



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

Bridges

Weekly Trade News Digest

2 August 2004

Volume 8 Number 27

I. LEAD STORIES

- WTO: July Framework Agreed At Eleventh Hour
- Agriculture: 'Remarkable Turn-Around' From Cancun
- Work On Development Sees Limited Progress at WTO

II. IN BRIEF

- Pro- And Anti-Whaling Camps Clash At IWC Meet
- Meeting Approves Tropical Forest Management Projects

III. WTO IN BRIEF

- Libya Initiates WTO Accession Process
- Action Aid Report Accuses Developed Countries Of Bribing, Bullying
- Trade Unions Say WTO Talks Fail To Tackle Social Issues

IV. EVENTS & RESOURCES

- Vacancies
- Events
- Resources

Note To Subscribers

BRIDGES Weekly will not be published during the WTO August recess. The next issue, Vol. 8, No. 28, will be published on 1 September 2004. We thank you for your continued support and welcome your comments on how we can improve our publication.

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LEAD STORIES

WTO: JULY FRAMEWORK AGREED AT ELEVENTH HOUR

After long and arduous negotiations over the past two weeks, WTO Members on 31 July agreed on a framework package to keep the Doha Round trade negotiations alive. After almost a year of stalled talks following the breakdown of talks at the last Ministerial meeting in Cancun (see BRIDGES Daily Update, 15 September 2003, http://www.ictsd.org/ministerial/cancun/wto_daily/ben030915.htm), Members had set the end of July as a deadline for agreeing on a negotiating framework package, allowing them to send the political message that they were re-committing themselves to the round. As some observers noted, the agreement came at a crucial time as both the US Trade Representative Robert Zoellick and EC Trade Commissioner Pascal Lamy are about to leave office, and US presidential elections will be held in November. While many WTO Members welcomed the agreement, civil society groups expressed strong criticism, in particular with regard to the "undemocratic" negotiating process.

During the two weeks between the release of the first draft July Framework (see [http://www.ictsd.org/ministerial/cancun/docs/JOB\(04\)-96.pdf](http://www.ictsd.org/ministerial/cancun/docs/JOB(04)-96.pdf)) and the final agreement, Members met in different configurations and groupings at the officials level in Geneva. A revised draft was initially expected as early as 26 July, but was eventually released on 30 July, after negotiations at the ministerial level. Among the 30 ministers present in Geneva were Brazil's Celso Amorim, India's Kamal Nath, EC Trade Commissioner Pascal Lamy and US Trade Representative Robert Zoellick. The key grouping of Five Interested Parties'(FIPs) -- comprising the US, EC, Brazil, India and Australia -- met on agriculture both on 27 and 28 July, and eventually agreed on text that formed the basis for final agreement. The leading role played by the FIPs prompted strong reactions among other Members, especially the G-10 group of net-importers of agricultural products, and the G-33 favouring the designation of sensitive products and a special safeguard mechanism for developing countries. Switzerland and others raised concerns over the

negotiating process, saying they felt excluded and kept in the dark. In addition to tough negotiations on agriculture -- the centre-piece of the deal -- in the lead-up to the release of the revised draft (see http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_30july04_e.htm), Members also faced significant difficulties in finding compromises on industrial market access, cotton and development issues.

Focus on agriculture, NAMA, development, services, trade facilitation

A revised draft released by the Chair of the WTO General Council, Shotaro Oshima, on 30 July following drawn-out meetings between the FIPs group formed the basis of the final agreement. The agreement emphasises the need to push ahead the talks in five areas, namely agriculture, non-agricultural market access (NAMA), development issues, trade facilitation and services, while simply reaffirming Members' commitment to the rest of the Doha mandate, including intellectual property, dispute settlement, rules and environment. Acknowledging the limited progress made so far in the Doha Round, Members postponed the 1 January 2005 deadline for concluding the talks to an as-yet unspecified date, at least until the sixth WTO Ministerial Conference to be held in Hong Kong in December 2005.

Among the priority issues, the framework for future agriculture negotiations adopted as a separate Annex was widely seen as the main breakthrough (see related story, this issue). On services, Members attempted to speed up the negotiations by setting a May 2005 deadline for countries to table their revised offers. Overcoming a last-minute divergence among developing countries, Members agreed on language for, inter alia, special and differential treatment and implementation-related issues, that offered essentially a continuation of ongoing work and renewed deadlines (see related story, this issue).

Regarding the Singapore issues (i.e. investment, competition, transparency in government procurement and trade facilitation), Members agreed to drop all but one issue -- trade facilitation -- from the Doha work programme, stressing that "no work towards negotiations on any of these issues will take place within the WTO during the Doha Round". On trade facilitation, Members agreed to launch negotiations "with a view to further expediting the movement, release and clearance of goods, including goods in transit". The modalities for negotiations clearly spell out the need for special and differential treatment, technical assistance and capacity building for developing countries, including a caveat that these countries will not be required to implement the final agreement in cases where support and assistance for the required

infrastructure is missing or where developing or least-developed country Members continue to lack the necessary capacity.

NAMA text sets out elements of modalities

The unwillingness of a number of Members to engage in serious NAMA negotiations until the level of ambition in agriculture had become clearer left NAMA as the major stumbling block as the talks drew to an end. Consequently, and in contrast to agriculture, the framework on NAMA remained more vague, outlining what has been termed the "initial elements for future work on modalities".

While Members battled early on over how much of the controversial Annex B from the failed Cancun draft text to retain (see BRIDGES Weekly, 16 June 2004, <http://www.ictsd.org/weekly/04-06-16/story2.htm>), and how or where developing country concerns could best be reflected, the final NAMA language saw an initial paragraph outlining developing country concerns precede the Cancun NAMA text. This initial paragraph stipulates that "[a]dditional negotiations are required to reach agreement on the specifics of some of these [initial] elements" -- which relate to the tariff reduction formula, the starting point for binding unbound tariff lines, flexibilities for developing countries, and participation in the sectoral initiatives. While some, mostly developing countries, appear to view this language regarding additional negotiations on specifics as sufficiently qualifying their acceptance of the form and content of the ensuing language, some developed countries have suggested that the additional negotiations will simply involve tweaking the elements but maintaining their essential form.

