



ICTSD

INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

BRIDGES

Weekly Trade News Digest

4 June 2002

Volume 6, Number 21

BRIDGES Weekly Trade News Digest is also available online and is updated every week. To subscribe to **BRIDGES Weekly Trade News Digest**, please contact Hugo Cameron, Editor, by email at: hcameron@ictsd.ch, or by telephone at: (41-22) 917-8336.

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TRADE DIFFERENCES DOG WSSD PREPCOMM

Note To Subscribers

Due to a technical error, an earlier version of this article was mistakenly sent to some subscribers on 4 June. Please refer to this following story as the most recent update on the WSSD. We apologise for the error.

Issues related to trade and finance, including the relationship between multilateral environmental agreements (MEAs) and WTO rules, continue to deeply divide countries at the fourth and last official preparatory meeting (PrepCom IV, 27 May - 7 June, Bali, Indonesia) for the forthcoming World Summit on Sustainable Development (WSSD, 26 August - 1 September). Fundamental differences are also emerging around the purpose of WSSD and its relationship to the Fourth WTO Ministerial Conference in Doha (November 2001) and the International Conference on Financing for Development in Monterrey (March 2002). With the high-level segment set to begin on 5 June, it now lies in the hands of Ministers whether and how the World Summit can complement and/or go beyond Doha and Monterrey.

Painfully slow progress in Bali

PrepCom Chair Emil Salim issued a text on Sunday (2 June) combining all ten sections of his previous Chair's paper into a Draft Plan of Implementation for the WSSD, including brackets for text not yet agreed-upon. While trade-related references are spread throughout the document, most attention has focused on provisions related to trade and finance in section IX (Implementation), and on the relationship between MEAs and WTO rules, addressed in section X on an 'Institutional Framework for Sustainable Development'.

Informal negotiations on trade and finance issues at WSSD continued on Tuesday night (4 June) among selected delegations, reportedly including the US, EU, G-77 and Japan. Several of the smaller delegations, including Norway and Switzerland, which were turned away from the meeting, expressed concern with the process and stated that they would reject any text if it was agreed upon in this "green room" style setting. As BRIDGES Weekly went to press, negotiations had still not been completed in the working group on an 'Institutional Framework'.

Meanwhile, delegates are putting together possible elements of a political declaration and will continue discussions on draft guidelines for partnerships. A large majority of the trade-related provisions in the text remain bracketed, with little movement on either side of the debate, which is split broadly along North-South lines. As one trade source speculated, the EU and the US are likely to still be awaiting the outcomes of the work on 'good governance', with compromises on trade provisions far more likely with a strong text on governance, including national-level commitments by developing countries. It

was unlikely, however, the source added, that all brackets could be resolved before the World Summit.

Disagreement over 'added value' of WSSD underlies trade discussion

On trade-related areas, the US and Australia, and to a lesser extent Canada and Japan, have again proven most reluctant to go beyond what was agreed in the Doha Declaration and the Monterrey Consensus on Financing for Development, restricting themselves to references to the relevant paragraphs of the two documents, arguing that they represent a sensitive balance that should not be upset by reopening the agreements. The US and Japan furthermore cautioned against prejudging the outcomes of the WTO negotiations launched at Doha, scheduled to conclude by 1 January 2005. In addition, the US repeatedly emphasised the need for national-level action and commitments by developing countries. According to one US delegate, the US believes that WSSD should focus on environmental protection, thereby providing the third pillar of sustainable development in addition to poverty reduction and sustained economic growth, which were addressed by Monterrey and Doha.

Describing the trade and finance provisions in the Implementation section as "possibly the most important chapter in the whole document", the G-77 group of developing countries strongly resisted extensive references to the Doha and Monterrey paragraphs, which they said was making the text look like a "banking agreement". Instead, more "productive, ingenious and legitimate" language was needed to ensure that WSSD would "build on" Doha and Monterrey in an effort to achieve the political objective of sustainable development. The G-77, however, also resisted the inclusion of environmental language that might add new obligations for developing countries or that could be used by industrialised countries to justify protectionist measures, arguing that the trade and finance provisions referred to the economic pillar of sustainable development and should aim to support economic growth.

In the course of the negotiations, the EU repeatedly pointed out the need for action-oriented, sustainable development-related language, arguing that the added value of WSSD should be to bring a sustainable development perspective into trade and finance issues by building on the outcomes of Doha and Monterrey "as part of a process of achieving sustainable development". Nevertheless, with regard to commitments made at Doha, the EU preferred to cite Doha language, arguing that the Declaration was a "complete package" with an "internal equilibrium". Also, while advocating a "minimalistic approach" to changing the proposed text, the EU again introduced the highly contentious issue of core labour standards in the context of trade despite a request by the chair of the contact group to avoid such references, leading some to suggest that this move should be seen as part of the EU's broader negotiating strategy.

Amongst the key negotiating countries, Norway proved to be most constructive and progressive, repeatedly stressing the need to go beyond Doha and Monterrey by including follow-up initiatives. Efforts were also made by Switzerland to help find compromises between the increasingly polarised positions of the US and G-77.

The meaning of coherence

In the context of section X on an 'Institutional Framework' (formerly 'Sustainable Development Governance'), significant differences were apparent during negotiations on the relationship between WTO rules and MEAs. This is one of the key issues repeatedly raised by civil society groups, which have called on governments to reaffirm the relative jurisdictions of MEAs and the WTO. Discussions focused primarily on the term "coherence", proposed by the EU and supported by the US. The G-77 strongly opposed this term, fearing that it might open the door to bringing this issue into the WTO beyond the mandate agreed at Doha to negotiate on the relationship between existing WTO rules and specific trade obligations set out in MEAs.

Instead, the G-77 proposed language calling for building the capacity of developing countries to effectively participate in trade negotiations. As one source speculated, countries are most likely to agree on the concept of "mutual supportiveness" -- subsequently put forward by the EU in response to developing country concerns -- which had also been included in the Doha Declaration. One observer stressed the importance of this section of the text, noting that it could become the most important trade-related outcome of WSSD given that the trade and finance discussions in the Implementation section are unlikely to go beyond the previously agreed texts.

