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LEAD STORIES

AGRICULTURE: MEMBERS STILL FAR APART ON KEY ELEMENTS OF NEGOTIATION MODALITIES

At a 26-27 June and 1 July special (negotiating) session of the WTO Committee on Agriculture (CoA), Members mainly focussed on discussing a draft progress report prepared by CoA negotiations Chair Stuart Harbinson to be submitted to the Trade Negotiations Committee (see BRIDGES Weekly, 3 July 2003, <http://www.ictsd.org/weekly/03-07-03/story2.htm>). In their comments, Members such as the EU, Switzerland and Barbados who favour the Uruguay Round (UR) approach to tariff reduction over the model proposed by Chair Harbinson, demanded a reflection in Harbinson's report to the Trade Negotiations Committee (TNC) to be held on 14-15 July that Members would not accept the current modalities draft as a basis for further negotiations.

Since Members failed to agree on agricultural modalities in end-March this year, Chair Stuart Harbinson held a series of 11 consultations on various technical and other issues related to tariff rate quotas, the Amber, Blue and 'special and differential treatment' box, a new special safeguard mechanism (SSM) for developing countries, special products (SP), export credits and food aid, recently acceded Members, other vulnerable countries, trade preferences, as well as "other market access issues" such as geographical indications, labelling and the precautionary principle. Some progress has been reported in areas such as export credits and food aid, but consultations on market access as well as domestic support have so far not resulted in narrowing any of the wide gaps in positions among Members. "In these circumstances," Harbinson concluded in the final 7 July version of his TNC report, "achieving the objective of establishing modalities as soon as possible [after the missed end-March deadline] has continued to remain elusive".

'Swiss', Uruguay Round, or banded approach?

According to trade sources, Members such as the EU, Switzerland, Norway, Japan and Barbados insisted at

the special session that the modalities currently on the table could not serve as a basis for the negotiations and thus called for a substantially different text -- leaving open, however, who should produce it. The countries belong to the group of 75 'Friends of the Uruguay Round Formula' (counting the EU as 16), which have repeatedly been calling on Harbinson to revert to the linear tariff reduction method used during the Uruguay Round (UR), i.e. the cutting of tariffs by 36 percent on average, with a minimum cut of 15 percent per tariff line (24 percent and 10 percent for developing countries). In the current modalities draft (BRIDGES Weekly, 20 March, <http://www.ictsd.org/weekly/03-03-20/story1.htm>), Harbinson suggests a hybrid approach with elements from both the Uruguay Round and the 'Swiss formula' leaving some flexibility in tariff reduction while cutting higher tariffs more than lower ones. The Swiss formula -- supported by Members such as the US, those of the Cairns Group, China and others -- would cut all tariffs to a maximum of 25 percent.

Harbinson reflected this divergence in views in his TNC report by remarking that there was, on the one hand, "strong and widespread support" for the approach used during the UR, while, on the other hand, "strong support amongst a range of other participants" for a Swiss-type formula for cutting agricultural tariffs. Therefore, Harbinson said in his report that one of the key issues to be resolved would be "which of the above formulae [UR, Swiss or banded approach] should be retained" as well as "whether any of them can be modified in such a way as to make it broadly acceptable".

Special products (SP) and a special safeguard mechanism (SSM)

Reportedly, in the negotiations between 26 June and 1 July it emerged that most developing countries were supportive to the concept of special products (allowing developing countries to make very modest cuts on such products) and a special safeguard mechanism for developing countries (allowing them to react to import surges or swiftly falling prices on certain products). However, while countries such as Indonesia, India, China, and the Philippines demand that there should be no criteria and that developing countries should decide themselves which products would be SP for which the SSM should apply, Latin American Cairns Group members, as well as many developed countries criticised this approach. In their comments they argued that self-declaration would emphasise protectionist tools, instead of tackling domestic support and export subsidies in rich countries, and would hamper trade amongst Southern countries themselves (therefore countries such as Argentina are proposing a special countervailing mechanism instead of an SSM). Instead, these countries proposed that both the SSM and SP should have agreed criteria, and that they should be

used as an incentive to liberalise. Accordingly, Cairns Group member Colombia suggested allowing countries making steeper tariff cuts to use more SSMs and SP than those making more modest cuts.

Despite this strong focus on SSM and SP in the negotiations, some sources reported a sense of confusion among developing countries regarding whether the SP concept would ultimately be retained in the final modalities, or whether it could become redundant if Members chose the UR formula as the approach to tariff reductions. In the latter case, Members would be provided with sufficient flexibility to enter into very modest reduction commitments on sensitive or 'special products'. Accordingly, Harbinson stated in his TNC report that "in tandem with the tariff reduction formula to be agreed, participants should decide whether the concept of SP products should be retained".

'Peace clause' mentioned in Harbinson report

As a 'final point' in his report to the TNC, Harbinson stated that "participants will be aware that the provision of Article 13 of the Agreement on Agriculture [the 'peace clause' that de facto exempts most agriculture subsidies from being challenged under general WTO rules] will expire at the end of 2003". The peace clause has not found mention in Harbinson's latest modalities draft. As expected, Australia's ambassador to the WTO, David Spencer, reportedly questioned the appropriateness of making reference to the peace clause in the report. The Cairns Group -- of which Australia is a key member -- is generally taking the view that a renewal of Article 13 of the Agriculture Agreement is not negotiable. In contrast, Members such as the EU have repeatedly said that they regard a renewed peace clause as a key element of a new agriculture agreement. According to trade sources, trading partner US remained silent on this issue.