India's industry groups generally welcomed the NAMA text. "It is satisfying to see that a number of our concerns have been addressed and reflected in the deal," said the Federation of Indian Chambers of Commerce & Industry. Similarly, the Confederation of Indian Industry, which saw the text as a much-needed boost for the flagging Doha negotiations. The US Council for International Business also welcomed the deal as a "good road map for completing the much-needed package of trade liberalisation measures". Both Zoellick and Lamy echoed these positive sentiments, with Lamy adding that the current language was an improvement over the Cancun text.

Cotton now part of broader ag talks as priority issue

Following a deal struck between the US and four African countries (Benin, Burkina Faso, Chad and Mali), on 29 July, Members agreed to make discussions on cotton an integral part of the agriculture negotiations

rather than treating the issue on a separate track. In order to address the issue "ambitiously, expeditiously, and specifically", a special sub-committee will be established as part of the effort to "ensure appropriate prioritisation of the cotton issue independently from other sectoral initiatives". In addition, the Director-General was instructed to consult and work with relevant international organisation, including the Bretton Woods Institutions on the development aspects of cotton.

Commenting on the text, Senegal's Minister of Commerce Ousmane Ngom described the agreement as "an important step in the right direction". The US cotton industry, however, criticised the deal. National Cotton Council Chair Woody Anderson said, "Efforts in the WTO negotiations to target US cotton are unfair and threaten the round". Celine Charveriat of Oxfam criticised the agreement for failing to address the issue of US cotton subsidies, calling the deal a "serious betrayal of developing countries", in particular in light of the recent WTO ruling against US cotton subsidies (see BRIDGES Weekly, 23 June 2004, <http://www.ictsd.org/weekly/04-06-23/wtoinbrief.htm#1>).

Members broadly welcome agreement...

WTO Director-General Supachai Panitchpakdi welcomed the framework text as a "truly historic" achievement. He cited in particular the agreement to phase out export subsidies and the "significant breakthrough in cotton trade" as successes. He predicted that the progress on agriculture, NAMA and development would provide the necessary momentum for progress to be made in other areas.

Many of the major players, including the US, the EC, India, Brazil and China, expressed their satisfaction with the deal. "The Doha Round is back on track," said EC Trade Commissioner Pascal Lamy, cautioning, however, that "we have only walked half of the way". His sentiments were echoed by US Trade Representative Robert Zoellick. "We have laid out a map for the road ahead, he noted, noting that "the speed limits for how far and how fast we will lower trade barriers" remained to be negotiated.

Brazil's Foreign Minister Celso Amorim -- who was praised by both Zoellick and Lamy for his role in brokering the agreement -- believed everyone had gained, describing the agreements as "a good deal for trade liberalisation" as well as "a good deal for social justice", which he said came together in the decision to eliminate export subsidies. This more than adequately addresses India's concerns," said India's Commerce Minister Kamal Nath, referring in particular to future reductions in domestic support. "Generally speaking, the framework is not bad, though the developing

countries are not fully satisfied," Chinese ambassador to the WTO, Sun Zhenyu, said.

...while civil society groups express frustration

Many civil society groups sharply criticised the 31 July deal. They pointed to what they saw as a secretive and undemocratic process of negotiations, which they said had excluded civil society organisations and even many country negotiators. Friends of the Earth International accused governments of turning a "blind eye to potential environmental and social implications" of trade liberalisation. They singled out the NAMA negotiations in particular, which they warned could deepen the deindustrialisation crisis in poor countries, forcing them to rely more heavily on unsustainable and harmful exports of natural resources.

Celine Charveriat of Oxfam lamented the lack of "cast-iron commitments" and "clear timeline for reform", adding that "if rich countries do not immediately put their promises into action, this declaration will become just one more stage in a long journey of disappointment and deception". She criticised in particular the agreement on NAMA, which she said "could lead to the destruction of developing country industries".

The developmental group Focus on the Global South described the deal as an "outcome of the arm-twisting, opaque and exclusionary process of negotiations". They echoed some Members' concerns that negotiations had been dominated by the FIPs group at the expense of small countries.

ICTSD reporting; "Round-the-clock meetings produce 'historic' breakthrough," WTO, 31 July 2004; "WTO agrees to framework pact," HINDU, 31 July 2004; "Subsidies deal revives stalled Doha trade talks," FT, 2 August 2004; "Trade Talks Progress, Enviros Try to Shield Natural Resources," ENS, 2 August 2004; "Doha round enters stage of convalescence," TERRAVIVA, 2 August 2004; "WTO Outcome a catastrophe for poor," FOCUS ON THE GLOBAL SOUTH, 1 August 2004; "WTO deal endangers environment, development", FOEI, 1 August 2004; "WTO deal: Industry offers guarded welcome," TIMES OF INDIA, 2 August 2004; "International Groups Denounce World Trade Pact," ONEWORLD, 2 August 2004; "USCIB Welcomes progress on Doha Round," USCIP, 2 August 2004.

AGRICULTURE: 'REMARKABLE TURN-AROUND' FROM CANCUN

Annex A of the 31 July General Council Decision represented the consensus achieved in the agricultural talks after weeks and months of deadlock on the issue following the setback of the WTO ministerial conference

at Cancun. While most, if not all WTO Members generally welcomed the text as a positive development, they acknowledged that the Annex simply lays down the basic pillars and a 'framework' for conducting future talks. Negotiations on modalities of substance, much of which has been left undetermined, will be a 'real challenge' that Members have yet to confront.

