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LEAD STORIES

NEED FOR TECHNICAL WORK, POLICY SPACE STRESSED IN DOHA ROUND OVERSIGHT

On 12 October, the WTO Trade Negotiations Committee (TNC) met to take stock of Doha round negotiations and discuss the concerns of Members. The session was the first TNC meeting since the agreement of the so-called "July package" almost three months ago, which effectively breathed new life into the struggling Doha round of trade negotiations. The TNC meeting included statements by TNC Chair and WTO Director-General Supachai Panitchpakdi, as well as the Chairs of the various negotiating groups established under the TNC. Several interventions were made by Members regarding upcoming negotiations.

Technical work ahead

The TNC meeting began by establishing a Negotiating Group on Trade Facilitation, and appointed Ambassador Muhammad Noor Yacob of Malaysia as Chair. In his opening statement, the Director-General stressed that WTO Members "need to build upon our July momentum" and continue to remain active in coming months, though technical work is likely to be at the forefront owing to political transitions in several key countries. He mentioned, and the US expressed its agreement later in the meeting, that technical work on issues such as services offers and non-agricultural market access (NAMA) would continue until spring 2005. At this time, there will likely be sufficient political capacity for making key decisions. It will be necessary, Supachai said, to wait and see what is feasible in 2005. He encouraged Members to spend less time discussing possible deadlines for the round and more time and energy maintaining momentum and ironing out the technicalities in negotiations.

The Chair of the special (negotiating) session of the Council for Trade in Services, Ambassador Alejandro Jara, submitted a report (TN-S-17, available online at <http://docsonline.wto.org>) and said that he saw some momentum on services. However, 50 Members hadn't made services offers as yet, and Jara said he was

concerned that this could threaten the May 2005 deadline to make revised offers.

Chair Manzoor Ahmad reported on the TRIPS Council special session and said that consultations on a multilateral system of notification and registration of geographical indications for wines and spirits would continue. He noted that the special session talked about the legal effects of TRIPS on developing countries, but said that he did not detect a substantial change in positions.

Chair Stefan Johannesson reported on the industrial market access talks. He said that the group is currently trying to structure its work and is focusing on configuring an appropriate tariff reduction formula and a sectoral approach. Johannesson noted that a number of countries are unhappy with the text that developed from Cancun, thus more attention will be focused upon building consensus and support for a formula.

Tim Groser, Chair of the agriculture negotiations, told the Director-General that Members discussed a variety of issues, including the 'green box' of allowable subsidies, export subsidies, state trading enterprises, food aid, ad valorem taxes in relation to a tiered formula, and a special safeguard mechanism (SSM) for developing countries. Members have thus far failed to agree to the creation of a special committee on cotton despite the "fast-track" mandate given to negotiations on the commodity in July. Nonetheless, Groser said that he was "fairly positive" and expected progress, though he stressed that future negotiations should be text-based and concrete. A number of requests were made for the WTO Secretariat to provide technical support to the agricultural negotiations, such as examination of the July package's details on bound and unbound elements of the first round of reductions.

Negotiating power addressed

Several Members intervened in the TNC to react both to the presentations of the Chairs and to overall concerns relating to negotiations. Nigeria, on behalf of the African group, said they were ready to continue negotiations but made a strong plea for transparency. They expressed concerns regarding the dominance of a few countries in the negotiation of the July package and said they hoped that relevant chairs would in the future not rely on a few key countries for negotiations that impact all WTO Members. These concerns were echoed by Kenya. The key grouping of Five Interested Parties (FIPs) -- comprising the US, EC, Brazil, India and Australia -- were instrumental in the July agricultural negotiations, raising concerns for the effective participation of other countries.

Policy space sought for development issues

Kenya urged WTO Members to ensure that developing countries have the policy space to be flexible on policy options that will enable economic growth. The idea of "policy space," promoted in academic circles as well as in the UN Conference on Trade and Development (UNCTAD) and several NGOs, refers to the ability of developing countries to enact policies conducive to development despite trade commitments. Policy space was also brought up by Indonesia, asking for the ability to implement policies for agriculture that would secure rural livelihoods. Indonesia suggested that tools such as special products (SPs) and a special safeguard mechanism (SSM) might enable it to do so.

Nigeria asked that development issues such as special and differential treatment (S&D), TRIPS, agriculture, and cotton stay on the agenda permanently. As regards market access, Nigeria said that key African interests include S&D, loss of customs revenue, and autonomous liberalisation, while in agriculture negotiations they would like to see SPs and an SSM, treatment of food aid, and concerns of net food importing countries at the forefront. Benin intervened and urged Members to establish a group on cotton as soon as possible.

The next meeting of the TNC will be on 9 December.

ICTSD reporting.

CITES EXPANDS COVERAGE, DISCUSSES WILDLIFE TRAFFICKING, IVORY, DNA

Key decisions were made this week at the 2-14 October Conference of the Parties (COP) to the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) in Bangkok, Thailand. These included decisions on a Southeast Asian initiative to combat wildlife trafficking, the regulation of a number of heavily-traded species, and cross-cutting issues. CITES is one of several multilateral environmental agreements (MEAs) currently being discussed at the WTO, where Members are negotiating on the relationship between MEAs and multilateral trade rules as part of the Doha round. The 13th CITES COP provides an opportunity for parties to the agreement to review restrictions on trade in endangered species or propose new ones by listing them on CITES 'Appendices I, II, or III,' or through action plans. Animal and plant species listed under CITES Appendix I are considered highly threatened with extinction, and are excluded from trade, except in very special circumstances, while Appendix II species are subject to strictly regulated trade on the basis of quotas and permits to ensure that trade does not compromise their survival. Appendix III lists species

that are subject to domestic regulation, and for which a Party requests the cooperation of other Parties to control international trade.

