



INTERNATIONAL CENTRE FOR  
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DEVELOPMENT

# Bridges

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### LEAD STORIES

WTO S&D TALKS FOCUS ON PROCESS IN "POSITIVE" SESSION	1
LDCS DISCUSS UPCOMING TEXTILE AND CLOTHING TRANSITIONS	2
SPS COMMITTEE FINALISES TRANSPARENCY PROCEDURE	3
ACP AND EU TRADE MINISTERS TAKE STOCK OF EPA NEGOTIATIONS	4
AFRICAN EXPERTS TACKLE TRADE-POVERTY LINKAGE	5

### IN BRIEF

EU PROPOSES NEW IMPORT DUTY ON BANANAS	6
BASEL CONVENTION COP FAILS TO RATIFY BAN ON HAZARDOUS WASTE EXPORTS	7

### WTO IN BRIEF

LAOS BEGINS WTO MEMBERSHIP NEGOTIATIONS	7
WTO CALLS ON EU TO LIBERALISE AGRICULTURE SECTOR	8

### EVENTS & RESOURCES

VACANCIES	8
EVENTS	8
RESOURCES	10

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### LEAD STORIES

#### WTO S&D TALKS FOCUS ON PROCESS IN "POSITIVE" SESSION

The Committee on Trade and Development special (negotiating) session (CTD-SS) -- mandated to review all special and differential treatment (S&D) provisions for developing countries -- met on 28 October in an atmosphere described by a trade delegate as "positive and constructive". The group has missed three deadlines in recent years and has been characterised by polarised discussions and divergent perspectives not only in relation to concrete proposals, but also with respect to process. Chair Faizel Ismail suggested that something should be achieved by Christmas, if only to record progress, including on 28 specific proposals that were agreed before Cancun and on cross-cutting issues that could be addressed. He described areas of convergence that would lay the foundation for informal consultations until the next meeting. Some Members observed that the polarisation between developing and developed countries seemed to have subsided at the meeting.

#### Context

The CTD-SS was created in early 2002 by the Trade Negotiations Committee to be the body responsible for the Doha Round mandate on special and differential treatment (S&D) for developing countries. S&D is the name given to those parts of the WTO Agreements that attempt to ensure that the particular needs and characteristics of developing countries are supported by more favourable and different treatment for them as compared to other WTO Members. The approximately 155 S&D provisions in the WTO Agreements form the core of the 'development' dimension of the multilateral trading system. They have, however, been criticised as not providing enough flexibilities, and not being set in mandatory language that would be binding on all Members and could be defended in dispute settlement. As a result of these problems, WTO Members agreed in paragraph 44 of the Doha Declaration that S&D provisions "shall be reviewed with a view to strengthening them and making them more precise, effective and operational".

## Agreement-specific proposals versus cross-cutting issues

At the meeting, CTD-SS Chair Faizel Ismail invited Members to consider the package of recommendations on 28 agreement-specific proposals on which they had agreed, in principle, prior to Cancun. He also proposed that Members initiate discussions on cross-cutting issues. Members have put forward 88 proposals to make reform of S&D a reality in specific agreements, and these have been informally divided into three categories. The first category includes proposals that were dealt with intensively before the Cancun ministerial, and includes the 28 proposals that have already been agreed upon in principle (category I). The second category includes another 38 proposals that were sent to the WTO bodies to which they refer (category II), and the third category includes 15 proposals on which delegates had the most difficulty finding consensus (category III). The third category has not yet been discussed.

Some developing countries have asked that the more immediate and concrete issues covered by the Agreement-specific proposals be dealt with first. Only then would Members turn to the so-called "cross-cutting issues." These include topics such as the principles and objectives of S&D -- i.e. whether such provisions are merely a way of integrating developing countries into the multilateral trading system under one set of rules or a way of harnessing trade to further development goals -- and the question of eligibility and differentiation, which questions whether all developing countries should receive the same treatment in trade rules.

At the meeting, the debate over the sequencing of negotiations continued, with developed countries such as Switzerland saying that the cross-cutting issues should be dealt with in parallel to the agreement-specific proposals and developing countries such as Colombia and Peru saying that the July mandate specifies that the agreement-specific proposals must be dealt with first.

## Members converge around steps on way forward

Speaking at the meeting, Kenya said there had been very intensive consultations on the category I proposals before Cancun and felt that the group was close to an agreement. The meeting decided that for both category I and III (though for III likely not until after Christmas) there was a need to address the underlying development challenges when discussing the proposals and find solutions. Switzerland also suggested that there was a need to address category I and III issues in a new way, by clustering the proposals around specific themes such as capacity constraints or technical assistance and then approaching the cross-cutting

issues in a more focused manner so they can help one another.

