent but that this would require the approval of the other negotiating parties.

De Gucht adamantly denied allegations of the inclusion of a three strikes policy, stating: "The EU does not support and will not accept that ACTA creates an obligation to disconnect people from the Internet because of illegal downloads." Finally, he reassured Parliament that "there will be no harmonisation or changes to EU legislation through the back door."

One day after the resolution passed in the European Parliament, US President Barack Obama reaffirmed Washington's stance on "moving forward on new agreements, including the proposed Anti-Counterfeiting Trade Agreement."

According to leaked reports, the next meeting of ACTA negotiators will occur 12 April to 16 April 2010 in Wellington, New Zealand.

ICTSD reporting.

Study Claims 'Outsourcing' of Rich Country CO2 Emissions

Over one third of carbon dioxide (CO_2) emissions associated with the consumption of goods and services in many European countries are produced offshore, according to a new study by two researchers from the Carnegie Institution for Science.

The authors argue that 'international carbon leakage' would be better measured by adding up the amount of CO_2 released during the worldwide production of goods and services that each country consumes rather than by totalling the CO_2 emissions released during the production that occurs inside each country's borders,. Traditional production-based national emissions accounting hides a substantial amount of CO_2 that is 'traded' internationally, they say.

Worldwide, 23 percent of all CO_2 emissions are produced in one country and consumed in another, the study found.

"Just like the electricity that you use in your home probably causes CO_2 emissions at a coal-burning power plant somewhere else, we found that the products imported by the developed countries of Western Europe, Japan, and the United States cause substantial emissions in other countries, especially China," said Stephen Davis, lead author of the study. "On the flip side, nearly a quarter of the emissions produced in China are ultimately exported."

Davis and his co-author Ken Caldeira used industry-specific trade data from 2004 on trade flows between 113 countries and regions to create their 'consumption-based accounting' of CO_2 emissions. Their methods are detailed in a press release from the Carnegie Institution.

The researchers found that China is easily the world's largest net 'exporter' of emissions with 1,430,000 kilotonnes of CO_2 embodied in its exports. Russia is next largest with 389,000 kilotonnes, followed by the Middle East, South Africa, Ukraine and India.

The primary net 'importer' of CO_2 emissions is the US, by far. It imports 1,220,000 kilotonnes, while the next largest importer is Japan, with 468,000 kilotonnes. The United Kingdom, Germany, France and Italy round out the top six.

Davis and Caldeira also look at CO_2 imports and exports in per capita terms. They conclude that "net imports of emissions to the United States, Japan and countries in Western Europe are disproportionately large, with each individual consumer associated with 2.4-10.3 tonnes of CO_2 emitted elsewhere."

Luxembourg, Hong Kong, Singapore, Iceland and Liechtenstein top the list of highest per capita consumers of net CO_2 imports. According to the study, "individual consumers in the most affluent and least populous countries of Western Europe...are importing the same mass of emissions as are exported by 5-10 people in China."

Hong Kong, Singapore, and eight Western European countries comprise the top ten net importers of emissions on a per capita basis, but the US surpasses every other country in total consumption emissions at 22.0 tonnes. The US is the world's largest producer as well as consumer of CO_2 emissions.

The net effect is an export of emissions from China and other emerging economies to the developed nations of the US, Japan and in Western Europe. Davis and Caldeira write that "the prosperity of developed countries was not only founded on two centuries of fossil fuel emissions, but also in some cases is now being maintained by emissions produced in developing countries...Consumption-based accounting of emissions provides grounding for ethical arguments that the most developed countries – as the primary beneficiaries of emissions and with greater ability to pay – should lead the global mitigation effort."

A graphic depicting the 'trade flow' of carbon emissions between the ten largest net importers and exporters can be viewed here.

ICTSD reporting.

MEPs Inch toward Country-of-Origin Labelling Requirements for Food

The European Union moved one step closer to country-of-origin food labelling after a vote in the European Parliament's Environment and Consumer Protection Committee on Tuesday.

The committee members approved a report requiring clear country of origin labelling on meat, poultry, dairy, fresh fruit and vegetables and other single-ingredient foods. The committee also voted to require the labelling on processed foods that use meat, poultry and fish as ingredients.

The vote was part of a larger discussion that concluded on 16 March after 18 months of debate on the subject of clearer, more informative food labels. After nearly 800 amendments, the report passed, concluding that food labels ought to provide information on energy content and nutritional value, and that they must be easy to understand and not misleading in order to help consumers make more informed dietary regulations.

However, the committee rejected a segment of the report that proposed a universal EU 'traffic light' system for nutritional information. MEPs were in agreement that the regulation should give only general guidelines on the display of such data and that it should allow EU member states to maintain their own labelling systems, assuming that they are in line with the new requirement.