CoA Chair Harbinson will present the report on the state of agriculture negotiations to the TNC on 14-15 July. A final CoA negotiating session prior to Cancun is scheduled for 16-18 July, during which Members will focus on export subsidies, domestic support and market access. They will also have time for small group meetings and consultations. Further, some 20 key Members are meeting for a mini-ministerial from 28 to 30 July in Montreal, Canada.

Additional resources: 7 July Report on Negotiations on Agriculture, by Stuart Harbinson, available at http://www.wto.org/english/tratop_e/agric_e/negoti_mod_tnc_july03_e.htm.

'Special Products: Thinking Through the Details', report by Oxford Policy Management, downloadable at: http://www.opml.co.uk/economic_policy/trade_policy/et787_spec_produ.html

ICTSD reporting; "Cairns Group members fault misleading reference to 'peace clause,' WTO REPORTER, 30 June 2003.

WTO ENVIRONMENT COMMITTEES STUCK ON ROLE OF MEA SECRETARIATS, ECO-LABELLING

On 7 and 8 July, WTO Members convened for the final meetings of the Committee on Trade and Environment (CTE) regular and special (negotiating) sessions before the Cancun Ministerial Conference in September. A proposal by the EC to recommend to trade ministers in Cancun that the CTE hold three dedicated sessions on eco-labelling was opposed by most other Members. At the special session, another proposal by the EC for trade ministers at Cancun to invite the UN Environmental Programme (UNEP) and multilateral environmental agreement (MEA) secretariats to observe the CTE special session received a mixed welcome, but no consensus.

Also at the special session, China, Chinese Taipei and Australia submitted papers on the MEA-WTO relationship (TN/TE/W/35/Rev.1, TN/TE/W/36, TN/TE/W/37, respectively, available online at <http://docsonline.wto.org>), following up on previous discussions on this point at the last special session on 1-2 May (see BRIDGES Weekly, 7 May 2003, <http://www.ictsd.org/weekly/03-05-07/story1.htm>).

The CTE special session's final report to the Trade Negotiations Committee (TN/TE/6), which was also discussed on 8 May, will be circulated next week. The regular session adopted its reports to the General Council (WT/CTE/W/230) and to ministers in Cancun (available shortly).

Mandate

In paragraph 31 of the WTO's Doha Ministerial Declaration, adopted in November 2001, Members agreed to negotiations on: (i) the relationship between WTO rules and specific trade obligations set out in MEAs; (ii) procedures for regular information exchange between MEA secretariats and relevant WTO committees, and the criteria for granting of observer status; and (iii) liberalisation of trade in environmental goods and services. These issues are being addressed in the special CTE sessions. Paragraph 32 instructs the

CTE to focus on issues around market access, intellectual property rights and eco-labelling, with a view to making recommendations, where appropriate, with respect to future action, including the desirability of negotiations.

EC proposals meet resistance

At the 8 July special session, a proposal by the EC to recommend to ministers in Cancun that the group should invite MEA secretariats and UNEP to observe the CTE special sessions met with mixed reactions. The EC also suggested that currently informal annual MEA information sessions be formalised. While some Members, particularly Canada and Norway, agreed with the EC that a strong signal needed to be made on MEA relations in Cancun, others, including the Philippines, Malaysia, Pakistan and Egypt, said that the EC's suggestion would circumvent the para. 31(ii) mandate to establish criteria on observership. Malaysia, Pakistan and China told the EC that they had no interest in formalising the current MEA information sessions.

The question of observer status for MEAs continues to be blocked for political reasons at the level of the General Council. Meantime, the special session has opted to invite UNEP and certain MEA secretariats on an ad-hoc, informal basis to participate in certain parts of its meetings. Due in part to disagreements over whether the International Tropical Timber Organization (ITTO) qualified as an MEA, delegates at the special session did not agree as to whether they would extend the invites again for its next meeting on 30-31 October.

At the 7 July regular CTE session, the EC, supported by Switzerland, the Czech Republic and Hungary, proposed that the group "...shall before the end of 2004 hold, in addition to its usual schedule of meetings to be agreed, [three] 'dedicated sessions' to engage in a positive dialogue on governmental and non-governmental voluntary eco-labelling schemes, notably those based on life-cycle analysis". While Japan and Canada said that this could be a useful basis for discussion after Cancun, a number of other Members -- notably Australia, Brazil, China, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand and the US -- opposed the EC's suggestion. These countries said that a life-cycle analysis approach was too close to the sensitive issue of process and production methods (PPMs), and that the sessions would duplicate ongoing work in the Committee on Technical Barriers to Trade (TBT). In its response, the EC said that labelling was not currently a focus of the TBT Committee, and cited a study indicating that only ten percent of life-cycle elements were related to PPMs.

A proposal by Canada to recommend to ministers that the 10-point CTE work programme be reviewed "to determine whether it continues to meet the requirements of Members" also generated some discussion. While most Members agreed that there was value in reviewing the work programme, they thought the idea needed further discussion in the CTE, saying that this could happen after the Ministerial. China, Egypt, India, Indonesia, Malaysia and Thailand said they did not want to see the CTE work programme changed from its current format.