Thailand to lead initiative against wildlife trafficking

On 11 October, ministers and senior officials from the 10 member countries of the Association of Southeast Asian Nations (ASEAN) promised to join together to stop illegal trafficking in threatened species in a regional plan launched and approved by delegates at the CITES meeting. In his opening speech on 2 October to CITES delegates, Thailand's Prime Minister Thaksin Shinawatra stressed the need for global and regional efforts to fight organised criminal activities related to international trade in wildlife. He proposed that Thailand could take the lead in forming a regional law enforcement network to combat wildlife crime, offering to host a meeting in 2005 to work out the details of establishing such a network. Conservation groups say that cross-border trafficking in wildlife is difficult to curb, owing to few or no laws, the low priority given to it by governments and poor resources and training for enforcement. Roger Lahanan, from the Asian Conservation Alliance, said that "this region badly needs such a body proposed by the Thai Prime Minister and we'll work with the government to make sure it happens as soon as possible".

CITES upgrades Hoodia, Ramin, Irrawaddy dolphin

South Africa, Namibia, and Botswana were successful in their proposal to list Hoodia, a medicinal plant long used by Africa's San people for its appetite-suppressing qualities, in Appendix II (see BRIDGES Trade BioRes, 23 September 2004, <http://www.ictsd.org/biores/04-09-23/story2.htm>). In addition, Indonesia's proposal to uplist the Ramin tree from Appendix III to II was passed by the COP. The ramin tree has long been one of Southeast Asia's major export timbers, and Indonesia emphasised that the Appendix II listing would ensure better enforcement of conservation measures and benefit orangutan populations. In addition, the Irrawaddy dolphin was transferred from Appendix II to I despite opposition from Japan, Norway, and Gabon. The great white shark and humphead wrasse were added to Appendix II. However, Indonesia's proposal, supported by the EU, to include the agarwood tree and all its parts and derivatives in Appendix II was sent to a working group following opposition from the US. Delegates later approved a decision to convene a capacity-building workshop on trade in agarwood prior to CITES COP-14.

Whales, ivory controversial

Japanese delegates accused the West of "cultural imperialism" and vowed to continue efforts to expand

whaling after CITES voted against downgrading three stocks of minke whale from Appendix I to Appendix II. Such a downgrade would have enabled wider trade in the species, thereby feeding the tastes of the Japanese for whale meat, but faces opposition from conservationists who view the killing of whales as barbaric. It would have also put pressure on the International Whaling Commission (IWC) moratorium on whaling. "The West is trying to impose its unilateral standards on us. I regard this as cultural imperialism," Japanese delegate Masayuki Komatsu told Reuters. Members also clashed on a draft action plan for the control of trade in African elephant ivory, which was eventually approved. There was further disagreement over Kenya's proposal, eventually rejected, that Parties refrain for six years from submitting downlisting proposals and engaging in trade of raw and worked ivory. Disagreement centred upon whether such a moratorium on elephant trade would cause illegal trade to thrive and require financial resources for enforcement. Namibia's annotation to include trade in elephant leather and hair goods for commercial purposes was adopted by consensus, but its proposals to allow an annual export quota of 2,000 kilogrammes of accumulated raw ivory and to allow trade in worked ivory products were rejected.

Cross-cutting issues

Delegates adopted a revised draft decision on economic incentives and discussed the relationship between CITES and the Convention on Biodiversity (CBD), with the role of sustainable use of resources forming the centre of the debate. Namibia's submission regarding synergies between CITES and the Convention on Biological Diversity (CBD), focusing on the Addis Ababa Principles and Guidelines on sustainable use adopted at CBD COP-7 in early 2004 (see BRIDGES Trade BioRes, 20 February 2004, <http://www.ictsd.org/biores/04-02-20/story1.htm>), was adopted by CITES. On a different note, the EU's proposal to exempt the in vitro cultivated DNA of listed species from CITES regulation prompted vigorous debate and was eventually withdrawn, with some delegates anticipating that this issue will continue to be rejected as long as the discussions on access to genetic resources and benefit sharing remain controversial under the CBD.

Lower Caviar Quota Set

On the sidelines of COP-13, the CITES Secretariat on 8 October announced the 2004 export quotas for Caspian Sea sturgeon, following an agreement by the five Caspian Sea states to significantly reduce their caviar export quotas for this year. The allocation had been delayed as the Secretariat was awaiting submission of the required conservation information (see BRIDGES

Trade BioRes, 10 September 2004, <http://www.ictsd.org/biores/04-09-10/inbrief.htm#4>).

ICTSD Reporting; "Proposal for Wildlife Interpol Gets Support," TERRAVIVA, 4 October 2004; ENB, Vol. 21 No. 35-42, 3 October 2004; "CITES authorizes 2004 export quotas for Caspian Sea caviar," CITES, 8 October 2004; "ASEAN Unveil Proposal To Curb Wildlife Trafficking," AP, 12 October 2004; "Japan loses bid to loosen trade in whale products," REUTERS, 12 October 2004.

AGRICULTURE TALKS INCH FORWARD

Trade delegates met in a special (negotiating) session of the WTO Committee on Agriculture on 8 October to wrap up three days of talks. The talks, which had started on 6 October (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story2.htm>), focused mainly on the process for bringing forward the negotiations following a framework deal agreed in July (see BRIDGES Weekly, 3 August 2004, <http://www.ictsd.org/weekly/04-08-03/story2.htm>). The Chair, Ambassador Tim Groser of New Zealand, gave his assessment of the situation, and outlined a plan for future work, which will be technical in nature.

Groser: negotiations based on concrete text

Chair Groser said he felt the first set of negotiations following the July package had been constructive, and called for very specific textual inputs from this point on, rather than a more general exchange of views. In terms of texts, he felt some parts of the so-called Harbinson text -- which dates back to February 2003 -- could serve "as a basis". During their informal talks on 6 and 7 October, Members had already discussed some aspects of this text. Chair Groser said that the role of the technical work envisaged now was to narrow down options. Political decisions would then be needed on the options. Members generally supported this approach.

