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LEAD STORIES

TEXTILES CONSULTATIONS DEADLOCKED

An informal meeting of the WTO Goods Council on 26 October ended in heated discussion and deadlock after Members failed to agree on measures to address concerns regarding the negative impact of the elimination of textile and clothing quotas. Following the meeting, Goods Council Chair Choi Hyuck (South Korea) said that agreement had not been reached on an initiative of ten developing countries for adjustment measures. He would nonetheless continue to consult with Members on the issue and report back to the formal meeting of the Goods Council on 11 November.

The international textile and clothing trade has been managed for almost fifty years by a system of quotas that is to be eliminated at the end of 2004. While most countries recognise the economic potential liberalised trade in this sector offers in the long term, there are strong concerns that the abrupt liberalisation at the end of the year will hurt least developed countries (LDCs), vulnerable countries and other small developing countries that have invested in the sector under quota-governed market access. The informal meeting on 26 October was called following a request by Bangladesh, the Dominican Republic, Fiji, Madagascar, Mauritius, Sri Lanka and Uganda (G/C/W/496) at the 1 October Goods Council Meeting (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story4.htm>), which was subsequently supported by Jamaica, Nepal and Mongolia.

Turkey presents adjustment mechanisms

Following the annual report of the Textiles Monitoring Body (G/L/700) and the Goods Council meeting on 25 October, the 26 October informal meeting considered a submission from Turkey (G/C/W/497) -- referred to as "provocative" by some Members -- that attempted to provide concrete options to solve adjustment challenges posed by the phase out of textile and clothing quotas. Turkey said that WTO Member countries "have a responsibility to address the justifiable concerns of the developing as well as the least developed countries about the sustainability of

their economic growth and its main components such as textile and clothing exports".

Countries have raised a number of reasons for concern about the effects of the quota phase-out on the future of their domestic textiles and clothing industry's exports. Turkey's communication noted that in 2002, when several textile and clothing products were removed from quota, the share of Chinese products in the US market soared as high as 800 percent and the unit price decline in liberalised categories was around 60 percent. A recent WTO report also predicted that China and India would increase market share dramatically in 2005. In addition, the Agreement on Textiles and Clothing (ATC) was structured to enable a gradual elimination of quotas over ten years so that developed and developing countries alike could gradually restructure their markets. The vast majority of trade in commercially valuable products in developing countries was, however, back-loaded towards the 2005 liberalisation so that most quota elimination will occur at the end of this year, rather than gradually throughout the 10 years as originally envisioned. The Turkish communication suggests that in many developing countries, the sector is the main source of export revenue, potentially representing "as much as 90 percent of manufacturing exports". In Turkey it is the largest industry, representing 22.6 percent of manufacturing output.

Turkey said "it is obvious that there are rules in place in order to protect domestic markets against unfair trade practices. Likewise, there is a strong need for the establishment of such mechanisms to protect the market shares of the developing countries in their export markets". To begin the dialogue on possible solutions, Turkey mentioned options ranging from "a monitoring mechanism that will concentrate on the threat of market distortions" to a "unique safeguard mechanism that has a self-triggering structure". Turkey offered these solutions in an attempt to start discussions on adjustment mechanisms, but the reaction to the suggested measures from other Members was rather negative.

China and India reacted critically to this proposal, saying that the full liberalisation of the international textile and clothing sector scheduled for the end of this year will be a major achievement of the WTO and in developing countries' interests. They noted that adjustment challenges could be met by encouraging investment by developing country textile producers in the textiles sector, improving the application of preferential rules of origin in major importing countries and ensuring greater coherence with institutions such as the International Monetary Fund and World Bank in supporting adjustment assistance.

European Commission proposes textiles regulations

In related news, the European Commission adopted a proposal for a Council Regulation on 26 October to eliminate all textile and clothing quotas as of 1 January 2005 and permit goods shipped before 1 January 2005 to be subject to the pre-elimination import regime. As well, it proposed to set up a special monitoring system for Chinese imports "to follow closely imports of the most sensitive textile and clothing products" and "ensure a smooth transition to a quota-free system" while remaining compliant with WTO rules on import licensing.

ICTSD Reporting; "WTO Members Deadlocked on Impact of Jan. 1 Elimination of Textile Quotas," WTO REPORTER, 27 October 2004; "Textiles: EU prepares for WTO textiles and clothing quota elimination from 1 January 2005," EU RELEASE, 26 October 2004.

INFORMAL AGRICULTURE TALKS REVEAL MEMBERS' DIFFERING PRIORITIES

WTO delegates met in an informal meeting on 25 October to exchange of views on the way forward in agriculture negotiations, focusing on technical issues to be addressed in the next special (negotiating) sessions of the Committee on Agriculture (CoA). Chaired by CoA regular session Chair Roald Lapperre (Venezuela), the meeting was open-ended and attended by delegates from all groups in the agriculture debate, including the EC, the G-20 developing countries, the G-33 group (favouring special products for developing countries), the G-10 group (comprising agriculture importers), and the Africa Group. Reportedly, the very informal meeting initiated by New Zealand revealed divergences among Members in terms of which technical issues first to address. CoA special session Chair Tim Groser has suggested that Members focus on a range of technical issues in the forthcoming negotiating sessions (see BRIDGES Weekly, 13 October 2004, <http://www.ictsd.org/weekly/04-10-13/story3.htm>).

Export competition, domestic support developing country priorities

Many developing countries indicated that they wanted to see what developed countries were willing to concede on export competition and domestic support before proceeding to address issues such as the special safeguard mechanism (SSM, protecting developing countries from import surges), which are contentious among developing country delegations. The Philippines stressed the SSM as a priority, while

Costa Rica underscored the need to address tropical products. Overall, the meeting reportedly saw broad agreement on the need to equally address all three pillars (market access, domestic support and export competition) in forthcoming special session meetings.

