



INTERNATIONAL CENTRE FOR  
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# Bridges

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### LEAD STORIES

REGIONAL TRADE LINKS STRENGTHEN IN ASIA,  
LATIN AMERICA 1

LAMY, EXPERTS TAKE SERIOUS LOOK AT WTO  
REFORM 2

### OTHER NEWS

CENTRAL AFRICA TO ESTABLISH FREE TRADE  
ZONE 4

SUGAR NOT ONLY THING "STICKY" IN AUSTRALIA-  
US TALKS 4

### IN BRIEF

EU HELPDESK TO ASSIST DEVELOPING  
COUNTRIES ACCESS EUROPEAN MARKET 5

MEETING LOOKS AT MAKING INVESTMENT WORK  
FOR DEVELOPMENT 6

BUSH LOSING SUPPORT ON INTERNATIONAL  
TRADE ISSUES 6

SMALL ISLAND STATES ADDRESS SUSTAINABLE  
DEVELOPMENT, TRADE 6

### WTO IN BRIEF

JAPAN LIKELY FOR 2004 GENERAL COUNCIL CHAIR 7

EU OFFICIAL HINTS AT TRADE-OFF BETWEEN  
RUSSIAN WTO ACCESSION AND KYOTO 7

EU TO START COMPENSATION TALKS WITH WTO  
MEMBERS OVER ENLARGEMENT 8

### EVENTS & RESOURCES

EVENTS 8

RESOURCES 10

### LEAD STORIES

#### REGIONAL TRADE LINKS STRENGTHEN IN ASIA, LATIN AMERICA

In the absence of substantive negotiations at the WTO (set to resume later this month), regional and bilateral meetings continue to move ahead. This past week, Asian and Latin American countries met in the Philippines to increase cooperation, Singapore and Korea showed intent to sign a free trade agreement by the end of the year and Brazil called for a trilateral trade pact with India and South Africa.

#### Asia-Latin America to intensify cooperation

At the Forum for East Asia-Latin America Cooperation (FEALAC) from 30-31 January in Tagaytay, Philippines, Philippine President Gloria Macapagal-Arroyo called on member countries to contribute to a "fairer global trading system", noting that there was a need for "equitable and responsive international financial structures". Ministers from mainly developing countries in Asia and Latin America agreed that agricultural reform and improved market access for goods and services was necessary in order to help overcome social disparities.

In the Manila Plan of Action to Further Enhance Cooperation Between East Asia and Latin America (FEALAC), countries agreed on a number of priorities, including the need to strengthen the FEALAC to increase inter-regional dialogue; enhancement of economic, security, political and cultural cooperation between the two regions; creation of opportunities to overcome poverty; encouragement of public-business sector partnership; and the recognition of information and communication technology as an engine of development. Ministers also "expressed the need to continue urgently to ensure that the results of the Doha Development Round will contribute to a fairer and more equitable international trading system", referring to the collapse of trade talks in Cancun last year.

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Senior officials from delegate countries met on Wednesday and Thursday before the Ministerial forum. Projects to enhance cooperation were proposed, including a portal linking the web sites of all member countries and an academic network that would institutionalise links between think tanks and academic institutions in member countries.

FEALAC is an inter-governmental forum "to enhance economic ties and expand cooperation between the two regions, including through South-South Cooperation". The first Ministerial Meeting of the Forum was held in Santiago, Chile, in 2001, with the adoption of the Framework Agreement, FEALAC's charter. Member countries in East Asia include Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand and Vietnam. The Latin American countries are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela. Two new members, Guatemala and Nicaragua, were officially admitted Friday. In turnover ceremonies, the Republic of Korea and Brazil became the forum's new coordinators.

For more information about the forum, please see: <http://www.focalae.net/focalae/eng/framew.htm>

### **Brazil calls for trade pact with India and South Africa**

Brazilian President Luiz Inacio da Silva has called for a trilateral trade pact together with India and South Africa to reduce their dependence on trade with richer western economies. He noted that "a trilateral agreement between India, Brazil and South Africa will give us the political will at the WTO to get the flexibility we need for our goods that are often taxed by the developed nations". "We want to buy and we want to sell, but in an atmosphere of equality", he added. His initiative comes in the wake of the "Preferential Trade Agreement" signed on the 25 January between India and Mercosur members Brazil, Argentina, Uruguay and Paraguay, as well as associate members Chile and Bolivia, with similar aims (see BRIDGES Weekly, 28 January 2004, <http://www.ictsd.org/weekly/04-01-28/inbrief.htm#3>). The three countries are principal members of the Group of 20 (G-20) developing nations that mounted a coordinated front against developed country agricultural subsidies at the Cancun meeting.

### **Singapore-Korea FTA expected before 2005**

Korea and Singapore have agreed to sign a free trade agreement by the end of 2004, according to a joint statement issued after their first round of trade

negotiations. The trade negotiations will take place in nine working groups to discuss areas such as services, investment and intellectual property rights, along with five rounds of negotiations to be held within the year. Singapore's chief negotiator K. Kesavapany expressed hope that Singapore could be a hub so that "Korean companies can establish themselves here, and from here, open up to the Asia Pacific countries. "Similarly, we would like Korea to be the hub for North-east Asia", he added. Trade between the two countries totalled USD 7.8 billion last year.

The second round of talks will be held in Seoul in late March.

