



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

Bridges

Weekly Trade News Digest

5 November 2003

Volume 7 Number 37

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LEAD STORIES

DSB: INDIA WINS LANDMARK EU-GSP CASE

In a landmark ruling on 28 October, a WTO panel upheld an Indian complaint against provisions under the EU's Generalised System of Preferences (GSP) scheme that grant developing countries combating illicit drug production additional trade preferences. In a ruling that was issued on a confidential basis to India and the EC, the panel stood by India's primary claim that the special tariff preferences were inconsistent with the Most-Favoured Nation (MFN) obligation of the General Agreement on Tariffs and Trade (GATT Article 1.1). The MFN obligation requires every WTO Member to extend any advantage, favour, privilege or immunity granted to imports from any single Member to be automatically extended to all other Members.

The panel also agreed with the second Indian claim that the tariff- preferences violated Articles 2(a), 3 (a) and 3(c) of the 28 November 1979 GATT Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries, popularly known as the Enabling Clause. Paragraph 2(a) of the Enabling Clause calls for the establishment of "nonreciprocal and non-discriminatory preferences" under GSP schemes, while paragraphs 3(a) and 3(c) require that preferences be designed to "facilitate and promote the trade of developing countries" and "respond positively to the development, financial and trade needs of developing countries".

The panel rejected an EC claim that Article XX (b), which allows Members to implement trade-restrictive measures to protect 'human, animal, or plant life or health,' provided a sufficient exception to derogate from WTO rules.

India had initially requested the establishment of a panel on 19 December 2002 (see BRIDGES Weekly, 15 January 2003, <http://www.ictsd.org/weekly/03-01-15/story3.htm>). India reportedly raised the dispute following unsuccessful consultations with the EC after Pakistan was granted tariff-preferences for its textile exports under the drug-control scheme.

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EU GSP incentives arrangements in line with sustainable development

India had argued that the GSP was an exception to the MFN obligation only to the extent that it allowed discrimination in favour of some developing countries. According to a trade source, India felt that the Enabling Clause was primarily to enable developed countries -- while granting preferences to developing countries -- to avoid challenges based on the MFN clause. In that sense the scope of the exception that the Enabling Clause was designed to serve was 'narrowly-defined'. It was thus not a complete exception to the MFN, so Article 1.1 was still relevant.

In its initial submission, India had also challenged tariff preferences granted to developing countries upholding certain environmental and labour standards. According to the EC, the GSP scheme fully conformed with the conditions in the Enabling Clause. It further argued that the scheme's special incentives to combat drug production and trafficking and promote environment and labour standards were fully in line with internationally-recognised objectives aimed at the promotion of sustainable development. India had informed the EC in March 2003 of its decision to withdraw the challenge on tariff preferences granted under the GSP's environmental and labour clauses and confine itself to the 'drug-window' of the GSP.

India calls for discrimination in favour of and not between developing countries

In its submissions to the panel, India argued that the incentives for combating drug-production and trafficking did not comply with three conditions that a developed country had to meet when applying the GSP. Firstly, the Enabling Clause justified only those preferences that did not discriminate between developing countries. With regard to the preferences granted under the 'drug-window,' these were discriminatory as they had not been extended to all but only to twelve developing country Members and had not been extended unconditionally. Secondly, the Enabling Clause covered only those preferences that were beneficial to all developing countries and that, thirdly, were designed to respond positively to their needs. According to India, the preferences were designed to respond only to the needs of the EU.

In its submissions to the panel, the EC responded by contending that India had misconceived the relationship between the Enabling Clause and Article 1.1 of the GATT. The Enabling Clause did not require the granting of preferences to all developing countries on an unconditional basis and in any event the drug preferences were 'unconditional'. Differing treatment of developing countries that had different economic needs

was not discriminatory, according to the EC. Moreover, by supporting sustainable economic alternatives, tariff preferences provided an appropriate response to the drug problem and, hence, to the special development needs of the countries affected by that problem.

The EC points to measure 'necessary' for protection of human life or health

The EC in its submission also argued for an exception from WTO rules on the grounds that it was 'necessary' for protecting human life and health within the EU. Such an exception was contained in Article XX (b) of the GATT. The EC sought to show that the drug-arrangements were necessary for the protection of human life and health and pointed to the link between development and effective drug-control. The EC stated that the GSP preferences complemented other measures such as technical and financial assistance in order to promote alternate economic activities. Among other things, the EC contended that the approach was in line with the recommendations issued by UN, and in particular a 1998 Action Plan, which expressly encouraged UN members to provide greater market access to imports from the countries concerned in order to support alternative economic activities. In its second submission, the EC stated that it was not aware of any alternatives that would be equally effective and less trade restrictive in order to provide effective market access to the products from the beneficiaries.

Waiver could have saved the EU

According to many trade sources, the EU conditionality clauses in its GSP scheme could have been saved had it sought a waiver from the WTO. The EU reportedly had planned to seek a waiver for its tariff- preferences under the drug-control scheme but did not proceed due to the possibility of objections (a copy of the waiver request, G/C/W/328, is available at <http://docsonline.wto.org/DDFDocuments/t/G/C/W328.doc>). India had in its first submission contended that the drug arrangements were not justified in the absence of a waiver. The Cotonou Agreement on the preferential market-access partnership between the EU and 70 African, Caribbean and Pacific countries was legitimised within WTO rules on the basis of such a waiver.