The Cairns Group countries said their priorities were to address: tariff escalation; tariff rate quota (TRQs) administration and expansion; the conversion of non ad valorem tariffs to ad valorem tariffs (tariffs based on the value of the import); export credits; base periods for the Blue Box ("production-limiting" subsidies); and review of Green Box (non trade-distorting support) criteria.

With regard to the conversion of non ad-valorem tariffs to ad-valorem tariffs, one trade source mentioned that delegations were considering the methodology used in the Negotiating Group on Market Access (NAMA). Non-ad valorem duties are prevalent in developed country lists of 'sensitive products,' and a conversion would, according to one delegate, expose the true nature of protection prevailing in these products. Information on non ad valorem duties is presently often difficult to obtain.

EC suggests discussion of differential export taxes, GIs

The EC proposed issues to be taken up in two parts during the special session meeting in November. In the first part, Members could consider issues related to Green Box review, export credits, food aid and state trading enterprises (STEs), as well as the conversion of non ad valorem tariffs and the SSM. The second part would then focus on 'new issues': TRQ administration under the market access pillar; and base periods and de-minimis for developing countries under the domestic support pillar. Under export competition, the EC proposed a discussion of differential export taxes (which encourages the export of value-added agricultural products, while discouraging the export of unprocessed raw commodities). The EC also proposed a discussion on special and differential treatment (S&D) for developing countries.

The EC suggested that the first part of the December special session meetings focus on technical discussion on the 'new' issues, and the second part issues not yet fixed, which possibly include, for example, geographical indications (GI).

According to a trade source, the EC suggestion to examine differential export taxes, GIs and de-minimis caught several delegations by surprise. Some responded by strongly stating that these issues had not agreed upon and were outside the negotiating framework. According to the EC representative these issues were clearly included under the rubric of 'new

issues' under Paras 49 and 50 of the 1 August Decision (WT/L/579, available at <http://docsonline.wto.org>). According to one trade delegate reluctant to engage in talks on differential export taxes, these constituted an 'important policy tool' for, inter alia, development, food-security and fiscal purposes, and clearly not construed as an export subsidy under WTO rules.

G-20 members meet to coordinate positions

The informal meeting took place on the heels of a G-20 meeting at the Brazilian mission in Geneva on 21 October. According to a trade source, the alliance planned to put forward several negotiating papers before the end of the year, possibly as early as the next special session on agriculture. The submissions will address two key issues from the 1 August Decision, namely, the review of disciplines related to the Green Box and the treatment of designated 'sensitive products' in relation to tariff reduction commitments. The G-20 will also focus on ensuring substantial reductions in Blue Box domestic support programmes.

The next CoA special sessions are scheduled for 15-19 November and 13-17 December. Canada is expected to convene another informal meeting prior to the next official negotiating session.

ICTSD reporting; "G-20 Group Meets to Plan Submissions for WTO Ag Talks," WTO REPORTER, 22 October 2004.

WTO GENERAL COUNCIL SETS DATES FOR HONG KONG MINISTERIAL

Meeting on 20 October, the WTO General Council (GC) agreed on the dates for the sixth ministerial conference, to be held in Hong Kong from 13-18 December 2005. Although no specific goals have been set for the meeting yet, the ministerial is likely to take stock of and confirm progress in the Doha round. According to the original schedule, the Doha round was meant to wrap up by 1 January 2005; as numerous deadlines have slipped, Members decided to hold another ministerial meeting in December 2005, without yet addressing a date for completing the round.

At the GC meeting, Chair Shotaro Oshima outlined the process for the replacement of WTO Director-General Supachai Panitchpakdi. Supachai's term ends on 1 September 2005. Nominations will be accepted from Members during the month of December. During the following three months, countries would campaign for their candidates, while Chair Oshima and other chairs would hold consultations, leading to a selection at the end of May 2005. This would enable a smooth transition for the new Director-General in early

September, well in advance of the Hong Kong ministerial. Uruguayan former GC Chair Carlos Perez del Castillo and the Brazilian Ambassador to the WTO, Felipe De Seixas Correa, are already in the race (see BRIDGES Weekly, 13 October 2004, <http://www.ictsd.org/weekly/04-10-13/WTOinbrief.htm>). Mauritius Trade Minister Jayakrishna Cuttarree announced his candidature at the GC meeting.

Also at the GC meeting, Members agreed to extend by six months the time countries have to engage in discussions with the EC on compensation for possible trade losses due to the EC expansion that took effect on 1 May (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story6.htm>).

The next GC meeting is scheduled for 13-14 December.

ICTSD reporting; "WTO to hold ministerial meeting in Hong Kong in December 2005, KYODO NEWS," 20 October 2005; "WTO Members OK Dates for Hong Kong 2005 Ministerial; Meeting Set for Dec. 13-18," WTO REPORTER, 21 October 2004.

WTO, IMF, WORLD BANK MEETING STRESSES ROLE OF FLANKING MEASURES

A WTO General Council (GC) meeting on coherence, held on 22 October, took stock of the cooperation and coherence among the three major international economic institutions: the WTO; World Bank; and the International Monetary Fund (IMF). The heads of the organisations addressed delegates on coherence, and delegates made statements on the topic. The WTO Secretariat circulated a background paper on coherence (WT/TF/COH/S/9, available at <http://docsonline.wto.org>), pointing to the critical importance of agriculture and highlighting concerns relevant to institutional cooperation including on policy advice, trade-related technical assistance and capacity building and adjustment assistance.