"Asia, LatAm Developing Nations Call for Fairer Intl Trade," DOWJONES INTERNATIONAL NEWS SERVICE, 30 January 2004; "E.Asia, L. America to push for global trade talks," KYODO NEWS, 30 January 2004; "East Asia, Latin America to deepen links," CHINAVIEW.CN, 31 January 2004; "Korea, Singapore to sign FTA deal by end 2004," VIETNAM NEWS AGENCY, 30 January 2004; "Singapore-Korea FTA deal expected by year-end," BUSINESS TIMES SINGAPORE, 30 January 2004; "Brazil calls for trade pact with India, SA," BUSINESS DAY SOUTH AFRICA, 28 January 2004.

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## **LAMY, EXPERTS TAKE SERIOUS LOOK AT WTO REFORM**

In a 27 January address to members of the European Parliament's 'Kangaroo Group', European Trade Commissioner Pascal Lamy expanded on previously voiced ideas around reform of the WTO. His comments came as other calls for re-working the global trade body emerged this week from both a former member of the WTO Appellate Body and a panel of renowned economists.

### **Short term: Lamy targets reform of Ministerial Conferences**

Speaking to the Kangaroo Group, Commissioner Lamy focused on a set of "modest but feasible" organisational improvements to the WTO, first and foremost on the preparation and management of Ministerial Conferences. The last Ministerial, in Cancun in September 2003, ended in stalemate, as Members were unable to agree on a range of areas including reductions in agricultural subsidies and new issues such as investment and trade facilitation. Lamy said that a key point was to ensure an earlier start to the negotiations. "In Cancun, we spent a total of 150 hours, among which only 3.5 hours of negotiations. Whichever view of efficiency one has, this ratio is appalling and

deserves urgent attention," he said. Lamy raised the issue of WTO reform in the closing hours of the Cancun Ministerial, where he referred to the organisation as "medieval" (see BRIDGES Daily Update No.6, 15 September 2003, [http://www.ictsd.org/ministerial/cancun/wto\\_daily/ben030915.htm](http://www.ictsd.org/ministerial/cancun/wto_daily/ben030915.htm)).

Lamy recommended on Tuesday that the structure and agenda for negotiations be set in advance of each Ministerial meeting in a way that all necessary time is given to the actual negotiation of texts. In future, he told the meeting, the names of negotiating group facilitators must be agreed in advance of the Conference to allow them time to prepare for their role, and the roles of the Ministerial Chairperson, the Director-General and Members need to be clearly delineated. Finally, to achieve better balance between transparency and effectiveness, he advocated the formulation of a consultative group of countries, with representatives that reflect the diverse WTO membership. Such a group could provide a "middle way", he said, between formal meetings of 148 delegations and the informal 'Green Room' negotiating process.

#### **Longer term: better public access, bigger Secretariat**

Looking into the medium-to-long term, Commissioner Lamy noted that because trade policy now impinged on every area of public concern, the WTO needed to be able to interact "in a structured manner with all those who today want a say in trade policy making." While he mentioned better access and clearer rules for involvement of parliamentarians and civil society, he did not specify which specific measures should be taken in this regard. Lamy also asked whether the WTO Secretariat, which is a quarter of the size of the Organisation for Economic Cooperation and Development, should be of a bigger size to allow it to engage in some thinking and initiatives independent from Members. He further said that in an organisation of almost 150 Members, the formal powers of the Director-General needed to be strengthened.

The Kangaroo Group is a forum of EU parliamentarians that, *inter alia*, advocates 'free movement' within the European economic area and full implementation of all single market measures by EU member states.

#### **Former Appellate Body judge says WTO should open up**

Echoing Lamy's call for greater openness to public groups, former Appellate Body member James Bacchus on 29 January urged the WTO to enact bold reforms to open up the current dispute settlement

process, which currently occurs behind closed doors. "There is no reason for the WTO proceedings to remain secret, and there is every reason for them to be open to the light of public scrutiny," Bacchus said in a speech to a US business group on Thursday. In December 2003, he completed eight years of service with the Appellate Body, the WTO's court of appeal for its dispute settlement cases.

Bacchus said the press and the public should be authorised to attend trade dispute proceedings as well as the WTO's formal General Council and other major councils and committees. "Keeping the doors closed is self-defeating for the WTO. It feeds the unfounded paranoia about the WTO that prevails among the anti-globalists, the hard-core protectionists, and all the others in the world who oppose all that the Members of the WTO are trying to accomplish as the WTO," he said.

However, many Members are wary of opening up the WTO's processes, fearing, *inter alia*, that a more publicly open process could act as a disincentive to frank exchanges among governments and lead to excessive lobbying from well-funded interest groups. In November 2000, the General Council chastised the seven-member Appellate Body over the judicial body's publication of procedures for non-party submissions, or *amicus* briefs, to the France-Canada dispute over asbestos (see BRIDGES Weekly, 28 November 2000, <http://www.ictsd.org/html/weekly/story1.28-11-00.htm>).

#### **Experts differ on whether, how to reform WTO**

Demonstrating the diversity of views prevalent on the topic, a group of nine experts interviewed on 27 January by public education group Bretton Woods Committee were split on whether and how to reform the WTO. Charles Kolb, president of the Committee for Economic Development, an independent business group, said the dispute settlement process should be open to public scrutiny. John Sweeney, president of the AFL-CIO federation of US labour unions, also said the WTO should become more open and transparent, and could establish a formal structure to address trade and core labour standards, with the participation of the International Labour Organisation. But Yale University Professor N. Srinivasan said the concerns of civil society groups have to be addressed at the national political level, not at the WTO.