Sources indicate that the panel ruling will, if adopted, have an impact on similar GSP schemes in place based on control of drug-production and trafficking, notably those maintained by the US in favour of many Latin American countries such as the drugs eradication programs under the Andean Trade Preference Act. Bolivia, Colombia, Ecuador, and Peru reportedly received preferential US tariff treatment under this GSP program in 2001 to the tune of approximately USD 1.7

billion of exports. Trade sources also said that the ruling could have a 'chilling effect' on GSP schemes based on protection of the environment and labour rights. While India has dropped earlier claims on such grounds against the EC, it reportedly indicated that it would reserve its right to initiate new dispute settlement proceedings against the labour and environment provisions if it believed the EC was applying the tariff preferences in a way that harmed its trade or if the EC decided to renew the provisions on expiry of current GSP rules towards the end of 2004. Adding to the controversy of the case, one of the three panellists however gave a dissenting opinion.

According to trade sources, the panel report is due to be released to the public in early December. The EC will then decide on whether to appeal the panel ruling within 60 days of its release.

ICTSD reporting; "WTO Panel Final Ruling Upholds India Case Against EU GSP Program," WTO REPORTER, 31 October 2003; "India Wins Dispute On GSP against EU," THE HINDU ONLINE, 10 September 2003.

OTHER NEWS

'BUSINESS AS USUAL' AT SPS COMMITTEE

The WTO Committee on Sanitary and Phytosanitary Measures (SPS) met from 29-30 October to continue its work, with little impact felt from the current impasse of talks at the WTO following the Cancun collapse. Members came close to adopting clarifications on special and differential treatment (S&D) and equivalence, but in the end left the final decision to their next meeting. Also discussed, among other items, were a Mexican proposal on transparency, the US Bioterrorism Act and the EU's proposed food and feed controls.

S&D decision postponed

After adopting a Canadian S&D proposal in principle at the April SPS Committee meeting (see BRIDGES Weekly, 10 April 2003, <http://www.ictsd.org/weekly/03-04-10/story3.htm>), Members failed to agree on the elaboration of the proposal put forward by the Secretariat (G/SPS/W/132/Rev.1, searchable at <http://docsonline.wto.org/>). The amended notification procedure would require Members to engage in bilateral consultations if an exporting country identified

significant difficulties in complying with proposed regulations, including the option of S&D. Following the consultations, the notifying Member should submit an Addendum to the WTO, specifying the S&D requested and provided (or reasons why S&D was not granted).

The proposal was not adopted due to objections from the US, which submitted suggestions for further changes late in the debate, leading Members to request more time for a final discussion. The US is concerned about the unlimited comment period, which enables Members to submit comments at any time. This would contravene US legislation, under which comments can only be received during set comment periods.

Equivalence for historically traded products

A number of countries expressed disappointment with Members' failure to adopt the clarification of the Decision on Equivalence (G/SPS/19) regarding historically traded products. Equivalence refers to the mutual acceptance of another Member's risk-minimising measures that may differ in process but have an equivalent effect. At the initiative of Argentina, the clarification would aim to speed up the recognition of equivalence of SPS measures for products previously traded, for which information already exists. While Members came close to agreement on a slightly revised version of the Argentine proposal, Malaysia requested more time to consider the text and to revert back to it at the next SPS Committee meeting in March.

Other matters

Members discussed a proposal by Mexico on transparency, aimed at addressing the repeatedly raised concern over the short comment period (60 days) following the notification of a new SPS regulation. To this end, Mexico proposed a pre-notification process, under which Members would follow Mexico's example of informing the Committee in advance of all technical SPS regulations to be prepared in the coming year, thereby allowing Members to become acquainted with the information at a sufficiently early stage. Generally, Mexico noted that Members often failed to meet notification requirements, such as setting a deadline for submissions or providing 60 days for comments. Similar concerns had also been raised by China at the April meeting (see BRIDGES Weekly, 10 April 2003, referenced above). The issue is likely to be taken up at an informal meeting held in conjunction with the next SPS Committee meeting.

Both the US Bioterrorism Act and the EU's proposed food and feed controls raised concerns. Other Members felt they would pose a significant administrative burden and questioned whether such stringent measures were really necessary to achieve the risk management

objectives. The US gave a full presentation of the interim rule to implement its Bioterrorism Act, which will require importers to notify the Food and Drug Administration of food, including animal feed, which is imported or offered for import to the US (G/SPS/N/USA/690/Add.2). The interim rule is set to enter into force on 12 December, but changes to the legislation might still occur. While noting that the provisions of the Act were now more workable after the US had taken into account Members' and others' comments, the EC noted that it still had serious concerns, including with regard to the duplication of information requirements.

The US and Canada criticised the EU's proposed food and feed controls -- expected to be implemented in December 2005 -- for requiring control measures that might be appropriate for high risk food, such as meat and poultry, but would be inappropriate for other types of food, such as snacks. The EC countered that the US was in the process of establishing similar requirements, for instance in the Bioterrorism Act. The proposed EU Regulation aims to streamline and reinforce the existing control system for food and feed, *inter alia*, by introducing operational criteria for competent authorities in member states and by setting tough enforcement measures, while creating a framework to support developing countries in meeting EU import requirements (G/SPS/N/EEC/191).

The next SPS Committee meeting is currently scheduled for 17-18 March 2004.

ICTSD reporting.

CAFTA TALKS PUSH AHEAD

After five days of talks, trade officials from the US and five Central American countries (Guatemala, Costa Rica, Honduras, El Salvador and Nicaragua) wrapped up their latest meeting on 24 October in Houston, Texas, expressing optimism about reaching an agreement on the Central American Free Trade Agreement (CAFTA) by the end of this year.