In their statements, a number of Members called for a transparent and inclusive process. Chair Groser said the negotiations had to be effective in order not be diverted into smaller closed groups. He stressed that "nothing is agreed until everything is agreed," and said clear rules for the sharing of information were needed.

The G-20 group of developing countries -- including Brazil, India and China -- proposed that Members focus on general rules first, with exceptions being negotiated later. Mauritius, the Philippines and Zimbabwe emphasised that special and differential treatment (S&D) for developing countries should fall into the former category. Chair Groser clarified that some S&D

issues could easily be included in the general rules, while others, such as the special safeguard mechanism (SSM, used to protect developing countries from import surges) could be "logically analysed" in the interim.

Croatia, speaking for a group of newly acceded countries, called for flexibility for this group. Nigeria, speaking for the African Group, drew attention to the cotton issue, calling again for it to be kept as a permanent agenda item. Nigeria also said the group would make a proposal shortly.

Green box under fire

During the informal discussions on 7 October, the Cairns group countries (agricultural exporters) indicated that they would like to see strong disciplines on Green Box subsidies (trade-neutral subsidies). According to the July package, the Green Box should be "reviewed and clarified" to ensure that it is at most minimally trade distorting. The EC and Switzerland, speaking for the G-10 net food-importing developed countries, opposed the Cairns group approach, stressing that discussing possible time limits or ceilings for Green Box support would be beyond the scope of what was agreed. The US felt there was some scope for revision of the box, but that its integrity had to be maintained.

The next agriculture negotiating sessions are scheduled for 15-19 November and 13-17 December.

ICTSD reporting; "WTO Members Hold Low Key Talks On Agriculture, Focus on Procedures," WTO REPORTER, 12 October 2003.

OTHER NEWS

CANADIAN DRUGS PATENT LAW FOR POOR COUNTRIES RELEASED FOR COMMENT

On 2 October, Health Canada released for public comment regulations that would enable the export of low-cost generic versions of patented drugs to developing countries. The regulations seek to implement Bill C-9, "An Act to amend the Patent Act and the Food and Drugs Act (the Jean Chrétien Pledge to Africa)" that was passed on 14 May 2004 by the Canadian legislature after vigorous debate between the government, non-governmental organisations, and pharmaceutical companies (see BRIDGES Weekly, 10

March 2004, <http://www.ictsd.org/weekly/04-03-10/story5.htm>).

The Canadian regulation is the first attempt internationally to implement a WTO General Council Decision of 30 August 2003 to waive patent rights to permit developing countries to import less expensive versions of high-priority medicines from other countries (see BRIDGES Weekly, 15 October 2003, <http://www.ictsd.org/weekly/03-10-15/story5.htm>). This decision was the result of over a year of deliberations on the implementation of the November 2001 Doha Declaration on the TRIPS Agreement and Public Health. The Declaration urged the WTO General Council to look into ways to ensure that countries without any domestic production capacity could take advantage of compulsory licensing provisions in TRIPS to import essential medicines from other countries.

Key provisions in the new Canadian regulations include a requirement that drugs produced in Canada under this programme be packaged in a "distinctly different" manner from domestic drugs, including a marking of "XCL" on solid dosage forms. Drugs permitted under the program are listed in the Act itself and the list is derived principally from the World Health Organisation (WHO) Model List of Essential Medicines; any new proposals to add drugs to the list must be approved by the federal cabinet. Civil society groups such as the Canadian HIV/AIDS Legal Network had urged a more flexible approach to the permitted drug list, such as using the WHO list as the de facto Canadian list, but this approach was rejected owing to the need to ensure that all exported drugs under the new program meet the Canadian Food and Drugs Act and its regulations.

At the same time, civil society groups celebrated the fact that there is no so-called "right of first refusal" clause in the new regulations that would have allowed patent-holders to anticipate and take over contracts negotiated between generic pharmaceutical manufacturers and developing country purchasers. They noted, however, that generic drug-makers must seek a voluntary license from the patent holder before applying for a compulsory license. Generic manufacturers must also pay "adequate" remuneration to the patent holder, with the royalty amount to be determined on a case-by-case basis depending on the level of development of the importing country and the economic value of the drug that has been authorised. The legislation is not limited to dealing with HIV/AIDS, TB, and malaria, other "emergencies", or just drugs on the WHO list; rather, it is expressly humanitarian and aims to enable the provision of essential medicines by adding them to the list should the need arise.

The new regulations are open for public comment for 75 days and can be accessed in the 2 October issue of

the Canadian Gazette: <http://canadagazette.gc.ca/part1/2004/20041002/pdf/g1-13840.pdf>.

The Canadian HIV/AIDS Legal Network has produced a short analysis of Bill C-9 which is available on-line at <http://www.aidslaw.ca/Maincontent/issues/cts/patent-amend/billC-9flyer300604.pdf>.

ICTSD reporting; "Canadian Government Issues Regulations On Patented Drug Exports to Third World," WTO REPORTER, 5 October 2004.

PROCEDURAL ISSUES, ENVIRONMENTAL GOODS DOMINATE WTO ENVIRONMENT NEGOTIATIONS

WTO Members at the special (negotiating) session of the Committee on Trade and Environment (CTE), meeting from 12-13 October, continued their discussions on the relationship between WTO rules and multilateral environmental agreements (MEAs). Members focused on a submission by Australia on its national experiences on negotiating and implementing specific trade obligations (STOs) in MEAs. Members also discussed a proposed list by Chinese Taipei of possible environmental goods. Mirroring past meetings, debates on both topics revolved mainly around procedural issues, i.e. whether discussions should follow a practical or a conceptual approach, or both.