Supachai highlights TIM, the cotton initiative and trade facilitation

Referring back to the last GC meeting on coherence on 13 May 2003 (see BRIDGES Weekly, 14 May 2003 <http://www.ictsd.org/weekly/03-05-14/story4.htm>). WTO Director-General Supachai Panitchpakdi highlighted three concrete areas of progress. These were the IMF Trade Integration Mechanism (TIM) providing financial assistance to help low-income developing countries cope with adjustment difficulties arising from loss of trade preferences in the Doha Round and the

elimination of textile quotas in 2005; WTO work with the IMF and the World Bank and the cotton initiative; and cooperation on trade facilitation. Supachai suggested that extending the IMF and World Bank observership in the Trade Negotiations Committee would give them "...first-hand information on where their contribution to the success of the Doha negotiations can most usefully be made" and increase coherence. Supachai also underscored the growing value of technical work on coherence being carried out in the WTO Committee on Trade, Debt and Finance, singling out in particular trade financing and exchange rate volatility.

IMF Highlights importance of TIM

The IMF's Managing Director Rodrigo de Rato stressed the need for a solution for "...countries vulnerable - for instance, to preference erosion or food terms of trade shocks - without damaging the opportunities for the many others - nor, over the longer term, themselves". The TIM, according to de Rato, addressed part of the. Bangladesh is the first country to benefit from the TIM to address balance of payment (BOP) difficulties arising from the removal of textile quotas under the Agreement on Textiles and Clothing (ATC). De Rato also highlighted the coherence aspect of IMF surveillance of trade policies of larger industrial economies (to assess their impacts on other, mainly poorer countries), trade-related technical assistance (mainly in customs administration and tariff-policy) and strengthened trade-related research.

Trade liberalisation not a "silver bullet" for development

While pointing out that trade liberalisation could be a force for poverty reduction, World Bank Chief James Wolfensohn cautioned that it was not a "silver bullet" for development and that the outcome depended on many factors, including prevalent distortions. Moreover, trade liberalisation created both winners and losers, meaning complementary governmental policies such as social safety nets to deal with side effects were important. Agricultural distortions in OECD countries, high levels of protection of manufactures, particularly in developing countries, as well as inadequate competition/regulation in services were examples of what Mr. Wolfensohn termed "inconsistencies between the trade and the development agendas". He also emphasised the importance of addressing supply-side constraints in developing countries.

Wolfensohn mentioned the Integrated Framework for Trade-related Technical Assistance as a key World Bank contribution towards coherence. He also named Bank participation and funding of the WTO-led Standards and Trade Development Facility (STDF), as well as stressing the importance an increase in World

Bank trade facilitation projects. Further institutional cooperation was required, according to Wolfensohn, for the exchange of data and information on trade-barriers. Stating that non-transparent forms of protection -- e.g., quotas, specific duties -- made it difficult for developing countries to anticipate the impact of liberalisation, he called for mobilising funds to improve data quality and to make more and better trade-related data publicly available.

Nigeria Outlines Elements of a Beneficial Global Coherence Strategy

Several members intervened following the presentations by the WTO, IMF and World Bank. Issues raised included the need to make IMF conditionalities less stringent, as well as the importance of addressing supply-side capacity constraints and adjustment costs resulting from the Doha round as well as earlier trade rounds.

Nigeria, speaking on behalf of the Africa Group, stressed that "global coherence" meant creating an international environment that allowed Africa to attain its development goals and initiate development strategies. Nigeria said the policies of the three organisations, as well as of major trading blocs, should be consistent with these development goals. Nigeria then listed areas in the July package that the coherence mandate could deliver upon in a concrete manner. These included implementing recommendations on the development aspects of the Sectoral Initiative on cotton, the need for enhanced technical assistance support including on trade facilitation, and support, in grant form, for African countries to meet the adjustment costs. Taking note of the IMF's TIM and the World Bank's Doha Development Initiative, Nigeria emphasised that they could not substitute for the provision of enhanced market access for African countries and the removal of trade distortions. A Global Coherence Strategy, according to Nigeria, would provide the policy space for African countries to pursue trade and financial policies supportive of development goals, ensure that macroeconomic and stabilisation programmes were supportive of overall development goals, avoid cross-conditionalities in the WTO, World Bank and IMF policies and that African countries were not called upon to implement WTO-plus measures for trade and financial reform.

ICTSD reporting; "Bretton Woods chiefs underscore importance of Doha success for development", WTO NEWS, 22 October 2004.

EU PRESENTS GSP OVERHAUL

On 20 October, the European Commission adopted a proposal setting out the details for a revised EU Generalised System of Preferences (GSP) scheme for the period 2006-2008. Building on guidelines issued by the Commission in July this year (see BRIDGES Weekly, 14 July 2004, <http://www.ictsd.org/weekly/04-07-14/inbrief.htm>), and given that the ten-year plan launched in 1995 is set to end on 31 December 2005, the new GSP will now be sent to the EU member states, the European Parliament, and its Economic and Social Committee. As a result of the WTO arbitrator's deadline of 1 July 2005 for the EU to make the Drug Arrangements in the GSP WTO-compliant (see BRIDGES Weekly, 22 September 2004, <http://www.ictsd.org/weekly/04-09-22/WTOinbrief.htm#2>), the Commission is hoping that the new system will be adopted in time for this deadline.

