



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

# Bridges

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### LEAD STORIES

#### WTO GOODS, DEVELOPMENT GROUPS MEET ON TEXTILES ADJUSTMENT

Debate on the post-quota trading environment in the textiles and clothing sector continued recently at a WTO Council for Trade in Goods meeting on 25 November and a Committee on Trade and Development (CTD) meeting on 26 November. Members continued to clash about whether -- and in what forum -- to address the concerns of several smaller developing countries regarding the adjustment needs that will be created when guaranteed quota access expires along with the Agreement on Textiles and Clothing (ATC) at the end of 2004.

#### Goods Council to continue discussions

Goods Council Chair Ambassador Choi Hyuck of Korea said Members were still discussing the draft report for the General Council on the final stage of the implementation of the ATC (see BRIDGES Weekly, 17 November 2004, <http://www.ictsd.org/weekly/04-11-17/story4.htm>). The draft report is once again before the Goods Council for review and adoption, following dedicated review sessions within the council. The Goods Council agreed to suspend consideration of the draft report to allow more discussion on the issue and will reconvene before the December meeting of the General Council.

The Chair also referred to informal consultations held on 19 November on post-quota adjustment issues raised by Bangladesh, the Dominican Republic, Fiji, Jamaica, Madagascar, Mauritius, Mongolia, Nepal, Sri Lanka, and Uganda in their submission to the 1 October Goods Council Meeting (G/C/W/496/Rev.1, available at <http://docsonline.wto.org>). The latest version of the submission calls for a WTO "study aiming at identifying the adjustment-related issues and costs that may arise with the phase-out of the ATC, including recommendations on measures to address such issues," along with the establishment of a permanent Goods Council work programme to find solutions to the adjustment problems identified.

Goods Council Chair Hyuck said that the Chair of the CTD Sub-Committee on Least Developed Countries (LDCs) is exploring the possibility of commissioning a WTO Secretariat study on LDC competitiveness in the textiles sector after the ATC (see BRIDGES Weekly, 3 November 2004, <http://www.ictsd.org/weekly/04-11-03/story2.htm>). To this Sri Lanka and Turkey countered that competitiveness in global textiles trade after the removal of quotas is of concern to many developing countries, not just LDCs.

Sri Lanka, the US, Zambia (on behalf of the LDCs), Uganda, Turkey, Bangladesh, Jordan, El Salvador, Tunisia, the EC, Trinidad and Tobago, the Dominican Republic and Mongolia wanted adjustment problems to remain on the Goods Council's agenda. China, India and Pakistan said that there was no consensus on this in the informal consultations, and instead suggested that the discussions on adjustment-related issues be shifted to the LDC Sub-Committee. India was content, however, to have the Chair continue with the informal consultations. China, for its part, said it was willing to continue talks with other delegations. The Chair said he would continue informal consultations when appropriate before the end of the year or early next year.

#### **Technical assistance plan blocked by textiles posturing**

In related news, Members were once again unable to approve the 2005 technical assistance and training plan (TATP) (WT/COMTD/W/133/Rev.1) at a 26 November session of the CTD session owing to resistance from China, India, Pakistan and Hong Kong to the inclusion of a regional seminar on "post-ATC Environment and DDA Market Access negotiations for each region". The rest of the TATP has already been approved.

Sources suggest that while resistance to the plan from India, Pakistan and Hong Kong has cooled, China's reported "political interest" in ensuring that textile-related adjustment issues keep a low profile has led to the TATP being effectively taken hostage. China has apparently suggested holding national activities instead (which are not included in the plan or subsequent reporting) or moving the training to a different organisation, but several developing countries -- whose development policies are seriously threatened by a lack of capacity or knowledge on how to manage the rapid changes expected in the textiles and clothing sector -- have said that they simply want assistance to help them adjust to the new, liberalised trading environment.

ICTSD Reporting; "China Fails in Bid to End WTO Talks On Textile, Apparel Adjustment Issues," WTO REPORTER, 29 November 2004; "China and Pak back

India in stalling WTO talks on textiles," PAKISTAN TRIBUNE, 26 November 2004.

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#### **US CLAIMS VICTORY IN WTO CASE ON GEOGRAPHICALLY LINKED PRODUCT NAMES**

A WTO panel hearing a challenge by the US and Australia against a 1992 EU regulation governing geographically linked names of certain agricultural products issued a confidential preliminary ruling to the disputants on 16 November. Although the ruling is not yet publicly available, US officials have indicated that the panel found in their favour. The US had claimed that the EU's legislation on geographical indications (GIs) -- which protects the names of origin of more than 600 foodstuffs and agricultural products including fruits, cheeses, meats and fish -- discriminated against non-EU products and among WTO Members by not according all trading partners the same advantages EU members enjoyed.