Chair Ismail proposed to get in touch with the Chairs of the technical bodies to which proposals in category II have been referred to discuss the status and way forward. Canada mentioned that some positive results had been achieved in other bodies (for instance in sanitary and phytosanitary issues), and that Members should recognise these achievements even if they did not build precisely on the proposals that have been handed over to them. The meeting agreed to proceed with close monitoring of the different bodies to which the proposals had been referred and to attempt to coordinate work with these bodies.

## "Real genuine effort"

Although the talks focused mainly on the process to adopt in the CTD Special Session, a number of Members felt that a substantive breakthrough was possible in ensuring that S&DT provisions, and development goals generally, were made more effective in the WTO if the prevailing pragmatic approach adopted at this meeting was maintained in the future. They called upon the Chair to organise more consultations and informal meetings to find solutions to the divergences among Members (not only developed-developing countries but also among developing countries). They described the meeting as a "real genuine effort" to find a common ground, but noted that it was up to the Chair to build upon this momentum and come back to the next meeting with a plan of action.

ICTSD reporting.

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## LDCS DISCUSS UPCOMING TEXTILE AND CLOTHING TRANSITIONS

The WTO Sub-Committee on Least-Developed Countries met on 29 October and discussed what one delegate described as "urgent problems" relating to the phase-out of textile and clothing quotas at the end of this year. The meeting focused on a document submitted by Tanzania on behalf of the least developed countries (LDCs) entitled "Market Access for LDCs in the Textiles and Clothing Sector After the Expiry of ATC" (WT/COMTD/LDC/W/36, available at <http://docsonline.wto.org>). The document was tabled to facilitate discussions amongst LDCs regarding adjustment issues. Although delegates at the meeting failed to agree on the proposals in the document, Members planned to continue informal consultations on the issue and possibly to convene another Sub-Committee meeting this year.

International trade in textiles and clothing has been governed by a system of quotas for over forty years that is being eliminated with the expiry of the Agreement on Textiles and Clothing (ATC) at the end of this year. The 28 October document suggested that "the quota availability has given predictable market access for LDCs, and motivated local as well as foreign entrepreneurs to develop local industries". It noted that the textile and clothing sector plays a key role in the economic development of LDCs, not only providing valuable export earnings but also acting as a viable alternative to the export of raw commodities by offering "opportunities for diversification, foreign exchange earnings, contributions to the development of Small and Medium scale enterprises and, most importantly, generating employment at comparatively low cost". Noting that women make up the "vast majority" of the workforce in garment factories, the submission says "any dislocation in this sector would have severe consequences in terms of job and income losses, jeopardizing their socio-economic situation".

The LDCs expect that the expiry of the ATC will, by liberalising the guaranteed quota access, allow more cost-effective countries with proximity to major markets, links in the supply chain and distribution network, bargaining position with the transnational intermediaries, and sheer economic size to capture market share in key export destinations such as the EU and US. This may have devastating employment and poverty effects, and the LDCs thus asked the WTO to (a) identify the problems associated with the phase-out of the ATC; (b) analyse the scenario of market access in the textiles and clothing sector for LDCs after the expiry of ATC; and (c) suggest measures allowing the market share of LDCs to be retained, the adjustment process in the post ATC period to be less painful, and the transition to the integration of the textiles and clothing sector into the multilateral trading system for LDCs to be smooth and market disruption minimal. Though trade sources suggest that a few countries are calling for the extension of quotas, the LDC group said in the submission, and in Rwanda and Bangladesh's response to questioning from Japan, that no one was asking for such an extension, but rather for solutions in a quota-free environment. Members indicated that it was not possible to suggest actual adjustment mechanisms because the post-2004 trading environment was too uncertain and unknown. They suggested that a study into the issue was essential to understand the post-quota system and realistic adjustment options.

India, China, Brazil, and Hong Kong (China) opposed the commissioning of a study, saying that trade adjustment is a systemic issue and that sectoral issues should not be engaged in by the WTO. However, owing to tremendous pressure from LDCs and other

developing countries, delegates from these countries said that they would convey the request for a WTO study to their governments. India, China, the EC and the US expressed their willingness to study practical solutions (such as preferential tariffs in textiles or other industrial products, preferential rules of origin or better market access at the south-south level) in a coherent way within the WTO mandate and within the discussions under the Council for Trade in Goods. This coherence should, they stated, also go along with the Bretton Woods institutions programme recently raised at the General Council (see BRIDGES Weekly, 27 October 2004, <http://www.ictsd.org/weekly/04-10-27/story4.htm>).

The LDC request closely echoes a request made at the 1 October WTO Goods Council meeting (G/C/W/496), where Bangladesh, Mauritius, the Dominican Republic, Fiji, Madagascar, Sri Lanka and Uganda (subsequently supported by Jamaica, Nepal and Mongolia) asked the WTO Secretariat to prepare a study on adjustment-related issues and costs arising from quota elimination and to establish a WTO work programme to discuss possible solutions to the problems identified in the study (see BRIDGES Weekly, 6 October 2004, <http://www.ictsd.org/weekly/04-10-06/story4.htm>). It further supplements Turkey's 26 October submission to the Goods Council (G/C/W/497) calling for "mechanisms to protect the market shares of the developing countries in their export markets" (see BRIDGES Weekly, 27 October 2004, <http://www.ictsd.org/weekly/04-10-27/story1.htm>).