At this time, there is no formal process in place at the WTO to initiate a discussion on institutional reform. A WTO Member would need to submit a proposal to the organisation in order to start those discussions, which is not likely to happen in the near future as Members are increasingly focusing on substance rather than process,

a trade source noted. However, the source added, we may see more activity in the lead-up to the next Ministerial around some of the issues raised in that context by Pascal Lamy.

Pascal Lamy's speech is available at [http://europa.eu.int/rapid/start/cgi/guesten.ksh?p\\_action.gettxt=gt&doc=SPEECH/04/42\[0\]RAPID&lg=EN](http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/04/42[0]RAPID&lg=EN);

ICTSD reporting; "Pascal Lamy: 'The future of WTO' Speech to European Parliament Kangaroo Group," 27 January 2004; "Former trade judge says too much secrecy at WTO," REUTERS, 29 January 2004; "Reforming WTO still a distant goal," IPS TERRAVIVA, 28 January 2004.

The importance of good governance and democracy were stressed within the context of the New Partnership for Africa's Development (NEPAD), an Africa-wide programme focusing on sustainable development and economic recovery. Summit leaders also gave the AIDS crisis "high priority" status, with the closing statement saying CEEAC would be "at the forefront of the fight against HIV/Aids through mobilisation and prevention campaigns."

"Central African Leaders to Establish Free Trade Zone," VOA NEWS, 28 January 2004; "Trade Talks the Focus of Brazzaville Summit," IOL ONLINE, 27 January 2004.

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## OTHER NEWS

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### CENTRAL AFRICA TO ESTABLISH FREE TRADE ZONE

At a recent summit in the Republic of Congo, the 11 heads of state of the Economic Community of Central African States (CEEAC) pledged to establish a free trade zone by the end of 2007. The effort is designed to bring stability to the economy of a region that has seen civil wars in 7 of its 11 member countries in recent years. The summit's concluding statement expressed hope that the agreement would bring investment to the area, saying, "Economic operators in CEEAC member states and foreign investors would have a dynamic and attractive regional market of 100 million consumers, which would promote the immense potential of the region."

A number of additional measures were discussed at the two-day Brazzaville meeting. Leaders pledged to establish a network of roads and an interlocked power grid, as well as provide freedom of movement to government officials, students, religious leaders and business people within the community. In addition, the organisation plans to develop a common agricultural policy by 2008. CEEAC was dormant for much of the 1990s due to financial difficulties and conflict in the region, but has seen a resurgence of activity in recent years. Chairman Denis Sassou Nguesso remarked at the close of the summit, "CEEAC is now in the process of reaching its cruising speed. We need to keep up this rhythm so our area stops being the weak link of regional integration." Nguesso also said leaders are hoping to meet with the World Bank in the near future to discuss options for the region's economic recovery.

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### SUGAR NOT ONLY THING "STICKY" IN AUSTRALIA-US TALKS

US and Australian negotiators are nearing the final stages of their bilateral free trade agreement (FTA). Although initially meant to be finalised by the end of 2003, no firm deadline has been set for the talks (see BRIDGES Weekly, 11 December 2003, <http://www.ictsd.org/weekly/03-12-11/inbrief.htm#3>). While some sources stated that Australian Trade Minister Mark Vaile would remain in these negotiations as long as he felt that progress was being made, others noted that he intended to leave Washington at the end of the week, with or without a deal, not willing to stay in the US indefinitely.

#### Sugar and dairy

The contentious market access issues for sugar, dairy and beef have now been referred to US Trade Representative Robert Zoellick and Minister Vaile. However, some observers have speculated that US President George W. Bush and Australian Prime Minister John Howard may now be the only ones able to resolve the differences at this stage of the negotiations.

Sugar continues to be one of the key areas of contention for Australia. As Vaile noted, the agreement should "cover the critical areas of sugar, beef and dairy and that means as we've always said that sugar must be part of the deal". To Australia, the opening of the US market for sugar would be worth over AUD 600 million. The US, however, remains adamant that it will not increase Australia's access to the American sugar market.

Regarding dairy, Australia has rejected a new US proposal that would allow the invocation of a safeguard action to protect US dairy producers from imports of Australian dairy products, sources report. Lawmakers from New York, California and other milk-producing



states are pressuring Bush not to give way in dairy negotiations, worrying that increased competition could hurt US butter, cheese and skim milk powder markets. More than 30 senators and 36 House members have signed letters to Bush urging protection of these products from competition.

### Pharmaceuticals and investment

The US has sought changes to the Australian Pharmaceutical Benefits Scheme (PBS), which provides subsidised drugs to consumers at affordable prices. Washington would like the pricing structure to be altered to reflect changes in price due to inflation and innovation in new pharmaceuticals. Australia recently proposed a counter offer to the US on the PBS scheme, with language on increased transparency measures and possibilities for US drug makers to appeal having the drug added to the PBS.