An EU spokesperson, however, claimed that the dispute panel merely found the EU system to be insufficiently clear in relation to its discriminatory effects on foreign companies seeking trademark protection in the EU similar to that enjoyed by EU companies. According to Arancha Gonzalez, "This is a technical point which the EU will be in a position to clarify in its legislation without difficulty". She added that there were no significant economic implications of the ruling for the EU, which has repeatedly emphasised that it would welcome applications for registration of foreign GIs. Moreover, Arancha Gonzalez pointed out that the US and Australia lost on their claim against an EU law that permits the co-existence of GIs with pre-existing trademarks with similar-sounding names.

#### **Ag negotiations to drop GI discussion - for now**

In related news, during the last set of negotiations on agriculture (see BRIDGES Weekly, 24 November 2004, <http://www.ictsd.org/weekly/04-11-24/story1.htm>), Members decided to drop GIs as a topic for the upcoming talks in December. Agriculture Chair Tim Groser had originally proposed their inclusion, among other topics. Brazil and others felt, however, that the agenda would become overloaded and stressed that they were not yet ready to address issues "of interest but not agreed," such as GIs. The G-20 and Cairns group members (agricultural exporters) wanted to first focus on the "three pillars" of agriculture -- market access, domestic support and export subsidies -- since finding agreement in these areas would lay the foundation for further detailed work. The EU, on the other hand, would have liked to see GIs addressed in

December, given its "own willingness to discuss issues of EU sensitivity". The EU position is that protection for GIs related to wines and spirits should be extended to other products.

In the July Package, which sets out the framework for the continuation of the Doha Round negotiations, Members agreed to address "issues of interest but not agreed: sectoral initiatives, differential export taxes, GIs".

### Background

The GI case was initiated when the European Commission published a list of 41 wines, cheeses and other regional products that it sought to protect under WTO rules. The US and Australia claimed that the EU was not affording enough protection to their products, since the EU did not protect imported goods bearing GIs. The EU's defence, however, was that the list was "a short list of 41 products whose names are being abused and parroted" by non-EU producers. Outgoing EU Agriculture Commissioner Franz Fischler emphasised that "this is not about protectionism. It is about fairness... it is simply not acceptable that the EU cannot sell its genuine Italian Parma Ham in Canada because the trademark 'Parma Ham' is reserved for a ham produced in Canada". If the final ruling, expected next year, confirms this decision, producers around the world will be able to continue using regional names for their own products.

Members are currently discussing a proposed multilateral register for geographical indications for wines and spirits in the special session of the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS; see related story, this issue).

All WTO documents on this dispute, including the parties' claims, referenced as WT/DS174 and WT/DS290, are available at <http://docsonline.wto.org>

ICTSD reporting; "EC Disputes Characterization of Loss In WTO Ruling Over Geographical Indications," WTO REPORTER, 22 November 2004; "WTO rules against EU in dispute over protected product names," AFP, 19 November 2004; "WTO Rules Against EU Goods Protection," ASSOCIATED PRESS, 18 November 2004; "U.S. Wins WTO Complaint Against EU Food-Name Rules," BLOOMBERG, 18 November 2004.

## SERVICES TALKS CONTINUE; QUAD-LED GROUP CALLS FOR BETTER OFFERS

The second week a two-week 'cluster' of services talks, lasting from 24 November to 3 December is under way at the WTO. The 29 November meeting of the special session of the Council on Trade in Services (CTS) saw presentations including one by UNCTAD on their new World Investment Report, which has a special focus on foreign direct investment in services. Canada, Switzerland and some other developed countries seized the opportunity to underline the importance of GATS mode 3 liberalisation, through which Members allow foreign services providers to establish 'commercial presence' in their territory. Brazil, on the other hand, drew attention to the flexibilities provided for in the General Agreement on Trade in Services (GATS), specifically the conditionalities that Members can attach to their commitments. The audience did, however, agree that the report is a useful document.

### Members unhappy with offers

Members continue to hold the bilateral meetings in which services negotiations actually happen through specific offers and requests. However, Members are disappointed with the depth and range of the market-opening offers that have been made so far. In the run-up to the current services session, the Quad Group -- comprising the EU, the US, Canada, and Japan -- and a dozen other Members including India, Chile, and Mexico issued a joint call for countries "to engage substantively in the request-offer process," calling for revised offers to be put forward by May 2005.

### Bilaterals likely to be discussed on 3 December

Members will likely talk about recent bilateral talks during the upcoming CTS special session on 3 December. ICTSD will cover this meeting in the next issue of BRIDGES Weekly.