ICTSD reporting.

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## **SPS COMMITTEE FINALISES TRANSPARENCY PROCEDURE**

Following a compromise reached by Canada and Malaysia, the WTO Committee on Sanitary and Phytosanitary Measure (SPS), meeting from 27-28 November, adopted a procedure for transparency in special and differential treatment (S&D) for developing countries. The procedure was based on a Canadian proposal adopted in principle in April 2003 (see BRIDGES Weekly, 10 April 2003, <http://www.ictsd.org/weekly/03-04-10/story3.htm>). The Committee also addressed over 30 specific trade issues, among them concerns raised over stringent wood packaging regulations proposed by some Members.

### **S&D transparency procedure finally agreed**

The amended notification procedure requires Members to engage in bilateral consultations if an exporting country identified significant difficulties in complying

with proposed regulations, including the option of S&D (contained in the Canadian submission G/SPS/W/155, available at <http://docsonline.wto.org/>). Following the consultations, the notifying Member should submit an Addendum to the WTO, specifying the S&D requested and provided (or reasons why S&D was not granted).

The procedure also provides for an extension of the comment period "wherever practicable" (usually by 30 days) in cases where there have been delays in receiving and translating relevant documents or where there is a need for further clarification of the measure notified. The adopted compromise furthermore elaborates on the ways in which concerns expressed by exporting Members could be resolved. These could include one or more of the following: a change in the measure to be applied on a most favoured nation basis; the provision of technical assistance to the affected Member; or the provision of S&D. Should S&D be provided, it would apply equally to all developing country Members.

Malaysia's concerns, which had held up the adoption of the procedure, had centred on whether the onus to provide S&D should rest with developed countries introducing new measures that affect imports without waiting for the affected developing countries to comment. Some developed countries responded that it would be difficult for them to assess what S&D would be needed without comments from the affected country.

### **Wood packaging rules raise concerns**

A number of Members, in particular from the US and some Latin American countries, raised concerns over proposals certain countries, including Australia and the EC, to deviate from the International Plant Protection Convention's standard for wood packaging (ISPM 15), *inter alia*, by requiring that the wood should be free of bark. The complaining Members commented on the lack of risk assessment by the EC and Australia, which is required under the SPS Agreement whenever a measure exceeds an international standard. New Zealand, which is also evaluating the new measure, said it was preparing a risk assessment.

Members have repeatedly raised concerns over wood packaging regulations in the past, including India's measures which the US, supported by the EC, Canada, Chile and New Zealand, at the last SPS Committee meeting in March said deviated substantially from the IPPC standard, requesting India to provide scientific justification for its measure. Argentina and Chile had also voiced concerns at the October 2003 SPS Committee meeting over the US' wood packaging notification which they felt did not provide sufficient time for implementing the needed measures.

ICTSD reporting.

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## **ACP AND EU TRADE MINISTERS TAKE STOCK OF EPA NEGOTIATIONS**

Trade ministers from the African, Caribbean and Pacific states (ACP) and the EU met in Brussels from 25-27 October to discuss issues related to their ongoing Economic Partnership Agreement (EPA) negotiations (see BRIDGES Weekly, 22 April 2004, <http://www.ictsd.org/weekly/04-04-22/story6.htm>). ACP trade ministers and officials also met separately in a ministerial trade meeting and a technical follow-up meeting on EPA negotiations. These meetings were followed by joint ACP and EU ministerial trade talks, the fifth of their kind, and the first joint ACP and EU technical monitoring meeting on EPA negotiations.

The joint ACP and EU ministerial trade meeting provided both parties with an opportunity to take stock of EPA negotiations and ongoing WTO talks. The impact of the EU's new reform proposals on sugar, bananas and textiles were discussed against the backdrop of heightened ACP concerns regarding the implications of preference erosion on their economies and the imminent phase-out of the WTO Agreement on Textiles and Clothing (ATC) quotas on textiles (see BRIDGES Weekly, 27 October 2004, <http://www.ictsd.org/weekly/04-10-27/story1.htm>). According to sources, the leaders of each camp -- outgoing EU Trade Commissioner Pascal Lamy and the Chair of the ACP ministerial trade committee, Ishmael Ashitey -- expressed the sentiment that "the meeting allowed fears to be calmed".