Simplicity, fairness key goals

The new system will reduce the number of GSP arrangements from the current five programmes to three. Under previous arrangements, developing countries could use the general scheme -- covering roughly 7000 products of which 3300 enjoy duty free access and 3700 ("sensitive products") benefit from a tariff reduction of 3.5 percentage points on the MFN tariff (MFN minus 20 percent for textiles/clothing) -- or special schemes for countries promoting the protection of labour rights, environment, combating drug production and trafficking, or belonging to the group of least developed countries (LDCs) (the "Everything But Arms" initiative). Under the new scheme, the general arrangement will remain largely the same (while incorporating 300 new products), as will the "Everything But Arms" program for LDCs, but the remaining three programmes will be compiled into one called "GSP+," reserved for countries that meet new criteria for sustainable development and good governance.

Introducing GSP+

The "GSP+" programme replaces the three former incentive schemes (drugs, social and environment arrangements) by a new single scheme that covers approximately 7200 products, which can enter the EU duty free from vulnerable countries that accept the main international conventions on social issues, human rights, environmental protection and governance, including the fight against drugs. In order to qualify, countries must demonstrate that they are very small beneficiaries under the GSP, that their economies are poorly diversified and vulnerable and that they have ratified and effectively implemented the 16 core conventions on human and labour rights and seven (out of 11) of the conventions related to good governance

and the protection of the environment. Among the listed conventions are the Kyoto protocol on global warming, the Cartagena protocol on genetically modified organisms, the Convention on Biological Diversity, the Convention on International Trade in Endangered Species (CITES) as well as conventions against forced labour, child labour, racial and sexual discrimination as well as an agreement defending workers' rights to organise and bargain collectively.

New GSP focuses on smaller developing countries

For each beneficiary country, the new GSP will only provide eligibility for those groups of products ("sections" of the EU's custom code) that represent less than 15 percent of total EU imports of the same products under GSP over the last three consecutive years. For textiles, the threshold would be 12.5 percent. This limit seeks to provide graduation, evaluated every three years, out of the GSP system for the most competitive products from beneficiaries that are highly competitive on the Community market and no longer need the GSP to boost their exports to the EU. Jo Leadbeater, head of Oxfam International's EU advocacy office, said the fact that a country is graduated after representing 15 percent of EU imports from the developing world, rather than all EU imports, "means that a developing country may be graduating out of the GSP as it begins to get its foot on the ladder [... and] is unfair and blatantly protectionist". The limit will serve to exclude most Chinese products, and certainly textiles and clothing, from GSP provisions, while Indian textiles and clothing exports to the EU are likely to be substantial enough by mid-2005 to be excluded from GSP coverage. The new graduation rules are likely to spark discussion regarding differentiation amongst developing countries, which is a controversial issue in negotiations on special and differential treatment at the WTO.

Rules of origin revised

Recognising the role that stringent rules of origin have in preventing effective GSP utilisation (which stood at a rate of 52 percent in 2002), the new plan seeks to use regional cumulation, so that members of a regional group (such as ASEAN or SAARC) can combine to make better use of the preferences. Cumulation across regions will be introduced if interested countries request it (so countries from SAARC could cumulate origin from ASEAN, for example). However, Oxfam expressed its disappointment with the EU's treatment of rules of origin, saying that the "Commission proposes hardly any changes to its existing rules".

In 2003 EU imports under the GSP program were worth some EUR52 billion.

"EU's Lamy Urges Parliament to Reform GSP; Labor, Environment Standards to Be Specified," WTO REPORTER, 15 October 2004; "Developing countries: facts and figures on the new EU scheme of trade preferences for 2006-2008," EU, 20 October 2004; "Developing countries: the Commission proposes system of trade preferences for 2006-2008 -targeting countries most in need, simpler, encouraging sustainable development," EU, 20 October 2004; "New Trade Preferences Unfair to Developing World," TERRAVIVA, 25 October 2004.

IN BRIEF

RUSSIAN PARLIAMENT APPROVES KYOTO RATIFICATION

On 27 October, the Russian Federation Council, the parliament's upper house, voted for the ratification of the Kyoto Protocol. This vote followed a similar move by the parliament's lower house, the State Duma, on 22 October. To complete the process, Russian President Putin -- who supports the treaty -- must sign off on the bill (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/inbrief.htm>).

Following this, the Kyoto Protocol will become effective in 90 days. Russian Hydrometeorology Committee's chief Alexander Bedritsky noted that measures to reduce greenhouse gas emissions in Russia will be carried out mainly through energy efficiency strategies. The Federation Council also sent a proposal to the Prime Minister on the creation of a working group on emissions trading, as Russia will likely be a major seller of carbon credits. The Kyoto Protocol obliges developed countries to reduce carbon emissions by five percent as compared to 1990-levels. They can also buy and sell carbon credits, and a new market is already developing. "Russian ratification means a new market and a new economy has been given the green light," commented Jeff Fiedler of the US-based Natural Resources Defense Council. He regretted that the US businesses will remain outside this market due to a US pull-out from the Kyoto Protocol in 2001.

"Russia's upper house backs Kyoto," BBC, 27 October 2004; "Russia ratifies Kyoto protocol," ITAR-TASS, 27 October 2004; "Russian Parliament's Kyoto Ratification Underlines Bush Isolation," ONEWORLDUS, 25 October 2004.