US papers on environmental goods

In discussions at the special session under para 31(iii), the US presented two papers on environmental goods. In its first paper (TN/TE/W/34), the US suggested that Members use the list of environmental goods emanating from the Asia-Pacific Economic Cooperation (APEC) forum as a starting-point in negotiations. It argued that the APEC list deserved attention as it was intended to serve as the basis for tariff liberalisation among participating economies, a situation similar to that currently at the WTO. The US noted that APEC countries did not include goods produced in a manner that is "environmentally friendly" (i.e. differentiated on the basis of PPMs), due to "the practical and WTO-legal issues" surrounding tariff discrimination on the basis of PPM criteria. Under WTO rules, it is not permitted to discriminate against products based on PPMs. In its second submission (TN/TE/W/38), the US proposed that two lists be established: a core list of goods that everyone agrees are environmental (i.e. sewage treatment equipment); and a second list of other proposed environmental goods. Tariffs would be eliminated on the core list of goods by 2010, and countries would be required to liberalise a certain percentage of products from the proposed list by 2010. Due to time constraints, there was no discussion on this paper.

ICTSD reporting.

OTHER NEWS

SERVICES COUNCIL CONSIDERS NEW LDC MODALITIES DRAFTS

During its meeting on 4 July, the WTO Council for Trade in Services (CTS) negotiating session considered, *inter alia*, new informal documents on modalities for the special treatment of Least Developed

Countries (LDCs) in the current services negotiations. Prepared by the WTO Secretariat and the US, the documents (jobs (03)/127 and 133, not yet derestricted) propose alternative language on LDC modalities, following a proposal made in May by Zambia on behalf of the LDC group of countries in a effort to move the issue forward before the Cancun ministerial (see BRIDGES Weekly, 21 May 2003, <http://www.ictsd.org/weekly/03-05-21/story3.htm>). The LDC group has since been working to elaborate the modalities, which many non-LDC developing countries also supported.

The alternative language prepared by the WTO Secretariat was based on the Zambian proposal and the result of consultations with, and proposals from, various Members. The document attempts to summarise views expressed by non-LDC Members, and is intended to assist Members in considering further steps with regard to the adoption of modalities. It seeks to provide a more technical format, and to insert some of the concerns of LDCs into the legal architecture of the General Agreement on Trade in Services (GATS). Some of the language was changed from its initial, binding format to best endeavour language, taking away much of the legal weight of the initial proposal of LDCs modalities presented by Zambia. This tendency is even more emphasised in the proposed language tabled by the US, where best endeavour language is applied horizontally to all the modalities proposed by the LDC. The LDC call for increased technical assistance is deleted in the US proposal, and only the continuation of current programmes encouraged. According to some observers, the proposed alternative texts would not help change the current direction of the current request-offer phase of services liberalisation much, where LDCs will, in any case, have to be very careful in how they deposit their commitments, and possible gains might depend on the "generosity" of other WTO Members.

Background

Under the GATS, special and differential treatment (S&D) shall be provided for developing country Members, with special priority given to LDCs. The services negotiating guidelines also indicate that services negotiations shall aim to increase the participation of developing countries in trade in services, giving special priority to LDCs. In order to address these issues, the CTS has been discussing possible modalities for the special treatment of LDCs since the approval of the services negotiations guidelines. Negotiations on LDC modalities seek ways and means to grant S&D during the services negotiations under Article XIX (negotiation of specific commitments) of the GATS.

ICTSD reporting; "Services Negotiations Progress and Pitfalls," SOUTH BULLETIN 45, October 2002.

TBT COMMITTEE CONSIDERS PROPOSED EU CHEMICAL LEGISLATION

Meeting on 2 July, the WTO Committee on Technical Barriers to Trade (TBT) discussed, inter alia, draft EC chemical legislation, EC wine labelling requirements and US bioterrorism legislation.

EU chemical legislation

The EU submitted information on its draft chemical legislation to the TBT in late May (G/TBT/W/208, available at <http://docsonline.wto.org>). The European Commission released the draft legislation on 7 May (see BRIDGES Weekly, 14 May 2003, <http://www.ictsd.org/weekly/03-05-14/story6.htm>), and it is now undergoing an internet consultation. At the TBT meeting the US, Australia, Mexico, Japan, China, Malaysia, Korea, Ecuador and Australia asked why the EU had not submitted a proper notification on its draft legislation. The EU said that the internet consultation was set to conclude on 10 July, and a proper notification would be circulated subsequently. The countries also outlined a number of concerns relating to the legislation, including its complexity and cost of compliance. Some Members questioned why the EU was taking a unilateral approach on this issue, as work was ongoing under the OECD to create harmonised principles on chemicals.

EU wine labelling

Members again discussed an EC Directive on new rules for wine labelling, originally submitted in June 2002 (G/TBT/N/EEC/15). The US, Mexico, New Zealand, Argentina and Brazil -- all new-world wine producers -- expressed concern about the proposed regulation, which would tighten rules around the use of terms such as 'chateau' for wine sold in the EU, complicating export to the EU. They felt that the EU had not adequately responded to their questions, and suggested that the EU delay the implementation of the regulation or completely withdraw it. The EU responded that it already had postponed the implementation from 1 January 2003 to 1 July, and noted that there would be a transition period until next February, during which both old and new labels would be allowed.