MEAs-WTO: National experiences versus principles

Australia in its submission (TN/TE/W/45, available at <http://docsonline.wto.org/>) presented its national experience in negotiating and implementing the Basel Convention on trade in hazardous waste, the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) and the Montreal Protocol on ozone-depleting substances. Australia stressed the need for effective coordination at the national level between domestic agencies and stakeholders as a "key to achieving compatibility between countries' different international obligations and their smooth domestic implementation". While acknowledging the importance of national coordination, the EC stressed that coordination at the international level was equally important.

Australia's submission gave rise to a general debate on the best approach to the negotiations (see BRIDGES Weekly, 23 June 2004, <http://www.ictsd.org/weekly/04-06-23/story2.htm>). Australia is a firm supporter of a 'practical' approach to the discussions based on national experiences, arguing that this can help improve understanding of STOs in MEAs and their relationship

with WTO rules. While supporting this approach, the EC and Switzerland also stress the need for a complementary debate on basic principles underlying the WTO-MEA relationship. Noting a widespread support for the practical approach, Chair Ambassador Toufiq Ali of Bangladesh encouraged Members to focus efforts on this avenue for the time being.

Environmental goods: list versus definition

Chinese Taipei formally submitted its proposed list of possible environmental goods, which had already been circulated as an informal document at the last CTE meeting. The list includes primarily the more traditional (i.e. end-of-pipe) environmental goods, mirroring a list developed by APEC (Asia-Pacific Economic Cooperation). Several Members welcomed in particular the concept of a "direct use" characteristic for identifying environmental goods, i.e. goods that "directly control pollution".

The EC noted that Members in addition to submitting their proposed lists might want to consider the principles underlying their decision to include certain goods. Such principles could relate to the classification of goods under the Harmonised System (i.e. codes used by customs officials), non-tariff barriers, or goods with multiple end-uses. The US expressed concern that Members could get bogged down in the debate on principles, favouring instead a more concrete discussion.

Korea and Switzerland announced their intention to submit their proposed lists by the next CTE meeting. Qatar, supported by Venezuela, again referred to its submission on natural gas technologies which it would like to see taken up in the negotiations (TN/TE/W/14). The EC also suggested that Members might want to hold an informal meeting between now and the next CTE meeting if they felt that enough material was available for further debate.

Members widely welcomed the papers presented by the UN Conference on Trade and Development (UNCTAD) (TN/TE/INF/7) and the OECD (TN/TE/INF/8). The World Customs Organisation also presented at the meeting on the difficulties that might arise when including environmental goods in the Harmonised System. He noted that the System only distinguished between products based on their physical characteristics, and that it therefore did not lend itself to denoting goods depending on the process and production methods (PPM) used or on their end-use (i.e. environmental or otherwise).

The next meeting of the CTE special session will be held in February 2004.

ICTSD reporting.

PPMS, PROCESS ISSUES ADDRESSED AT WTO ENVIRONMENTAL GOODS WORKSHOP

A workshop on environmental goods (EG) organised by the WTO Secretariat on 11 October witnessed active participation from delegations, capital-based officials and other experts who attended. The workshop was aimed at enhancing WTO Members' understanding of the key issues involved in the negotiations on environmental goods. These are outlined in Paragraph 31 (iii) of the Doha Ministerial Declaration (DMD), which launched negotiations on "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services."

The informal setting of the workshop contributed to a lively presentation of issues and ideas by panellists and a useful exchange of views on the subject among delegates. Environmentally preferable products drew a great deal of interest, particularly the treatment of organic agriculture and natural resources such as natural gas and eco-friendly fuels. While there was an acknowledgement that process and production methods (PPMs) were still a contentious issue, several suggestions came to the fore, including a one-time waiver for accepting PPM-based criteria exclusively for developing country EG exports. Some developing countries cautioned that PPM criteria could become a market-access barrier. Some pointed to the possibility of a sectoral treatment of environmental goods which could be worked into modalities established by the recent "July package" (WT/L/579) for negotiations in both industrial goods (para. 12) and agriculture (para. 49). Others criticised the consideration of environmental goods as a sectoral initiative. The identification and treatment of non-tariff barriers was regarded as a major challenge. An interesting example of technology licensing agreements being tied to market-restriction clauses (i.e. prohibition of exports to certain markets) was highlighted in a case study presented on the Indian situation.

Presentations were also made on the experience from sectoral initiatives in other areas such as civil aircraft, chemicals and information technology and how these could be relevant to environmental goods. The challenge of 'multiplicity' of end-uses with regard to certain environmental goods was further reinforced by a representative from the World Customs Organisation, who pointed out that identification of goods was usually by a description of the goods and physical and objective criteria that was verifiable. Hence Customs

did not carry out verification of 'end-use' through labelling or certification.

Other issues raised included shifting technologies and the coherence between environmental goods and services negotiations. The role of the WTO Committees on Trade and Development and Trade and Environment in identifying and debating the environmental and developmental aspects of the environmental goods negotiations (referring to the mandate in DMD para. 51) was also pointed out. While some participants stressed the 'developmental' aspects of the negotiations, others pointed out that environmental protection was an important objective for all countries to be gained through the negotiations, and that Members should not lose sight of the link to sustainable development mandates such as the Johannesburg World Summit on Sustainable Development (WSSD) and objectives outlined in multilateral environmental agreements.

ICTSD reporting.

US TEXTILE GROUPS FILE SAFEGUARDS AGAINST CHINESE IMPORTS

On 12 October, US textile groups announced that they were filing safeguard claims under China's WTO accession agreement based upon the threat that Chinese textile and apparel imports will surge after quotas are removed at the end of this year and thereby cause market disruption. One petition on cotton trousers was filed on 8 October, with 10 more claims -- some of them covering dual categories -- being filed the week of 11 October. The industry petitions cover 15 of the 91 product categories for which US quotas expire on 1 January 2005 according to the WTO Agreement on Textiles and Clothing. In addition, the industry groups said they would file requests to renew the three safeguards from last year that are set to expire 23 December 2004, but China has indicated that they do not believe that the safeguards can be extended. The move to exclude increased Chinese imports was endorsed by US textile groups, including the National Council of Textile Organizations (NCTO), the American Manufacturing Trade Action Coalition (AMTAC), the National Textile Association, the National Cotton Council, the union UNITE HERE, and was endorsed by the Global Alliance for Fair Textile Trade, a group of 96 textile and apparel trade associations from 54 countries.