### **Taking stock of EPAs**

In press conferences following the series of meetings, Lamy highlighted the intensified level of EPA negotiations. He noted that negotiations with all six ACP regions have now been launched (Eastern and Southern Africa, the Caribbean, Central Africa, Western Africa, the Pacific Region and seven members of the Southern African Development Community). He reiterated the point that the EPAs would come into force in 2008 and transition periods for ACP countries would range between ten to fifteen years. When asked to be more precise on the transition periods, he explained that the structure of these talks did not allow for a precise prediction. A vital prerequisite for the EPAs, he elaborated, were the negotiations between the ACP countries themselves for establishing areas of economic and commercial integration as a means of enlarging their markets "which, alone, can attract investors," Lamy said.



Regarding an ACP request for financial support to improve economic infrastructures and for the interconnection of road and energy networks, Lamy said this was a matter on which the EU could show "a little flexibility but not more". Incidentally, the EU announced an EUR250 million proposal to improve modern energy services in the ACP on 28 October. Jean-Robert Goulongana, Secretary General of the ACP Group, added that the request for additional resources also covered support for negotiations and adjustment costs for loss of customs revenue due to trade liberalisation. In response, Lamy reportedly found it premature to request additional resources for anticipated losses, mainly because he was not certain that the EPAs would translate into immediate trade liberalisation.

### Discussions on WTO talks

Discussion between both parties also focused on the impact of multilateral negotiations at the WTO on EPA negotiations. Lamy specified that EPAs would be "WTO plus" -- that is, they would go beyond WTO obligations and commitments -- to ensure the strengthening of ACP and EU cooperation. Referring to the recently concluded 'July Package' of modalities to guide ongoing WTO negotiations ([http://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_package\\_july04\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/dda_package_july04_e.htm)), he noted that "We have crossed a first stage: that of developing a framework for modalities. Now we must develop the modalities".

### Sugar, bananas, textiles and the generalised system of preferences

On the EU's sugar reform, Lamy noted that it would be finalised after discussions in 2005 (see BRIDGES Weekly, 21 July 2004, <http://www.ictsd.org/weekly/04-07-21/inbrief.htm>). He stressed that "whatever the results, the EU will be able to help countries benefiting from the sugar protocol when faced with the adjustment process at reduced prices and the fall in income that some may offset by a rise in export volumes". On textiles, both parties expressed concern about the phase-out of textile quotas at the end of 2004, a major problem for Mauritius and Madagascar in particular, which together account for 85 percent of total ACP textile exports. Lamy noted that the EU was working with affected countries on this "difficult transition".

Commenting on the EU's new proposal on tariff quotas for bananas (see related story, this issue), Lamy assured the ACP delegates that the EU wanted to protect its own producers as well as ACP producers. He announced the EU's proposal to set banana tariffs at a level of EUR230 per tonne, adding that "banana negotiations must be ended - including in the arbitration chapter - in good time for the new tariff to take effect on

1 January 2006. My figure is a contribution to this negotiation. Some ACP countries will consider it too low, and some Latin American countries too high. That's what I'm expecting". Lamy briefly presented the EU's recent proposal for a revised Generalised System of Preferences (GSP). Technical discussions on this issue are foreseen in coming weeks (see BRIDGES Weekly, 27 October 2004, <http://www.ictsd.org/weekly/04-10-27/story5.htm>).

### ACP endorse candidacy of Mauritian trade minister for WTO DG Position

In a related development, ACP ambassadors meeting in Brussels on 29 October formally endorsed the candidacy of Mauritian Foreign Affairs and Trade Minister Jayakrishna Cuttaree for the position of Director-General of the WTO (see BRIDGES Weekly, 13 October 2004: <http://www.ictsd.org/weekly/04-10-13/WTOinbrief.htm>). The ambassadors agreed to secure support for him in their respective regions and also praised Cuttaree for his efforts in championing the interests of developing countries as spokesperson for the African Union and the G-90 group of developing countries at the 2003 WTO Ministerial Conference in Cancun, Mexico. Trade observers noted the significance of this endorsement, given that the 57 ACP countries make up more than a third of the WTO's membership. Some however pointed out that Cuttaree's victory will hinge on support from major economic powers such as the US and the EU.

The agendas for the ACP meetings are available at [http://www.acpsec.org/InternalSheet.aspx?ArticleFileName=2004/cmc\\_en.html&sessLang=1](http://www.acpsec.org/InternalSheet.aspx?ArticleFileName=2004/cmc_en.html&sessLang=1)

The ACP secretariat in Brussels (<http://www.acpsec.org/>) have prepared a "Joint report of the state of play of regional EPA negotiations," ACP-EC/JMTC/NP/60, electronic versions were not yet available online as at time of going to press.

ICTSD Reporting; "ACP Countries Announce Support For Mauritian Candidate as WTO Chief," WTO Reporter, 1 November 2004; "Commission proposes € 250 million to improve access to modern energy services in Africa, the Caribbean and the Pacific" EU press release, 28 October 2004.