The US would also like to see Australia make changes to its Foreign Investment Review Board, which monitors and advises on investment flows. To protect investors, Australia believes that legal protections provided by US and Australian Courts are necessary. Canberra believes that an investor-state dispute mechanism should be embedded in the agreement due to the precedent that could be created when negotiating with other partners on free trade agreements, especially with developing countries, given the differences in legal systems. Australia already has dispute settlement mechanisms in agreements with 19 developing countries.

### Civil society, business reactions

Civil society organisations such as the Australia Conservation Foundation resist the FTA in its current form, saying that it would be harmful to the environment. Potential outcomes listed include the granting of unprecedented rights to US corporations to challenge Australian laws that may protect the environment and other matters of public interest, threat of privatisation of Australian National Parks due to increased US market access, the weakening of Australian quarantine laws and the removal of Australian laws requiring the labelling of food products containing genetically engineered ingredients.

On the other hand, US business and manufacturing sectors are lobbying Bush to finish negotiations in order to have a vote in Congress by June-July this year, to avoid controversy on the agreement due to the presidential and Congressional elections. Myron Brilliant, Vice President for Asia at the US Chamber of Commerce, noted, "if the US and Australia, which share a common platform on trade liberalisation, can't reach

an agreement, I think it sends the wrong message globally."

Negotiations on the US-Australian free trade agreement began last March in Canberra. Promoters say the deal could boost Australia's economy by AUD 4 billion a year, and was made a priority of Washington after Australia's support for the US-led invasion of Iraq. After Japan, the US is Australia's second largest trading partner, with bilateral trading totalling AUD 34.68 billion in 2002.

ICTSD reporting; "Australia, US trade talks reach final stages," RADIO AUSTRALIA NEWS, 3 February 2004; "Deadlocked Australia and US to continue trade talks," REUTERS, 31 January 2004; "US business urges Bush wrap up Australia trade deal," REUTERS, 28 January 2004; "Australia not budging on key issues in US trade talks," DOW JONES, 2 February 2004; "US lawmakers wary of trade talks with Australia," 1 February 2004.

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## IN BRIEF

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### EU HELPDESK TO ASSIST DEVELOPING COUNTRIES ACCESS EUROPEAN MARKET

On 2 February, the European Commission launched a new on-line helpdesk to help developing country exporters access the EU market. Speaking at a news conference held around the launch, EC Trade Commissioner Pascal Lamy urged poorer countries to tell him which subsidies they wanted the EU to dismantle. The EU is under fire from many countries to cut its farm subsidies as part of the WTO's Doha round of trade negotiations. The helpdesk contains key information on customs duties, customs documentation, rules of origin and trade statistics. According to the EC, a second phase, currently being developed, will widen the range of information to cover product-specific import requirements such as sanitary and phytosanitary requirements. The EU has said it is ready to negotiate on its most highly trade-distorting subsidies, but has warned it cannot jeopardise its farms and rural livelihoods by ending all farm support. "Once we have got a list...to cut subsidies to zero, we are ready to negotiate on all of that list and on the date, so no restrictions," Lamy said. "It is an open offer so sugar and tobacco can be on that list, but we do need to have that list," he added in response to a question whether sugar, of interest to several nations, including major exporter Brazil, would be included.

To access the Helpdesk, see <http://export-help.cec.eu.int>.

"EU launches on-line helpdesk to foster developing country access to EU markets," EU TRADE NEWS, 2 February 2004; "EU urges poor nations to identify subsidy cuts," REUTERS, 3 February 2004.

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### **MEETING LOOKS AT MAKING INVESTMENT WORK FOR DEVELOPMENT**

On 30 January 2004, India-based non-governmental group Consumer Unity & Trust Society (CUTS) convened a meeting in Geneva, Switzerland, as part of its 'Investment for Development' (IFD) project, implemented in collaboration with the UN Conference on Trade and Development (UNCTAD). Participants spent the day discussing some of the findings of the project, which since September 2001 has been examining investment policies, performance and perceptions in seven developing and transition economies. Broadly speaking, the research on Bangladesh, Brazil, Hungary, India, South Africa, Tanzania, and Zambia indicated that despite various regulatory and policy changes undertaken in the 1990s to promote foreign direct investment (FDI), the experiences of the countries has been quite diverse. While a more favourable investment climate 'generally' appeared to be a pre-condition for higher inward FDI flows, the net impact of these flows on economic growth and job creation diverged between countries. For example, in the larger developing countries in the study, FDI did create jobs with foreign affiliates, but also carried losses in jobs for domestic firms. For the smaller developing countries, FDI created jobs as well, but impacted domestic industries less (resulting from the lack of development of these industries in these countries). One common theme heard throughout the 30 January meeting was the need for investment policy and regulation to operate not in isolation, but rather as part of a broader and more robust national development strategy.

More details on the project and its outputs can be found at <http://www.cuts-india.org/ifd-indx.htm>.

ICTSD reporting; "Strategising Investment for Development," CUTS, January 2003.