US bioterrorism act

Several Members expressed their concern over a proposed US act on bioterrorism. Under the US

Registration of Food Facilities Public Health Security and Bioterrorism Preparedness and Response Act would require domestic and foreign facilities that manufacture, process, pack, or hold food for human or animal consumption in the US to register with the US Food and Drug Administration (FDA) by 12 December 2003. The rationale behind the legislation was to allow the US to react quickly to a terrorist attack on the US food supply chain, as well in cases of food-borne illnesses. Mexico, the EC, Australia, Brazil, Indonesia, Malaysia, Switzerland, China, Argentina and Ecuador noted that the proposed legislation was unnecessarily trade restrictive. The US, which had notified the TBT Committee about the act in February this year, said it had received 500 written comments, which it was currently reviewing. The act would enter into force in December 2003.

The next meeting of the TBT Committee is scheduled for 21-22 October.

ICTSD reporting.

IN BRIEF

EUROPEAN PARLIAMENT ADOPTS EMISSIONS TRADING SCHEME

The European Parliament adopted the world's first multi-national emissions trading scheme (ETS) covering greenhouse gases in the Union on 2 July. The Directive, taking effect in 2005, will cap emissions from 10,000 plants in the oil refining, smelting, steel, cement, ceramics, glass and paper sectors, and allow trading of their emissions allowances. The emissions trading market is estimated to grow to up to eight billion EUR per year. EU governments will now allocate the emissions allowances at the national level, auctioning out a limited amount while directly giving most to companies. Individual industrial installations will be able to opt out of the scheme during an initial phase, if they can show that they have made equivalent voluntary efforts. Commenting on the ETS, EU Environment Commissioner Margot Wallström said that "it means that the largest emissions trading scheme in the world to date will be a reality from 2005, and that the architecture foreseen under the Kyoto Protocol is coming to life. Companies across 25 countries must now start incorporating climate change into day-to-day commercial decisions, and begin assessing what innovative steps they can take to reduce emissions". A representative of a European electrical industry association noted that "society will face a carbon-

constrained future, and thus it is vital that all policies and measures in this domain be introduced at lowest cost for society and industry". Other industry bodies also welcomed the certainty that the ETS brings, while voicing concern about competition from other countries, notably the US, that have not ratified the Kyoto Protocol. The Commission will soon present a new proposal to link the Kyoto Protocol project mechanisms -- Joint Implementation and the Clean Development Mechanism -- to the EU emissions trading scheme, and will revise the Directive in 2006 to include additional activities and sectors, such as transportation and chemical and aluminium plants.

"EU parliament launches climate emissions trading," REUTERS, 3 July 2003; "Greenhouse gas emissions trading: Commissioner Wallström hails final agreement on climate change breakthrough," EC PRESS RELEASE, 2 July 2003.

EUROPEAN MINISTERS DEBATE CANCUN, TRADE TIES

On 6-7 July, the trade ministers of the EU and its ten acceding countries met in Palermo, Italy, to discuss trade issues with a view to the Cancun WTO ministerial meeting. EU Trade Commissioner Lamy said that the EU now could "move onto the offensive," after the agreement of its internal reform of the Common Agricultural Policy (CAP) (see BRIDGES Weekly, 3 July 2003, <http://www.ictsd.org/weekly/03-07-03/story1.htm>). He invited the US and other key agricultural exporters such as Canada and Australia to do more to reform their own farm policies. At the meeting, civil society groups handed over a declaration calling on ministers to withdraw EU demands for the expansion of the WTO in Cancun to include the so-called Singapore issues of investment, competition policy, transparency in government procurement and trade facilitation. On the second day of the meeting, ministers focussed on Euro-Mediterranean trade ties. The EU is keen to increase trade and provide economic and other assistance to the region to create a free trade zone by 2010. The ten partners include Israel, Morocco, Algeria, Tunisia, Egypt, Jordan, Lebanon, Syria, Turkey and the Palestinian Authority. "We believe that by enhancing the business process we can give a helping hand to the peace process," said Palestinian Authority Economy Minister Maher al-Masri. In addition, the European Union said it was ready to negotiate a free trade agreement with the Association of Southeast Asian Nations (ASEAN) after the current round of WTO-led talks. The regional trade action plan, entitled the transregional EU-ASEAN trade initiative, has been proposed by the European Commission and would "deepen co-operation" on issues such as human rights and fighting terrorism.

"EU Courts Trade Blocs Ahead Of WTO Meeting," BUSINESS DAY, 9 July 2003; "EU says "on the offensive" in world trade talks," REUTERS, 6 July 2003; "Italy urges new trade body to boost Mideast peace," REUTERS, 7 July 2003; "Israel, Palestinians back trade efforts at EU talks," REUTERS, 7 July 2003; "From Palermo To Cancun: EU Trade Ministers Asked To Stop WTO Expansion," FRIENDS OF THE EARTH EUROPE PRESS RELEASE, 3 July 2003.