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## AFRICAN EXPERTS TACKLE TRADE-POVERTY LINKAGE

Academics, government officials and civil society groups met from 25-26 October in Kenya to debate the role of trade in poverty reduction in Africa. The meeting, convened by the CUTS Centre for International Trade, Economics and Environment (CUTS-CITEE) and the

Friedrich Ebert Foundation, provided an opportunity for policy makers and others involved in trade policy in the region to share experiences and address ways to make trade work to reduce poverty. The potential for increased trade to promote growth was recognised, but participants stressed that in order that higher levels of exports and imports work toward poverty reduction and economic development, trade-led growth must be directed at pro-poor activities, particularly in agriculture. In addition, complementary policies and strategies must be put in place to ensure that there is fair distribution of gains from trade among the poor and in sectors -- such as agriculture -- where employment of the poor is highest.

Speaking on the impact of trade cooperation between Africa and the EU under preferential market access agreements, Ambassador Peter Robleh of the UN Economic Commission for Africa said "so far the trade arrangement between the EU and Africa did not result in considerable economic and social change in Africa". Robleh said subsidies to farmers in the EU, Japan and the US threatened the livelihoods of millions of poor farmers in Africa due to distortion of agricultural prices and dumping of subsidised goods in the markets. Many participants viewed that African countries should not rush to embrace Economic Partnership Agreements (EPAs) with the EU -- scheduled to be completed by 2008 -- in their present format before preparing themselves for tough competition by developing local productive capacity, deepening regional integration and conducting adequate impact assessment studies at national and regional level.

The case of Vietnam, which has successfully used trade-based growth to reduce poverty over the last 30 years, was presented at the meeting. Vietnam's experience showed that economic planning and a comprehensive poverty reduction strategy that is linked to all the key economic development programmes of the government, supported by the private and voluntary sectors, can speed up poverty reduction. It also showed that the maintenance of trade policy space and gradual liberalisation -- as opposed to rapid tariff reduction -- could be useful tools to help direct growth to poverty-reducing sectors.

The seminar concluded that poverty reduction is not only linked to trade and economic growth and coherent policies, but also to good governance and implementation of appropriate measures to ensure effective distribution of wealth and provision of opportunities.

ICTSD reporting; "Trade Liberalisation Alone Will Not Reduce Poverty: Experts," CUTS-CITEE PRESS RELEASE, 28 October 2004.

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## IN BRIEF

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### EU PROPOSES NEW IMPORT DUTY ON BANANAS

On 27 October, the EU announced that in amending its banana import regime and moving to a tariff-only system, it would impose a duty of EUR230 per ton of bananas starting in 2006. Following a ministerial meeting between the EU and African, Caribbean and Pacific (ACP) countries in Brussels (see related story, this issue), European Trade Commissioner Pascal Lamy said that after "complex calculations" the EU had decided on a duty that would maintain market shares and market access to the EU for this group. This tariff would end all existing quotas on Latin American and ACP bananas and instead regulate trade solely through tariffs, thus implementing a long-standing WTO dispute (see BRIDGES Weekly, 9 June 2004, <http://www.ictsd.org/weekly/04-06-09/story5.htm>).

The proposal, however, came under immediate fire. The US Trade Representative, as well as Latin American exporters, criticised the tariff as being much too high. The European Commission's proposal would dramatically increase a current USD75 tariff rate on Latin American countries. Costa Rica, in a 28 October press release, called the EC offer a "slap to the multilateral trading system," saying it would jeopardise the WTO Doha round. Costa Rica also argued that the proposal violated market access language on tropical products, which Members had agreed to in the 1 August framework that sets the terms for future negotiations. Ecuador said the proposed tariff "breaks all the commitments to open markets. If we can't agree on a tariff level, then we will have to resort to arbitration." The ACP, on the other hand, felt a high, and preferably even higher tariff would prevent more competitive Latin American producers from displacing ACP exports. Although no longer enjoying access under a specific quota, ACP bananas will enjoy duty-free access to the EU market under the new regime. Observers noted that EUR230 was a "first offer," bound to undergo discussions and changes.

"Developing Countries Prepare For Banana Battle," INTER PRESS SERVICE, 29 October 2004; "Costa Rica Reiterates Its Rejection Of The Tariff Only Regime Proposed By The EU," COSTA RICA RELEASE, 28 October 2004.