EU-MERCOSUR TRADE AGREEMENT OFFICIALLY POSTPONED TO MARCH

Trade negotiators from the EU and South America's four-nation Mercosur trade bloc failed yet again to create what would be the world's largest free-trade area at their meeting in Lisbon, Portugal during the week of 18 October. The EU has been trying for more than five years to strike a deal with Mercosur countries Brazil, Argentina, Uruguay and Paraguay, but both groups have been reluctant to make key concessions, especially on agricultural trade barriers and market access for industrial goods. As EU Trade Commissioner Pascal Lamy said, "It's no secret we're not satisfied with each other's offers". The Lisbon meeting was somewhat of a last attempt to reach an agreement before the current European Commission is replaced at the end of the month, a transfer of power that may further delay an agreement. Mercosur demands for greater access to Europe's beef, poultry and services markets have continued to be stumbling blocks for the negotiations (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story7.htm>) as have the EU's desire for expanded access for industrial goods, services and investment, as well as expanded opportunities for European firms to compete for public procurement contracts in Mercosur countries. Negotiators on both sides hope that the economic and political potential of an accord will spur them to reach an agreement. For Mercosur, reaching an agreement with the EU would bolster its bargaining position with the US in the negotiations for a Free Trade Area of the Americas. The EU believes that an agreement would boost trade and increase economic growth. Government ministers from the two blocs will continue negotiations next March.

"EU, Mercosur Make No Progress On Free Trade Deal," ASSOCIATED PRESS, 21 October 2004; "EU-Mercosur Trade Talks Postponed Until March - Official," DOW JONES, 21 October 2004; "EU, Mercosur neared free-trade deal last week in Lisbon: Lamy," AGENCE FRANCE PRESSE and EUBUSINESS, 25 October 2004.

US PRESSURES DOMINICAN REPUBLIC TO DROP HFCS TAX

The US government recently threatened to suspend the entry into force of the free trade agreement (FTA) it signed last August with the Dominican Republic, in an effort to pressure the Caribbean island nation into reconsidering a recently-approved import duty on high fructose corn sweeteners (HFCS). HFCS replaced sugar as the primary sweetener in soft drinks in the US a long time ago, and the US views the HFCS tax as a

protectionist measure that favours Dominican sugar producers at the expense of US corn producers. The Bush administration had intended to submit the Dominican Republic FTA for congressional approval together with the Central American Free Trade Agreement (CAFTA), a US FTA with five Central American countries. In an October 1 letter to Congress, US Trade Representative (USTR) Robert Zoellick said, however, that he would "not recommend including the Dominican Republic in the legislation to implement the agreement if the [HFCS] tax remains in place". Charles Rangel (D-NY), a member of the US congressional committee that deals with trade, offered a different opinion, criticising the Bush administration for threatening not to implement the Dominican Republic FTA and describing the threats as "inappropriate and unfortunate" and not reflective of "a balanced, respectful and fair-minded approach to this vital bilateral relationship". Rangel, who represents a district with a large percentage of Dominican-Americans, instead suggested that the administration take its complaints to the WTO.

The Dominican Republic's congress ignored warnings from US trade officials and passed the HFCS tax last month as part of a broad tax package meant to close a US\$500 million budget gap. President Leonel Fernandez, whose political opponents control the legislature, opposed the tax but signed the reform legislation in order to restart negotiations with the International Monetary Fund for an urgently-needed US\$600 million loan package. Fernandez has since sent an amendment to the congress, calling for the elimination of the 25 percent HFCS tax, arguing that this is necessary to meet the commitments the Dominican Republic took as part of the FTA with the US. The Dominican Republic has only three main exports, one of them being sugar. Corn in the US is subsidised; the Dominican Republic cannot afford to subsidise its sugar producers.

"US Lawmaker Assails Bush Threat on Dominican Pact," REUTERS, 21 October 2004; "USTR Increasing Pressure On Dominican Republic To Drop HFCS Tax," USTR, 22 October 2004; "U.S.-Dominican Free-Trade Plan Suspended," ASSOCIATED PRESS, 27 September 2004.

CAMPAIGN TO STOP EPA NEGOTIATIONS LAUNCHED AT EUROPEAN SOCIAL FORUM

UK-based Christian fair trade company Traidcraft, along with partners from the UK, other European countries and Africa, launched the "Stop EPA Campaign" on 15 October at the European Social Forum (ESF) in

London, in the hopes of stopping the Economic Partnership Agreements (EPAs) being negotiated between the EU and 77 of the world's poorest countries. The Stop EPA Campaign originated from a meeting last April in Brussels, where representatives from European and African, Caribbean and Pacific (ACP) country economic justice organisations met to discuss their shared concerns over the EPAs resulting from the Cotonou Agreement, signed in 2000 between the EU and the ACP countries. One hundred and twenty organisations now support the campaign, including ActionAid, Christian Aid, the Catholic Agency for Overseas Development (CAFOD), Action for Southern Africa and Oxfam International. These NGOs worry that the EU's propositions would hurt small and vulnerable producers, thus hindering any progress in fair trade.

The NGOs behind the initiative have signed on to a statement, which argues that the EPAs essentially are trade agreements promoting European trade and investment interests in ACP countries. The signatories demand that EU-ACP trade cooperation should: be based on a principle of non-reciprocity (with ACP countries having access to trade preference and special and differential treatment; protect ACP producers' domestic and regional markets; reverse the pressure for trade and investment liberalisation; allow for policy space; and support ACP countries in their pursuit of their own development strategies. The Stop EPA Campaign hopes to raise political awareness and secure a fair trade deal for the countries involved. Time is pressing, as the negotiations are scheduled to conclude by December 2007, and the EPAs are slated to be implemented between 2008 and 2020.

Further information is available at <http://www.stopepa.org/>

"Stop EPA Campaign," TRADCRAFT, October 2004; "Stop EU-ACP Free Trade Agreements," STOPEPA.ORG, October 2004; "European Social Forum: Public Urged To Act On Trade Agreements," INTER PRESS SERVICE NEWS AGENCY, 20 October 2004.