Despite many of the perceived drawbacks, the remarkable contrast in outcomes and content as compared to Cancun -- especially for developing countries -- was a much-needed 'shot in the arm' for the Doha Round. Ambassador Tim Groser, Chair of the agriculture negotiations and "facilitator" of the "July package" on agriculture, said the revision had addressed key points of contention. These included what delegations had described as a serious imbalance between the amount of detail on provisions for developed and developing countries, including "sensitive products" (for which developed and developing countries would be allowed some flexibility in increasing market access), and "special products" (available to developing countries for additional flexibility or exemptions).

Market access: skeleton agreed, 'meat' left for future talks

The language in Annex A on agriculture of the 31 July General Council Decision reveals slightly more flexibility and stronger language in favour of developing countries on market access compared to earlier texts. The text retains the tiered formula, which classifies tariffs into various bands for subsequent reduction from bound rates, the higher tariffs being cut more than lower ones. The actual modalities -- the number of bands, threshold for defining bands and type of tariff reductions within each band -- remain subject to negotiation. The role of a tariff-cap in a tiered formula with distinct treatment for sensitive products remains subject to further evaluation. The language only vaguely provides for "substantial improvement in market access" for all products mentioning that "substantial overall tariff reductions will be achieved as a final result from negotiations".

'Sensitive products' were a long-standing demand from the EC and the G-10 group of agricultural importing countries such as Switzerland and Japan. The Annex provides for the selection of an "appropriate number" of tariff lines to be treated as sensitive without "undermining the overall objective of the tiered approach". Despite the requirement for 'substantial improvement' in market access for each sensitive product, the text provides for flexibility in tariff cuts and tariff-quota expansion for such products. However, the extent of 'substantial market access' and 'flexibility' is left to rules and criteria, to be developed in future negotiations. Reflective of a concession made to EC

and G-10, the requirement of a 'minimum cut' in the out of quota tariff rates for sensitive products has been dropped from the framework text. The text also leaves for future negotiations modalities for other elements such as tariff-escalation, tariff-simplification and the special safeguard mechanism. In what appears to be a response to complaints from developing countries on relatively clearer language for sensitive products from developed countries, the developed-developing country distinction with regard to sensitive products has been dropped in the July 31 text.

On special and differential treatment, in addition to earlier language on lesser tariff reduction commitments for developing countries, the text adds lesser tariff quota expansion commitments from developing countries as a means towards achieving proportionality. The text retains earlier provisions on the flexibility for developing country Members to designate an appropriate number of products as Special Products (SPs) to be subject to more flexible treatment based on the criteria of food security, livelihood security and rural development needs. While earlier draft texts mentioned flexibility to designate SPs taking into account these needs this is the first time they have been mentioned as criteria per se. Further specification of these broad criteria and treatment of these products is left to negotiations. The framework also provides access to a Special Safeguard Mechanism (SSM).

Domestic support: concrete first steps attained on overall reduction

The Annex A text accommodates both US and developing country interests on domestic support, particularly with regard to Blue Box (partially decoupled payments under production-limiting programmes) and 'de-minimis' payments, major sticking points in the negotiations. The text includes concrete targets, at least for overall domestic support reduction and a cap for permitted Blue Box levels.

The text requires that Members, in the first year of the agreement, to reduce by 20 percent, their overall trade distorting support, comprising the final bound total AMS, plus the permitted de minimis levels, plus the permitted Blue Box levels. Such reduction is to be subject to a tiered formula that would cut subsidies 'progressively' with higher levels of trade-distorting domestic support making greater reductions. The Annex also provides for capping product specific AMS at average levels, based on a methodology to be agreed, in order to prevent circumvention of obligations through transfer of subsidies between different support categories. According to some experts, even the 20 percent reduction would not change, for example, existing levels of US support significantly, as the reductions would be made from bound levels. These

levels however would be at or near the ceiling rates, which could then be reduced further in future negotiations.

The Annex's provisions on the Blue Box payments accommodates US concerns on being able to notify its counter-cyclical payments under the 2002 US Farm Act as Blue Box measures. Under the current proposal, such payments could be scheduled as 'blue' as long they are "unrelated to current production".

In what was described as a concession to developing countries such as India, the Annex exempts from de minimis reduction commitments, "...developing countries that allocate almost all de minimis programmes for subsistence and resource-poor farmers...". The fact that Annex actually provides for reducing de minimis appears significant in that the Uruguay Round only provided for capping, and not reducing de minimis.

Language on Green Box (decoupled subsidies) remain largely unchanged from the earlier 16 July draft (see BRIDGES Weekly, 21 July 2004 accessible at <http://www.ictsd.org/weekly/04-07-21/story2.htm>), requiring a more transparent process for designating green box subsidies.

Export competition: up for elimination but date undecided

The Annex provides for significantly stronger language in favour of developing countries in its provisions for disciplining export competition. In addition to providing for a "credible end-date" -- although yet to be agreed upon -- for the elimination of export subsidies, it also includes within its ambit export credits and credit guarantees or insurance programmes.

The phase out of export credits, provided by countries such as the US, was a long-standing demand by EC, which will phase out direct export subsidies. The Annex language also provides for disciplining 'trade-distorting' practices with respect to exporting State Trading Enterprises (STEs) and the provision of food-aid "not in conformity with operationally effective disciplines to be agreed" in order "...to prevent commercial displacement".

On special and differential treatment, the Annex grants special consideration for the maintenance of monopoly status for those developing country STEs enjoying special privileges to preserve domestic consumer price stability and to ensure food security. This is in addition to longer implementation periods for phasing out of all forms of export subsidies by developing country Members.

The Annex also provides for differential treatment in favour of least developed and net food-importing countries and to cover ad hoc temporary financial arrangements in exceptional circumstances inadequately covered by food aid, commercial export credits or preferential international financing facilities.