## **BASEL CONVENTION COP FAILS TO RATIFY BAN ON HAZARDOUS WASTE EXPORTS**

The Basel Convention's seventh Conference of the Parties (COP-7), which took place from 25-29 October in Geneva, succeeded in affirming that toxic ship dumping is to be controlled, but failed to accomplish its primary objective -- to secure the entry into force of the Basel Ban Amendment. In the late 1980s concern grew over the exportation of hazardous waste from the world's richest countries to developing countries, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, which governs such trade, came into force in 1992. In September 1995, in an effort to give the Convention greater force, the third Conference of Parties negotiated an amendment. If ratified, the amendment would ban the transboundary movement of hazardous recyclable commodities and wastes from OECD countries to non-OECD countries. However, a number of countries, including Australia, the US, Canada, Japan, and the UK, as well as various organisations, such as the International Chamber of Commerce and the UN Conference on Trade and Development (UNCTAD) oppose the ban. Advocates argue that most developing countries cannot manage hazardous waste and that countries will only stop the production of such wastes when they have nowhere to offload it. Critics counter this argument by saying, inter alia, that some developing countries, especially in Asia, may have better capacities for environmentally sound management of wastes than certain OECD members. Further, a ban would most likely not resolve cases of illegal traffic in hazardous waste nor assist in the creation of waste treatment and recycling capacity in developing countries. The critics also question the need for the ban as the Convention already allows countries to prohibit the import of any waste they declare hazardous under domestic legislation.

Thus far, 44 countries have ratified the Basel Ban Amendment, and 62 are needed before it enters into force.

For daily reports and summary of COP-7, see IISD's Earth Negotiations Bulletin, <http://www.iisd.ca/basel/cop7/>

"Basel Convention Export Ban Amendment: A Business Perspective," ICC RELEASE, 1 November 2004; "The Basel Convention," GREENPEACE TOXICS CAMPAIGN; "The Seventh Meeting Of The Conference Of The Parties To The Basel Convention," LINKAGES, 29 October 2004; "Toxic Ship Dumping To Be Controlled: Greens Declare Victory Over Shame of

Shipping," BAN/GREENPEACE PRESS RELEASE, 29 October 2004.

## **WTO IN BRIEF**

### **LAOS BEGINS WTO MEMBERSHIP NEGOTIATIONS**

The Lao People's Democratic Republic (PDR) kicked off its WTO membership negotiations on 28 October by outlining the trade reforms it has already undertaken and calling for sympathy for its status as a land-locked, least-developed country (LDC) without a representative in Geneva. The first meeting of the Working Party on the Accession of the Lao PDR completed a first examination of Laos' memorandum describing its foreign trade regime and other accompanying documents. The meeting also heard Lao PDR Commerce Minister Soulivong Daravong describe his country in his opening statement. Membership will "offer an opportunity to accelerate the economic reform process undertaken by the Lao government," Daravong said. "It will have far-reaching implications for the Lao economy and its integration into the world trading system". Working Party members will submit further questions regarding the memorandum. Laos also met some Members bilaterally to discuss its membership bid.

Before the next meeting, Laos is expected to submit an action plan for enacting legislation and providing further information on agriculture, sanitary and phytosanitary measures, technical barriers to trade, services and intellectual property. Laos was also asked to prepare and circulate its first offers for market access for goods and services.

Around 80 percent of the population of 5.4 million people in the small country in the Mekong sub-region of South East Asia lives in rural areas and is engaged in agricultural activities. In 1986 the Lao government introduced the New Economic Mechanism and has moved gradually towards economic liberalisation aided by a 1991 market-oriented constitution. Lao PDR applied to join the WTO on 16 July 1997. The next meeting of the Working Party could be held as early as mid-2005.

ICTSD reporting.

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## **WTO CALLS ON EU TO LIBERALISE AGRICULTURE SECTOR**

At the WTO Trade Policy Review (TPR) of the EU, held from 25-27 October, Members, while commending the general openness and transparency of the EU, criticised its Common Agricultural Policy (CAP). The TPR, prepared by the WTO Secretariat, pointed out that the EU continued to limit foreign competition and to generate surpluses of some products in the agriculture sector. In this regard, the complex EU tariff structure -- with non ad valorem duties based on volume applied on 46 percent of agricultural tariff lines, rather than ad valorem duties that apply tariffs based on a fixed percentage of the value of imports -- posed problems for agriculture-exporting countries. In addition, the tariff structure was characterised by mixed escalation, meaning both raw materials and highly processed goods faced higher tariffs, while semi-processed goods faced lower tariffs. In some cases, duties were applied based on the technical content of the products, or could vary with season. Whey and products comprising natural milk constituents attracted the highest rates of duty at 209.9 percent.

The report noted that further liberalisation of the EU's CAP, notably through simplification of its tariff structure and the reduction of duty rates, as well as the downsizing of the levels of support, would "...substantially contribute to the promotion of world trade and to the improvement of the EC's resource allocation". The EU's report for the TPR, on the other hand, noted that the EU was the largest importer and exporter of agricultural products, including from developing countries. The EU imported as much as the US, Japan, Canada, Australia and New Zealand taken together, and absorbed 85 percent of African farm exports.

To view the EU TPR documentation, visit [http://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp238\\_e.htm](http://www.wto.org/english/tratop_e/tp_r_e/tp238_e.htm)

"WTO Urges EU to Further Liberalise Agriculture," CHINA VIEW, 1 Nov 2004; "A Generally Open Trade Regime, But Further Agriculture Liberalization Would Promote World Trade," WTO NEWS, 27 October 2004.