NEW INITIATIVE TO DEVELOP DRUGS FOR NEGLECTED DISEASES

A new initiative aimed at improving research and development of drugs of neglected diseases was launched in Geneva on 3 July. The Drugs for Neglected Diseases Initiative (DNDi) is a not-for-profit organisation, and will coordinate global R&D networks with the goal of catalysing the development of "new, effective, affordable and field-relevant drugs for neglected diseases" such as sleeping sickness, Chagas disease or leishmaniasis. Large pharmaceutical companies have shown scant interest in these diseases, which mainly affect poor populations in developing countries without the ability to pay for drugs. According to the DNDi, "a mere 10 percent of the world's health research efforts go into diseases that account for 90 percent of the global disease burden". The founding organisations of the DNDi are Médecins Sans Frontières, the Institut Pasteur, the Kenya Medical Research Institute, the Oswaldo Cruz Foundation, the Indian Council of Medical Research and the Malaysian Ministry of Health. They will work with the WHO and the World Bank to develop drugs from existing compounds as well as new drugs, and, according to DNDi interim director Yves Champey, "DNDi will mobilise scientific innovation to create new medicines for the world's most neglected patients". The success of the initiative will, however, depend in part on whether large pharmaceutical companies will provide DNDi scientists with access to existing information and research facilities.

"New Body Set to Fight Killer Diseases West Ignores," REUTERS, 4 July 2003; "New initiative to research and develop drugs for the world's most neglected diseases," WHO PRESS RELEASE, 25 June 2003.

CARIBBEAN LEADERS TACKLE INTEGRATION, WTO, FTAA ISSUES AT SUMMIT

Caribbean heads of state met in Montego Bay, Jamaica, from 2-5 July for the 24th Meeting of the Conference of Heads of Government of the Caribbean

Community. They agreed to merge into an EU-type single economic bloc by 2005. The countries are set to free up the flow of goods, services and skilled workers in the region. This initiative is an "absolute imperative," said Jamaican Prime Minister Patterson. The leaders also agreed to work together to find strategies to meet new challenges, such as the Free Trade Area of the Americas (FTAAs). US Trade Representative Robert Zoellick, attending the meeting, declined an appeal made by the Caribbean leaders for more time to prepare the fragile island economies for joining the FTAAs, stressing that the US was committed to establishing the trade bloc on time. On the topic of trade negotiations underway in the WTO context, the Caribbean states called for special, preferential treatment to facilitate their access to foreign markets for their agricultural products. WTO Director-General Supachai Panitchpakdi, speaking at the meeting, acknowledged that the Caribbean economies needed more access for their sugar, cotton and coffee, but noted that they currently actually benefited from cheap, subsidised food imports from rich countries. He added that these "conflicts of interest" would be tackled during the fifth WTO Ministerial in Cancun, Mexico in September.

"Caribbean Leaders Meet In Jamaica For Summit," AP, 3 July 2003; "Caribbean Countries Appeal To World Trade Organization For Preferential Trade Status," AP, 4 July 2003; "Caribbean Leaders Vow To Deepen Econ Ties, Boost Tourism," AP, 6 July 2003.

ECOSOC CALLS FOR END TO AGRICULTURAL SUBSIDIES

During the United Nations Economic and Social Council (ECOSOC) annual meeting held in Geneva, ministers issued a declaration urging rich countries to reduce and eliminate agricultural subsidies to ease market access for products from developing countries. Speaking on 30 June at the opening session of the meeting -- which runs until 25 July, UN Secretary-General Kofi Annan said commitments made at the 2001 WTO ministerial meeting in Doha must now be implemented. The challenge "is not to decide what to do, but rather, simply, to do it," according to Annan. He called on countries to show greater flexibility, to meet the Millennium Development Goals (MDGs) drawn up at the UN Millennium Summit. The MDGs would be unattainable without addressing the problems of rural poverty and development, ECOSOC President Gert Rosenthal said to the high-level ministerial segment of the ECOSOC meeting, which was focusing on the theme of "promoting an integrated approach to rural development in developing countries for poverty eradication and sustainable development". Concluding the high-level segment, ministers issued a declaration

that, inter alia, highlighted the need for the implementation of the Doha Ministerial Declaration and the urgent need for WTO Members to address, at Cancun, issues such as agricultural export subsidies, domestic support and enhanced market access, as well as special and differential treatment for developing countries.

"ECOSOC Calls For Abolition Of Agricultural Subsidies," UN NEWS CENTER, 2 July 2003; "Annan Urges Action on Rural Poverty," ENS, 1 July 2003; "UN Chiefs Plead With Powers For Fairer Farm Trade," REUTERS, 30 June 2003.

UNCTAD EXPERT GROUP CONSIDERS COMPETITION ISSUES

The fifth session of the UN Conference on Trade and Development (UNCTAD) Inter-governmental Group of Experts (IGE) meeting on competition law and policy took place in Geneva from 2-4 July. Participants made presentations and discussed issues at the trade-competition interface, focussing chiefly on: the interface between industrial policy and competition policy; and the optimal design and implementation of competition law in developing countries. The presentations highlighted the design and implementation of competition law and policy in developing countries in national as well as regional integration contexts. Several presentations recognised benefits of competition law, but stressed the necessity of taking a phased approach tailored to the level of economic development of a country, responding to specific needs and priorities.

At the meeting, a final consolidated report of the capacity building meetings organised by UNCTAD on competition issues within the framework of the Doha Mandate was released. The report lists key issues relevant to the ongoing discussions at the WTO, including developmental aspects and various forms of special and differential treatment (S&D) with regard to competition issues. The report classifies arguments and concerns expressed by both proponents and opponents of trade and competition into "pros" and "cons". It highlights two scenarios likely to emerge at Cancun. The first option would entail reviewing the modalities and parameters of a possible multilateral framework in the relevant WTO Working Group before any decision to launch negotiations was taken by explicit consensus. The second option would entail continuing the status quo, with detailed evaluation of the implication of a multilateral competition framework for other WTO Agreements, and a progressive reinforcement of competition institutions in developing countries through capacity building.