Reactions to the agriculture text

Most Members welcomed the new Annex text. "This is the beginning of the end of subsidies," said Brazilian Foreign Minister Celso Amorim. A developing country delegate described the agreement as a 'major-breakthrough' and a 'remarkable turn-around' from Cancun. On agriculture, he said the framework had redressed the damage caused by the EC-US 'join-text' prior to Cancun (see BRIDGES Weekly, 21 August 2003, <http://www.ictsd.org/weekly/03-08-21/story2.htm>), which had led to the formation of the G-20. Many commentators emphasised as important the commitment on the part of developed countries to eliminate all export subsidies as opposed to merely those on products of 'particular interest to developing countries'. Also seen as positive was the adoption of a tiered formula as compared to the 'blended' one. Many developing countries had criticised the blended formula as being 'too weak' to provide effective market access in the North, and for discriminating against developing countries (see BRIDGES Weekly, 22 April 2004, <http://www.ictsd.org/weekly/04-04-22/story1.htm>).

Many delegates welcomed the inclusion of rural development, food security and livelihood security as criteria for Special Products in the Annex. On the Blue Box, one delegate remarked that nothing concrete had been agreed to. Moreover, the Blue Box cap would apply from the beginning of the implementation period. These were significant gains for developing countries, he added.

Another developing country trade delegate remarked it was important to look at the issue of preferences in its various dimensions. While the Annex promised to address preference erosion, other criteria such as the selection of sensitive products in developed countries also might have an impact and needed to be considered.

Other commentators voiced caution. The concessions by the US and EC were criticised by Friends of the Earth as 'empty promises' as no 'end date' was agreed upon for export subsidy removal. Canadian Wheat Board Chair Ken Ritter expressed disappointment at the language on STEs. Kisan Panchayat (National Farmer's Coalition) from India criticised the draft for including Blue Box subsidies and not disciplining Green

Box subsidies. New Zealand's Fonterra Co-operative Group, the world's largest exporter of dairy products, expressed disappointment at the lack of detail on market access but said the elimination of export subsidies was a substantial outcome. The Australian National Farmer's Federation (NFF) president Peter Corrish expressed concern that countries may be able to get around reform using the new "sensitive" products classification.

ICTSD Reporting; "India Should Reject The WTO Framework Draft," PRESS STATEMENT by the National Kisan Panchayat; "Round-the-clock Meetings Produce 'Historic' Breakthrough," WTONEWS, 31 July 2004; "Trade Negotiation Deal in Sight on WTO Negotiating Framework But Many Problems Remain, Talks Continue," WTO REPORTER, 2 August 2004; "Oxfam Comments On Draft Revised WTO TEXT," OXFAM, 30 July 2004; "WTO Approves Plan To Cut Farm Subsidies," TORONTO STAR, 1 August 2004; "Major Victory For India In Trade Talks," BUSINESS STANDARD, 2 August 2004.

WORK ON DEVELOPMENT SEES LIMITED PROGRESS AT WTO

As part of the 31 July framework package (see related article, this issue), Members put the final touches on the development text, which deals with, inter alia, special and differential treatment (S&D), implementation-issues, and technical assistance. On S&D and implementation-issues -- core elements of the development text, the language undertakes little in the way of new commitments and simply instructs Members to continue the work that has been underway since early 2002, setting new deadlines for advancing work on both items. Finalising the S&D language had become possible after intensive discussions among a small group of developing countries which met on 25 July to overcome remaining differences regarding the treatment of small, vulnerable economies (primarily with respect to market access). On technical assistance and the work programme for least-developed countries, the text mostly reiterates earlier commitments.

Limited Progress On S&D

With limited post-Cancun movement on the mandate to strengthen S&D (see BRIDGES Weekly, 8 April 2004, <http://www.ictsd.org/weekly/04-04-08/story1.htm>), Members were seeking language that would lay the foundation for the Committee on Trade and Development (CTD) special session to continue its work. Notably they did not adopt the 27 recommendations on 28 Agreement-specific proposals that were agreed 'in principle' in the lead-up to the Cancun Ministerial; however they did set a new

deadline of July 2005 for the Committee to complete its review of the "outstanding" Agreement-specific proposals -- the fourth such deadline. In a 15 July letter to the General Council Chair, CTD special session Chair Faizel Ismail (South Africa) indicated that he "did not detect any measure of support among the proponents [of the S&D review] for the adoption of these proposals, at this stage". Members also agreed to address "other outstanding work", referring to, inter alia, cross-cutting issues (dealing mostly with systemic concerns), the monitoring mechanism, and the incorporation of S&D into the architecture of WTO rules.

Developing Countries Overcome Divergence

Prompting a re-drafting of the initial development language (see [http://www.ictsd.org/ministerial/cancun/docs/JOB\(04\)-96.pdf](http://www.ictsd.org/ministerial/cancun/docs/JOB(04)-96.pdf)), advanced Latin American and East Asian developing countries reportedly diverged with their African, Caribbean and Pacific (ACP) country counterparts over phrasing that was seen to confer greater benefits to the latter group. In particular, the concerns of the Latin American and East Asian developing countries centred on language that was seen as a de facto acceptance of special treatment for a new special class of developing country WTO Member. Such an acceptance would, these Members feared, consolidate and institutionalise preferential market access as a norm in the multilateral trading system (for example via regional trade agreements such as the EU-ACP Economic Partnership Agreements).

One such sticking point was language indicating that the concerns of small, vulnerable developing economies "shall be taken into account, without creating a sub-category of Members". The other revolved around language to the effect that developing country reduction commitments in agriculture and non-agricultural market access would take account of "their levels of development in particular sectors". As part of a compromise worked out by Brazil, Colombia, Costa Rica, India, Jamaica, Kenya, Nigeria, Thailand and Uruguay, the 'shall' in "shall be taken into account" was changed to "should," and the language tying market access reductions to levels of development in particular sectors was removed. Furthermore, new language at the start of this paragraph on 'other development issues' makes explicit mention of "the fundamental principles of the WTO and relevant provisions of GATT 1994", effectively qualifying the ensuing language on providing special attention to developing countries with particular concerns (i.e. by way of the underlying most-favoured nation (MFN) principle of the WTO, which says that any benefit conferred to one Member must be conferred to all).