EUROPEAN CHICKEN EXPORTS HURT FARMERS, FRENCH NGOS SAY

On 5 October, members of a French NGO launched a campaign to highlight the harmful effects that European exports of chicken have on food security and family farms in Africa. The campaign is centred on a report called "Chicken exports - Europe rips the feathers off Africa," and includes Catholic anti-famine initiative Agir Ici and the French Committee for International Solidarity. According to the report, European

corporations sell in Africa those chicken parts they cannot sell back home, and undercut the prices of healthier chicken raised in family farms in Africa. For example, in the marketplaces of Dakar in Senegal or the Cameroon towns of Yaounde and Douala, poultry from local smallholdings sells at between EUR1.80 and EUR2.40 a kilogram, and so cannot compete against frozen European imports selling at only EUR0.50 per kilogram. Khadi Diouf, producer of Senegalese chickens, said, "Before, the merchants came to us and bought our produce. Today, we not only have to go ourselves to the market, but they do not buy anymore. Where are the buyers? If there are no buyers, my day risks being wasted, and the lunch of my children also".

Alain Melot, chair of France's poultry trade association, suggested that Africans were free to impose import duties if they wished to, but Agir Ici said that such duties, essential to protecting a key food security industry, would be WTO incompatible. The campaign thus calls on the European Trade Commissioner to defend the right of all countries to protect their agricultural markets and "strategic products," supporting current negotiations on special products and the special safeguard mechanism in the Committee on Agriculture. As well, the campaign calls on those African, Caribbean and Pacific countries negotiating Economic Partnership Agreements to not force open agricultural markets (see BRIDGES Weekly, this issue). In providing a human face to the agriculture debates, the campaign hopes to mobilise European consumers for development goals.

For further information on the campaign, see <http://www.ccfid.asso.fr/dossier/volaille/index.php>.

"French NGOs Push to Save African Chicken Farmers From Europe," THE NEWS (PAKISTAN), 18 October 2004; "Exportations de Poulets: L'Europe Plume L'Afrique!" AGIR ICI, 5 October 2004.

GLOBAL WARMING THREATENS DEVELOPMENT GOALS

A recent report by a coalition of environment and aid agencies, entitled "Up In Smoke," warns that climate change may sabotage attempts to lift the world's poorest out of poverty and make the Millennium Development Goals unattainable. The report draws on UN predictions of the effects of climate change in poor countries over the next 50 years, which indicate that poor countries will experience more flooding, declining food production, more disease and the deterioration or extinction of entire ecosystems. According to the coalition -- comprised of 17 members, including ActionAid, Christian Aid, Friends of the Earth, Greenpeace, Oxfam and WWF -- the link between

climate change and the widespread prevalence of poverty can no longer be ignored. Andrew Simms, co-author of the report and director of the New Economics Foundation in the UK, comments that, "to rescue the situation we need a global framework to stop climate change that is based on equality, and we have to ensure that plans for human development are made both climate-proof and climate-friendly". The report calls on the international community to introduce a global risk assessment of the likely costs of adaptation to climate change in poor countries. Policies should decrease, as opposed to increase, vulnerability to the effects of climate change. The report also calls for cuts in emissions of greenhouse gases by industrialised countries. Beyond policy formulation, the report emphasises the value of education, research and agricultural assistance in poor countries.

To access the report visit http://www.neweconomics.org/gen/z_sys_publicationdetail.aspx?pid=196

"Aid Agencies' Warning On Climate," BBC NEWS, 20 October 2004; "Coalition Warns About Human Cost Of Climate Change," CHANNEL NEWS ASIA INTERNATIONAL, 20 October 2004; "Global Warming A Bigger Threat To Poor," GUARDIAN, 20 October 2004.

WTO IN BRIEF

DSU REVIEW: MEMBERS DISCUSS MAY PROPOSAL, DISPUTE SETTLEMENT DATA

On 22 October, the WTO Dispute Settlement Body (DSB) met in its special (negotiating) session. This was the first meeting since WTO Members adopted the July package consisting of a framework to guide negotiations on the Doha Work Programme on 1 August 2004 (see BRIDGES Weekly, 3 August 2004, <http://www.ictsd.org/weekly/04-08-03/story1.htm>). The meeting focused mainly on an informal proposal presented last May by a group of 6 delegations -- Argentina, Brazil, Canada, India, New Zealand and Norway (see BRIDGES Weekly, 2 June 2004; <http://www.ictsd.org/weekly/04-06-02/story2.htm>). The proposal covered three negotiation areas Members agreed to be converging in: "sequencing" between compliance proceedings and retaliation procedures; remand authority for the Appellate Body; and the elaboration of procedures for the withdrawal or modification of authorisations to retaliate. The Chair

proposed to continue the discussion of this paper at a further meeting, tentatively scheduled for 25-26 November.

The WTO Secretariat also presented a report on the state of play of disputes filed at the WTO to date (WT/DS/OV/22, available at <http://docsonline.wto.org>). According to the report, since the beginning of the year only ten new disputes have been initiated -- a much lower number than during previous years. Some trade experts speculated that the number of new trade disputes brought to the WTO in 2004 will likely be the lowest since the establishment of the WTO in 1995.

ICTSD reporting; "WTO Report Cites Sharp Decline In New Trade Dispute Cases for 2004," WTO Reporter, 26 October 2004.