Under the terms of China's accession to the WTO, Members may impose a safeguard that would limit imports to 7.5 percent above the import level in the first 12 months of the most recent 14 months in response to market disruption. However, the safeguards proposed

this week are particularly controversial because they seek to limit Chinese imports into the US based solely upon the threat of market disruption. The Chinese have suggested that safeguards can only be imposed after actual market disruption has occurred, and have threatened to bring any safeguards imposed under the threat of market disruption to the WTO Dispute Settlement Body. At issue is paragraph 242 of the WTO's Working Party Report on China's Accession, which states that Members seeking to impose the safeguard must provide China with "current data" that demonstrates "the existence or threat of market disruption," but goes on to describe relevant market disruption as "threatening to impede the orderly development of trade." This implies that market disruption would need to occur first in order to then threaten the orderly development of trade.

The Committee for the Implementation of Textile Agreements (CITA), an interagency group chaired by the US Department of Commerce, has 15 working days to decide whether the petitions include sufficient information and meet the necessary technical criteria to be accepted for further consideration. If the petitions are accepted, there will be a 30-day comment period and then 60 days for CITA to decide whether to impose the safeguard. The last day for CITA to decide on the trousers petition is 1 November, a spokesperson from the US Commerce Department said. This is not coincidentally the day before the US presidential election, and thus gives the Bush administration the opportunity to decide on the case before the election.

Including the three requests for extensions, the thirteen petitions would cover \$1.96 billion in imports, or 13.8 percent of total textile and apparel imports from China and only about 1.3 percent of China's total imports, industry representatives said. According to a report from China's agriculture ministry, China's textile exports may rise by at least 24 percent to \$100 billion next year as a result of the expiry of textile quotas. At a WTO Goods Council meeting on 1 October, WTO Members confirmed that the phase-out of all textile and clothing quotas would go ahead as planned on 1 January 2005 (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story4.htm>).

EU readies itself for textile phase-out

The EU joined in the global discussion on adjustment in the post-quota textiles environment. "We are going to draw up rules of the game so no one is taken by surprise," EU Trade Commissioner Pascal Lamy told reporters in Brussels this week. "At present we have no surveillance apart from the normal statistical monitoring. We need something that kicks in more quickly" based on customs data, using an escalating scale of alerts -- the most serious being red -- invoking safeguard

measures, he said. The EU, whose textile exports were worth 25.6 billion euros last year, will remain "on the cutting edge" only by concentrating on luxury goods and maintaining the competitive advantage of its trademarks, he added. The EU textiles and clothing industry, which recorded sales of 200 billion euros (\$246 billion) in 2002, employs 2.7 million people and accounts for 4 percent of gross domestic product, European Enterprise Commissioner Olli Rehn said.

On 4 October, at his confirmation hearing before the European Parliament, incoming European Trade Commissioner Peter Mandelson suggested measures such as decreasing trade preferences for the largest developing countries and easing rules of origin regulations for the poorest textile-producing nations as a way to help the latter compete against the likes of China when global textiles quotas expire this year.

Mauritian textiles industry gets AGOA exemption

The Mauritian textile industry responded positively after the US Congress approved an amendment last week to the African Growth and Opportunity Act (AGOA) III, giving Mauritius "third country fabric" status under the Act. This means that Mauritian textile goods will have duty-free access onto the American market even if producers import their raw materials from countries outside the region covered by AGOA. The third country fabric status is granted for one year and can be extended until 2007, and will let the country compete at the same level as other African countries that have already benefited from the exemption.

"U.S. textile and apparel makers petition for limits on Chinese imports," AP, 13 October 2004; "EU Readies 'Red Alert' Against Chinese Textile Surge," BLOOMBERG, 12 October 2004; "China's Textile Exports May Rise to \$100 Billion," BLOOMBERG, 13 October 2004; "Breath of fresh air for Mauritian textiles," ALLAFRICA, 12 October 2004; "U.S. Textile Groups to Request Limits On 16 Types of Chinese Apparel Imports," WTO REPORTER, 13 October 2004; "Goods council starts final review of textiles accord," WTO, 7 October 2004.

IN BRIEF

UN ECONOMIC REPORT ON AFRICA: FREE TRADE ALONE IS NOT ENOUGH

In its annual report released on 29 September, the UN Economic Commission for Africa (ECA) pointed out that

trade liberalisation by itself will not lead to economic growth and poverty alleviation in African countries, unless it is complemented by policies aimed at simultaneously boosting Africa's competitiveness and improving capacity to produce manufactured goods. Mauritius, Namibia, South Africa and Tunisia are cited as Africa's most competitive nations. On the continent's overall economic performance, the report credits the growth in real GDP from 3.2 percent in 2002 to 3.8 percent in 2003 to Africa's progress in a number of critical areas such as good macroeconomic fundamentals and stabilised fiscal deficits and inflation. The report found that although foreign direct investment (FDI) -- which increased from \$US11 billion in 2002 to \$US14 billion in 2003 -- remained mostly concentrated in natural resources, investment in service industries is also increasing. According to the report, the challenge lies in translating these achievements into faster growth: In 2003, only five countries -- Angola, Burkina Faso, Chad, Equatorial Guinea and Mozambique - - achieved the 7 percent growth necessary to reach the Millennium Development Goal of halving poverty by 2015.

The report further analyses the near-collapse of the Doha talks, and argues for a comprehensive approach to development that prioritises poverty alleviation.

The ECA report is available at: www.uneca.org

ICTSD reporting.