Civil society frustrated with excessive trade focus

Non-governmental organisations (NGOs) have expressed growing frustration with the intransigent position of the US in the trade and finance negotiations. They strongly criticised the text discussed in the contact group as a "trade document" that lacked sustainable development elements. In particular, WWF, Friends of the Earth and Oxfam attacked the EU for what they called a "remarkable U-turn" with regard to subsidies, contrasting a previous commitment made at the WSSD preparatory meeting of the UN Economic Council for Europe in September 2001 to the "removal" of trade-distorting and environmentally harmful subsidies, while now restricting themselves to "encourage reform of subsidies that have considerable negative effects on the environment". The three environmental NGOs furthermore urged governments to recognise in the text that trade liberalisation cannot be presumed to automatically lead to sustainable development and has in fact already led to negative impacts on the environment and poverty alleviation.

While one financial expert asserted that the current trade and finance provisions were largely restricted to development, they cautioned that trying to renegotiate Doha and Monterrey was a lost cause, and that delegates should rather focus their efforts on environmental issues as the added value of WSSD. One environmental source, however, questioned the point of WSSD if it did not go beyond Doha and Monterrey, suggesting that the World Summit could complement the other two processes by providing guiding principles for and conducting an environmental assessment of the WTO negotiations. The source further said that WSSD could help enhance the coherence between economic and environmental governance, in particular between WTO rules and multilateral environmental agreements (MEAs), and assist in defining in more detail the type of

technical assistance and capacity building needed to ensure that trade policies become supportive of sustainable development.

Regarding the political declaration of the Summit, WWF called on delegates to make a clear statement that trade measures taken pursuant to MEAs should be presumed consistent with WTO rules unless there was overwhelming evidence that their application involved arbitrary and unjustifiable discrimination, and to strengthen the dispute settlement, compliance and enforcement mechanisms in MEAs. WWF also stressed the need for governments to assert that "global economic liberalisation" was a "process driven and controlled by national governments" which governments must use, alongside other policy instruments, "to deliver greater social and environmental well-being".

Still to come....

The World Summit will take place on 26 August - 4 September in Johannesburg, South Africa. According to press sources, a pre-summit meeting in Brazil is currently scheduled for the end of June, reportedly involving Sweden, Brazil and South Africa. Heads of State attending the meeting are expected to issue a communiqué designed to encourage their peers to join them in Johannesburg.

Documents of the meeting are available at <http://www.johannesburgsummit.org> and <http://baliprepcom.org>. For daily coverage see IISD Linkages at <http://www.iisd.ca/2002/pc4/>. Civil society coverage of the meeting: "Eco-equity" and "Taking Issue", <http://www.sdissues.net/SDIN>.

ENB, Vol. 22 No. 31-37, 28 May - 4 June 2002; "NGOs Petition Annan To Intervene At Bali," UN WIRE, 31 May; ICTSD Internal Files.

SERVICES: STILL NO BREAKTHROUGH ON AUTONOMOUS LIBERALISATION

At an informal special session of the Council for Trade in Services (CTS) on 29 May, delegates failed for the second time to agree on a Chair's text on modalities for so-called autonomous liberalisation credits. The existing draft Chair's text outlines possible elements for setting up a credit system for Members who unilaterally open up their service sectors outside of the WTO negotiations context. Regarding Services subsidiary body developments, the Working Party on GATS Rules (WPGR) met on 3 June to address the question of how to include an emergency safeguard mechanism (ESM) into the General Agreement on Trade in Services. In addition, the Working Party of Domestic Regulation met on 4 June to discuss the development of disciplines under the mandate of Article VI:4 of the GATS.

Credits for both developing and developed countries?

In the ongoing debate on autonomous liberalisation (see BRIDGES Weekly, 26 March 2002, <http://www.ictsd.org/weekly/02-03-26/story2.htm>), the key issue whether all trading partners or only developing country Members should be eligible for credit remained unresolved. According to many Members, autonomous liberalisation has mostly been undertaken by developing countries under International Monetary Fund (IMF) and World Bank programmes. Some developing country Members take the view that it would contravene the idea of granting credit if, for example, industrialised countries would be awarded for unilaterally liberalising their financial services sector. The Chair's draft text [JOB (02)/35/Rev.1] as it stands does not differentiate between both country groupings. However, a group of 25 developing countries said in their comment to the Chair's paper that at least "special consideration" should be given to developing countries' unilateral liberalisation measures in the request/offer phase.

According to sources, another point contested by mainly developed countries and developing country Members such as India is the question of whether credit should only be given in the areas of services, or in other sectors such as in goods as well. Furthermore, according to trade sources, certain acceding Members would also like to be eligible for credit, with several delegations, including the EC, disagreeing to this as they consider an accession process tantamount to a negotiation. Credit, they argue, could only be granted for autonomous liberalisation "since previous negotiations" as provided for in the Guidelines as well as in GATS Article XIX:3.

Members convened for the informal CTS meeting on autonomous liberalisation to address the issue prior to the formal CTS special session to be held from 5-7 June. In the course of last March's services cluster, Members agreed to request the CTS Chair, Chile's Ambassador Jara, to draft a negotiating text on possible elements for establishing such a credit system (see BRIDGES Weekly, 26 March 2002, <http://www.ictsd.org/weekly/02-03-26/story2.htm>). His first version (JOB (02)/35) had already been partly rejected in the consultative process with Members since the March CTS negotiating session. Sources indicated that the Chair will not issue a second revision of JOB(02)/35/Rev.1 in the near future. Although 'autonomous liberalisation' is an agenda point for the 5-7 June formal special session of the CTS, sources do not expect a resumption of the debate around the issue during this services week.

Paragraph 13 of the GATS Negotiating Guidelines and Procedures provides that "based on multilaterally agreed criteria, account shall be taken and credit shall be given in the negotiations for autonomous liberalisation undertaken by Members since previous negotiations." In general, discussions so far have concentrated on the issue of which measures could be eligible for credit, with Members principally agreeing that both sectoral and horizontal measures should be considered. Additionally, according the WTO Secretariat, Members seem to agree that only MFN-based liberalisation -- i.e. commitments made vis-à-vis all trading partners -- would be eligible for credit.