The UK-based National Farmers Union celebrated the new ruling after its "sustained lobbying" of Brussels, but NFU deputy president Meurig Raymond said that there were still more battles to fight. "There is still a long way to go, and I'm sure the change to labelling rules will be challenged strongly by others in the EU," he commented.

The NFU intends to keep pushing the issue in the European Parliament. "It is clear the current guidelines aren't working, so it's essential that we try and keep country of origin labelling high on the agenda," said Mike Thomas, a spokesman for the NFU.

"People buying meat and dairy products want to know where the animal was reared so they know exactly what they are getting," Thomas said. "We believe there is no reason why mandatory country of origin labelling should not be extended to the remaining sectors as well as to the main ingredients of semi-processed foods."

On Tuesday at a hearing of a High Level Expert Group on the EU's dairy sector, leaders of the EU farming industry also called for clearer EU marketing, labelling and quality standards.

"EU dairy farmers have to comply with some of the highest requirements in the world...By clearly distinguishing their products in the marketplace, they can reap the benefits of these stringent requirements," said Pekka Pesonen, Secretary General of Copa-Cogeca in a press release. He described any EU measures to promote EU dairy products on both the EU and world markets as "vital."

The committee's labelling proposal will be put to a vote before the entire European Parliament in late May and if passed will then go on to the Council of the EU before it returns to the European Parliament for a second round of debate.

ICTSD reporting; "Country of Origin Labelling a Step Closer," FARMERS GUARDIAN, 17 March 2010; "EU Food Labels Should Be Easier to Understand, Give More Information – MEPs," THE SOFIA ECHO, 17 March 2010.

WTO IN BRIEF

Farm Subsidies: Exporters Quiz EU

EU agriculture policies came under scrutiny last week at the year's first meeting of the WTO's regular committee on agriculture. Exporting countries quizzed the EU on its subsidy spending at the 10 March gathering, including on new data on farm support recently released by the trade bloc.

Australia questioned the methods used by the EU to revise its export subsidy commitments to factor in the addition of new members, on the basis that this could lead to weaker commitments from the bloc. Successive enlargements have seen the EU grow from 15 to 27 member states since 1995; however, the WTO membership has yet to approve a new schedule of tariff and subsidy commitments for the growing bloc.

in response, the EU argued that revised commitments for export subsidies should not be calculated by simply adding the previous levels to those of its new members, since trade with many of the new states should now be classified as within the Union.

Australia, Brazil, and Thailand — three of the world's main sugar exporters — objected to the EU's recent decision to export an additional 500,000 tonnes of "out of quota" sugar, which they believe are above quota limits established by the WTO. The three states, which are involved in disputes with the EU brought to the WTO (cases DS265, DS266, and DS283), had recently condemned the EU moves, which they believe have depressed world prices. The EU maintains that the sugar is not subsidised and that the additional exports are temporary.

Australia and Canada also posed questions about how spending by the EU met the WTO's criteria for green box subsidies – support that is exempt from an overall ceiling or any cuts because, ostensibly, it does not result in more than minimal trade distortion.

Australia also queried why a number of countries are substantially behind in officially notifying their subsidy spending to the WTO, and noted in particular delays by Venezuela, Egypt, Korea, Turkey and China. Of the 153 member states, 81 countries have yet to provide data for 2004 or earlier. Australia urged members to keep this data current, inquiring about the reasons for backlogs of up to eight years for some states.

The next meeting of the regular committee on agriculture is scheduled for 23 September.

ICTSD reporting; "WTO members behind in providing farm subsidy data," REUTERS, 10 March 2010.

EVENTS & RESOURCES

Events

Coming up this week

18 March, London, UK. GLOBAL FINANCIAL SERVICES: THE IMPACT OF REGULATION ON COMPETITIVENESS. As the global financial crisis shows early signs of receding, this is a key moment to ask what will be the likely future shape and structure of financial services firms. If moves to regulate the industry more tightly are successful, what impact will this have on financial firms' ability to do business? At this event sponsored by Chatham House, policymakers and financial services industry leaders from the major economies will discuss the role, structure and regulation of the financial services industry, and which forums, mechanisms and institutions will be effective in restoring confidence in its activities. For more information, please see http://www.chathamhouse.org.uk/gfs/.