At the heart of this matter is one of the most contentious issues to arise during S&D review -- that of differentiating between developing countries. Indeed, a number of developed country Members have pointed to the lack of any mechanism to differentiate between the larger advanced developing countries and the smaller non-LDC countries as the major stumbling block to deepening the effectiveness of S&D provisions. Developing country proponents of the S&D review -- while possibly differing in private over the value of such a mechanism -- have held that putting in place such a mechanism does not form part of the mandate on S&D. In resisting demands for such a mechanism, a number of African Members have also pointed to the lack of any additional convergence on proposals made under the review that focused exclusively on the LDCs.

These concerns have flared on the heels of the 9 May letter from EC Trade Commissioner Pascal Lamy and Agriculture Commissioner Franz Fischler, which suggested that the 'G-90' should essentially have the "Round for Free" (see BRIDGES Weekly, 13 May 2004, <http://www.ictsd.org/weekly/04-05-13/story1.htm>).

Implementation Issues

On implementation-related issues -- which deal with both difficulties meeting one's negotiated obligations and perceived imbalances with certain WTO rules -- the text simply calls on Members, along with the Director-General (DG), to continue working to find solutions. It also instructs the General Council to "review progress and take any appropriate actions no later than July 2005".

The final iteration of the text also included greater specificity on options for the DG to undertake this work, including by appointing so-called 'Friends' to assist in his consultations, and adds a deadline of May 2005 for the DG to report to both the General Council and the TNC. The last-minute inclusion of a reporting obligation to the TNC responds in part to the call from some developing countries for an explicit link with the work of the TNC, which in being responsible for the overall negotiations, is viewed as placing these issues within the single undertaking.

Since the mandate handed down by Ministers at Doha in November 2001, not more than a few of these issues have been resolved. In July 2003 (see BRIDGES Weekly, 17 July 2003, <http://www.ictsd.org/weekly/03-07-17/wtoinbrief.htm#2>), the dossier was handed over to the DG in hopes of re-igniting some momentum on this set of issues that has been hanging over Members' heads since before the 1998 Seattle Ministerial Conference.

ICTSD Reporting; "Deal Made on Developing Country Provisions In WTO Doha Round Framework, Nations Say," WTO REPORTER, 27 July 2004.

IN BRIEF

PRO- AND ANTI-WHALING CAMPS CLASH AT IWC MEET

The 56th annual meeting of the International Whaling Commission (IWC) in Sorrento, Italy, from 19-22 July witnessed heated exchanges between supporters and opponents of commercial whale hunting. Divisions at the IWC meeting were particularly deep with regard to a proposal for the adoption of a "Revised Management Scheme" (RMS) at the next annual meeting of the IWC in 2005. Some participants expressed concern that the draft plan, which included a quota calculation model and procedures for inspection and observation, would effectively spell the end to the 18-year old moratorium on whaling. Anti-whaling nations, such as Australia, the UK and New Zealand, stressed that the draft was too weak and would not protect whales. In the end, the language on the timeline in the resolution was toned down, calling for work towards drafting of text and technical details of the RMS "with the aim of having the results ready for consideration and possibly adoption at" the 2005 IWC meeting. This move was hailed by conservationists. "We have derailed a runaway train toward the resumption of commercial whaling," said Sue Liebermann of WWF. "It does bring commercial whaling closer, but it is a small step, and not the big step that Japan wanted," she added. Japan, one of the most vocal defenders of whaling, expressed "dissatisfaction" with the decision. The IWC also adopted a resolution calling for more humane hunting methods. The Commission, however, rejected proposals for setting up two new whale sanctuaries as well as a Japanese request for new catch quotas.

For a more detailed report on the meeting, see BRIDGES Trade BioRes, 23 July 2004, <http://www.ictsd.org/biores/04-07-23/story1.htm>

"Anti-whalers claim victory in annual joust with pro camp," AFP, 22 July 2004; "IWC talkshop finishes," HNA, 22 July 2004; "Whaling body retreats from rush to lift hunt ban," REUTERS, 23 July 2004; "Whaling body calls for more humane deaths," REUTERS, 22 July 2004; "IWMC condemns whale body's dereliction of duty," IWMC, 21 July 2004; "Rejection of sanctuaries will aid whale conservation," IWMC, 21 July 2004.

MEETING APPROVES TROPICAL FOREST MANAGEMENT PROJECTS

The thirty-sixth session of the International Tropical Timber Council (ITTC-36) met from 20-23 July in Interlaken, Switzerland. Delegates discussed, inter alia, preparations for renegotiating the 1994 International Tropical Timber Agreement (ITTA), progress reports on the study of forest law enforcement and governance in Malaysia and Honduras, phased approaches to certification and the promotion of sustainable forest management in the Congo Basin. Delegates also deliberated on the recommendations made by the Civil Society Advisory Group/Trade Advisory Group joint workshop on illegal logging and illegal trade. By the session's conclusion, delegates had approved eleven projects and seven pre-projects and pledged US\$5.7 million in new project funding.

The 1985 ITTA was negotiated under the UN Conference on Trade and Development (UNCTAD) to deal with a variety of issues related to international cooperation between countries producing and consuming tropical timber, many relating to sustainable development. The ITTA also established the International Tropical Timber Organisation (ITTO), which provides a framework for countries that produce or consume tropical timber to work together on issues concerning tropical timber and its sustainable management. The ITTO has 58 members, which combined represent 95 percent of world trade in tropical timber and 75 percent of the world's tropical forests. The renegotiation of the successor agreement to the 1994 ITTA was discussed from 26-30 July in Geneva.

For daily coverage and a summary of ITTC-36 see IISD's Earth Negotiations Bulletin at <http://www.iisd.ca/forestry/itto/ittc36/>

For updates on the of the UN Conference on the negotiation of the successor agreement to the International Tropical Timber Agreement, see <http://www.iisd.ca/forestry/itto/itta/>

"Summary of the Thirty-Sixth Meeting of the International Tropical Timber Council," EARTH NEGOTIATIONS BULLETIN, June 26 2004; "Council pledges US\$6 million for new tropical forest projects and activities," ITTO RELEASE, 24 July 2004.