The report, an advance and unedited version of a forthcoming UNCTAD document, UNCTAD/DITC/CLP/2003/1, is accessible at http://www.unctad.org/en/docs/ditccpl20031_en.pdf.

ICTSD reporting.

EU-ANDEAN COMMUNITY: CIVIL SOCIETY PARTICIPATION FUNDAMENTAL TO INTEGRATION EFFORTS

An inter-regional seminar entitled Mechanisms for Civil Society Consultation for Integration and Trade Initiatives: A dialogue Between the European Union and Andean Community was held in Lima, Peru from 1-2 July. Guillermo Fernández de Soto, Secretary-General of the Andean Community, delivered a statement at the meeting stressing that he was "fully convinced that participation and presence of civil society in the Andean integration process was fundamental for its success and legitimacy". He indicated that the integration process should be "tripartite based on the participation of governments, business associations and civil society actors". Seminar participants also highlighted advances achieved during the XIV Andean Presidential Council in late June, which saw the attendance of Brazilian President Lula Da Silva. The Presidential Council had provided political support for the creation of a common South American space based on the Andean Community and Mercosur, and issued a Declaration outlining a multidimensional approach to Andean integration based on five strategic axis: a social agenda; political integration; a common market; border development; and physical integration.

ICTSD reporting; "IDB, Andean Community And European Commission Hold Seminar In Lima, Peru On Consultations With Civil Society On Trade And Integration Initiatives," IDB PRESS RELEASE, 3 July 2003; "Andean Ministers approve 16 provisions prioritising social dimension of the integration process," ANDEAN COMMUNITY PRESS RELEASE, 25 June 2003; "Will of Andean countries to conclude CAN-Mercosur negotiations as soon as possible emphasised," ANDEAN COMMUNITY PRESS RELEASE, 23 June 2003.

WTO IN BRIEF

TRIPS COUNCIL MAKES NO PROGRESS ON GEOGRAPHICAL INDICATIONS

At the special session of the Council for Trade-related Aspects of Intellectual Property Rights (TRIPs) on 2-3 July, Members failed to make progress in the negotiations on a multilateral register for geographical indications for wines and spirits. Members remained divided over two key issues, i.e. "legal effect" -- whether Members should be required to protect registered terms -- and "participation" -- whether those who do not register a term are nevertheless obliged to protect registered terms (see BRIDGES Weekly, 12 June 2003, <http://www.ictsd.org/weekly/03-06-12/story2.htm>). In his report to be submitted to the next Trade Negotiations Committee on 14-15 July (TN/IP/7, available at <http://docsonline.wto.org/>), TRIPs Council Chair Ambassador Eui-yong Chung of Korea noted that he had been unable to prepare a revised draft without options as he had hoped. "In the light of the current state of the negotiations in the Special Session and of the Doha Development Agenda as a whole, delegations did not as yet feel in a position to be sufficiently flexible in their positions on the key issues of legal effects and participation to warrant [the Chair] tabling a new draft text at this stage," the report concluded. The Chair is planning to hold further informal consultations and possibly convene another special session in the lead-up to the Cancún Ministerial. Trade sources speculated that Members were unlikely to finalise the negotiations by the Cancún meeting (as mandated in the Doha Declaration), and that progress could only be expected if the EU watered down its ambition on the register or was prepared to accept a trade-off in other negotiating areas, notably agriculture.

ICTSD reporting.

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>. If you would like to submit an event, please email events@ictsd.ch.

ICTSD Events

ICTSD will host two informal events during the meeting of the WIPO Intergovernmental Committee on Genetic Resources, Traditional Knowledge and Folklore (IGGRTK). These will focus on "International Processes on Genetic Resources and Traditional Knowledge: which way forward", and "Cases and views on the relationship between IPRs, genetic resources and traditional knowledge". The former will be held on 11 July from 1:00 to 3:00 pm, in Room B of the WIPO building at 34, chemin des Colombettes, in Geneva, Switzerland. It is jointly organised with IUCN and SPDA. The latter will be held on 12 July 2003, from 10:00 am to 1:00 pm, in Room 1.27 of the WIPO building. Given seating limitations, kindly RSVP by email to mchamay@ictsd.ch or by fax at (41 22) 917 80 93.

Coming Up: 10 – 16 July

8-11 July, Alajuela, Costa Rica: THINK TANK ON SUSTAINABLE TOURISM. The organisation of Business Enterprises for Sustainable Travel (BEST) is hosting a conference to educate the next generation of tourism professionals on issues of sustainability in their work. The event, entitled "The Role of Tourism in Community Development, and Cultural and Environmental Stewardship," is part of BEST's ongoing commitment to sustainable tourism education and training. For further information, please visit: http://www.sustainabletravel.org/academia/mtg_thinktank3_about.cfm.

9-11 July, San Francisco, California: WORLDWIDE SYMPOSIUM ON GEOGRAPHICAL INDICATIONS. The World Intellectual Property Organisation (WIPO), in cooperation with the United States Patent and Trademark Office (USPTO), is organising this symposium in order to facilitate the exchange of information on geographical indications at the national, regional and international levels. For more information, please visit: <http://www.wipo.org/meetings/2003/geo-ind/en/index.html>.