US PUSHES FOR MIDEAST FREE TRADE

In a 7 October speech to members of the newly formed US-Middle East Free Trade Agreement (MEFTA) Coalition, US Trade Representative Robert Zoellick said that the US could soon begin free trade talks with the United Arab Emirates and Oman as part of its plans for a regional free trade agreement in the Middle East by 2013. The US-MEFTA Coalition was launched by several major US corporations after US President George W. Bush set a goal last year of creating a Middle East Free Trade Agreement as part of broader efforts to promote political and economic reforms in the region. The United States already has free trade pacts with Israel, Jordan, Morocco and Bahrain. Zoellick told the groups that a MEFTA-US partnership could help fight terrorism and ease anger simmering over US foreign policy in the region. "With the hand of US economic partnership, the United States will embrace and encourage reformers across the region," Zoellick said. "The MEFTA is a strategy for engagement that will help nations build free, dynamic economies." The US has also identified Qatar and Kuwait as candidates for free trade pacts. Agreements with larger Saudi Arabia and Egypt are more remote prospects that depend on

Saudi Arabia's WTO accession negotiations with the US and on the progress of Egypt's economic reforms. Zoellick also expressed hope for a peace agreement that would permit US free trade with a Palestinian state some day, saying that potential free trade partners in the Arab world must end their boycott on trade with Israel.

"U.S. pushing forward on Mideast free trade-Zoellick," REUTERS, 7 October 2004; "U.S. Business Pushes for Mideast Trade," IPS, 7 October 2004.

WTO IN BRIEF

RACE HEATS UP FOR WTO DIRECTOR-GENERAL CANDIDATES

As the race begins to heat up for the position of WTO Director-General, three developing country candidates began informal campaigns while the only developed-country contender withdrew from the race. Canada's former trade minister and WTO ambassador Sergio Marchi indicated on 10 October that he is no longer interested in being a candidate to replace Supachai Panitchpakdi as a result of "personal, family, and professional considerations". Uruguay's former Ambassador to the WTO Carlos Perez del Castillo indicated last June that he was interested in the position, and the Uruguayan government has indicated that it will nominate the former chair of the WTO's General Council. Perez del Castillo played a key role in the Geneva preparations for the WTO's Cancun Ministerial Conference and in efforts to put the Doha Round back on track following the Cancun setback last June. However, on 4 October Brazil began quietly testing the waters on a possible bid on behalf of Luiz Felipe de Seixas Correa. Seixas Correa is currently Brazil's ambassador to the WTO and has earned a high profile in his capacity as unofficial spokesman of the Group of 20 developing countries. Although not yet officially announced, trade minister of Mauritius Jayakrishna Cuttaree is also expected to declare his candidacy soon (see BRIDGES Weekly, 29 September 2004, <http://www.ictsd.org/weekly/04-09> 29/WTOinbrief.htm#1). In addition, informal talks have already taken place among African countries on the possibility of a single joint candidate from the continent such as Cuttaree or Ghanain Alan Kyerematen. On a more speculative front, Shotaro Oshima, Japan's WTO ambassador, WTO Agriculture Chairman Tim Groser of New Zealand and Pascal Lamy, the outgoing EU Trade Commissioner, have also been mentioned by Geneva trade diplomats.

In December 2002, following divisive debates regarding the choice of the Director-General, WTO Members agreed on a procedure to replace Director-General Supachai Panitchpakdi when his three-year term ends on 1 September 2005. Nominations will be accepted from Members in December and the chair of the General Council, along with the other permanent chairs, will hold consultations between February and May 2005 regarding the candidates. The successor is scheduled to be selected by the end of May 2005, enabling a smooth transition for the new Director-General in early September, well in advance of the December 2005 Ministerial Conference in Hong Kong.

ICTSD Reporting; "Race for Next WTO Chief Heats Up As Various Officials Ponder Candidacy," WTO REPORTER, 8 October 2004; "Perez del Castillo Maintains WTO Candidacy Despite Nomination of Ambassador by Brazil," WTO REPORTER, 12 October 2004; "Canada's Marchi Withdraws From WTO Leadership Race," WTO REPORTER, 13 October 2004.

CAMBODIA JOINS WTO

Cambodia was formally admitted to the World Trade Organization on 13 October, becoming the 148th Member and the 32nd least-developed country in the organisation. Although the membership agreement was approved in Cancun on 11 September 2003, Cambodia told the General Council on 11 February 2004 that its ratification was held up because of delays in setting up a new government. The Cambodian Parliament finally ratified the deal in September 2004, and following standard practice Cambodia became a Member one month after it informed the WTO. Cambodia applied to join the WTO in December 1994. Cambodian authorities hope that accession will allow the country to attract new investment.

"Cambodia raises WTO Membership to 148," WTO, 13 October 2004; "Cambodia Joins WTO," ABC RADIO AUSTRALIA NEWS, 13 October 2004.

US, ANTIGUA IN TALKS TO END GAMBLING DISPUTE

On 7 October, the US and Antigua and Barbuda notified the WTO of ongoing talks to resolve a dispute relating to certain US measures affecting the cross-border supply of gambling and betting services from foreign operators into the US market (See BRIDGES Weekly, 3 July 2003, <http://www.ictsd.org/weekly/03-07-03/story5.htm>). The notification, which also requested the panel hearing the dispute to suspend its proceedings until 15 November, is the third such

disruption to the formal course of the case by the parties. As a result, the public release of the final panel report, which had been scheduled for 8 October 2004, has been put on hold. In the panel report, issued exclusively to the parties on a confidential basis in April 2003, the panel is reported to have upheld Antigua's challenge that US measures that prohibited gambling and betting services offered by foreign operators violated WTO agreements and were hurting the island state's internet gambling industry -- a source of employment and government revenue.

ICTSD reporting; "U.S., Antigua Announce Further Delay in WTO Decision on Internet Gambling," WTO reporter, 8 October 2004.