WTO IN BRIEF

LIBYA INITIATES WTO ACCESSION PROCESS

During the WTO General Council (GC) meeting on 27 July, Members agreed to set up a Working Party on the accession of Libya, while the US again blocked Iran's request for beginning the accession process. In a statement to the GC, Libya's ambassador in Geneva, Najat Medhi Al-Hajjaji emphasised her country's hydrocarbon and fisheries resources as well as tourism, and the role these sectors could play in trade cooperation and further regional economic integration. She also highlighted measures carried out to revive the economy, including through strengthening the private sector and liberalising trade. She said Libya already has embarked on preparing for WTO Membership, but would, as a developing country, need support and technical assistance in the process. Libya first requested accession in 2001, but this request was blocked by the US for political reasons. The US considered Libya a terrorist state, but recently changed its stance after Libya officially announced it was discontinuing its programme for developing weapons of mass destruction and took on the responsibility for the Lockerbie case. The accession process is likely to take years to complete. The oil-rich country is now one among several oil producers en route to joining the WTO, including Russia and Saudi Arabia.

ICTSD reporting; "Libya application for WTO moves forward," FINANCIAL TIMES, 27 July 2004.

ACTION AID REPORT ACCUSES DEVELOPED COUNTRIES OF BRIBING, BULLYING

On 26 July, development organisation Action Aid launched a new report accusing the US and EU of using strong-arm tactics against developing countries in current WTO negotiations. The report, entitled "Divide and Rule: The EU and US Response to Developing Country Alliances at the WTO", focuses on the tactics of the EU and US leading up to the WTO Ministerial in Cancun and since. The scathing report charges the US and EU, along with other developed countries, with bullying developing countries and attempting to split up the newly formed developing country alliances such as the G-20, G-90 and G-33. The report claims that in order to prevent developing countries from asserting too much power in negotiations, developed countries used a series of aggressive attacks including threats of cuts to aid budgets, loss of trade preferences and the

blocking of important loans and debt relief. The report also documents personal attacks against delegates from developing countries that persisted in defending their own country's interests against the demands of richer countries. G-20 members reportedly faced the strongest pressure from developed countries -- several developing countries in this alliance that were hoping to negotiate free trade agreements with the US were informed that they would not be able to do so if they remained associated with the G-20.

According to the report, developed countries continue to exert heavy pressure on developing countries. However, after the failure of Cancun, many of the tactics have become more sophisticated. Instead of overtly pressuring developing countries to abandon alliances, developed countries are now trying to set developing country alliances against each other. Action Aid asserts their report provides strong evidence that the EU's offer of a round for free to the G-90 in May was "an empty offer aimed at causing friction between developing country alliances" (see related story, this issue). Finally, the report offers some recommendations designed to make developing countries less susceptible to pressure from rich countries. These recommendations include the adoption of basic democratic procedures at the WTO, including increased transparency at meetings. The report also calls on "WTO Members to stop using political, economic or personal threats against other Members in order to manufacture consensus in international trade negotiations".

To access the AictionAid report, see http://www.actionaid.org.uk/embargoed_ford_report04.pdf

"Report Exposes Rich Countries' Attempts to Control Trade Talks," ACTIONAID RELEASE, 26 July 2004.

TRADE UNIONS SAY WTO TALKS FAIL TO TACKLE SOCIAL ISSUES

The International Confederation of Free Trade Unions (ICFTU), partnering up with the International Textile, Garment and Leather Workers' Federation (ITGLWF), released a statement on 28 July stressing the inadequacy of the global trade system in tackling basic social justice and development questions. Guy Ryder, General Secretary of the ICFTU, said "Unfortunately, while WTO trade negotiators pore over the fine print of their schedule for completing their Doha Round negotiations, the very basis of support for a multilateral trading system is being cut away from under their feet". The ICFTU instead called for a focus on social coherence issues as proposed by the International Labour Organisation's World Commission on the Social Dimensions of Globalisation earlier this year. The

ICFTU also called for an emergency forum on textiles and clothing in order to address the adverse impacts of the expiry of quotas on these products at the end of the year (see BRIDGES Weekly, 21 July 2004, <http://www.ictsd.org/weekly/04-07-21/wtoinbrief.htm>).

On the current negotiating draft, ICFTU stressed it was weak on development issues, did not address threats to public services, and planned tariff cuts both in agriculture and industrial goods risked undermining domestic producers in developing countries.

"WTO trade talks fiddling while world trading system burns, say international trade union organizations," ICFTU RELEASE, 28 July 2004; "TRADE-EU: Rich Urged to Drop Anti-Development Policies," IPS, 27 July 2004.

EVENTS & RESOURCES

VACANCIES

ICTSD SEEKS EDITOR FOR THE BRIDGES WEEKLY TRADE NEWS DIGEST. The Editor will have the overall responsibility for the full production process of ICTSD's BRIDGES Weekly Trade News Digest. In addition, the Editor will provide support to the BRIDGES Monthly Review. The primary duties and responsibilities of the Editor include: writing for and editing BRIDGES Weekly Trade News Digest, as well as managing the editorial team; serving as a focal point for information gathering and dissemination within ICTSD; developing both substantive and technical aspects of BRIDGES Weekly Trade News Digest and other ICTSD publications, as well as the ICTSD website; and providing substantive input into and coordination between BRIDGES Weekly Trade News Digest and BRIDGES Monthly Review. ICTSD is looking for a candidate with a solid understanding of trade and sustainable development issues, as well as a background in journalism and writing. The post is based in Geneva, Switzerland. To apply, please send an expression of interest along with a CV and three writing samples to Malena Sell at ICTSD (email: msell@ictsd.ch) by 15 August. For further information see http://www.ictsd.org/about/ar/Weekly_Editor.pdf