Subsidiary bodies

The working Party on GATS Rules met on 3 June to discuss, inter alia, two papers on an emergency safeguard mechanism (EMS) -- one by the EC (S/WPGR/W/38, searchable at http://docsonline.wto.org/gen_search.asp) and an informal submission by Australia. As Members were not able to touch on all targeted issues, they decided to reconvene on the afternoon of 4 June. Just recently, on 15 March this year, WTO Members agreed to prolong the deadline for completing negotiations on an ESM, which expired on that very date, to 15 March 2004 (see BRIDGES Weekly, 19 March 2002, <http://www.ictsd.org/weekly/02-03-19/story1.htm>).

BRIDGES will report further on the WTO services week in its forthcoming issue.

ICTSD Internal Files.

WTO DISPUTE SETTLEMENT: SARDINES PANEL SIDES WITH PERU

In the first ruling to be decided under the WTO's Agreement on Technical Barriers to Trade (TBT), on 29 May a dispute settlement panel decided in favour of Peru over the EC regarding a European ban on the import of Peruvian canned sardines. Also, on 3 May the WTO Dispute Settlement Body agreed to set up a panel to rule on the EC's complaint on US steel safeguards.

Sardines

According to trade sources, the dispute settlement panel report (European Communities - Trade Description of Sardines WT/DS231/R) vindicates Peru in its contention that the EU ban was in violation of global trade rules. The dispute arose when the EC prohibited the use of the term "Peruvian sardines" on tins containing sardine-like fish species caught off the Peruvian coast. In early 2001, Peru requested consultations with the European Communities following the passage of EC Council Regulation (EEC No. 2136/89) that purported to lay down common market standards for trade in preserved sardines. Peru contended that the Regulation was inconsistent with Articles 2 and 12 of the Technical Barriers to Trade Agreement, Article XI: 1 of the GATT 1994 and the principle of non-discrimination under Articles I and III of the GATT 1994. Peru requested the establishment of a panel to examine the WTO consistency of the EC Regulation on 2 June 2001. The panel was established on 24 July 2001.

At issue were the trade descriptions of two small fish species - *Sardina pilchardus* and *Sardinops sagax*. *Sardina pilchardus* is found mainly around the coasts of the Eastern North Atlantic, in the Mediterranean Sea and in the Black Sea, while *Sardinops sagax* is found mainly in the Eastern Pacific along the coasts of Peru and Chile. Both parties in

this dispute were in agreement that while both species displayed some differences, they also were significantly similar in their biological characteristics and habits. Both fish are used in the preparation of preserved and canned fish products. Article 2 of the EC Regulation provides, *inter alia*, that only products prepared from *Sardina pilchardus* may be marketed as preserved sardines. In other words, only products of this species may have the word "sardines" as part of the name on the container.

In its findings, the panel referred to Codex Stan 94 Article 2.1, which provides that canned sardines or sardine-type products are prepared >from fresh or frozen fish from a list of 21 species, including *Sardina pilchardus* and *Sardina sagax*. Article 6 of Codex Stan 94 sets forth specific labelling provisions for these products. The panel found that this standard was not used as a basis for the EC Regulation and that the standard was not "ineffective or inappropriate" to fulfil the "legitimate objectives" pursued by the EC Regulation. It subsequently found that the EC Regulation was inconsistent with Article 2.4 of the TBT Agreement. In its report, the panel stated that "Article 2.4 of the TBT Agreement imposes an ongoing obligation on Members to reassess their existing technical regulations in light of the adoption of new international standards or the revision of existing international standards."

The EC has not yet stated whether it intends on appealing the ruling. If it does not, following the adoption of the ruling by the DSB, it will be required to either rescind or modify its measure to bring it into conformity with the WTO Agreements or provide appropriate compensation.

Update on Steel and Apples Disputes

On 3 June, a special DSB session was held in follow-up to four panel requests made at the last DSB meeting on 22 May (see *BRIDGES Weekly*, 28 May 2002, <http://www.ictsd.org/weekly/02-05-28/story3.htm>). The first item on the meeting's agenda was a second request by the EC for a dispute panel against US over American steel safeguards imposed in March. Being a second request by the EC for such a panel, the US could not stop the panel from being convened. The two Members now have 20 days to decide on panel members, after which if an agreement cannot be reached, they can request the WTO Director-General to decide.

The US did, however, refuse the formation of two other panels on the steel issue -- being first requests from Japan and Korea respectively (WTO rules do allow the blocking of a first request). Another special DSB meeting was requested for 14 June to hear their second panel requests. Adding to this stream of steel panel requests, on 27 May, China requested a special DSB session of 7 June to hear its second request. Furthermore, Switzerland and Norway indicated at the 3 June session that they would request panels against the US safeguard measures. Due to the similarity of the subject matter of these requests for consultations, the various requests for panel establishment are likely to be consolidated into one panel by the DSB.

The next regular meeting of the DSB is scheduled for 24 June 2002.

"WTO Establishes Panel To Rule On US Steel Safeguards," EC PRESS RELEASE, 3 June 2002.

AGRICULTURE: MEMBERS WARM UP FOR MID-JUNE TALKS ON EXPORT COMPETITION

At a 3-4 June informal prep-up meeting of the WTO Committee on Agriculture (CoA) on export competition, the US called for a five-year deadline to eliminate agricultural export subsidies. This demand comes at a time where the US is being heavily criticised by its trading partners for boosting farm spending by some 80 percent in line with its new farm bill. The informal meeting took place to prepare for the first substantive negotiating session in the modalities phase, to be held from 17-20 June (see BRIDGES Weekly, 3 April 2002, <http://www.ictsd.org/weekly/02-04-03/story1.htm>).