AMENDMENTS TO WTO APPELLATE PROCEDURES FINALISED

On 7 October, the Chairman of the WTO Appellate Body notified the Dispute Settlement Body (DSB) of its intention to adopt a set of amendments to the procedural rules governing WTO appeals (the Working Procedures for Appellate Review). The amendments, which will enter into effect for appeals initiated after 1 January 2005, were first presented to the DSB for comments on 8 April 2004 (see BRIDGES Weekly, 2 June 2004, <http://www.ictsd.org/weekly/04-06-02/story2.htm>). The new rules (WT/AB/WP/W/9 available at <http://docsonline.wto.org>) outline clearer elements required in a 'Notice of Appeal,' allow for its subsequent amendment and introduces a 'Notice of Other Appeal' into the appellate process where a party to the dispute other than the original appellant wants to join in that appeal. Minor changes have also been made to the timeframe for the oral hearing during the appeal process: the oral hearing will now be held between 35 and 45 days following the filing of the Notice of Appeal. Under the old rules, the oral hearing took place 30 days after the filing of the Notice of Appeal. The Appellate Body, however, decided not to pursue a proposed modification regarding the calculation of the current time frame for appeals in light of comments made by WTO Members.

Finally, the Appellate Body introduces as a new Annex III to the Working Procedures, a "Table of Consolidated and Revised Versions of the Working Procedures for Appellate Review". This table, according to the Appellate Body "should provide a useful resource for Members wishing to track previous amendments to the Working Procedures as well as contemporaneous discussions of such amendments." Other changes include a new numbering system relating to the Working Procedures themselves.

ICTSD reporting.

EVENTS & RESOURCES

EVENTS

For a more comprehensive list of events in trade and sustainable development, please refer to ICTSD's web calendar at: <http://www.ictsd.org/cal/index.htm>. If you would like to submit an event, please email events@ictsd.ch.

ICTSD Event

14 October, Geneva, Switzerland: ROUNDTABLE ON EMERGING ISSUES IN THE RELATIONSHIP BETWEEN THE CLIMATE AND TRADE REGIMES (CLIMATE CHANGE MITIGATION, ADAPTATION AND THE WTO). Organised by ICTSD. The objective of the roundtable is to examine the linkages between two major aspects of current global change -- the processes of trade liberalisation and global warming. Presentations will explore the relationship between the climate change regime and trade rules, including the implications of the current Doha Round of trade negotiations. Discussions will seek to identify areas of potential synergies and conflict between the two sets of rules, and explore windows of opportunity for promoting sustainable development. The interaction between trade liberalisation with both climate change mitigation and adaptation will be addressed. For further information contact Malena Sell, tel: +41 22 917 83 19; fax: 917 80 93; email: msell@ictsd.ch; Internet: <http://www.ictsd.org/dlogue/2004-10-14/invite-cc-and-trade.pdf>

Coming Up: 14-20 October

13-15 October, Cape Town, South Africa: INTERNATIONAL CONFERENCE ON AFRICAN DEVELOPMENT AND POVERTY REDUCTION - THE MACRO-MICRO LINKAGE. Hosted by the University of Cape Town's Development Policy Research Unit (DPRU) and Trade and Industrial Policy Strategies (TIPS) in association with Cornell University, this conference will consider evidence-based policy recommendations on trade and investment that stem from analysis of macro-micro linkages in the African context. For further information contact DPRU, tel: +27-21-650-5705; fax: +27-21-650-5711; email: dpruconf@commerce.uct.ac.za; Internet: <http://www.commerce.uct.ac.za/dpru/dpruconference2004/>

16 October, worldwide: WORLD FOOD DAY. The theme of this year's World Food Day is "Biodiversity for Food Security". For further information contact the

Secretariat at e-mail: World-Food-Day@fao.org;
Internet: http://www.fao.org/wfd/index_en.asp

18-19 October, Haikko, Finland: SEMINAR ON SMALL-SCALE FARMERS IN A LIBERALISED TRADE ENVIRONMENT. An open session will be organised to inform a broader group of interested persons and institutions in Finland of the outcomes of the workshop. The open session will also provide a forum for broader dialogue on the key issues of the seminar. Seminar participants, representing different types of governmental and non-governmental actors, will be present to exchange views with the public. For further information visit: <http://global.finland.fi/english/themes/agriculture/workshop2004/index.html>

20-24 October, Udine, Italy: MEETING ON THE ROLE OF MULTI PURPOSE AGRICULTURE IN SUSTAINING THE GLOBAL ENVIRONMENT. The theme of the fourth Agro Environ symposium is "The role of multi-purpose agriculture in sustaining the global environment". It will address key environmental and agricultural issues and consider new technologies that aim at sustaining agricultural systems, monitoring the environment and conserving natural resources. For further information contact Giuseppe Zerbi, University of Udine, tel: +39-43-255-8670; fax: +39-43-255-8603; e-mail: zerbi@dpvta.uniud.it; Internet: <http://www.dpvta.uniud.it/~agroenv/docs/brochure.pdf> 20

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.

14 October: WTO COMMITTEE ON TRADE AND ENVIRONMENT.

14 October: WTO WORKING PARTY ON THE ACCESSION OF AZERBAIJAN.

15 - 16 October: WTO AFRICA WORKSHOP ON TRADE AND ENVIRONMENT.

18 October: WTO DISPUTE SETTLEMENT BODY.

19 October: COMMITTEE OF PARTICIPANTS ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS.

20 - 21 October: WTO GENERAL COUNCIL.