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### **BUSH LOSING SUPPORT ON INTERNATIONAL TRADE ISSUES**

A new study released on 22 January by the Program on International Policy Attitudes (PIPA) shows a number of Americans dissatisfied with the trade policy of the Bush administration. Only 21 percent of those polled said they would be more likely to vote for President Bush because of the way he has dealt with trade issues, while 37 percent indicated they would be less likely to do so. "It's a clear net negative for the President," Steven Kull, Director of the Center on Policy Attitudes, said of the results. A majority of those polled were critical of the US government's trade policy, with 53 percent saying "I support the growth of trade in principle, but am not satisfied with the way the US government is dealing with the effects of trade on American jobs, the poor in other countries, and the environment." Furthermore, 61 percent believed the current administration was not paying enough attention to the growth of the overall American economy, a notable increase from 36 percent in 1999. Regarding agricultural subsidies -- one of the key stumbling blocks that led to the collapse of talks in Cancun last year -- 34 percent of those polled favoured regular annual subsidies for small farmers, while only 9 percent approved of them for large farming business. "Clearly, US policy on farm subsidies is far out of step with the preferences of the American public," Kull noted. "The vast majority of US subsidies go to large farming businesses on a regular annual basis, while only 1 in 10 Americans approves of this." The survey was conducted from 19 December 2003 to 5 January 2004 and included a nationwide sample of 1,896 respondents.

"Americans on Globalization, Trade, and Farm Subsidies," PIPA, 22 January 2004.

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### **SMALL ISLAND STATES ADDRESS SUSTAINABLE DEVELOPMENT, TRADE**

Over 300 participants convened on 26-30 January to address progress and challenges to the sustainable development of Small Island Developing States (SIDS), where trade was a recurrent topic. Documents emerging from the meeting, including a 'Nassau Declaration', noted that special and differential treatment under the WTO emerged as a priority for SIDS, as access to the benefits of globalisation and integration into the global economy will be limited without these provisions. Countries further noted that inability to effectively participate in multilateral negotiations and weakening economic performance since 1994 threatened sustainable development in their

regions. At a panel discussion on liberalisation and globalisation, SIDS called for the adoption of procedures allowing smooth transition from Least-developed Country (LDC) status and an integrated framework of technical assistance and cooperation for trade and development in SIDS to be adopted by the WTO. The group also requested an establishment of special long-term financial mechanisms to facilitate the adjustment of SIDS to the post-Uruguay Round trading environment, the recognition by the WTO to maintain subsidy measures by SIDS, greater attention to the environmental dimensions of trade and continued examination of the trade implications of multilateral environment agreements (MEAs).

Outcomes of the Inter-regional Preparatory Meeting for the Ten-year Review of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS) will be forwarded for consideration at the 12th session of the Commission on Sustainable Development, which will in turn make recommendations to the International Meeting for the Ten-year Review of the Programme of Action on SIDS, to take place in Mauritius from 30 August to 3 September 2004.

"Summary of the Inter Regional Preparatory Meeting for the 10 Year Review of the Barbados Programme of Action for the Sustainable Development of SIDS". EARTH NEGOTIATIONS BULLETIN, 2 February 2004.

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## WTO IN BRIEF

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### JAPAN LIKELY FOR 2004 GENERAL COUNCIL CHAIR

Japan's Ambassador to the WTO Shotaro Oshima is looking increasingly likely to become the next Chair of the WTO General Council after the US seems to have dropped its contentious proposal that the post should go to a developing country representative (see BRIDGES Weekly, 14 January 2003, <http://www.ictsd.org/weekly/04-01-14/story1.htm>). While New Zealand's Ambassador Timothy Groser and Australia's Ambassador David Spencer are also being considered as potential candidates, Oshima is thought to be the most likely choice given that he currently holds the chairmanship of the Dispute Settlement Body (DSB), which has traditionally been the stepping-stone for becoming the General Council Chair. The Chairs for the various WTO bodies will be discussed at the upcoming meeting of the General Council on 11-12

February. Kenya is reportedly the lead candidate to chair the DSB. At the request of the US (WT/GC/78), Members will also discuss the date of the Sixth Ministerial Conference. The US proposal on this point recalls USTR Robert Zoellick's letter of 11 January, in which he had suggested to hold a meeting by the end of 2004. While the EU appears supportive of the idea, several trade ministers at the informal meeting held on the sidelines of the World Economic Forum (see BRIDGES Weekly, 28 January 2004, <http://www.ictsd.org/weekly/04-01-28/story1.htm>) had expressed their view that a ministerial "should only be held in the perspective of a substantial breakthrough in the negotiations," according to a statement by the Switzerland which hosted the meeting.

"U.S. oks Japanese General Council chair for WTO, other Chair posts still not filled," WTO REPORTER, 2 February 2004; "U.S. seeks decision at Feb. 11-12 meeting on date for next WTO Ministerial," WTO REPORTER, 3 February 2004.

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## EU OFFICIAL HINTS AT TRADE-OFF BETWEEN RUSSIAN WTO ACCESSION AND KYOTO

At a recent German parliamentary hearing, European Enlargement Commissioner Guenter Verheugen suggested that there may be a trade-off on the horizon between Russia's ratification of the Kyoto Protocol and its accession to the WTO. Summing up the link between the two issues, Verheugen said, "I understand it as an attempt [by Russia] to get us to relax some of our demands for Russian WTO entry and then to compensate for that by signing the Kyoto protocol". The Russian Federation has been seeking WTO membership since 1993, with intensification of its efforts under the economic programme of Vladimir Putin's administration. The EU has considerable influence at the WTO and is Russia's principal trading partner. Russia, which accounts for 17 percent of emissions, can effectively block the Protocol's entry into force given the US decision to abstain. To come into effect, the international treaty -- designed to reduce emissions of greenhouse gases believed to be responsible for global warming -- needs to be ratified by 55 countries accounting for 55 percent of emissions. Russia continues to have reservations about the treaty's effect on economic growth and the number of participants that will adhere to its provisions. Some European states have hinted that a review of their own emissions policies may be in order if Moscow fails to ratify the treaty, fearing a competitive disadvantage due to increased costs.