EC PREPARED TO LIFT FSC SANCTIONS ON US

On 22 October, US President Bush signed a bill repealing the Foreign Sales Corporation and Extraterritorial Income Exclusion Act of 2000 (FSC/ETI) granting tax exemptions to certain US exporters, which had been found to be WTO-inconsistent by a dispute settlement panel and the appellate body (see BRIDGES Weekly, 23 June 2004, <http://www.ictsd.org/weekly/04-06-23/story4.htm>). Commenting on the move, the European Trade Commissioner Pascal Lamy said, "I am extremely pleased that this Bill now has become law. It is a victory for multilateralism and for the rule of law in foreign affairs". Lamy further proposed lifting FSC sanctions currently in force by the EC against the US to the EU Council. He has, however, indicated that certain problems with the new law will be resolved in the WTO -- the EC will seek a WTO ruling on whether the US is now in compliance with WTO rules due to special provisions that will leave a tax subsidy in place for contracts already signed on future deliveries of aircraft and other heavy goods.

ICTSD Reporting; "EU to lift sanctions on US but warns on Boeing," FT.com, 26 October 2004; "E.U. Set to Lift Sanctions for Now," Washingtonpost.com, 25 October 2004.

EVENTS & RESOURCES

VACANCIES

ASSOCIATE DIRECTOR, INTELLECTUAL PROPERTY WATCH. Intellectual Property Watch, a Geneva-based initiative, is recruiting an Associate Director to assist the Director in writing and editing articles for the IP-Watch newsletter and coordinating its translation and distribution, as well as to provide administrative support. Intellectual Property Watch is looking for a candidate with a graduate degree (or equivalent) in international relations, development studies, international law, or public policy; extensive prior experience in writing and publishing; experience with IT-tools and knowledge of graphic/web design and maintenance. English is essential, French and Spanish strong assets. For a complete job description, please refer to <http://www.ip-watch.org>. Applications, including a CV and a writing sample, should be emailed by 14 November to info@ip-watch.org.

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: 28 October to 3 November

18 October to 15 November: **ONLINE CONFERENCE ON BIOSAFETY CONSIDERATIONS IN THE USE OF GENETICALLY MODIFIED ORGANISMS FOR MANAGEMENT OF ANIMAL POPULATIONS.** The Biosafety Clearing-House is hosting this online conference to facilitate exchange of views on a range of issues such as the use of genetically modified microorganisms, nematodes and insects for biological control (including those used to cause sterility in pest species for conservation and/or commercial purposes); the use of genetically modified viruses to protect mammal populations against disease; and the use of genetically modified insects for reducing disease transmission rates. For further information see <http://www.biodiv.org/doc/notifications/2004/ntf-2004-081-bs-en.pdf>. To subscribe, visit <http://bch.biodiv.org/onlineconferences/GMOAM.shtml> or send an email to bchlistserv@biodiv.org with the subject line blank and the message "Subscribe GMOAM FirstName LastName" in the message body.

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; email: trust@21stcenturytrust.org; Internet: <http://www.21stcenturytrust.org/2004.html#2>

24 October to 6 November, Nicoya, Costa Rica: **WORKSHOP AND FORUM ON GLOBALISATION AND FOOD SYSTEMS.** This scientific workshop and science-policy forum, organised by the IHDP (International Human Dimensions Programme on Global Environmental Change) and IAI (Inter-American Institute for Global Change Research), will focus on interactions between globalisation and global environmental change, and the implications of these interactions for food systems and food security. For further information contact the IAI, tel: +55-12-3945-6856; fax: +55-12-3941-4410; email: i2004-geci@dir.iai.int; Internet: <http://www.institutes.iai.int/2004GECI.htm>

25-29 October, Mexico City, Mexico: **CGIAR ANNUAL GENERAL MEETING 2004.** The annual general meeting of the Consultative Group on International Agricultural Research will bring together over 1000 international and Mexican policy makers, agricultural research experts, scientists, and development specialists. For further information contact the CGIAR Secretariat, tel: +1-202-473-8951; fax: +1-202-473-8110; email: cgiar@cgiar.org; Internet: <http://www.cgiar.org/meetings/agm04.html>

27-28 October, Moscow, Russia: **INVESTING IN RUSSIA'S LONG-TERM FUTURE.** This conference is being organised by the Royal Institute of International Affairs (Chatham House) and Interfax in association with, among others, the Russian Ministry for Economic Development and Trade and the World Bank Group. The conference will examine the current economic climate in Russia, the fast growing and established business sectors, particularly those where foreign investment is involved, the future of Russia as a consumer market and wider economic issues. For further information, contact Dino Ribeiro, email:

dribeiro@riia.org;
<http://www.riia.org/Russia2004>

Internet:

28 October, New Delhi, India: REVIEW MEETING ON STOCKTAKING OF PROGRESS TOWARDS SUSTAINABILITY: A PILOT STUDY OF INDIAN INITIATIVES. This meeting will be held to review the current findings of the ongoing research project titled 'Stocktaking of Progress towards Sustainability,' implemented by CUTS -- Centre for International Trade, Economics and Environment with the support of the Ministry of Environment and Forests and the Government of India (MOEF, GOI). The above research intends to measure India's progress towards sustainable development by studying the appropriateness of a basket of environmental laws, vis-à-vis the Johannesburg Plan of Implementation and the UN Guidelines for Consumer Protection. For further information contact Rajeev Mathur at email: citee@cuts-international.org; tel: +91.141-228 2821-3, fax: +91.141-228 2485, Internet: [http:// www.cuts-international.org](http://www.cuts-international.org)

30 October, Bonn, Germany: THE WORLD DOESN'T NEED GENETIC ENGINEERING IN AGRICULTURE: INTERNATIONAL MEETING ON THE CARTAGENA PROTOCOL. Organised by the German Forum on Environment and Development together with the Church Development Service EED, BUND and others, this meeting hopes to foster a debate on gene technology and its regulation in developing countries. To register for the meeting contact Rudi Buntzel, EED, tel: +49-30-20355-225 or email: r.buntzel@gkke.org.