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## **EVENTS & RESOURCES**

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### **VACANCIES**

UNEP-GEF REGIONAL TRAINING EXPERTS. The UNEP-GEF Project for "Capacity Building for Effective Participation in the Biosafety Clearing-House (BCH)" is seeking qualified candidates for consultancy positions. Specifically, UNEP-GEF is seeking to identify 20 Regional Training Experts on the Cartagena Protocol on Biosafety (CPB); and 50 Regional Training Experts in Information Technology (IT). Further information is available at <http://www.unep.ch/biosafety/BCH/experts/>

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### **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](mailto:events@ictsd.ch).

#### **Coming Up: 4-10 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](mailto:bchlistserv@biodiv.org) with the subject line blank and the message "Subscribe GMOAM FirstName LastName" in the message body.

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](mailto:i2004-geci@dir.iai.int); Internet: <http://www.institutes.iai.int/2004GECl.htm>

4-5 November, Strasbourg, France: SOCIALLY RESPONSIBLE CONSUMPTION AND FINANCE SYSTEMS: PUBLIC AUTHORITIES' AND CITIZENS' COMMITMENT FOR SOCIAL COHESION. The annual forum of the Council of Europe's Directorate General of Social Cohesion will provide guidance for policies aimed at supporting the solidarity-based economy and help to promote public authority/citizen partnerships based on common social and environmental objectives such as projects with ethical and socially responsible citizen initiatives in the economy. For further information, contact Irène Malki-Botte, tel: + 33 (0)3 88 41 37 46; fax: + 33 (0)3 90 21 49 52; email: [irene.malki@coe.int](mailto:irene.malki@coe.int); Internet: <http://www.coe.int/socialcohesion/forum2004>

4-7 November, Tokyo and Tsukuba, Japan: WORLD RICE RESEARCH CONFERENCE. Marking the 2004 International Year of Rice, the World Rice Research Conference (WRRC) aims to help provide solutions to the challenges of the rice industry, by presenting the latest research information on a wide range of rice-related issues such as international food security, poverty alleviation and the environment. The Opening symposium and keynote speeches will take place in Tokyo and a scientific symposium will be held in Tsukuba. For more information contact K. Toriyama, JIRCAS, tel: +81-29-838-6345; fax: +81-29-838-6342; email: [WRRC2004@ml.affrc.go.jp](mailto:WRRC2004@ml.affrc.go.jp); Internet: <http://www.irri.org/wrrc2004/default.htm>

4-6 November, Port Harcourt, Nigeria: SIXTH INTERNATIONAL CONFERENCE ON THE NIGER DELTA. Organised by the Rivers Economic Development Forum, the theme of the conference will be Capacity Building: Strategies For Poverty Reduction in the Niger Delta. For further information contact Uduak Isong Head of Administration, Rivers Economic Development Forum, tel: +234-084-485023; email: [rivforum@yahoo.com](mailto:rivforum@yahoo.com)

## WTO Events

An updated list of forthcoming WTO meetings is posted at: [http://www.wto.org/english/news\\_e/meets.pdf](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.

1-5 November: WTO GENEVA WEEK.

4 November: WTO SEMINAR ON ACCESSIONS.

4 November: WTO COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES - SPECIAL MEETING.

4 November: WTO COMMITTEE ON TECHNICAL BARRIERS TO TRADE.

4 November: WTO NEGOTIATING GROUP ON RULES - REGIONAL TRADE AGREEMENTS.

4-5 November: WTO COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES.

8 November: WTO WORKING PARTY ON THE ACCESSION OF BHUTAN.

8-9 November: WTO NEGOTIATING GROUP ON MARKET ACCESS.

9 November: WTO WORKING PARTY ON STATE TRADING ENTERPRISES.

10 November: WTO COMMITTEE ON TRADE IN CIVIL AIRCRAFT.

10 November: WTO WORKING GROUP ON TRADE AND TRANSFER OF TECHNOLOGY.

## Other Upcoming Events

29 November - 2 December, Beijing, China: UNIVERSITY PROFESSOR TRAINING PROGRAMME ON THE WTO AND SUSTAINABLE DEVELOPMENT. This 4-day training workshop is organised by the UN University - Institute of Advanced Studies (UNU-IAS), in collaboration with the WTO. The workshop will provide training on WTO and sustainable development issues for 40 university professors from North East Asia. Trainees will come from developing (China, Mongolia and Russia) and developed countries (Hong Kong, Taiwan, Macau, Japan and South Korea) in North East Asia. The workshop aims to provide participants with an understanding of the WTO's rules and regulations and their implications for sustainable development, including topics such as trade and environment, trade and health, etc. The programme also aims to promote the integration of these topics into university curricula, in order to enhance developing countries' capacity to participate and negotiate in the multilateral trade system in a more meaningful way. For further information contact Dr. Joy Kim, UNU-IAS, email: [kim@ias.unu.edu](mailto:kim@ias.unu.edu); tel. +81-45-221-2316.