"EU's Verheugan Sees Russia WTO Entry, Kyoto Link," REUTERS, 28 January 2004; "Russia: Kyoto Pact Harms Economy," REUTERS, 2 December 2003.

## **EU TO START COMPENSATION TALKS WITH WTO MEMBERS OVER ENLARGEMENT**

At the 26 January meeting of the WTO Council for Trade in Goods, the EC announced its intention to begin negotiations with WTO Members who claim they will be negatively affected by the forthcoming EU enlargement in May. The talks would take place under GATT Article XXIV:6, which obliges WTO Members who increase their tariffs as a result of forming a customs union or free trade agreement to provide compensatory adjustment in their tariff schedule to negatively affected countries. Several members of the African, Caribbean and Pacific Group of States (ACP) have already raised concerns over EU enlargement, in particular with regard to trade impacts and the effects on aid given to the ACP members. The EC has assured ACP countries that the new EU member states will be required to adopt all EU laws, including the Cotonou agreement, which provides preferential market access to the EU for the ACP. For its part, Russia has voiced concerns over possible loss of trade with the ten acceding countries, thereby adding another element to the already difficult talks on Russia's WTO membership (see related In Brief, this issue). Of the eight new EU members in Eastern Europe, five (Estonia, Latvia, Lithuania, the Czech Republic and Slovakia) have so far had an average most-favoured-nation tariff below the EU's average of 6.3 percent, while the remainder (Poland, Hungary and Slovenia) had higher averages with Poland reaching 15.1 percent.

A European Commission report on the consequences of enlargement for development policy can be found at [http://europa.eu.int/comm/development/body/publications/docs/brochure\\_consequences\\_enlargement\\_en.pdf](http://europa.eu.int/comm/development/body/publications/docs/brochure_consequences_enlargement_en.pdf).

"EU to start talks with WTO members on possible compensation for EU expansion," WTO REPORTER, 29 January 2004; "ACP countries raise concerns over EU enlargement," EUROPSTEP, 23 January 2004; "Russia makes trade demands ahead of EU enlargement", REUTERS, 2 February 2004.

## **EVENTS & RESOURCES**

### **EVENTS**

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

### **Coming up: 5 to 11 February**

until 27 February 2004: EU TRADE NEWS PUBLIC CONSULTATION: IMPROVING SUSTAINABILITY IMPACT ASSESSMENTS. All interested parties are invited to take part in an online public consultation helping to shape EU policy. The Directorate General Trade wants to improve the current methodology used for assessing trade policy impacts on sustainable development. Written comments are invited on a draft consultation paper and may be submitted to [eric.peters@cec.eu.int](mailto:eric.peters@cec.eu.int). To see the public consultations page and download the document, see: <http://trade-info.cec.eu.int/consultations/index.cfm>.

4 February, Washington, DC: ROUNDTABLE DISCUSSION - TOPICS IN AGRICULTURAL TRADE: THE AMERICAS. Organised by the International Food & Trade Policy Council (IPC), the seminar will feature IPC member Marcelo Regunaga, Former Secretary of Agriculture, and Former Secretary of Industry, Commerce and Mining, Argentina. Topics will include agricultural trade negotiations in the WTO, and FTAA, biotechnology in developing countries, and Western Hemisphere relations. For further information, contact: IPC Secretariat; tel: +1 202-328-5056; email: [agritrade@agritrade.org](mailto:agritrade@agritrade.org); Internet: <http://www.agritrade.org/Doha/washington%20registrati on.htm>.

4-6 February 2004, Geneva, Switzerland: UNCTAD AND COMMONWEALTH SECRETARIAT WORKSHOP: "TRADITIONAL KNOWLEDGE: SEARCHING FOR SOLUTIONS." The United Nations Conference on Trade and Development's (UNCTAD) informal experts workshop at the Palais des Nations will focus on the preservation, protection, and promotion of the development of traditional knowledge at the national and international levels. For more information, contact S. Twarog, tel: +41 22 917 5082; email: [sophia.twarog@unctad.org](mailto:sophia.twarog@unctad.org); Internet: [http://www.unctad.org/trade\\_env/TK2.htm](http://www.unctad.org/trade_env/TK2.htm); or UNCTAD Press Office, tel: +41 22 917 5828; email: [press@unctad.org](mailto:press@unctad.org).



4-7 February, New Delhi, India: **FOURTH DELHI SUSTAINABLE DEVELOPMENT SUMMIT 2004**. This summit, organised by The Energy and Resources Institute (TERI), will focus on the theme of Partnerships for Sustainable Development: Addressing the WEHAB Agenda. For further information contact the Summit Secretariat, TERI, tel: +91-11-2468-2138; fax: 2468-2144; email: dsds@teri.res.in; Internet: <http://www.teriin.org/dsds>.

6-7 February, Boca Raton, Florida: **G7 FINANCE MINISTERS MEETING**. The US Treasury Secretary will host finance chiefs and central bank governors from the world's seven richest countries, with one of the most important issues on the agenda being exchange rates. After the September summit in Dubai, the G7 concluded flexibility in exchange rates was desirable, a statement reflecting many countries discontent with what is perceived to be undervalued currency in Asian countries such as China.