1 November, Copenhagen, Denmark: SEMINAR ON TRADE, DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY. This seminar is organised by the 'WTO, Trade & Development' network, an initiative based at the Danish Institute for International Studies (DIIS). The aim of the network is to provide an international forum for the discussion and dissemination of research and policy-relevant information on trade and development issues. The seminar is part of the 'Trade Mondays' series, with a seminar once a month at DIIS. For further information on the network and the 'Trade Mondays', contact Stefano Ponte, Seminar Coordinator, email: spo@diis.dk.

1-2 November, Amsterdam, Netherlands: TRADE, ENVIRONMENT AND DEVELOPMENT: THE NORTH-SOUTH DIMENSIONS. Organised by CAT & E (Concerted Action on Trade and Environment). Over the past few years, the trade and environment agenda has expanded to include many of the WTO Agreements as well as regional trade negotiations and investment agreements. This conference seeks to provide a forum for the presentation of recent research and consideration of its implications for policy. Priority topics

for consideration include: social and environmental problems in production, trade and (sustainable) development; systemic issues; regional, national, and local case studies; trade in commodities, including genetically modified organisms; and Sustainability Impact Assessment. For further information see <http://www.cat-e.org>

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

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.

28 October: WTO COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES.

28-29 October: WTO COMMITTEE ON ANTI-DUMPING PRACTICES.

28 October: WTO COMMITTEE ON TRADE AND DEVELOPMENT - SPECIAL SESSION.

28 October: WTO WORKING PARTY ON THE ACCESSION OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC.

29 October: WTO COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION.

29 October: WTO SUB-COMMITTEE ON LEAST-DEVELOPED COUNTRIES.

1-5 November: WTO GENEVA WEEK.

1 November: WTO WORKSHOP ON HS 2002 TRANSPOSITION.

2-3 November: WTO COMMITTEE ON TECHNICAL BARRIERS TO TRADE - SPECIAL MEETING.

3 November: WTO COMMITTEE ON TRADE AND DEVELOPMENT - DEDICATED SESSION.

3 November: WTO WORKING PARTY ON THE ACCESSION OF KAZAKHSTAN.

3 November: WTO NEGOTIATING GROUP ON RULES.

RESOURCES

MERCOSUR'S EXPERIENCES OF PREPARING TRADE NEGOTIATIONS WITH THE EU: A MEMORANDUM. By Roberto Bouzas (European Centre for Development Policy Management, 2004). This paper reviews MERCOSUR's experience in conducting trade negotiations with the EU and discusses the political, governance and economic context of trade policy-making, emphasising the role played by political democratisation, trade liberalisation, the widening scope of trade negotiations and the conduct of overlapping and simultaneous negotiations. To download the paper visit <http://www.ecdpm.org>

HOW DID DAVID PREPARE TO TALK TO GOLIATH? SOUTH AFRICA'S EXPERIENCE OF TRADE NEGOTIATIONS WITH THE EU. By Sanoussi Bilal and Geert Laporte (European Centre for Development Policy Management, 2004). This paper reviews the way South Africa organised itself to prepare for and conduct the negotiations on the Trade, Development and Cooperation Agreement (TDCA) with the EU. It identifies the key roles played by strategic considerations, high-level political leadership, strongly coordinated intra-governmental relations, broad consultation with parliament, economic and social actors, dedicated technical preparation and targeted lobbying strategies. To download this paper visit <http://www.ecdpm.org>

ORGANISING TRADE NEGOTIATING CAPACITY AT THE REGIONAL LEVEL. By Adam Dunlop, Kathleen Van Hove and Stefan Szepesi (European Centre for Development Policy Management, 2004). This study focuses on the regional experience of preparing trade negotiations, which have received varying degrees of emphasis and priority over time, from FTAA and WTO negotiating processes to the start of the negotiations with the EU. This case study attempts to identify what measures have worked well to facilitate the preparations for trade negotiations at the regional and national levels. It also notes where tensions exist in the process, such as in the division of roles and responsibilities between national and regional negotiating bodies. To download this publication visit <http://www.ecdpm.org>.

ADDRESSING THE IMPACT OF PREFERENCE EROSION IN BANANAS ON CARIBBEAN COUNTRIES. By NERA Economic Consulting and Oxford Policy Management (August 2004). This report, commissioned by the UK Department for International Development, sets out to assess the impact on Caribbean countries of the reform -- or tariffication -- of the EU Common Organisation of the Market in Bananas (COMB). The first part of the study examines the impact of different tariff levels on the European market while the second part goes on to examine the development options for Caribbean countries given the price impact of different tariff levels on individual countries. The study concludes with recommendations for future aid strategies. To access the report, visit <http://www.dfid.gov.uk/pubs/files/impactpreferenceerosion.pdf>

CALL FOR PAPERS

ESRC RESEARCH SEMINAR SERIES: INTERNATIONAL TRADE AND LABOUR MARKETS. This workshop, to be held at the University of Nottingham from 5-6 April 2005, will give specific attention to the relationship between trade, technology and labour markets. The seminar organisers are interested in both theoretical and empirical work by economists on the above topic, including spatial dimensions of labour markets, and would also welcome contributions from sociologists on the implications of trade-induced technological change on the flexibilisation and casualisation of employment both in developed and developing countries and from geographers on the spatial variations of the labour market prospects of unskilled workers in the UK. Those interested in presenting a paper should submit a one-page outline by December 17 2004 to Professor Oliver Morrissey, email: Oliver.Morrissey@nottingham.ac.uk. A provisional decision on which papers to include will

be made in January, and those selected will be required to submit a completed paper by February 11, 2005.

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