Negotiators settled key portions of a proposed free trade agreement, including renewed and expanded open trade rules in the US-Caribbean Basin Initiative (a regional trade and investment arrangement) and a 10-year tariff phase-out on a wide range of US products, including apples, cherries, sweet corn and wine. Some of the most controversial issues related to textiles and agriculture will however be dealt with at a final set of negotiations in December.

Textiles

During talks on textiles, two provisions spurred heated debate. The first was the so called "cumulation rule," under which textiles and apparel would be able to enter the CAFTA countries duty-free even if the components came from third parties, provided that the third parties had bilateral free trade agreements (FTAs) or preferential trade agreements with the US and the five Central American countries. Since this would mean an adjustment of the "rules of origin" requirement -- which usually means that products covered by specific trade agreements must be entirely or mostly made in the exporting country -- the decision was postponed. The parties were still in the process of studying whether the measure would be WTO-consistent. A related decision on tariff preference levels, under which Central American countries would be allowed to export a specified number of square metres of apparel without meeting country rules of origin requirements, was also postponed.

Sugar a tricky issue in ag talks

During the CAFTA process, US sugar producers have expressed concern that full liberalisation of trade could undermine domestic markets, where sugar sells for about three times the world market prices. During the latest meeting, the US proposed that sugar be designated as a sensitive agricultural commodity, with imports controlled under a tariff-rate quota (TRQs) scheme. The TRQ would determine a specified quantity of merchandise to be imported or exported from a country at a reduced rate during a specified period, thus providing some protection to countries' sensitive agricultural products. Although a firm agreement has not been reached on what products will be covered by a TRQ, items of interest include beef, dairy products, peanuts, rice, cocoa and cotton. Negotiations may also include a 15-year phase-out clause that will ease the liberalisation process.

Central American small farmers have generally raised concerns over their ability to compete against subsidised US products, which benefit from grants of over USD 100 billion through the US Farm Bill. For example, Guatemala's production of staple crops such as maize, beans and rice could come under pressure due to competition with the US in terms of price and quality. If these products are included in the list of food items to be negotiated, this could be a problem for a country that centres its livelihood on agriculture, mostly at a subsistence level.

Labour and environment

The latest round of talks also touched on the issues of labour and environment. The introduction of a model

under which countries can enforce their own labour laws -- used also in the US-Chile and US- Singapore FTAs -- has sparked controversy among all parties involved. Governments in Central America have stressed the importance of establishing their own levels of protection. US Congresswoman Marcy Kaptur on the other hand has expressed worries that expanding NAFTA to Central America will result in the loss of more jobs in the US without improving the standard of living for workers in Central America. Other US Members of Congress believe that "enforcing your own labour laws" is unacceptable for nations that do not incorporate internationally recognised labour standards, and that encouraging investment without addressing labour violations will negatively impact the region. During the discussions in Houston, delegates said that focus should be placed on enforcement, rather than creation of new labour laws.

US Democratic Senator Max Baucus, who is a ranking member of the US Senate Finance Committee, recently made propositions to tighten environmental standards in CAFTA, including improving the text of the agreement and providing support for trade capacity building and environmental cooperation (see BRIDGES Trade BioRes, 31 October 2003, <http://www.ictsd.org/biores/03-10-31/story4.htm>).

Other issues that remain to be resolved including the reluctance countries feel towards opening up the telecommunication industry to US competition and the issue of intellectual property laws, where the Central American countries fear that US corporations will want to claim exclusive property rights on resources such as medicines from the region.

Background

CAFTA is being modelled on the North American Free Trade Agreement (NAFTA, between Canada, US and Mexico), and also influenced by the Singapore-US and Chile-US free trade agreements. Supporters believe that the idea of lowering tariff barriers would encourage investment and jobs in Central America, potentially giving them benefits similar to those Mexico enjoyed from the North American Free Trade Agreement in the 1990s. However, sceptics argue that Central America is too poor to benefit from liberalised trade with the US. According to the World Bank, Nicaragua has a per capita income one-tenth the level of Mexico when NAFTA took effect in 1994. According to Honduran Secretary for Industry and Commerce Norman Garcia, US negotiators need to take into account the small size of the Central American economies, as the US produces the GDP of the five Central American countries in 7 hours and 35 minutes, with the economy of Honduras being equal to the avocado industry in California.

Although two-way trade between the US and the five Central American countries totalled USD 20 billion last year, with a growth in US exports of over 42 percent since 1996, the CAFTA agreement would involve only one percent of overall US trade. The Bush Administration has however made CAFTA a top priority, saying this trade agreement should become a vital precedent for the formation of a free trade zone throughout the Americas and the US expansion of future deals with larger blocs like MERCOSUR (made up of Brazil, Uruguay, Paraguay and Argentina).

Negotiations began in January 2003. Chief negotiators will meet on 12 November; trade ministers will meet again on 18 November; and the ninth and final round of talks is scheduled for 9-12 December in Washington, D.C.

"Talks bring hemispheric agreement closer to reality," HOUSTON CHRONICLE, 25 October 2003; "Trade accord moves ahead," WASHINGTON TIMES, 25 October 2003; "US, 5 Central American Nations Conclude Trade Talks in Houston," VOA NEWS, 25 October 2003; "Central American trade talks see progress," AP BIZWIRE, 24 October 2003; "Farmers, workers react to CAFTA Official: Free trade deal would put many Valley growers out of business," VALLEY MORNING STAR, 24 October 2003; "Controversial CAFTA Textiles, Agriculture work left for December," WTO REPORTER, 31 October 2003; "Central American pact pushed: Trade negotiations resuming this week," SEATTLE TIMES, 23 October 2003; "CAFTA Thumbscrews, The Nuts and Bolts of "Free Trade" Extortion, COUNTERPUNCH, 14 October 2003; "Ag called key to Central American trade talks," HIGH PLAINS JOURNAL, 28 October 2003.