14-18 July, Geneva, Switzerland: SEVENTH SESSION OF THE INTERGOVERNMENTAL NEGOTIATING COMMITTEE OF THE STOCKHOLM CONVENTION. For further information, contact: Interim Secretariat for the Stockholm Convention, tel: +41 22 917-8191, fax: 797-3460; email: ssc@chemicals.unep.ch; Internet: <http://www.chem.unep.ch/pops/>.

WTO Events

9-11 July, Geneva, Switzerland: WTO NEGOTIATING GROUP ON MARKET ACCESS.

10 July, Geneva, Switzerland: WTO SPECIAL SESSION OF THE COUNCIL FOR TRADE IN SERVICES.

10 July, Geneva, Switzerland: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY.

10 July, Geneva, Switzerland: WTO WORKING PARTY ON THE ACCESSION OF THE RUSSIAN FEDERATION.

11 July, Geneva, Switzerland: WTO DISPUTE SETTLEMENT BODY.

11 July, Geneva, Switzerland: WTO WORKING PARTY ON THE ACCESSION OF SUDAN.

14-15 July, Geneva, Switzerland: WTO TRADE NEGOTIATIONS COMMITTEE.

16 July, Geneva, Switzerland: WTO COMMITTEE OF PARTICIPANTS ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS.

16-18 July, Geneva, Switzerland: WTO SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE.

Other forthcoming meetings

23 July, Mexico City, Mexico: INTERNATIONAL WORKSHOP ON SUSTAINABLE DEVELOPMENT CRITERIA FOR CARBON-BASED FORESTRY PROJECTS AND THE MEXICAN CLIMATE CHANGE POLICY PROCESS. This workshop will be organised by researchers at the School of Development Studies at the University of East Anglia (UK) and the Tyndall Centre for Climate Change Research (UK), in cooperation with the Instituto Nacional de Ecología, to inform the Mexican policy process and discuss a set of sustainable development criteria for carbon-based forestry projects. A range of institutions and organisations, including government, international consultancies and NGOs, will participate and present their views on forestry carbon-based projects and sustainable development. For further information contact Yatziri Zepeda, email: yatzem@ine.gob.mx or Esteve Corbera, email: e.corbera-elizalde@uea.ac.uk.

28 July, Santiago, Chile: SEMINAR ON EU-CHILE TRADE AGREEMENT. RIDES and Planistat-Luxembourg are organising a seminar to discuss the impacts and the opportunities of the EU - Chile Trade Agreement for sustainable development in the light of the results of the Sustainability Impact Assessment of

the agreements carried out by the EU. For further information visit: <http://www.rides.cl/news.html#news1>.

22-24 September, Veldhoven, The Netherlands: INTERNATIONAL CONFERENCE ON GLOBALISATION AND NATIONAL ENVIRONMENTAL POLICY. The Conference gathers prominent speakers from supranational organisations, government, academia, business, and non-governmental organisations. They will share their views on the ways in which increasingly global spheres of influence hamper and foster the environmental policy of national government. For further information contact Mrs. Ilse van Eck, tel: +31-13-4668015; fax: +31-13-4668018; email: globconf@uvt.nl; Internet: www.uvt.nl/globalizationconference.

1-4 October, Boulder, Colorado, US: SUSTAINABLE RESOURCES 2003 - SOLUTIONS TO WORLD POVERTY. The event is organised to promote sustainable development by connecting grassroots leaders with engineers, entrepreneurs, inventors, vendors and philanthropists. It will provide opportunities for non-profits/NGOs, foundations, government agencies, and for-profit businesses to share technical expertise, connect, collaborate and establish cross-border partnerships. Conference themes include: economic development, education, water and food. For further information contact Lili Francklyn, tel: +1 303-998-1323; email: lili@sustainablevillage.com; Internet: <http://www.sustainableresources.org>.

RESOURCES

ICTSD Resources

The June issue of BRIDGES Monthly Review is now available. To access it online, visit <http://www.ictsd.org/monthly/index.htm>. The June issue of Trade Negotiations Insights is available at <http://www.ictsd.org/tni/index.htm>.

Other Resources

THE SINGAPORE ISSUES AND THE WORLD TRADING SYSTEM: THE ROAD TO CANCUN AND BEYOND. By Krista Lucenti, Julian Clarke, Simon Evenett, and Benno Ferrarini (World Trade Institute, June 2003). The central objective of this volume is to provide comprehensive start-of-the art analyses of the proposals for each of the Singapore Issues. Each chapter contains, inter alia, a discussion of the key economic and reform matters associated with a given Singapore issue (Investment, Competition, Procurement, and Trade Facilitation); a detailed account of proposals for new multilateral rules in each

area; and recommendations for policymakers in the run-up to Cancun. The book is available at: <http://www.wti.org> (by clicking on "What is New" and then waiting for the book announcement to scroll around).

"The Development Dimension of Investment Negotiations in the WTO - Challenges and Opportunities," by Americo Beviglia Zampetti and Torbjörn Fredriksson in the JOURNAL OF WORLD INVESTMENT (UNCTAD, June 2003). This article attempts to reflect on how possible development objectives could be addressed in the context of multilateral WTO rules if countries decide to proceed with negotiations. It contributes to the agenda-setting phase of the debate. The article analyses the debate on whether or not the multilateral investment rules are necessary or even at all useful, and tries to assess the potential development impact of specific negotiating options.