22-23 March, Geneva, Switzerland. GLOBAL COMMODITIES FORUM. With the present uncertainty about the path of the development of the world economy and the future direction of commodities markets, governments, commodities companies and employees in the commodities sector are concerned about their future economic prospects. Against this background and pursuant to UNCTAD XII decisions, the UNCTAD Secretariat is launching the Global Commodities Forum (GCF) to discuss the key issues of the commodity economy, including commodity trade finance and logistics, and their role in international trade and development. Issues on the agenda include natural resources focus, policy challenges and outlook for energy, legal and regulatory challenges and sustainable development. For more information, please visit http://www.globalcommoditiesforum.org/index.html.

23 March, Geneva, Switzerland. UNECE/FAO WORKSHOP ON EMERGING TRADE MEASURES IN TIMBER MARKETS. Led by expert presentations, workshop participants will discuss the economic impacts of trade and trade-related measures on timber markets, taking into account the role of trade in timber markets and the link between trade liberalisation and key challenges facing the forest-based sector. The programme will allow ample time for discussion and frank exchanges of views, aiming at a broader appreciation of the situation. For more information, please see http://timber.unece.org/index.php?id=270.

23-24 March, New York City, US. HIGH-LEVEL DIALOGUE ON FINANCING FOR DEVELOPMENT. This year's dialogue, which will be held at UN headquarters, will focus on the theme "The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead." The first day of the Dialogue will consist of plenary meetings chaired by the President of the General Assembly, and the second day will be devoted to three interactive multi-stakeholder round tables followed by an informal interactive dialogue with the participation of all relevant stakeholders. The dialogue will result in a summary by the President of the General Assembly. For more information please see http://www.un.org/esa/ffd/hld/HLD2010/index.htm.

WTO Events

An updated list of forthcoming WTO meetings is posted at http://www.wto.org/meets_public/meets_e.pdf. 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.

17 - 18 March: Committee on Sanitary and Phytosanitary Measures

17 March: Workshop on Aid for Trade and Agriculture

17 March: Committee on Trade and Development – Session on Aid for Trade

19 March: Committee on Trade and Development – Special Session

19 March: Dispute Settlement Body

19 March: Working Group on Standards and Trade Development Facility

22 March: Committee on Balance-of-Payments Restrictions

23 March: Council for Trade in Goods

24 + 26 March: Trade Policy Review Body – Croatia

24 – 25 March: Committee on Technical Barriers to Trade

Other upcoming events

26-28 March, Brussels, Belgium. BRUSSELS FORUM 2010. Brussels Forum is an annual high-level meeting of the most influential North American and European political, corporate, and intellectual leaders to address pressing challenges currently facing both sides of the Atlantic. The Brussels Forum agenda reflects the growing diversity of issues at the core of the transatlantic relationship, as well as the increasing geographic reach of transatlantic cooperation. It includes discussion sessions on broad themes, such as the global financial crisis, Russia, Afghanistan, and NATO at 60. Breakout sessions held under the Chatham House Rule explore challenges like Asia, the Middle East, and climate change. Keynote addresses by senior officials punctuate a gathering heavily tilted toward intimate exchange of dialogue among panellists and participants. For more information, please see http://www.gmfus.org/brusselsforum/2009/agenda2010.html.

30-31 March, New Delhi, India. TRADE AND CLIMATE CHANGE IN EMERGING ECONOMIES: THE COMPETITIVENESS, TECHNOLOGY, AND INTELLECTUAL PROPERTY RIGHTS DIMENSIONS. The objectives of the dialogue, which is hosted by ICTSD and the Research and Information System for Developing Countries (RIS), are to explore issues at the interface of trade and climate change that are of concern and interest to the emerging economies; to identify a positive agenda to help developing countries engage in the climate change negotiations in light of developments at Copenhagen; and to provide a platform for interaction among key players in a non-negotiating setting. Thematic subjects for the day will be competitiveness and border measures, technology transfer and intellectual property rights issues and the diffusion of environmental goods and services. Presentations on these subjects will be followed by open discussions. For more information, please email Mahesh Sugathan at smahesh@ictsd.ch.

13 April, Washington DC, US. THE 2010 CONGRESSIONAL TRADE AGENDA. At this annual event hosted by the Washington International Trade Association, prominent US Congressional trade leaders will share their views on trade issues. This is an off-the-record discussion of the trade issues which Congress may address in the upcoming year. Speakers will include Viji Rangaswami, Staff Director, Trade Subcommittee (Majority), House Ways and Means Committee; Angela Ellard, Chief Trade Counsel (Republican), House Ways and Means Committee; Amber Cottle, International Trade Counsel (Majority), Senate Finance Committee; and Stephen Schaefer, Chief International Trade Counsel (Republican), Senate Finance Committee. For further information, please visit http://www.wita.org/ht/display/EventDetails/i/41264/pid/317 or contact: tel.: +1 202 312 1600 or email: events@wita.org.