6-8 February, Kuala Lumpur, Malaysia: **19TH SESSION OF THE GLOBAL BIODIVERSITY FORUM: BIODIVERSITY AND PROSPERITY**: This session of the GBF will be convened in conjunction with CBD COP-7. It will address three key issues: Livelihoods, poverty, and biodiversity; technology transfer and capacity building with equity; and the value of biodiversity for securing the future. The results of this GBF session will be presented to the CBD COP-7 during the opening Plenary. For further information contact: Caroline Ponti-Martinet; tel: +41-22-999-0216; fax: 999-0025; email: gbf@iucn.org; Internet: [http://www.gbif.ch/present\\_session.asp?no=36&lg=EN](http://www.gbif.ch/present_session.asp?no=36&lg=EN).

9-10 February, Rome, Italy: **FAO COMMITTEE ON AGRICULTURE (18TH SESSION)**. Organised by the UN Food and Agriculture Organization. For further information, contact the FAO Secretariat, tel: +39 06 5705 1; fax: 5705 3152; email: FAO-HQ@fao.org; Internet: <http://www.fao.org/docrep/meeting/007/J1328e.htm>.

9-20 February, Kuala Lumpur, Malaysia: **7TH CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY**. Priority issues include: mountain biological diversity; protected areas; and technology transfer. For further information, contact the CBD Secretariat, tel: +1-514-288-2220; fax: 288-6588; email: secretariat@biodiv.org; Internet: <http://www.biodiv.org/meetings/cop-07/>.

10-14 February, Bremen, Germany: **9TH SESSION OF THE UN AGENCY'S SUB-COMMITTEE ON FISH TRADE**. Topics to be discussed include: trade in fisheries products as a means of alleviating food insecurity and hunger and the safety and quality of

globally traded fisheries products, including farmed fish, and options for developing science-based, fair and transparent safety-monitoring and labelling systems for seafood products. For further information contact: George Kourous, FAO Information Officer; email: [george.kourous@fao.org](mailto:george.kourous@fao.org); tel: +39 06 570 53168; Internet: <http://www.fao.org/fi/meetings/cofi/cofitr.asp>.

## 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.

4 & 6 February: **WTO TRADE POLICY REVIEW BODY - GAMBIA**

5 February: **WTO WORKING PARTY ON THE ACCESSION OF THE RUSSIAN FEDERATION**

9 February: **TEXTILES MONITORING BODY**

11-12 February: **WTO GENERAL COUNCIL**. On the agenda, inter alia: Iran - request for accession; Iraq - Request for Observer Status; Date of the Sixth Session of the Ministerial Conference; Report on Work Programme on Small Economies; Appointment of Officers to WTO Bodies and Review of Chairmanships of Bodies under the TNC; Elections of GC Chairperson.

## Other Forthcoming Events

23-27 February, Kuala Lumpur, Malaysia: **FIRST MEETING OF THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE CARTAGENA PROTOCOL ON BIOSAFETY**. Substantive issues to be discussed include: decision procedure; information sharing and the Biosafety Clearing-House; capacity-building; handling, transport, packaging and identification; compliance; liability and redress; and monitoring and reporting. For further information, contact the CBD Secretariat, tel: +1-514-288-2220; fax: 288-6588; email: [secretariat@biodiv.org](mailto:secretariat@biodiv.org); Internet: <http://www.biodiv.org/meetings/mop-01/>.

21-23 October 2004, Geneva, Switzerland: **ENVIROINFO CONFERENCE 2004**. The conference is designed for the exchange of information among

scientists, public administrations, and private and public companies involved in environmental information processing and environmental informatics end-users. Also referred to as the 18th International Conference Informatics for Environmental Protection, this year's focus will be on "sharing" and will cover a wide scope of environmental information systems topics while showing the latest in research, development, and application. The conference will be held at CERN, the European Organisation for Nuclear Research. For further information, email: [enviroinfo@etat.ge.ch](mailto:enviroinfo@etat.ge.ch) or visit <http://www.enviroinfo2004.org>.

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## RESOURCES

**NAFTA, FOREIGN DIRECT INVESTMENT, AND SUSTAINABLE INDUSTRIAL DEVELOPMENT IN MEXICO.** By Lyuba Zarsky and Kevin P. Gallagher, 2004. Summary: Ten years after the passage of NAFTA, it is clear that the operation was successful. Foreign investment inflows and exports have boomed. Beyond its poor performance in terms of economic growth, jobs and industrial pollution, the neo-liberal integration strategy has undermined, rather than nurtured, Mexico's endogenous productive capacities. In terms of Mexico's long-term prospects for sustainable industrial development, the patient is not well. This new policy brief provides an economic analysis of the flawed industrial development model promoted by NAFTA. For further information, see: <http://www.americaspolicy.org/briefs/2004/0401mexind.html>.

**REAL WORLD ECONOMIC OUTLOOK.** Edited by Ann Pettifor, 2003. This is a yearly publication, produced by the team that launched the Jubilee 2000 campaign. It examines the global economy from a radical perspective: that of economic and environmental justice. With contributions from high profile and leading thinkers like Joseph Stiglitz, Dani Rodrik and Herman Daly, it sets out to integrate economic, environmental, and gender themes; to challenge dominant economic orthodoxy; and to transform mainstream economic thinking. For further information, see: <http://www.palgrave.com/economics/rweo.htm>.