Several informal 'friends' groups are also meeting around specific issues this week; such groupings of countries have come together around most of the major areas of the services negotiations, including mode 4 liberalisation and telecommunications services.

The World Investment Report 2004 is available at: <http://www.unctad.org/Templates/webflyer.asp?docid=5209&intItemID=3235&lang=1&mode=downloads>

ICTSD reporting; "Quad Group, Others Release Joint Call For Market Access Offers in Services Talks," WTO REPORTER, 1 December 2004.

## CHINA AND ASEAN SIGN FTA AMIDST FLURRY OF REGIONAL, BILATERAL DEALS

China's aggressive drive to expand its commercial ties is spurring regional and bilateral trade negotiations in Asia and Latin America. Although some projections indicate that a pan-Asian free trade agreement could lead to significant economic welfare gains there -- mainly at the expense of the US -- other studies warn that a world of bilateral trade agreements would leave most developing countries worse off than they are today.

On Monday 29 November, China signed a deal with the Association of Southeast Asian Nations (ASEAN) aimed at creating a free-trade area encompassing nearly 2 billion people by 2015. The agreement signed in the Laotian capital of Vientiane is set to reduce and eliminate tariffs on trade in goods between the parties, and establish a mechanism to adjudicate ASEAN-China trade disputes. Tariff cuts start 1 July 2005, and will aim to axe duties on some 4000 types of goods to between zero and five percent by 2010 for the six most advanced ASEAN members, i.e., Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The four poorer member states -- Laos, Vietnam, Cambodia, and Myanmar (Burma) -- will have until 2015 to comply. Notably, tariffs on several "sensitive goods," including important sectors such as sugar, iron, steel, and cars, will not be subject to the same steep tariff reductions. As part of the tariff reduction agreement, each of the ten ASEAN members formally recognised China as a full market economy, which will make it far harder for them to impose anti-dumping duties against Asia's rising economic giant.

ASEAN and Chinese officials hailed the accord for the increased trade flows that they expected. Indonesian union groups, however, called it a "disaster," warning that a flood of cheap Chinese goods into Indonesian markets would lead to hundreds of thousands of lost jobs.

Not to be outdone, the prime ministers of Japan and India met with ASEAN leaders the very next day to announce trade deals of their own. Japan announced that it will start tariff-cutting talks with ASEAN in April 2005, with the objective of liberalising trade in goods by 2012. India, for its part, signed a comprehensive agreement with ASEAN called the "ASEAN-India Partnership for Peace, Progress and Shared Prosperity," which plans to establish an ASEAN-India free trade area by 2011 for five of the six advanced ASEAN members and by 2016 for the Philippines and the four less advanced member states. However, plans

for the early liberalisation of trade in certain goods have been delayed by a disagreement over rules of origin.

East Asia in particular has seen a dizzying proliferation of regional and bilateral trade negotiations in recent years -- Mongolia and North Korea are the only countries in the region not currently engaged in trade talks. One of the potential pacts being mooted is a so-called "ASEAN+3" deal that would establish a free trade zone among the ASEAN countries, China, Japan and Korea. Notably, a recent study by the Asia-Pacific Economic Cooperation (APEC) business advisory group concluded that the US -- itself a vocal proponent of bilateral and regional trade agreements -- stands to be the biggest loser if the ASEAN+3 free trade area is successfully established. The study projects that such a trade deal would cost the US economy about US\$4.3 billion, while netting a much larger gain for the Asian economies (see BRIDGES Weekly, 24 November 2004, <http://www.ictsd.org/weekly/04-11-24/story5.htm>).

China's charm offensive on trade has reached across the Pacific Ocean. During President Hu Jintao's November visit to South America, China recently signed a number of deals with Brazil aimed at increasing their already rapidly growing bilateral trade. Brazil has also recognised China's status as a full market economy, as has Argentina; Chile has even gone a step further, announcing the start of talks towards a free trade agreement with China.

A Brasilia-based trade analyst told Dow Jones that the new Sino-Latin American agreements could mark an important shift in world trade, as emerging market economies substitute imports from rich industrialised nations with cheaper products from other developing countries. "Brazil can export airplanes and import sophisticated manufactured products from Korea and China," he said. However, the World Bank's new Global Economic Prospects 2005 report inserts a note of caution: it says that South-South preferential agreements can improve prospects for rapid poverty reduction, but only if developing countries integrate them into a strategy for liberalization of trade on three fronts - unilateral, multilateral, and regional.