In the informal prep-up meeting on export competition -- i.e. export subsidies, export credits, state trading enterprises, food aid, and export restrictions and taxes -- US chief negotiator Allen Johnson said the US fully supported negotiations aimed at reducing export subsidies, improving market access and cutting trade-distortive domestic support as mandated by the Doha Declaration. "Our proposal is to eliminate export subsidies in five years," Allen told a press conference after the two-day informal discussion at the WTO. According to Allen, Members mainly addressed the issue of export subsidies, with some Members such as the Cairns Group of agriculture exporting countries proposing even shorter deadlines. "We are clearly open to that," Allen said.

EC opposes deadline

The EC -- which trading partners target as a heavy user of export subsidy regimes -- is rejecting any timetable for the full elimination of export subsidisation. Other developed country Members voiced their opposition to firm periods as well, with one delegate arguing that "the wording of the Doha Declaration clearly states that there will be no elimination of export subsidies during the ongoing round." Article 13 of the Doha Declaration provides for negotiations aimed at "reductions of, with a view to phasing out, all forms of export subsidies". In the previous two years of negotiations under the so-called built-in agenda, the EC has repeatedly linked discussions on export subsidies to progress in the debate on disciplining the use of export credits, of which the US is a main user. Furthermore, Cairns Group member Australia has frequently been under pressure by some trading partners, as its use of state trading enterprises are considered to be trade-distorting by other Members.

At the 3-4 June informal CoA meeting, the US, which has traditionally aligned itself with the Cairns Group, proposed a deadline of five years for phasing out export subsidies the first time. The Cairns Group has previously suggested a three-year deadline.

On export competition, the Cairns Group calls for the elimination of all forms of export support as well as the subsidy element of unfair export competition measures such as export credits and non-commercial transactions.

Other issues

Other issues on the agenda at the prep-up meeting included food aid and export restrictions. Some Members want food aid to be controlled by an independent body such as the World Food Programme (WFP) to ensure that producing countries are not using it as a tool to dump their farm surpluses on developing country markets. Regarding export restrictions, some developing countries said they consider these to be a necessary tool to address their food security concerns by blocking uncontrolled exit of agricultural exports. On the other hand, some developed country net-food importers such as Japan called for further disciplines on export restrictions, as limited access to food exports is seen by them to impede their non-trade concerns.

"US Urges WTO To Set Farm Export Subsidy Deadline," REUTERS, June 4; ICTSD Internal Files.

WTO In Brief

CTD SPECIAL SESSION STILL STUCK ON WHETHER IT'S A NEGOTIATING FORUM

An informal gathering of the special session of the Committee on Trade and Development (CTD) was convened on 27 May in an attempt to move forward the ongoing debate of whether the body is in fact a negotiating forum or not. One of the specific items discussed at this informal meeting was the issue of document symbol usage, stemming from an expression of concern by certain developed countries at the 16 May session over the use of 'TN' (i.e. Trade Negotiations) for the document symbol in the body's proposals and documents (see BRIDGES Weekly, 22 May 2002, <http://www.ictsd.org/weekly/02-05-22/story1.htm>). These countries, primarily the EC, cite the fact that such symbol usage may prejudice the outcome of the debate as to whether the body is a negotiating group reporting to the Trade Negotiations Committee (TNC) or a discussion forum reporting to the General Council (GC) (see upcoming BRIDGES Monthly, Vol. 6 No. 4). The former interpretation carries the impact of putting the work of the body -- the review of special and differential treatment (S&D) provisions in the WTO agreements -- under the single undertaking. This would mean that negotiations in this area would have to be completed, along with all other mandated Doha

negotiations, by 1 January 2005. As a possible temporary solution, the EC indicated it would be amenable to a dual coding system using both TN and GC (i.e. TN/CTD & GC/CTD). No other proposals were put forward on the issue. While neither issue was resolved, countries did agree to continue with the planned agenda of reviewing the S&D provisions on an agreement-by-agreement basis at the upcoming 10 June informal and 16 June formal sessions (see link above). These broader issue will be dealt with in July, where the body has two formal sessions scheduled (2 and 17 July), after which Chair Ransford Smith of Jamaica is to report to the General Council "with clear recommendations for action".

Sources indicate the Secretariat will continue to release documents under the TN/CTD symbol until a decision is taken instructing it otherwise.

ICTSD Internal Files.

INFORMAL DISCUSSIONS ON TEXTILES YIELD LITTLE REWARD

On 28 May and again on 4 June, Goods Council Chair Ambassador Supperamaniam held informal discussions with delegates on the implementation-related issues of the Agreement on Textiles and Clothing (ATC). These meetings were part of a series planned by the Chair to attempt to move the debate forward on how to deal with the incomplete bi-annual review of the ATC as well as with paras. 4.4 and 4.5 of the Decision on Implementation. The Implementation paragraphs instruct the Goods Council to make recommendations to the General Council by 31 July on two specific items: (i) proposals on a potential 'most favourable' methodology for calculating textile quota expansion for small suppliers and developing countries; and (ii) the accelerated expansion of quota limits for developing countries (see BRIDGES Weekly, 28 May 2002, <http://www.ictsd.org/weekly/02-05-28/story1.htm>). While Members did have an opportunity to further elaborate on their positions regarding the quota expansion items at both the 28 May and 4 June 2002 meetings, sources close to the matter indicated that as of yet, absolutely no progress had been made. Canada, the EU and the US remained adamantly opposed to the two proposals, the source continued, while noting that they had complied with the agreement lived. Based on the inability to progress at the last two meetings, Chair Supperamaniam is rumoured to be taking the issue to the Ambassadorial level -- where sources speculate he will try to find the political will for tackling the apparent deadlock.

A further informal session to deal with the incomplete ATC review is expected on 6 June.

The Council for Trade in Goods meets again on 13 June, where the first agenda item is a report from the Chair on implementation-related issues.

ICTSD Internal Files.