**THE ENVIRONMENT AND GLOBALISATION.** By J. Frankel, produced by the National Bureau of Economic Research (NBER), 2003. This paper examines the relationship between globalisation and the environment. Although it recognises that the relationship is too complicated to draw simplistic conclusions. Some findings include fears that globalisation necessarily hurts the environment through a 'race to the bottom' are not well founded. Rather, if anything, favourable 'gains from trade effects dominate for measures of air pollution such as SO<sub>2</sub> concentrations. For further

information, see: <http://papers.nber.org/papers/w10090.pdf>.

**FOOL'S GOLD: PROJECTIONS OF THE U.S. IMPORT MARKET.** By Dean Baker and Mark Weisbrot, Center for Economic and Policy Research (CEPR), 2004. The paper shows that, under any plausible set of assumptions, the US import market will be smaller in ten years than it is today. This is relevant because most nations entering trade agreements with the US do so in order to gain better access to its import market. This access will be seen as being worth much less, if people recognize that it will be smaller in ten years than it is today. For further information, see: [http://www.cepr.net/Import\\_Projections.htm](http://www.cepr.net/Import_Projections.htm).

**SWEET LIKE CHOCOLATE? MAKING THE COFFEE AND COCOA TRADE WORK FOR BIODIVERSITY AND LIVELIHOODS.** By Kate Gooding, Royal Society for the Protection of Birds (RSPB), 2004. Abstract: A central challenge for sustainable trade is to reconcile the demand for agricultural commodities with the creation and protection of sustainable livelihoods and environmental protection. Systems of production and trade must meet the needs and aspirations of poor rural populations in the developing world, and produce food in a way that minimizes environmental damage. The RSPB has considered these issues through case studies of two key agricultural commodities: cocoa and coffee. For further information, see: [http://www.rspb.org.uk/Images/Sweet%20Like%20Chocolate%205%20dec\\_tcm5-48253.pdf](http://www.rspb.org.uk/Images/Sweet%20Like%20Chocolate%205%20dec_tcm5-48253.pdf).

**THE AGE OF CONSENT: A MANIFESTO FOR A NEW WORLD ORDER.** By George Monbiot, 2003. For further information, see: [http://www.monbiot.com/dsp\\_bookdetails.cfm?book\\_id=3](http://www.monbiot.com/dsp_bookdetails.cfm?book_id=3).

## Electronic Resources

**INTERNATIONAL TRADE STATISTICS 2003.** Available at: [http://www.wto.org/english/res\\_e/statis\\_e/its2003\\_e/its03\\_toc\\_e.htm](http://www.wto.org/english/res_e/statis_e/its2003_e/its03_toc_e.htm).

**UPDATED AGRICULTURE SECTION ON THE WTO WEBSITE.** A list of "framework" proposals for agriculture "modalities" submitted before and during the Cancun Ministerial Conference is now available on the agriculture section of the WTO website. Included are links to download those proposals that are unrestricted, and to the relevant sections of the draft Cancun ministerial declarations. For further information see: [http://www.wto.org/english/tratop\\_e/agric\\_e/negoti\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/negoti_e.htm).

WBCSD PRESS ROOM. The World Business Council for Sustainable Development (WBCSD) has recently created a press room, where journalists can find press releases, project briefs, bios and photos, FAQs, a speech library, logos and background information on the organisation. The pressroom is located at: <http://www.wbcd.org/web/press.htm>.

## POSITION VACANCIES

FAIR TRADE ADVOCACY CO-ORDINATOR, to be based in Brussels, Belgium. FLO, IFAT, EFTA and NEWS! are in the process of establishing a joint Fair Trade Advocacy programme, building on the activities of the EFTA office in Brussels, and are seeking a Fair Trade Advocacy Co-ordinator to co-ordinate, support and facilitate the implementation of the common advocacy strategy of the Fair Trade movement with particular focus on: increasing the visibility of Fair Trade, influencing decision making on trade policy and developing the movement's voice through capacity building. Closing date Friday 6 February 2004. For a full job description and application form, contact: [info@ifat.org.uk](mailto:info@ifat.org.uk) or visit the EFTA website <http://www.eftafairtrade.org/newsletter.asp>.

The London-based Foundation for International Environmental Law and Development (FIELD) is currently seeking lawyers with at least 2-5 years experience in international or comparative environmental law. A variety of tasks must be performed, including research, teaching, and the provision of advice. Work will be done independently and as part of a team. FIELD is an independent non-profit organisation that aims to develop international law for the protection of the environment and promotion of sustainable development. Starting salary will be between £29,000 and £32,000 p.a. depending on qualifications and experience. Applications and further information can be obtained by sending an A4 SAE to: Staff Recruitment FIELD, 52-53 Russell Square, London, WC1B 4HP. More details and an application are available at: <http://www.field.org.uk/working.php>.

A searchable archive of **BRIDGES Weekly Trade News Digest**© can be accessed at: [http://www.newsbulletin.org/bulletins/WhichBulletin.cfm?Bulletin\\_ID=14&SID=](http://www.newsbulletin.org/bulletins/WhichBulletin.cfm?Bulletin_ID=14&SID=)

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