IDEAS CENTRE ANNOUNCES THREE VACANCIES. The IDEAS Centre, a Geneva-based non-profit organisation in the field of trade and development, is looking to fill the positions of Information/Coordinator Officer, Senior Policy Advisor and Senior Economist. The Information/Coordinator Officer, to be working on one of the major IDEAS Centre projects, should

possess very good knowledge of the WTO, as well as excellent writing, communication and analytical skills. The main tasks would be to prepare regular briefing notes, collect, analyse and synthesise documents for the IDEAS Centre's different partners and coordinate information/action and activities among all our partners. The Senior Policy Advisor should have a solid background in international economic and trade law, international economics or international relations, specific knowledge and practical experience in international trade negotiations and development institutions as well as experience with trade and development policy analysis. The advisor would design and manage trade policy advice programmes in developing and transition countries, generally related to WTO Accession, and undertake trade and development related policy analysis. The Senior Economist should be an agricultural economist or an economist with experience in agricultural policy issues and in development and/or relevant research institutions. The economist will coordinate and manage projects and will provide policy analysis in the field of trade and development, with a specific focus on agriculture and agro-processing. To apply for the three positions, please contact Jeannette André, email: jeannette.andre@ideascentre.ch. The application deadline is 15 August.

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: 2 August to 1 September

6 August, Washington D.C., USA: BRUCE WILSON REVIEWS THE WTO'S DISPUTE SETTLEMENT UNDERSTANDING. Organised by the Washington International Trade Association (WITA), this event will feature Bruce Wilson, Director, WTO Legal Affairs Division. For more information see <http://www.wita.org/content.cfm?L1=4&QA=246>

11-13 August, Lima/Managua, Peru/Nicaragua: INTRODUCTION TO WTO DISPUTE SETTLEMENT WORKSHOP. The workshop, organised by UNCTAD, is intended for government officials, lawyers, academics, professionals from the private sector, trade unions and NGO's dealing with international trade issues, wishing to familiarise themselves further with the basic rules and jurisprudence of dispute settlement in international trade, investment and intellectual property. The application deadline is 30 July. For further information contact and to apply contact Ms. Sophie

Munda, UNCTAD/DITC, fax: +41 22 907 0247; email: sophie.munda@unctad.org; Internet <http://www.unctad.org/dispsett>

17-19 August, Islamabad, Pakistan: WTO Post-Cancun Developments: Options for South Asia. This meeting will be organised by the Sustainable Development Policy Institute (SDPI), Pakistan, CUTS Centre for International Trade, Economics & Environment (CITEE), India, Oxfam GB in Pakistan, South Asia Watch on Trade, Economics & Environment, Nepal. The objective of the event is to take stock of the developments, which have taken place vis-à-vis the international trading system after the Cancun Ministerial Conference of the World Trade Organisation. One of the objectives of the conference is to explore various options for South Asian countries with respect to a select set of critical issues. For further information contact Mr Sajid Kazmi, SDPI, email: sajid@sdpi.org; or Ms Purnima Purohit, CITEE, email: citee@cuts-international.org.

1-4 September, Johannesburg, South Africa: JOHANNESBURG + 2 SUSTAINABLE DEVELOPMENT CONFERENCE. This event will be held on the occasion of the second anniversary of the WSSD, incorporating a National Sustainable Development Conference, Thematic Round Tables, Sustainable Development Best Practice Exhibition, a Learning Centre, Media Capacitation Workshop and Doing Business in Africa Workshops. The Conference and Exhibition's themes include: water and sanitation, human settlements, energy, agriculture and food security, technology, natural resource management, regional development and NEPAD. South Africa's President Mbeki and a number of other high-level participants are expected to attend. For further information contact the South African Department of Environmental Affairs and Tourism, tel: +27-12-310-3911; fax: +27-12-322-2682; Internet: http://www.environment.gov.za/Documents/Documents/2004Jun28/jhb2_28062004.html

WTO Events

Please note that the WTO will be on recess from 30 July until 31 August. 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.

31 August: WTO DISPUTE SETTLEMENT BODY.

Other Upcoming Events

6-10 September, New York, US: UNFF AD HOC EXPERT GROUP ON CONSIDERATION OF A LEGAL FRAMEWORK ON ALL TYPES OF FORESTS. At its 52nd plenary meeting held in December 2003, the Economic and Social Council decided that the ad hoc expert group of the United Nations Forum on Forests would meet in New York from 6-10 September 2004, with a view to recommending the parameters of a mandate for developing a legal framework on all types of forests. For further information contact the UNFF Secretariat, tel: +1-212-963-3262; fax: +1-212-963-4260; e-mail: unff@un.org; Internet: <http://www.un.org/esa/forests>

26-30 September, Montpellier, France: EIGHTH INTERNATIONAL SYMPOSIUM ON THE BIOSAFETY OF GENETICALLY MODIFIED ORGANISMS. Organised by the International Society for Biosafety Research, this symposium will be held under the theme "How Scientific Research Informs Biosafety Decisions". A special workshop will discuss North-South issues related to biosafety of GMOs. For further information contact the International Society for Biosafety Research; tel: +33-1-30-83-37-30; fax: +33-1-30-83-37-28; e-mail: isbgmo@versailles.inra.fr; Internet: <http://www.inra.fr/gmobiosafety/aboutsymposium.php>

21-29 October, Cambridge, UK. 21ST CENTURY TRUST CONFERENCE ON GLOBAL GOVERNANCE: SCENARIOS FOR THE FUTURE. At this meeting, participants will consider issues related to global governance, against the backdrop that global governance is at a crossroads. While the challenges to global security and well-being grow ever sharper, the role of the institutions at the heart of global governance is under question as rarely before. In the field of economics, the WTO, with the accession of China, has never had a broader remit, yet anti-globalisation protestors and the stalling of the Doha round have brought its future role into question, at the same time as there is a general re-examination of the approaches and accountability of the World Bank and the IMF. Can stagnation be avoided and a new consensus forged, permitting the further development of these institutions? For further information on the conference, contact John Lotherington, tel: +44-20-7323-2099; fax: +44-20-7323-2088; e-mail: trust@21stcenturytrust.org; Internet: <http://www.21stcenturytrust.org/2004.html#2>