TRANSPARENCY IN GOVERNMENT PROCUREMENT MEETING EXPOSES WIDE GAPS BETWEEN MEMBERS

On 29 May, the WTO's Working Group on Transparency in Government Procurement held its first formal post-Doha meeting, where Members discussed the first six of twelve items from the Group's agenda, namely definition and scope, procurement methods, information on national legislation and procedures, information on procurement opportunities, tendering and qualification procedures, and time periods. Warning that government procurement was one of the few policy tools available for achieving socio-economic objectives, India, with support from numerous developing countries, attempted to limit the scope of the discussions in this area. They also felt this area should not be open to dispute proceedings. The US, EC and Switzerland on the other hand sought as broad a scope as possible -- with the US adding that greater transparency would not diminish the policy tool functions of procurement. On procurement methods, Australia outlined a widely supported non-prescriptive approach that would leave it up to the discretion of each government to decide what method to use (see WT/WGTGP/W/31, searchable at <http://docsonline.wto.org>). With respect to information on national legislation and procedures, Brazil noted that its procurement laws and regulations were already available on the Internet but opposed any obligation to notify Members of all tenders or to translate them into the official languages of the WTO. India wanted to confine this to providing information and opposed any review or examination of domestic laws and regulations. Paragraph 26 of the Doha Declaration provides a mandate for negotiations in this area after the Fifth Ministerial, "on the basis of a decision to be taken, by explicit consensus, [...] on modalities of negotiations." The Working Group is scheduled to re-convene in October on its last six items.

ICTSD Internal Files.

In Brief

ZIMBABWE REJECTS NON-GMO CERTIFIED US MAIZE IN AID SHIPMENT

As part an attempt to ease the food crisis currently underway in the Southern African region, a shipment of 8,500 tonnes of US maize was delivered to Zimbabwe last week, after a shipment of 10,000 tonnes earlier in the month was rejected because it could not be certified as GMO-free. A senior Zimbabwean agricultural official noted that it is standard procedure for their government to turn down food imports or donations that cannot be certified free of genetically modified organisms (GMOs). As a result, the maize shipment was re-directed to Malawi, Mozambique and Zambia. According to the Food and Agricultural Organisation (FAO), 19 countries in the Southern African region are facing "exceptional food emergencies" for reasons ranging from civil strife, drought, excessive rain, and population displacement. Zimbabwe has been amongst the countries worst affected by the shortages that date back to April of this year (see BRIDGES

Weekly, 28 May 2002 <http://www.ictsd.org/weekly/02-05-28/story2.htm>). According to the US Embassy in Harare, the latest aid had brought the total US contribution to Zimbabwe during the food crisis to 42,930 tonnes, worth \$US27.5 million.

"Food Crises Threatens Southern Africa," THE INSIDER (Harare), 30 April 2002; "Zimbabwe Rejects U.S. food Aid Consignment," REUTERS, 1 June 2002.

CANADIAN GOVERNMENT UNDER FIRE BY NAFTA TRIBUNAL OVER POPE & TALBOT CASE

In a judgement released on 31 May, a North America Free Trade Agreement (NAFTA) tribunal awarded \$US 708,000 in damages to US-based lumber firm Pope & Talbot Inc. The tribunal said that the softwood lumber division of the Department of Foreign Affairs and International Trade (DFAIT) used "threats and misrepresentations," including "serious misinterpretations of fact in memoranda to the minister" and even "suggestions of criminal investigation" after Pope and Talbot filed its claim. The tribunal also cited delays it had in obtaining relevant information from the government. The award was far lower than the \$US 508 million Pope & Talbot was seeking in the case, however the panel found that the firm did not suffer any loss of profit owing the Canadian Government's action, which the company contended resulted in a three-day shutdown of its operation. Under the 1996 Canada-US Softwood Lumber Agreement, Canada agreed to cap its exports of lumber to the US. The expiry of the Agreement last year resulted in the most recent dispute. In April 2001, a similar tribunal ruled that while Canada had met its national treatment obligations (article 1102) under of NAFTA's Chapter 11, it had violated Pope & Talbot's right to a minimum standard of treatment (article 1105). (see BRIDGES Weekly, 11 July 2000, <http://www.ictsd.org/html/weekly/story3.11-07-00.htm>)

"Private Rights, Public Problems: A Guide To NAFTA's Controversial Chapter On Investor Rights", IISD and WWF, 2001; "NAFTA Tribunal Blasts Ottawa For Behaviour, Considers Treatment Of P&T Shocking And Outrageous," FINANCIAL POST, 1 June 2002; "NAFTA Tribunal Awards Minimal Damages To Pope And Talbot," DFAIT, 31 May 2002.

EUROPEAN ENVIRONMENT COMMITTEE VOTES TO TIGHTEN LAWS ON GM FOOD

The European Parliament's environment committee voted on 4 June to toughen draft EU rules ensuring clear labelling of genetically modified (GM) food and animal feed and proposed rules to ensure they are kept separate from non-GM varieties. The committee endorsed the labelling plan, proposed by the EC last July, even if processing had destroyed any trace of genetic modification. It also voted to extend this requirement to meat, eggs and milk from animals fed GM-feed and downgraded a proposal to allow up to one percent of unauthorised GM strains in non-GM products (now proposing a 0.5 percent maximum). In July 2002, the entire European Parliament will vote on the GMO

labelling issue. Environmental non-governmental organisation, Friends of the Earth Europe, said "[the committee's decision] was a vote for common sense, it's very good for consumers and the environment." The Bill's approval could pave the way for the introduction of scores of new GM crops into the EU. The 15-country bloc has not issued a single new GM permit since 1999 when a large minority of member states vowed to stall approvals pending the new regulations.

"Euro MPs Vote For Tougher Rules On GM Food Labels," REUTERS, 4 June 2002; "EP's Environment Committee Votes For Labelling Of GMO'S," FOEE PRESS RELEASE, 4 June 2002.