IN BRIEF

UNGA CONSIDERS COMMODITIES TRADE

A group of economic experts presented a report on commodity trends to the UN General Assembly (UNGA) on 27 October, underlining the importance of giving developing nations equitable access to commodity markets. The report called for equitable, enhanced and predictable market access for key commodities from developing countries. The experts agreed that national governments should attach priority to commodity issues, but also urged, inter alia, the UN Conference on Trade and Development (UNCTAD) to help form new partnerships between governments, business,

producers, traders and civil society by the June 2004 UNCTAD XI conference. The report by the economic experts urged a speedy resumption of multilateral trade negotiations to tackle trade-related commodity issues, and speakers at the UNGA stressed the importance of having a multilateral process sensitive to the situation of vulnerable developing countries dependent on a few commodities.

UNCTAD's Trade and Development Board, meeting in October in Geneva, was held in preparation for UNCTAD XI, which will focus on the link between the national and international dimensions of trade and development and how to increase the coherence between the two dimensions. According to UNCTAD Secretary-General Rubens Ricupero, "at the root of the reluctance of many developing countries to engage in trade negotiations is the realisation that they are not really competitive and that many of them are totally dependent on one or two commodities. Perhaps too much attention has been paid to trade negotiations, and not enough to the supply-side response". Commodities issues are currently also being debated in the WTO's Committee on Trade and Development (see BRIDGES Weekly, 23 October 2003, <http://www.ictsd.org/weekly/03-10-22/story2.htm>).

ICTSD reporting; "UN Urged To Take Action On Commodities Markets," UN RELEASE, 28 October 2003; "National, International Dimensions Of Trade On The Agenda In Brazil," UNCTAD RELEASE, 17 October 2003.

ICC OFFERS POST-CANCUN STEPS

At a meeting in Paris on 30 October, the International Chamber of Commerce (ICC) offered a plan to restore positive momentum to the Doha trade round. The ICC, a leading voice of world business, called on WTO Members to build on Cancun and use as a starting point the draft Cancun Ministerial Text of 13 September 2003 (the "Derbez" text). They went on to outline three areas of focus for the run-up to the 15 December meeting of the WTO General Council. A 'vital step' was deciding on negotiating modalities on agriculture, with improved market access for developing countries and a reduction of trade-distorting farm subsidies. Another priority was agreeing on modalities on improved market access for industrial products, with emphasis on non-tariff barriers. Lastly, the ICC called for an unbundling of the so-called Singapore issues, and a particular emphasis on trade facilitation and transparency in government procurement. The ICC concluded that the group would intensify efforts to broaden the global business dialogue on the trade agenda in order to assist WTO Members in reaching consensus.

In related news, European business leaders recently called on the EC to join other WTO Members in pushing for a rapid recovery of the Doha round. This statement came in the context of the EC taking a backseat position in efforts to relaunch trade talks.

For more information on the ICC visit: <http://www.iccwbo.org/>

"Vital Steps After Cancun," ICC RELEASE, 22 October 2003.

FOOD FOR THOUGHT: INTERNATIONAL YEAR OF RICE 2004

On 31 October, the UN launched the International Year of Rice 2004, a drive that intends to promote awareness of the need for improved production and access to this crop as a means to reduce hunger and poverty. Rice influences human nutrition and food security in a major way all over the world, and demand is rising. FAO figures show that developing countries account for 83 percent of total rice exports and 85 percent of total imports. However, the market for world trade in rice remains small, accounting for only 5 to 7 percent of global output, despite growth at an average rate of 7 percent a year during the 1990s. For food security reasons, countries tend to rely on self-sufficient processes rather than trade in rice, to avoid the high volatility in world prices.

According to Concepcion Calpe of the Food and Agriculture Organisation (FAO) Commodities and Trade Division, countries should adopt trade policies that are less distorting, while taking into account non-economic factors such as the environment, food security and rural poverty. Trade barriers should be minimised and markets of countries with extremely high tariffs liberalized. Calpe noted, however, that the issue is complex and should be looked at on a country-by-country basis.

ICTSD reporting; "United Nations launches international year of rice," FAO PRESS RELEASE, 31 October 2003; "FAO Rice Fact Sheet: Economics And The International Year Of Rice," FAO 2003.

EUROPEAN COMMISSION ADOPTS CHEMICALS PROPOSAL

The European Commission on 29 October adopted its proposal for the new European chemicals policy REACH (Registration, Evaluation, Authorisation and

Restrictions of Chemicals). The proposal now needs to be approved by the European Parliament and Council. The proposal had been revised following an extensive public consultation in an effort to make the system "less costly, less bureaucratic and more workable, while reinforcing the guarantees for health and environmental protection," according to the Commission. The REACH legislation will replace 40 different pieces of current legislation and shift the burden of proof for the safety of chemicals from public authorities to companies that produce, import and use chemicals. Industry groups continued to attack the proposal as overly costly and threatening European industry's competitiveness. They also raised concerns over the policy's impacts on imports and exports, calling for a full cost-benefit analysis. Civil society groups expressed their disappointment with the revised proposal which they said was a "mere shadow" of the earlier draft, "having been watered down to suit many unjustified industry demands".