11-12 November, Stellenbosch, South Africa: ECONOMIC PARTNERSHIP AGREEMENTS (EPAs): MAXIMISING BENEFITS FOR THE ACP. The Trade Law Centre for Southern Africa (TRALAC) Annual Trade Law Conference will focus on EPAs forged between the EU and the African, Caribbean and Pacific (ACP) countries. The conference intends to give an overview of the current status of EPA negotiations and to highlight the areas where ACP countries stand to gain from these negotiations. It will look at whether EPAs will achieve one of its main stated objectives, namely the promotion of regional integration as well as the development aspect of EPAs and the necessary domestic reforms that ACP countries will have to undergo in preparation for these negotiations. For further information see <http://www.tralac.org/scripts/content.php?id=2419>

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## RESOURCES

FROM CANCUN TO HONG KONG: CHALLENGING CORPORATE-LED TRADE LIBERALISATION. By the Seattle to Brussels Network (S2B)(October 2004). The publication, a collection of contribution from a number of S2B's Members, which include Greenpeace, Attac and the World development Movement, offers an analysis of some of the most pressing issues in the current international trade setting, touching, among others, matters related to development, the environment and gender. The focus of the analysis converges on the European Union's corporate-led trade agenda and its role and behaviour in the aftermath of the failed ministerial of the World Trade Organisation in Cancun in September 2003, and in view of the foreseen 2005 Ministerial in Hong Kong. To access the report visit <http://www.s2bnetwork.org/cancuntohongkong.pdf>.

"Recognising public goods in WTO dispute settlement: Who participates? Who decides? The case of TRIPS and pharmaceutical patent protection". By Gregory Shaffer in the JOURNAL OF INTERNATIONAL ECONOMIC LAW 7 (2, 2004) pp. 459-482. The question of how to produce 'global public goods' in a world of sovereign states with divergent norms and preferences, reflecting differences in economic development levels, is increasingly on the international policy agenda. This question raises issues not only for political decision-making but also for judicial interpretation of existing international agreements. This article analyses this fundamental question in the context of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the WTO, with particular emphasis on patent protection for pharmaceutical products. The TRIPS Agreement's provisions raise concerns over at least three public (or quasi-public) goods in this area: the generation of new knowledge, the provision of public health, and the

maintenance of rules fostering open trade and competition.

"Intellectual property rights and dispute settlement in the World Trade Organization". By Wilfred J. Ethier in the JOURNAL OF INTERNATIONAL ECONOMIC LAW 7 (2, 2004) pp 449-458. With the advent of the TRIPS Agreement, international disputes about governmental regulation of intellectual property rights (IPRs) are now subject to adjudication within the WTO dispute resolution mechanism. The standard model used by economists to explain dispute settlement procedures is misleading, for the process is not about preventing countries from exercising market power. Rather, the system is designed to resolve political market failures arising within countries that would be harmful to market access for foreign firms. These issues arise particularly in the context of IPRs, which may be used as cross-market bargaining chips. This possibility is illustrated by the petition of Ecuador to suspend concessions in this area for European firms in the context of the EU - Banana case. The scope of such an approach remains unclear and there are many fundamental questions deserving close analysis. This paper makes several basic points relating to the economics of IPRs and the WTO dispute settlement process. These comments underscore the fact that the injection of IPRs into the global trading system raises a new dimension for settling disputes.

"Mexico's Maquiladora expansion during the 1990s: an environmental assessment". By Pablo Hernandez in ECOLOGICAL ECONOMICS 49 (2, 2004) pp. 163-185. This investigation connects the Mexican Northern Border Maquiladora export expansion with rising Maquiladora emissions and Mexico-U.S. transfers of hazardous waste during the 1990s. Two mechanisms, a sector scale and sector product composition effect, are derived from a one-industry model, which isolates the Maquiladora component of manufactures from the rest of the Mexican economy. Scale refers to the change in emissions and bilateral transfers of waste given an increase in the economic activity of a particular Maquiladora sector. Product composition refers to sector differences in output and emissions due to (a) differences in relative skilled/less-skilled wages across Maquiladora sectors and (b) Maquiladora sector differences in the demand for imported intermediate inputs. An empirical test reveals there is weak presence of the scale effect and a rather strong presence of the product composition effect explained by an increasing demand for imported intermediate inputs. A Maquiladora sector-type variable has no impact on emissions and bilateral transfers of waste. A positive impact on emissions and bilateral transfers of waste, due to an increase in the demand for imported intermediates, is noticeable following the Mexican Peso crisis: 1995-1999.

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