FOCUS ON SUSTAINABLE DEVELOPMENT AT INDIGENOUS PEOPLES FORUM

On 16 May, the UN Economic and Social Council's Permanent Forum on Indigenous Issues began its first annual two-week meeting at UN headquarters in New York. The event brought together more than 900 indigenous leaders with representatives from government, inter- governmental agencies and civil society. The agenda was left open such that participants could have their own voice on the issues. Delegates called for a greater indigenous peoples' voice on critical issues such as health, education, economic and social development, environment, security and respect for human rights. UN Deputy Secretary General Louise Frechette pointed out that there were "no universal standards on the rights of indigenous peoples as such", but added that the Commission on Human Rights was considering a draft declaration that would "complement existing international human rights instruments." One representative of an indigenous organisation recommended the forum take the opportunity at the World Summit on Sustainable Development, due to begin in August in Johannesburg, to voice their concerns and address the links between indigenous peoples and sustainable development. The forum is composed of eight government representatives from Canada, the Democratic Republic of the Congo, Denmark, Guatemala, Japan, Mexico, Russia and an as-yet named government representative from Asia. The forum also includes eight indigenous experts from Canada, Colombia, Nepal, Norway, Russia, Peru, Togo and the US. The forum was created by the UN Economic and Social Council in July 2000.

"Indigenous Peoples: U.N. Forum Meets For First Time," UNWIRE, 13 May 2002; "Indigenous Peoples: New U.N. Forum Seeks To Promote Collective Rights," UNWIRE, 14 May 2002; "INDIGENOUS PEOPLES: Forum Hears Calls For Expansion Of U.N. Activities," UN PRESS RELEASE, 21 May 2002.

ACP COUNTRIES MEET REQUIRED RATIFICATION FOR COTONOU -- NOW WAITING ON EU

On 23 May, Interim Chairperson for the Africa, Caribbean, and Pacific (ACP) Secretariat, Ambassador Peter O. Ole Nkuraiya of Kenya, announced that the requisite number of ACP countries had deposited their instruments of ratification to exact the

coming into force of the Cotonou Agreement (51 of 77 countries). However, the actual coming into force cannot occur until the required number of EU countries do the same. Currently only seven of the required fifteen EU states have ratified the agreement (Ireland notified its ratification on 28 May).

The Cotonou Agreement was signed on 23 June 2000 and replaced the previous Lomé conventions (see BRIDGES Weekly, 3 April 2002, <http://www.ictsd.org/weekly/02-04-03/story3.htm>)

"The Cotonou Agreement Has Been Ratified By The ACP side. It Is Left To The European Union To Do So, Too," ACP PRESS RELEASE, 24 May 2002.

Events & Resources

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>.

Coming Up This Week: 5-12 June

27 May - 7 June, Jakarta, Indonesia: CSD ACTING AS PREPCOM 4 FOR WORLD SUMMIT FOR SUSTAINABLE DEVELOPMENT (WSSD). This meeting will include Ministerial and Multi-stakeholder Dialogue Segments, and is expected to give input to a concise political document to be submitted to the 2002 WSSD Summit. The document is expected to reinvigorate the global commitment to a North-South partnership and a higher level of international solidarity to accelerated implementation of Agenda 21 and the promotion of sustainable development. For further information visit: <http://www.johannesburgsummit.org/>.

3-7 June, Bergen, Norway: 25TH SESSION OF THE CODEX COMMITTEE ON FISH AND FISHERY PRODUCTS. Organised by FAO. For more information contact the Secretariat of the Joint FAO/WHO Food Standards Programme, tel: (39 06) 570-51; fax: 5705-4593; email: codex@fao.org; Internet: http://www.codexalimentarius.net/ccffp25/fp02_01e.htm.

3-20 June, Geneva, Switzerland: 90TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE. This Conference organised by the International Labour Organisation (ILO) is a forum where social and labour questions of importance to the entire world are discussed. The Conference also adopts the budget of the organisation and elects the Governing Body. The member States of the ILO meet at the International Labour Conference in June of each year, in Geneva. The Conference will discuss, inter alia, the recent global report "A Future Without Child Labour" issued by ILO on 6 May

this year. For further information, contact: ILO Official Relations Branch; tel: (41-22) 799- 7732; fax: 799-8944; email: reloff@ilo.org. Internet: <http://www.ilo.org>.

5-6 June, Puerto Montt, Chile: SUSTAINABILITY OF THE SALMON INDUSTRY IN CHILE AND THE WORLD. Organised by Terram Foundation and Universidad de los Lagos. The workshop will approach the culture of the salmon in Chile from the perspective of sustainable development. Includes researchers and professionals from the United States, Norway, Canada and Chile. For further information contact Terram at tel: (56-2) 2364277 or (56-2) 2640682; email: info@terram.cl.

5-14 June, Bonn, Germany: 16TH SESSION OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC) SUBSIDIARY BODIES. For further information contact: UNFCCC Secretariat; tel: (49-228) 815-1000; fax: (49-228) 815- 1999; email: secretariat@unfccc.int; Internet: <http://www.unfccc.int/>.

6 June, Madrid, Spain: THE REFORM OF THE COMMON AGRICULTURE POLICY AND THE IMPLICATIONS FOR DEVELOPING COUNTRIES; Proposals for the Spanish Presidency of the EU. Organised by OXFAM International and Union de Pequeños Agricultores (UPA). For further information, contact: email: asisderi2@intermon.org; Internet: <http://www.maketradefair.com> or <http://www.intermonoxfam.org>.

6-8 June, Rome, Italy: 28TH SESSION OF THE COMMITTEE ON WORLD FOOD SECURITY. For further information, contact: Barbara Huddleston, FAO; tel: (39-06) 5705 1; fax: 5705-3152 email: Barbara.Huddleston@fao.org. Internet: <http://www.fao.org/unfao/bodies/cfs/cfs28/cfs2002-e.htm>.

7-8 June, Fontainebleau, France: SUSTAINABLE VENTURE FINANCE: AN EXPERT WORKSHOP ON SUSTAINABILITY ORIENTED VENTURE CAPITAL AND ENTREPRENEURSHIP. INSEAD and UNEP FI will be joined at the workshop by leading practitioners to answer whether and when it is profitable to invest in sustainability-oriented venture capital funds and entrepreneurial ventures. Discussion will build on applied research already undertaken by INSEAD and UNEP FI researchers. For further information visit: <http://unepfi.net/venture>.