FOREIGN DIRECT INVESTMENT AND THE ENVIRONMENT: FROM POLLUTION HAVENS TO SUSTAINABLE DEVELOPMENT (2ND Edition). By Nick Mabey, Richard McNally, and Lyuba Zarsky (WWF, July 2003). This report examines the broad interactions between FDI and the environment. The authors argue that FDI can have significant environmental impacts and policy space for directing and controlling FDI is essential to the delivery of sustainable development. The report also argues that the pollution havens debate has produced an excessive focus on site-specific environmental impacts and emissions of a few industrial pollutants. It draws on case study evidence on the impacts of FDI and examines it within a comprehensive economic and policy model of sustainability. The revised and updated report is available at http://www.panda.org/about_wwf/what_we_do/policy/trade_and_investment/news.cfm?uNewsID=7744.

WTO: THE DOHA AGENDA - THE NEW NEGOTIATIONS ON WORLD TRADE. By Bhagirath Lal Das (Zed Books, May 2003). This book addresses the issues in the current round of world trade negotiations. The author shows that issues of great importance to developing countries, such as textiles, do not figure in the talks, and makes practical policy proposals for the revision of the existing WTO Agreements to protect and improve the development prospects of the poor and disadvantaged countries. For more information contact Mohammed Umar: tel +44 20 7837 4014; fax: +44 20 7833 3960; email: sales@zedbooks.demon.co.uk; Internet: <http://www.drc.org.nz/bookshop/Detailed/765.html>.

CROSSROADS AT CANCUN: WHAT DIRECTION FOR DEVELOPMENT? By the Canadian Council for International Co-operation (May 2003). According to the report, the world's poor are on track to lose again at the World Trade Organisation's September 2003 Ministerial meeting in Cancun, and there is a need for a dramatic shift in Canada's negotiating position in order to ensure that trade is able to contribute to poverty eradication. CCIC sets out five major areas and 26 concrete recommendations for Canada to show leadership and help steer this WTO round in a direction that maximises the scope for development outcomes from trade. The five areas are: 1. No new issues for negotiation (and focus on implementation concerns) 2. Making development central to agricultural trade rules 3. Addressing the development imperative for medicine and food security in TRIPS 4. Preserving the scope for regulation, flexibility and public services in GATS 5. Democratizing the WTO. The brief is available at: http://www.ccic.ca/devpol/cancun/crossroads_at_cancun.htm.

INTERNATIONAL ENVIRONMENTAL LAW AND POLICY IN AFRICA. By Beatrice Chaytor and Kevin R. Gray (Kluwer Academic Publishers, June 2003). This book features a series of essays on environmental law and policy in Africa from experts within and outside the region. It aims to demonstrate how African countries are responding to their international environmental obligations contained in instruments, such as the Convention on Biological Diversity, Framework Convention on Climate Change and the Desertification Convention, in light of local environmental problems. The essays cover: the multilateral environmental agreements (MEAs); natural resources sector management; and the development of law and policy instruments. For further information visit: <http://www.wkap.nl/prod/b/1-4020-1287-X>.

EUFORIC-ACP/EU COOPERATION WEBSITE. This website was launched to facilitate information exchange among civil society in the African, Caribbean and Pacific (ACP) and EU on cooperation between the two regions. It aims at extending and enhancing the appropriate use of information and communication technologies by civil society actors in the ACP and Europe, raising awareness, and creating knowledge-sharing systems and partnerships on priority issues such as poverty reduction. The website can be accessed at: <http://acp-eu.euforic.org/civsoc/>.

THE 21ST CENTURY NGO: IN THE MARKET FOR CHANGE. By Seb Beloe, John Elkington, Katie Fry, and Sue Newell (SustainAbility, June 2003). The report details the results of a global study of the NGO landscape, involving over 200 NGOs and opinion makers contributing to the identification of the challenges these organisations face in the new

millennium. According to the report, increasing numbers of NGOs are making strategic decisions to engage with business and governments in an effort to reform market systems -- in sharp contrast to the confrontational posture that has characterised previous years. The report predicts that a great shift will take place, with rising numbers of NGOs engaged with business to bring about positive societal change. For further information contact Seb Beloe, tel: +44 207 269 6900 or Katie Fry Hester, tel: +1 202 659 2898; Internet: <http://www.sustainability.com>. To purchase a copy of the report please visit: <http://www.sustainability.com/publications/latest/21C-ngo.asp>.

HARNESSING MARKETS FOR BIODIVERSITY: TOWARDS CONSERVATION AND SUSTAINABLE USE. By the OECD Working Group on the Economic Aspects of Biodiversity (July 2003). The publication is intended to inform specialists and non-specialists in biodiversity policy of the wide range of market solutions that have been developed over the years. The book attempts to answer the following question: how can markets be harnessed to conserve biological diversity and foster its sustainable use? For further information, visit the OECD Online Bookshop at: <http://oecdpublications.gfi-nb.com/cgi-bin/oecdbookshop.storefront> or contact Philip Bagnoli at tel: +33 1 45 24 76 95; fax: +33 1 44 30 61 84; email: Philip.bagnoli@oecd.org.

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