To read the full story, see BRIDGES Trade BioRes, vol. 3 nr. 19 <http://www.ictsd.org/biores/03-10-31/story1.htm>.

"Chemicals review - fight over impact assessment results continues," EURACTIV, 17 October 2003; "Commission presents proposal to modernise EU legislation," EU PRESS RELEASE, 29 October 2003; "Hazardous chemical exposure: a never ending story?," BEUC, 28 October 2002; "Slimmed-down REACH needs healthy supplement," EEB, FOE, Greenpeace, EPHA, AECF, 29 October 2003; "REACH: Serious concerns about inadequate consultation of downstream users," UNICE, 29 October 2003; "EU plan for chemical industry is deeply flawed," FT LETTER, 31 October 2003.

US SENATE VOTES ON CLIMATE PROTECTION

The US Senate voted on a climate protection bill on 30 October, rejecting it by 55 versus 43 votes. Under the bill, companies would have been required to maintain their emissions levels of the year 2000, and would have been able to engage in emissions trading. While a Republican Senator commented that by voting against the bipartisan bill, "A majority of the Senate today told the American people that mandatory carbon dioxide reductions are unacceptable, and rightly so," others noted that although the bill had not passed, it had seen wide support, and interest in addressing climate change was growing.

In 2001, the US -- the world's largest emitter of greenhouse gases -- announced it would not ratify the Kyoto Protocol under the UN Framework Convention on

Climate Change. Although the Kyoto Protocol has yet to enter into force, other countries are going ahead with their implementation plans. The EU has set up an emissions trading scheme (ETS), which was formally adopted on 25 October.

To access the EU Directive establishing the ETS, visit http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_275/l_27520031025en00320046.pdf.

"Senate Rejects Mandatory Cap On Greenhouse Gas Emissions," WASHINGTON POST, 31 October 2003; "EU Emissions Trading Directive Becomes Law," EC RELEASE, 30 October 2003.

US-AUSTRALIA FTA TALKS GET TOUGH OVER AG, DRUG PRICES

The fourth round of trade negotiations between the U.S. and Australia ended on 31 October in Canberra. Issues discussed included agriculture, the Australian Pharmaceutical Benefits Scheme, quarantine and genetic engineering labelling laws, media, intellectual property and e-commerce. During the negotiations, Australia urged the US to open its agricultural markets further, especially in sensitive sectors such as dairy, beef and sugar. Under the current US bid, 80 percent of US farm produce would be protected from Australian competition in the first year. The US, on its part, has been taken issue with "foreign investment... cultural carve-out... and (Australia's) pharmaceutical protection system," according to US Trade Representative Robert Zoellick. Australia's Pharmaceutical Benefits Scheme, which provides subsidised drugs to consumers at affordable prices has spurred controversy in particular, and no agreement was reached over its fate during the last set of talks.

Another round of talks will be held in the first week of December in Washington. Australian Prime Minister John Howard and American President George Bush aim to settle the agreement by the end of the year, to prevent it from becoming an issue in election campaigns in their respective countries.

"US negotiator satisfied with FTA talks," ABC NEWS, 31 October 2003; "US trade deal round of talks ends," THE AGE.COM, 31 October 2003; "Drugs threaten US trade deal," THE AUSTRALIAN, 27 October 2003; "FTA talks to wrap up today," HERALD SUN, 31 October 2003.

EUROPEAN MEETING ON 'MOVING FORWARD FROM CANCUN'

Twenty-one European institutes working on trade and environment convened in Berlin, Germany from 30 to 31 October 2003 to consider the theme 'Moving Forward from Cancun'. Participants spent two days discussing a wide range of topics related to trade and sustainable development. The panels touched on issues ranging from water and energy services, investment, intellectual property rights and agriculture, to environment, social policy, and human rights. The better part of the discussions reflected the largely European focus (and attendance) of the meeting. One conclusion was the need to better understand the results of Cancun vis-à-vis trade and sustainable development. One participant posited that "Cancun was only a failure in that it didn't allow the EU and US to get their way" -- and that on the contrary, Cancun was a success because the meeting led to a reduced scope for the WTO's work programme, something the speaker felt was required for a successful new round. The discussions also focussed on bilateralism and regionalism, with participants pondering the implications for the multilateral system of the proliferation of bilateral and regional trade deals, particularly post-Cancun. Participants felt that bilateral and regional agreements form a core part of the international trading system, and made a distinction between true bilateralism (the US 'Free Trade Agreement' model) and regional cooperation (the EU 'Economic Partnership Agreement' model).

More information on the conference, as well as copies of 16 'State of the Art' reports circulated at the event, can be found at <http://www.cat-e.org/>.

ICTSD reporting.

WTO IN BRIEF

SAUDI ARABIA CLOSE TO JOINING WTO; RUSSIAN ACCESSION TALKS STALLING

The WTO Working Party on the accession of Saudi Arabia met and made significant progress in late October, indicating that Saudi Arabia might become a Member next year. Saudi Arabia has already signed 16 bilateral agreements with Members, including the EC. In its discussions with the EC, Saudi Arabia had reportedly agreed to adjust its dual energy pricing system so as to provide more consistency between

domestic and world prices. The US and Saudi Arabia have not yet signed a deal, with tough points including market access in certain services areas holding up the talks. Saudi Arabia had recently shortened a "negative list" of services areas from which foreign operators would be excluded. A number of Members had expressed their wish that areas such as petroleum exploration, mining and production, among others, would be opened. Another sensitive sector where the Islamic state wished to remain in control of was audiovisuals.