7-9 June, Toronto, Canada: bioJUSTICE/bioDIVERSITY 2002: 6TH INTERNATIONAL GRASSROOTS GATHERING ON GENETIC ENGINEERING. Organised by the Polaris Institute, Council of Canadians, BioDevastation Toronto Coalition, and Institute for Social Ecology. It will be a gathering to learn, strategise and network about genetic engineering in agriculture and pharmaceuticals, biowarfare, genetic and non-genetic discrimination, trade regimes and corporate control, patenting of life and more. This event is timed to challenge the industry's annual convention BIO2002, Toronto, June 9-12. For further information contact the Council of Canadians; tel: (1-800) 387-7177; email: inquiries@canadians.org; Internet: <http://www.biodev.org>.

10-11 June, Interlaken, Switzerland: INTERNATIONAL CONGRESS ON AGRICULTURE AND BIODIVERSITY. Sponsored by Pro Natura and Friends of the

Earth, the international specialists will address the role of agriculture on the disappearance of plant and animal species from the planet. For further information visit: <http://www.forumfoodsovereignty.org/ingleseweb/news/svizzera.htm>.

10-13 June, Rome, Italy: WORLD FOOD SUMMIT: FIVE YEARS LATER. This meeting is meant to review progress toward ending hunger and to track the progress achieved since the 1996 World Food Summit. World leaders will be requested to outline the measures needed to achieve the goal, and make suggestions on how to accelerate progress. They are also expected to consider how to increase resources available for agricultural and rural development. For further information visit: <http://www.fao.org/worldfoodsummit>. For information on the 8-13 June NGO Forum on Food Sovereignty held back-to-back with the World food Summit, visit <http://www.fhforumfoodsovereignty.org/>

12-14 June, Geneva, Switzerland: UNCTAD EXPERT MEETING ON EXPERIENCES WITH BILATERAL AND REGIONAL APPROACHES TO MULTILATERAL COOPERATION IN THE AREA OF LONG-TERM CROSS-BORDER INVESTMENT, PARTICULARLY FOREIGN DIRECT INVESTMENT. All communications concerning representation at the Meeting should be sent to the UNCTAD secretariat, Intergovernmental Support Service, Palais des Nations, CH-1211 Geneva 10; fax: (41-22) 917-0056; email: correspondence@unctad.org.

13-15 June 2002, Montreal, Canada: SUSTAINABLE JUSTICE 2002 - CONFERENCE ON IMPLEMENTING INTERNATIONAL SUSTAINABLE DEVELOPMENT LAW: Organised by the Centre for International Sustainable Development Law (CISDL), the conference seeks to address issues related to the environment, economy, social justice, human rights, health and the inter-linkages among them. For more information contact: Centre for International Sustainable Development Law; tel: (1-514) 581-4984; fax: 39-8197; e-mail: conference@cisdl.org; Internet: <http://www.cisdl.org>.

WTO Events

5 June, Geneva, Switzerland: WTO COUNCIL FOR TRADE IN SERVICES.

5 June, Geneva, Switzerland: WTO TRADE POLICY REVIEW BODY - HAITI.

5-7 June, Geneva, Switzerland: WTO SPECIAL SESSION OF THE COUNCIL FOR TRADE IN SERVICES.

6 June, Geneva, Switzerland: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY.

7 June, Geneva, Switzerland: WTO DISPUTE SETTLEMENT BODY. On the agenda: request for the establishment of a panel by China on US' definitive safeguard measures on imports of certain steel products.

10-12 June, Geneva, Switzerland: WTO TEXTILES MONITORING BODY.

11-12 June, Geneva, Switzerland: WTO SPECIAL SESSION OF THE COMMITTEE ON TRADE AND ENVIRONMENT. On the agenda: planning of the 13-14 June MEA information session; consideration of paragraphs 31 (i), (ii) and (iii) of the Doha ministerial declaration: (TN/TE/S/1 by the Secretariat, TN/TE/W/1 by the EC, TN/TE/W/2 by Argentina). The summary report on the first meeting of the special session can be found in document TN/TE/R/1, and the first statement by the chairperson to the trade negotiations committee in document TN/TE/1.

11 June, Geneva, Switzerland: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY. On the agenda: discussion of a submission by Bangladesh, Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Mauritius, Pakistan, Sri Lanka, Tanzania, Uganda, And Zimbabwe (WT/WGTTT/W/2).

12 June, Geneva, Switzerland: WTO COMMITTEE ON MARKET ACCESS.

13-14 June, Geneva, Switzerland: WTO COMMITTEE ON TRADE AND ENVIRONMENT. On the agenda: MEA information session; discussion of paragraph 32 of the Doha ministerial declaration, with particular attention to paragraph 32(ii) - the relevant provisions of the agreement on trade-related aspects of intellectual property rights; discussion of paragraph 33 of the Doha ministerial declaration on technical assistance, capacity building and environmental reviews; and discussion of paragraph 51 on identifying and debating developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected. The report of the last meeting held on 21 March 2002 is contained in WT/CTE/M/29.

13 June, Geneva, Switzerland: WTO COUNCIL FOR TRADE IN GOODS.

14 June, Geneva, Switzerland: WTO SPECIAL SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT

Other Forthcoming Events

26-27 June: G8 SUMMIT. The Group of Eight industrialised countries will meet to focus on three priorities: strengthening global economic growth; building a new partnership for Africa's development; and fighting terrorism. In addition, leaders will review progress since their last meeting in four areas related to global poverty reduction and the Millennium Development Goals as stated in the United Nations Millennium Declaration: promoting universal primary education; fighting the spread of HIV/AIDS and other infectious diseases; bridging the digital divide; and debt reduction and the HIPC initiative. For further information contact: Canadian Department of Foreign Affairs and International Trade, G8 Summit Management Office (G8C), 125 Sussex Drive, Ottawa, Ontario, Canada, K1A 0G2; Internet: <http://www.g8.gc.ca/menu-e.asp>.