21-23 April, Seoul, South Korea. GLOBAL SUMMIT: POWERING GROWTH FOR THE GLOBAL GREEN ECONOMY. The Business for Environment Global Summit (B4E) will address resource efficiency, renewable energies, new business models and climate policy and strategies. At the meeting, CEOs and senior executives join leaders from government, international agencies, NGOs and media to discuss environmental issues, forge partnerships and explore innovative solutions for a greener future. For more information, please contact Michelle Ko: tel: +65 6534 8683 +65 6534 8683 ; fax: +65 6534 8690; email: michelle.ko@globalinitiatives.com or visit: http://www.b4esummit.com/?page_id=106.

26 April, New York City, US. GLOBAL FINANCIAL FORUM: BUILDING A NEW FINANCIAL ORDER. Hosted by Chatham House, BritishAmerican Business and the Foreign Policy Association, this forum examines what is necessary to create a new, more stable global financial order. This conference will examine the impact of the proposed regulatory measures on the financial markets, consider the outlook for the global economy, discuss if new financial regulatory rules will contain excessive risk-taking, and debate the extent to which it is possible to prevent future financial crises. The conference will take place in three sessions: Rebalancing the Global Economy, Restructuring the Financial Sector, and Restoring Financial Stability. For more information, please see http://www.chathamhouse.org.uk/NY2010/ or contact Chatham House at: email conferences@chathamhouse.org.uk; tel. +44 (0)20 7957 5753; or fax +44 (0)20 7321 2045.

Resources

THE NEW ECONOMICS: A BIGGER PICTURE. By David Boyle and Andrew Simms. Earthscan, 2009. The authors argue that economics sometimes seems to be stacked against social, environmental and individual well-being, but that it does not have to be like this. Rather, they write about a new approach to economics – deriving as much from Ruskin and Schumacher as from Keynes or Smith – which is beginning to emerge. Sceptical about money as a measure of success, this 'new economics' questions assumptions about wealth and poverty. It measures wealth by increased well-being and environmental sustainability rather than only possession and consumption. An accessible and straightforward guide to the new economics, it describes the problems and contradictions of 'conventional economics' as well as the principles of the emerging new economics, and it tells real-world stories of how new economics is being successfully put into practice around the world. For more information or to purchase the book, please visit: http://www.earthscan.co.uk/?tabid=74731.

CLIMATE CHANGE MITIGATION POLICIES IN SELECTED OECD COUNTRIES: TRADE AND DEVELOPMENT IMPLICATIONS FOR DEVELOPING COUNTRIES. By Diarmuid Torney and Moustapha Kamal Gueye. ICTSD, December 2009. Activity to date in the attempt to reduce greenhouse gas emissions has been patchy and slow, and many governments are failing to live up to past commitments. Nonetheless, policies to mitigate climate change are becoming increasingly widespread and progressively more demanding, especially among countries of the Organisation for Economic Co-operation and Development (OECD). Many developing country trade policy-makers and negotiators remain on the fringe of the climate change debate. This issue paper seeks to provide trade negotiators and policy-makers with an overview of the current state of play of domestic climate change measures being implemented or considered in selected OECD countries – Australia, Canada, the EU, Japan, and the US – that may have trade and development implications for developing countries. This paper focuses on five key issues as they relate to the trade and development concerns of developing countries: border measures, renewables, standards and labels, fiscal stimulus packages and Kyoto Protocol measures. This publication can be accessed at: http://ictsd.org/i/publications/65467/.

ASSESSING THE FINANCIAL VULNERABILITY TO CLIMATE-RELATED NATURAL HAZARDS. By Reinhard Mechler, Stefan Hochrainer, Georg Pflug, Alexander

Lotsch and Keith Williges. World Bank, March 2010. National governments are key actors in managing the impacts of extreme weather events, yet many highly exposed developing countries have been unable to raise sufficient and timely capital to replace or repair damaged infrastructure and restore livelihoods after major disasters, hampering development and exacerbating poverty. Based on the past 30 years, this working paper finds many developing countries, in particular small island states, to be highly financially vulnerable and experiencing a 'resource gap' where net disaster losses exceed all available financing. This has three main implications. First, efforts to reduce risk need to be ramped-up to lessen the serious human and financial burdens. Second, there is a case for country risk aversion – calamity funds, regional insurance pools, contingent credit arrangements – implying that disaster risks faced by some governments cannot be absorbed without major difficulty. Third, financially vulnerable countries are unlikely to be able to implement pre-disaster risk financing instruments themselves and require technical and financial assistance from the donor community. This publication can be viewed at: http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000158349_20100303092429&searchMenuPK=64187283&theSitePK=523679.