A recent meeting of the Working Party on Russian accession reportedly made scant process. While Russia has struck deals with one third of WTO Members requesting bilateral negotiations, talks with the EC and the US remain to be concluded. The EC and Russia continue to disagree on issues such as Russia's dual energy pricing system (see BRIDGES Weekly, 15 October 2003, <http://www.ictsd.org/weekly/03-10-15/wtoinbrief.htm#1>). Russia, the Ukraine and Saudi Arabia are the three largest economies that remain outside the WTO.

"Saudi Arabia said set to join WTO next year," REUTERS, 24 October 2004; "Latest Russian WTO Accession Talks End With Few Signs of Progress on Key Issues," WTO REPORTER, 31 October 2003.

US BLOCKS FIJI, PAPUA NEW GUINEA EXPORT SUPPORT PROGRAMMES

The US blocked the extension of WTO waivers for investment and export promotion programs in Fiji and Papua New Guinea during a 28 October meeting of the WTO Committee on Subsidies and Countervailing Measures (SCM). The US said it wanted more information of the two Member's programmes before supporting a waiver. The waivers for a number of other countries were extended for another year. Under the WTO's SCM Agreement, developing countries had until 1 January 2003 to phase out subsidies for export performance or the use of domestic over imported goods. Least developed countries (LDCs) are exempted from the phase-out requirement. Examples of export-contingent subsidies include investment incentive programmes, tax breaks for industrial estates, free trade and export processing zones, and other tax and duty relief on exports. The SCM Agreement also allows developing countries to seek an extension to the phase-out deadline. Decisions on the extensions are made by the WTO's SCM Committee and are reviewed on an annual basis.

"US blocks extension of WTO waivers for Fiji, Papua New Guinea programs," WTO REPORTER, 29 October 2003.

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.

Coming Up: 6 - 12 November

5-6 November, Brussels, Belgium: MEETING ON HOW TO MAKE EUROPE'S FOOD SUPPLY CHAIN ENVIRONMENTALLY SUSTAINABLE. The agenda will focus on the sensitive issues of consolidation, globalisation and horizontal/vertical integration. There will be key members of the food industry as well as high-level participation from Members of the European Parliament (and the Agricultural Committee), DG Trade, DG Agriculture, DG Fisheries and DG Enterprise. For further information contact Keith Thomas, e-mail: kthomas@foodsupplychain.com; Internet: <http://www.ethicalcorp.com/foodsupplyconference>.

6-7 November, Washington, DC, US: FOURTH ANNUAL IMF RESEARCH CONFERENCE - CAPITAL FLOWS AND MACROECONOMIC CYCLES. Seminars will include themes such as: "Globalisation, Financial Integration, Volatility", "Are Immigrant Remittance Flows a Source of Capital for Development?" and "When It Rains, It Pours: Procyclical Capital Flows and Macroeconomic Policies". For further information contact ARC2003@imf.org; Internet: <http://www.imf.org/external/pubs/ft/staffp/2003/00-00/arc.htm>.

6-8 November, Santiago de Cuba, Cuba: INTERNATIONAL SCIENTIFIC WORKSHOP ON ENVIRONMENT, SUSTAINABLE DEVELOPMENT AND CULTURAL IDENTITY. The objective of this workshop will be to foster discussion of environment, sustainable development, and cultural identity, in the face of the challenges of a globalised world. The workshop will cover inter alia: environment and development; tourism and cultural identity; and current problems caused by globalisation. For further information contact Ana Victoria Knaggs, email: knaggs@fie.uo.edu.cu or universitoriente@eresmas.net

7-8 November, Krakow, Poland: INTERNATIONAL CONFERENCE ON EU ACCESSION AND AGRICULTURE. This conference is organised by the Friends of the Earth Europe, Friends of Earth Poland, Heinrich Boell Foundation and the Dutch Ministries for Agriculture and for Environment. The conference's goals are to stimulate public awareness and discussion on the impacts of the EU Common Agricultural Policy on nature and the countryside of the Accession Countries. For further information visit <http://www.foeeurope.org/events/krakow>.

10-14 November, Cavite City, Philippines: SOUTHEAST ASIAN CONFERENCE ON SUSTAINABLE FISHERIES MANAGEMENT AND TRADE. Oxfam International in cooperation with the Tambuyog Development Center/Philippines is organising a Southeast Asian Conference on Sustainable Fisheries Management and Trade for national fishers' federations, NGO partners and Oxfam staff with the main objective of educating partners on the inter-relationship of sustainable fisheries management, subsidies and trade. For further information contact Ephraim Patrick T. Batungbacal, e-mail: sonny@tambuyog.org.

11 November, Farnham, Surrey, UK: MEETING ON RESPONSIBLE PRODUCTS AND SERVICES: MYTH OR REALITY?. This event, which is organized by the Centre for Sustainable Design in association with the ResponseAbility Alliance, will focus on the theme of making sense of corporate social responsibility, sustainability and supply chains. It is targeted at those managing Corporate Social Responsibility and those working for product development, design, brand management, marketing, advertising and public relations. For more information contact: Russ White, Conference Administrator; tel: +44-12-5289-2772; fax: +44-12-5289-2747; e-mail: rwhite@surrart.ac.uk; Internet: <http://www.cfsd.org.uk/>.