9-10 July, European Parliament, Brussels Eastman Building, Rue Belliard 135, Brussels, Belgium: CHANGING THE BALANCE OF TRADE: A SEMINAR ON SUSTAINABILITY ASSESSMENTS OF EU TRADE POLICY. Organised by WWF, Caroline Lucas MEP, and the Heinrich Böll Foundation. The seminar will focus on how to change the current balance of EU trade policies towards sustainable development through the use of Sustainability Assessments (SA). A key aim of the seminar will be to advance thinking on how Sustainability Assessments should fit in the policy-making mechanisms in the EU. The role of the Council, the Commission and the European Parliament will be discussed, as well as the involvement of civil society stakeholders in influencing negotiations of trade agreements through SA. For further information email balancedtrade@wwfint.org, or register online at <http://www.panda.org/balancedtrade>.

RESOURCES

If you have a relevant resource (books, papers, bulletins, etc.) you would like to see announced in this section, please forward a copy for review by the BRIDGES staff to Hugo Cameron, hcameron@ictsd.ch. Submissions of publications to ICTSDs documentation centre would also be welcome (contact Matteo Rizzolli, mrizzolli@ictsd.ch).

Resources

DOHA: IS IT REALLY A DEVELOPMENT ROUND? By Kamal Malhotra, Published by Carnegie Endowment, May 2002. In the view of the author, although the new WTO negotiations launched in November 2001 have been heralded by some as a "development round," a closer look at the results of the Doha Ministerial reveals a less optimistic picture. While developing countries scored a political victory on intellectual property rights and public health, they still face major uphill battles against industrialised countries on issues such as governance and transparency, market access in agriculture, anti-dumping, implementation of Uruguay Round commitments on textiles and on the inclusion of additional issues of which they are not demandeurs. To request copies of this paper, contact pubs@ceip.org, or visit http://www.ceip.org/files/Publications/TED_1.asp?from=pubdate.

"Article XX of GATT and the Problem of Extraterritorial Jurisdiction: The Case of Trade Measures for the Protection of Human Rights", in JOURNAL OF WORLD TRADE, Vol. 36 No. 2, 2002: 353-403. By Lorand Bartels. The paper concludes that, on the basis that Article XX is to be read consistently with the rules governing a WTO Member's right to exercise legislative jurisdiction over activities and things located outside of its territory, this provision should apply to save various trade measures designed to promote and protect human rights outside of the territory of the regulating Member; in particular, measures targeted at the process and production method of a particular product. On the other hand, Article XX should not extend to trade measures designed to enforce the obligations of other WTO Members in the form of counter-measures.

"Patenting biodiversity?: rejecting WTO/TRIPS in southern Africa", in GLOBAL ENVIRONMENTAL POLITICS Vol. 2 No1, 2002: 65-82. ". By Andrew T. Mushita and Carol B. Thompson. The year 2000 was the deadline for developing countries to bring their national laws into compliance with the trade-related intellectual property rights (TRIPs) agreement under the WTO. However, the transition to one universal intellectual property law is not proceeding as scripted. After briefly summarising a long tradition of debate about intellectual property, this article first analyses what is new and different about TRIPs. It then argues that extending intellectual private property rights to plants, in particular in the form of patents, challenges scientific logic and threatens biodiversity. From IISD Weekly Journal Review: http://www.iisd.org/ic/weekly_journal_review.htm.

"Environmental regulations, transfers, and trade: theory and evidence", in JOURNAL OF ENVIRONMENTAL ECONOMICS AND MANAGEMENT, Vol 43 No 2, 2002: 234-250. By Paavo Eliste and Per G. Fredriksson. This paper develops a theory of compensation of producers for the costs associated with environmental regulations. The authors show that the existence of transfers can give counter-intuitive effects of environmental policy on both output and trade flows. In particular, the compensation obtained by producers neutralises the effect of environmental policy on output, and consequently on trade flows. This may help explain why previous empirical research has found weak evidence that environmental regulations affect trade patterns. The theory is tested using agricultural sector data. The evidence supports the hypothesis that environmental regulations and transfers are positively correlated. From IISD Weekly Journal Review: http://www.iisd.org/ic/weekly_journal_review.htm.

TRADE POLICY AND LABOR SERVICES: FINAL STATUS OPTIONS FOR THE WEST BANK AND GAZA. By Maurice Schiff. Published by the World Bank, April 2002. The author considers the policy options of the West Bank and Gaza with respect to trade and the export of labour services. Inter alia, he concludes that non-discriminatory trade policy is unambiguously superior to a free trade agreement with Israel. The West Bank and Gaza should pursue a non-discriminatory trade policy with all its neighbours, but only on the condition that the trade policy be open, transparent, and enforced by a credible lock-in mechanism. Otherwise, the author argues, a customs union with Israel may be preferable. The document is available at:

http://econ.worldbank.org/files/14455_wps2824.pdf. The author may be contacted at mschiff@worldbank.org.

WTO Documents

MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS) AND WTO RULES; PROPOSALS MADE IN THE COMMITTEE ON TRADE AND ENVIRONMENT (CTE) FROM 1995-2002. WTO Committee on Trade and Environment, 23 May 2002, (TN/TE/S/1). The Note summarises the main tenets of the non-papers and working documents submitted by Members to the CTE. Available at: http://docsonline.wto.org/gen_search.asp.

DECISIONS AND RECOMMENDATIONS ADOPTED BY THE COMMITTEE SINCE 1 JANUARY 1995, WTO Committee on Technical Barriers to Trade, 23 May

2002, (G/TBT/1/Rev.8). The document reproduces the decisions and recommendations adopted by the Committee on TBT concerning its rules of procedure and the interpretation, implementation and administration of the Agreement. Available at: http://docsonline.wto.org/gen_search.asp.

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BRIDGES Weekly Trade News Digest© is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>. Electronic distribution is carried out by the Institute for Agriculture and Trade Policy (IATP).

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BRIDGES Weekly Trade News Digest is made possible in 2001 - 2002 through the generous support of the Government of the United Kingdom (DFID). Additional support is provided by ICTSD's core donors: the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK), MISEREOR, NOVIB (NL), Oxfam (UK) and the Swiss Coalition of Development Organisations (Switzerland). The **Weekly** also benefits from support for the **BRIDGES** series of publications including: the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation and Swiss Development Cooperation.

ISSN 1563-003X