30 November to 4 December, Penang, Malaysia: SEVENTH ASIAN FISHERIES FORUM. Organised by the Asian Fisheries Society, this Forum will include symposia, plenary and technical sessions to address the status of Asian fisheries. It will include a technical

session on globalisation and the WTO. For further information contact the Forum Secretariat, tel: +60-4-653-3888 ext.3961; fax: +60-4-656-5125; e-mail: 7aff2004@usm.my; Internet: <http://www.usm.my/7AFF2004>

RESOURCES

ASSESSING REGIONAL INTEGRATION IN AFRICA. UN Economic Commission for Africa (July 2004). This report provides a comprehensive evaluation of the state of Africa's integration process, showing where efforts have succeeded or failed including why intra African trade remains low; and how lack of macro-economic policy convergence and insufficient infrastructures hamper integration. The report finds that although progress has been made in a number of areas, overall, this has been limited relative to the goals established by African leaders. The report makes several recommendations on accelerating the integration process. Some of the key recommendations include the need for the AU and RECs to be endowed with greater financial and human capital; and be granted relevant supranational authority to enable them to enforce treaty obligations. The recommendations cover both institutional arrangements and sectoral policy issues. To access the report visit <http://www.uneca.org/aria/>

REACH AND 'PROPORTIONALITY' UNDER WTO RULES. A briefing for WWF by Alice Palmer, FIELD (June 2004). On 29 October 2003, the European Commission issued its proposal for new legislation regulating chemicals in the European Union (known as REACH). Underpinned by the precautionary principle, the proposed regulation requires chemicals to undergo a process of registration in the European Union which is to be administered by a newly created European Chemicals Agency. This Briefing provides a background on REACH, the WTO and the proportionality of REACH. It outlines the WWF position on REACH. To access the paper visit http://www.wwf.org.uk/filelibrary/pdf/reach_prop_0604.pdf

THE WTO, DEVELOPING COUNTRIES AND THE DOHA DEVELOPMENT AGENDA: PROSPECTS AND CHALLENGES FOR TRADE-LED GROWTH. By Basudeb Guha-Khasnobis, UNU/WIDER (Palgrave, June 2004). The "development credibility" of the current trade regime in general, and the WTO in particular, is at stake. The Doha Round aims to reverse the brewing scepticism by providing a reliable engine of trade-led growth and development. The essays in this volume identify the key challenges in this regard, make an assessment of the current situation in agriculture and manufacturing market access and evaluate alternative policy options that will make the goal attainable. For

further information visit <http://www.palgrave.com/products/Catalogue.aspx?is=1403934835>

A DIFFERENT APPROACH TO WTO NEGOTIATIONS IN SERVICES. By Henk Kox and Arjan Lejour. CPB Discussion Paper No. 36, Netherlands Bureau for Economic Policy Analysis (July 2004). International negotiations on the liberalisation of service trade are concentrated at non-tariff barriers (NTBs). Negotiations on lowering these are complicated because government regulations are seldom strictly oriented at keeping foreign firms out their domestic service markets. Some of them (e.g. quantity-based restrictions) are clearly at odds with WTO principles. This paper argues that in most cases regulators primarily aimed at correcting domestic market failures with disregard for the potential repercussions for foreign providers of services. In negotiations this problem can be approached by introducing economic necessity tests, but that is a very long and tedious process. The authors propose a different negotiation approach based on lessons learned from WTO negotiations on agricultural support measures in which member states are asked to review domestic regulations for service markets and classify them into four categories. The subsequent information flow will make the ensuing negotiations faster and more effective. To access the paper go to <http://www.cpb.nl/nl/pub/discussie/36/disc36.pdf>

"Assessing the effectiveness of intergovernmental organisations in international environmental politics". By Frank Biermann and Steffen Bauer in *GLOBAL ENVIRONMENTAL CHANGE* 14 (2, 2004). Intergovernmental organisations (IGOs) help to create and bind international regimes. Without them, there would be little in the way of monitoring performance, devising regulations, considering sanctions and arranging follow-up meetings. Yet they are all too often relatively shadowy bodies with little accountability or even institutional identity. This article suggests some novel ways in which to evaluate their performance and effectiveness in international environmental regimes. The trick is to guess what would have occurred without their existence. They do mobilise agendas, establish rules, generate responsiveness, possibly change national reporting styles, and activate stakeholders. But they are also creatures of international diplomatic politics. They therefore fall prey to the personalities and the prejudices of the diplomats, advisors, lobbyists, and various hangers-on. But deeper still are the national politics that lurk behind the intergovernmental diplomats. They lie in the realms of more established politics and political analysis. Combine the two perspectives and the IGOs may get a fair and reasonable assessment.

"The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade: Some legal notes". By Ted L. McDorman in *RECIEL, REVIEW OF EUROPEAN COMMUNITY & INTERNATIONAL ENVIRONMENTAL LAW* 13 (2, 2004). In his article, Ted McDorman analyses the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, which entered into force on 24 February 2004. He reviews the obligations imposed on parties to the convention, and the manner in which the processes and procedures established by the convention can be expected to operate.

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

Contributors to this issue of **BRIDGES Weekly Trade News Digest**® are Yvonne Apea, Heike Baumüller, Sarah Rogers and Alex Werth. Editor: Malena Sell, msell@ictsd.ch. Director: Ricardo Meléndez-Ortiz, rmelendez@ictsd.ch. ICTSD is an independent, not-for-profit organisation based at: 13, ch. des Anémones, 1219 Geneva, Switzerland, tel: (41-22) 917-8492; fax: 917-8093. Excerpts from **BRIDGES Weekly Trade News Digest**® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

BRIDGES Weekly Trade News Digest is made possible in 2001 - 2004 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 1563-0