11 November, Brussels, Belgium: GENERAL MEETING WITH COMMISSIONER PASCAL LAMY - AFTER CANCUN - WHAT NEXT? At this EC civil society consultation, Trade Commissioner Pascal Lamy will discuss the roadmap for EU trade policy following Cancun, focusing on the relationship between the EU and WTO. For more information visit http://trade-info.cec.eu.int/civil_soc/meet.php?action=consult&criter e=128.

12 November, Washington D.C., US: WORKSHOP ON BILATERAL/ REGIONAL IPR AGREEMENTS. Workshop on Bilateral/ Regional IPR Agreements, including current or proposed negotiations (such as the Dominican Republic, Thailand, Australia, Morocco, El Salvador, Egypt, Nicaragua, Costa Rica, Honduras, Namibia, Lesotho, South Africa, Botswana, etc). For

further information contact Michael Palmedo, tel: +1 202 387 8030; e- mail: mpalmedo@cptech.org.

12-13 November, New Delhi, India: EASING THE TRANSITION TO MORE OPEN GLOBAL MARKETS. This seminar is co-organised by the International Food & Agricultural Trade Policy Council (IPC) and the Indian National Institute of Agriculture. The IPC develops policy recommendations addressing the critical issues facing the world's agricultural system, and conveys these recommendations directly to policy-makers and stakeholders around the world. For further information contact the IPC, tel: +1 202 328 5117; fax: +1 202 328 5133; Internet: <http://www.agritrade.org>.

12-14 November, Halle-Wittenberg, Germany: BUSINESS AND EMISSIONS TRADING WORKSHOP. This small international workshop, organised by the Martin-Luther-University will focus on the economic lessons learned with regard to emissions trading, from a business perspective. For more information, and to view the call for papers, visit: http://www.wiwi.uni-halle.de/loi/bwl/umwelt/index.php?folder_default_netfolderID=11006.

WTO Events

An updated list of forthcoming WTO meetings is posted at: http://www.wto.org/english/news_e/meets.pdf. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

6 November, Geneva, Switzerland: WTO TRADE POLICY REVIEW BODY - HAITI.

6 November, Geneva, Switzerland: WTO COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION.

6 November, Geneva, Switzerland: INFORMAL TALKS ON THE SINGAPORE ISSUES. A Green Room is expected to convene on the Singapore issues on Thursday or Friday.

7 November, Geneva, Switzerland: WTO COMMITTEE ON TECHNICAL BARRIERS TO TRADE.

7 November, Geneva, Switzerland: WTO DISPUTE SETTLEMENT BODY.

7 November, Geneva, Switzerland: WTO WORKING PARTY ON THE ACCESSION OF BOSNIA AND HERZEGOVINA.

10-14 November, Geneva, Switzerland: WTO "GENEVA WEEK".

11 November, Geneva, Switzerland: WTO COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION.

11 November, Geneva, Switzerland: WTO WORKING PARTY ON STATE TRADING ENTERPRISES.

12 November, Geneva, Switzerland: WTO TRADE POLICY REVIEW BODY - THAILAND.

12 November, Geneva, Switzerland: WTO COMMITTEE ON TRADE IN CIVIL AIRCRAFT.

Other Forthcoming Events

19 November, Johannesburg, South Africa: WORKSHOP ON SUSTAINABLE DEVELOPMENT, ENVIRONMENTAL RESPONSIBILITY AND THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES. This workshop will be held to take stock of progress in promoting corporate responsibility through private sector initiatives and inter-governmental approaches such as the OECD Guidelines for Multinational Enterprises. The focus will be on companies' environmental performance. For further information contact: Kaveri Bopiah Liverani; tel: +33-1-45-259-369; fax: +33-1-44-306-135; e- mail: kaveri.bopiah-liverani@oecd.org; Internet: <http://www1.oecd.org/media/upcoming.htm>

24-25th November, Brussels, Belgium. WHY DOES CHEMICALS POLICY AND SUSTAINABLE MANAGEMENT CONCERN ME? Organised by EU Conferences Limited. The REACH Chemical Policy will become a reality in some form very soon and its legislation will influence, transportation, labelling, management, software applications design, testing procedures and production of chemicals. It will affect upstream and downstream users, as well as distributors and ethical retail purchasers. For further information, tel: (+ 44 18) 7383-0724; tel/fax: 7383-0692; email: info@euconferences.com; Internet: <http://www.euconferences.com/frachemical.htm>

1-5 December, Queensland, New Zealand: DEEP SEA 2003. Founding sponsors include the Ministry of Fisheries, New Zealand, Food And Agriculture Organisation of the United Nations, Department of Agriculture, Fisheries and Forestry Australia and Fisheries Research and Development Corporation. This is an international conference where experts will discuss and debate the issues and future needs for science, conservation, and governance and management of the continental slope and deep seas. It will provide a forum for expert discussion on the

objectives, constraints and influences on the conservation and management of the continental slope and deep-sea area. For further information, fax: (+64 3) 441-8127; email: deepsea@qdm.co.nz; Internet: <http://www.deepsea.govt.nz/index.aspx>

8-9 December, Geneva, Switzerland: SUSTAINABILITY IN THE COFFEE SECTOR: EXPLORING OPPORTUNITIES FOR INTERNATIONAL COOPERATION, PART II: ASSESSMENT AND IMPLEMENTATION. Organised by UNCTAD and IISD. The meeting will focus on assessing concrete opportunities for multi-stakeholder collaboration towards the implementation of sustainability in the coffee sector at the multi-lateral level. The primary objective of this meeting is to adopt a preliminary strategy for pursuing further work on sustainability in the coffee sector at the global level. For more information, contact: Jason Potts, IISD, tel: (1 514) 814-1967; fax: 527-0612; Internet: <http://www.iisd.org/trade/commodities/>.