Other Upcoming Events

25 October, Buenos Aires, Argentina: SEMINAR: ISSUES FACING SOUTH AMERICAN AGRICULTURE. Convened by the International Food & Agricultural Trade Policy Council (IPC). Will be held at the Sheraton Buenos Aires Hotel & Convention Center. Sessions include: The Impact of Regional Integration on Trade and Investment in Agriculture; The Doha Development Agenda, Taking Stock; The Evolution of Global Biotechnology; and Issues in Animal Agriculture. Speakers include Roberto Lavagna, Minister of Economy & Production, Argentina; Miguel Campos, Secretary of Agriculture, Argentina; and Martin Redrado, President of Central Bank of Argentina. For further information and to register visit www.agritrade.org/ba.htm

2 November, Geneva, Switzerland: OUTREACH MEETING OF THE PROJECT SUSTAINABLE PRODUCTION IN THE LEATHER INDUSTRY AS A TOOL FOR ENHANCED MARKET ACCESS. Organised by the CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE). The Seminar will present the findings of the project, which attempts to understand how environmental requirements, both voluntary and mandatory, can help in promoting exports. Project researchers, governments and intergovernmental organisations officials, academics, media, civil society and business representatives are scheduled to attend. For further information kindly write to citee@cuts-international.org

3 November, Geneva, Switzerland: SYMPOSIUM ON WTO'S JULY FRAMEWORK AGREEMENT. Organised by the CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE). The Symposium will host a panel discussion on aspects of the WTO's July Framework Agreement and two panel discussions on trade facilitation and transparency in government procurement, presenting the work in progress of CUTS-CITEE projects. Project researchers, governments and intergovernmental organisations officials, academics, media, civil society and business representatives are scheduled to attend. For further information kindly write to citee@cuts-international.org

RESOURCES

HOW DID DAVID PREPARE TO TALK TO GOLIATH?
SOUTH AFRICA'S EXPERIENCE OF TRADE

NEGOTIATIONS WITH THE EU. By Bilal, S. and Laporte, G., European Centre for Development Policy Management (ECDPM), 2004. This paper analyses the experience of South Africa in pursuing a development-focused trade strategy, and successfully mobilising its limited capacity to conduct negotiations on a free trade agreement with the EU. The paper argues that lessons from this experience are useful to many developing countries who struggle to negotiate development-friendly trade regimes. To access the publication, visit: <http://www.eldis.org/cf/search/disp/docdisplay.cfm?doc=DOC15547&resource=f1trade>.

INTEGRATING THE AMERICAS: FTAA AND BEYOND. Edited by Antoni Esteve, Dani Rodrik, Alan M. Taylor, and Andrés Velasco, October 2004. Where Latin American government leaders once looked at free trade agreements as solely about trade and trading policies, they are increasingly viewing them as the next beacon of hope in the long and arduous road of economic reform. Integrating the Americas: FTAA and Beyond discusses how these governments have become embroiled in a larger set of issues affecting both institutions. This work, based on a conference sponsored by the Inter-American Development Bank and the David Rockefeller Center for Latin American Studies, examines how this free trade process is surging ahead, while at the same time taking on a broader set of issues including institutional reform, transparency, the environment, labour, and social cohesion. The payoffs to the strategy of liberalisation, privatisation, and openness have been meagre and disappointing to date. Will the FTAA be able to reverse this and allow Latin America to reap the benefits of globalization? ISBN 0-674-01484-7, \$US39.99 / £25.95 / E36.90. To order visit <http://www.hup.harvard.edu/catalog/ESTINT.html>.

ECONOMIC DEVELOPMENT IN AFRICA: DEBT SUSTAINABILITY, OASIS OR MIRAGE? By the UN Conference on Trade and Development (UNCTAD), 30 September 2004. This study addresses questions around debt sustainability and makes a number of recommendations on how to deal with Africa's debt overhang, either through the adoption of new approaches or a major revision and improvement of present debt relief policies. ISBN: 92-1-112648-7. Price: US\$ 15 (Developed countries). To order, visit <http://www.unctad.org/Templates/WebFlyer.asp?intltemID=3246&lang=1>.

ASSURING DEVELOPMENT GAINS FROM THE INTERNATIONAL TRADING SYSTEM AND TRADE NEGOTIATIONS: IMPLICATIONS OF ATC TERMINATION ON 31 DECEMBER 2004. By the United Nations Conference on Trade and Development (UNCTAD), 30 September 2004. In this study prepared for an Oct. 4-15 meeting of its Trade and Development

Board, the UNCTAD suggests that major barriers to global trade in textiles and apparel will persist despite the elimination of all remaining import quotas on textile products at the end of this year. Measures cited include special safeguards in China's WTO accession agreement, complicated rules of origin requirements, contingency protection measures such as antidumping actions, and the growing use of private "codes of conduct" between developing country suppliers and developed country purchasers regulating labour conditions in the production facilities of the former. Nonetheless, the report concludes that both developed and developing countries stand to gain "substantially" from the removal of quotas. For further information and to access the report visit http://www.unctad.org/en/docs/tdb51crp1_en.pdf.

A NEW APPROACH TO SPECIAL AND DIFFERENTIAL TREATMENT. An International Food & Agricultural Trade Policy Council (IPC) Position Paper, 15 September 2004. The original structure of Special and Differential Treatment (S&D) has not provided the intended results. While developing countries continue to insist on a different set of rules, developed countries are still reluctant to offer concessions, maintaining that the classification of developing countries is too broad and shallow under current WTO rules. The IPC's Position Paper highlights some new approaches that can make S&D treatment more precise, effective, and operational, as called for in the Doha Declaration. It advocates differentiating developing countries into three categories, 1) Least Developed Countries, 2) Low Middle Income Developing Countries, and 3) Upper Middle Income Developing Countries for international trade. Specific criteria and guidelines are established under these headings so that countries may receive graduated S&D treatment and undertake their commitments in market access; export competition, and domestic support accordingly. The publication is available at: <http://www.agritrade.org/Publications/Position%20Papers/13%20SND.htm>.

"Trade and Development: Assessing the Impact of Trade Liberalisation on Sustainable Development," in JOURNAL OF WORLD TRADE 38(3): 441-469, 2004. By Clive George and Colin Kirkpatrick. the purpose of this paper is to describe a new methodology, sustainability impact assessment (SIA), for assessing the potential impact of trade policy reform on sustainable development.

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