RESOURCES

WWF'S PRELIMINARY RECOMMENDATIONS TO THE EU FOLLOWING THE FAILURE OF THE FIFTH WTO MINISTERIAL. By WWF-CIEL (October 2003). This discussion paper flags impacts of potential WTO GAT's negotiations and subsequent negotiated rules on water resources and the environment, and offers recommendations on how problematic areas can possibly be avoided and mitigated. The paper can be accessed at: <http://www.panda.org/downloads/policy/wwfrecommendationstoeuontrade.pdf>, or obtained in hard copy by sending an e-mail to: sgranger@wwfint.org.

REGIONALISM AND THE MULTILATERAL TRADING SYSTEM. By the Organisation for Economic Co-operation and Development (OECD, 2003). This study examines how regional trade agreements are undermining and/or contributing to global trade agreements governed by the World Trade Organisation. The chapter on intellectual property argues that the TRIPS-plus deals supported by Washington, Brussels and other economic powers are not only multiplying, but they are seen to be setting new international IPR standards. For further information see: <http://www1.oecd.org/publications/e-book/2203031E.PDF>.

TOWARDS A BETTER UNDERSTANDING OF GLOBAL PRODUCTION NETWORKS. By Jeffrey Henderson and the Centre on Regulation and Competition, University of Manchester (ID21 Development Reporting Service 2003). This paper asks whether economists are failing to analyse the cross-

border activities of firms because of adherence to outmoded, state-centred forms of analysis? It also asks whether the global production network (GPN) framework can help us learn more about the dynamics of global organisation of production and whether this could lead to new regulation and competition policies better suited to the task of economic development in a global era. For further information visit <http://www.id21.org/society/s7ajh1g1.html>.

ENVIRONMENTAL AND SOCIAL STANDARDS IN EXPORT CREDIT. By Ecologic. This study focuses on the incorporation of environmental and social standards into export credit agencies' lending practices. Commissioned by the Deutsche Gesellschaft für technische Zusammenarbeit (GTZ), it surveys the environmental guidelines of eight OECD member states' export credit agencies. Special emphasis was given to the support of large dams; in this context, the study evaluates to what extent the recommendations made by the World Commission on Dams were reflected in the environmental and social guidelines. The study concludes with a series of suggestions as to how the WCD recommendations can be better integrated into the lending practices of ECAs. The study is available at: <http://www.ecologic.de/modules.php?name=News&file=article&sid=829>.

GLAMIS GOLD: A CASE STUDY OF INVESTING IN DESTRUCTION. By Oxfam America and the US chapter of Friends of the Earth. This short briefing paper is on a pending dispute between a Canadian mining firm and the US Government under Chapter 11 of the North American Free Trade Agreement (NAFTA). This paper is available at: <http://www.foe.org/camps/intl/greentrade/glamis.pdf>

"Moving towards sustainable development: rhetoric, policy and reality of ecological agriculture in China" by Tian Shi in INTERNATIONAL JOURNAL OF SUSTAINABLE DEVELOPMENT AND WORLD ECOLOGY 10 (3, 2003) : 195- 210. This paper attempts to provide a general review of the emerging background, development history, policy initiatives and recent tendencies of ecological agriculture. In addition, the extant problems and potential contributions of this alternative practice to China's sustainable agricultural development are discussed. The purpose of this study is to identify the gap between the policy rhetoric and practical implementation of Chinese ecological agriculture and therefore to facilitate its moving towards sustainable development.

"Institutional interaction to address greenhouse gas emissions from international transport: ICAO, IMO and the Kyoto Protocol, " in CLIMATE POLICY 3 (3, 2003):

191-205. By Sebastian Obethur. This paper discusses how in response to Article 2.2 of the Kyoto Protocol, the International Maritime Organisation (IMO) and the International Civil Aviation Organisation (ICAO) have begun to consider greenhouse gas (GHG) emissions from international aviation and shipping. However, neither ICAO nor IMO have taken any effective action on the issue yet and progress can be characterised as slow. This paper lays out three options for furthering progress within ICAO and IMO.

"Climate negotiations beyond Kyoto: developing countries concerns and interests," in CLIMATE POLICY 3 (3, 2003): 221-231. By Adil Najam, Saleemul Huq and Youba Sokona. The principal argument of this paper is the need for a to return to the basic principles outlined in the Framework Convention on Climate Change in the search for a north-south bargain on climate change. Such a bargain might be achievable if can the policy architecture of the climate regime is realigned to its original stated goals of sustainable development.

COUNTRY GUIDE ON MACROECONOMIC AND TRADE DATA. By COPCA (El Consorci de Promoció Comercial de Catalunya). This guide offers macroeconomics and trade data from main sources for all the countries recognised by UN. For further information visit:
<http://www.copca.com/en/exportcat:PortaAreaCont>.

WTO Resources

WTO ANALYTICAL INDEX? GUIDE TO WTO LAW AND PRACTICE. The WTO has created an Analytical Index, available online and in paper format, which allows the user to search for jurisprudence or decisions either by Agreement/article or in an index of terms. The Analytical Index serves as a guide to the interpretation and application of findings and decisions of WTO panels, the WTO Appellate Body and other WTO bodies. For further information visit:
http://www.wto.org/english/res_e/booksp_e/analytic_index_e/analytic_index_e.htm.

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http://www.newsbulletin.org/bulletins/WhichBulletin.cfm?Bulletin_ID=14&SID=

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 - 2003 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