The texts of the China-ASEAN agreements are available online at <http://www.aseansec.org/4919.htm>

"ASEAN-China free trade a likely disaster, say trade unions," THE JAKARTA POST, 1 December 2004; "Japan, ASEAN eye more alliances," JAPAN TIMES, 1 December 2004; "Asean-India Partnership for Peace, Progress and Shared Prosperity," Press Release, GOVERNMENT OF INDIA, 30 November 2004; "ASEAN inks partnership pact with India, but delays early tariff cuts," KYODO NEWS, 30 November 2004; "Brazil Push To Boost Developing Country Ties Bears



Fruit," DOW JONES, 23 November 2004; "Argentina recognizes China's market economy status," XINHUANET, 18 November 2004; "China, Chile decide to start FTA talks," XINHUA, 19 November 2004; "Bush is pressed on Pacific trade," BLOOMBERG NEWS, 22 November 2004; "Regional Trade Pacts Must Create - Not Divert - Trade to Reduce Poverty: World Bank Report Global Economic Prospects 2005 predicts highest growth in 30 years for developing countries," WORLD BANK RELEASE, 16 November 2004.

### EU SUGAR REFORM: DELAYS EXPECTED; WWF, OXFAM HIGHLIGHT CONCERNS

On 22 November, the EU Agriculture Council met to address, among other topics, the reform of the EU sugar scheme. Incoming EU Agriculture Commissioner Mariann Fischer Boel commented that the reform plan issued by the European Commission in July (see BRIDGES Weekly, 21 July 2004, <http://www.ictsd.org/weekly/04-07-21/inbrief.htm>) formed a good basis for further discussion. On timing, she said she would provide a new draft in May or June 2005, and that the Council should aim for political agreement on a final draft before the WTO Hong Kong ministerial meeting in December 2005. Under this schedule, the reform would be implemented later than originally planned.

Commissioner Fischer Boel noted that the reform plan would have to be responsive to international developments, not least the final outcome of the WTO case brought by Brazil against the EU sugar regime (see BRIDGES Weekly, 1 September 2004, <http://www.ictsd.org/weekly/04-09-01/story1.htm>).

Among three options for the EU sugar regime -- i.e. status quo, price reduction, and full liberalisation -- she noted full agreement on the fact that retaining the status quo was not possible. Several speakers made reference to the need to consult with African, Caribbean and Pacific (ACP) and least developed countries on the reform.

The EU currently maintains a sugar scheme characterised by subsidies, high internal prices, and imports from ACP countries on favourable terms under certain quotas. The EU also is a significant sugar exporter, affecting the world market price for the commodity.

#### WWF, Oxfam release reports on sugar

Timed to coincide with the EU Agriculture Council meeting, environmental organisation WWF released a report entitled "Sugar and the Environment:

Encouraging Better Management Practices in Sugar Production and Processing". The report highlights the biodiversity loss caused by sugar production through habitat loss, intensive use of water for irrigation, heavy use of agro-chemicals, as well as discharge and runoff of polluted effluents associated with the industry. For example, sugar beet production in Andalucia in Spain lowered water levels in the Guadalquivir River. To help prevent problems related to sugar production, WWF outlines better management practices. However, according to WWF, the EU sugar regime does not necessarily support good practices because it supports the overproduction of sugar beets in Europe, allowing excess production to be dumped on world markets. "Industry, consumers, and policy makers must work together to make sure that in the future sugar is produced in ways that least harm the environment," commented Elizabeth Guttentstein, WWF's European agriculture and rural development officer.

Also on 22 November, Oxfam released a report on sugar focusing on poverty alleviation, entitled "A Sweeter Future? The potential for EU sugar reform to contribute to poverty reduction in southern Africa". The report highlights potentially significant benefits in terms of employment and poverty reduction that could be spurred through reformed trade in sugar. Highlighting case studies in Mozambique and Zambia, Phil Bloomer, Head of Oxfam International's Make Trade Fair Campaign, criticised the EU reform efforts and said "These countries are some of the poorest in the world. The people have next to nothing and yet they are being pitted against a bloc of rich countries that spend €30 billion a year on agricultural support alone. It is bitterly unfair. Sugar is the one spark of hope but even this is now being extinguished by the intransigence of European governments".

To access "Sugar and the Environment," visit <http://www.panda.org/downloads/europe/sugarandtheenvironmentnovember2004.pdf>

To access "A Sweeter Future?," visit [http://www.oxfam.org/eng/pdfs/pp041122\\_sweeter\\_future.pdf](http://www.oxfam.org/eng/pdfs/pp041122_sweeter_future.pdf)

"Outcome of Agriculture/Fisheries Council of November 2004," EC RELEASE, 23 November 2004; "European sugar leaves environment with bitter taste," WWF RELEASE, 22 November 2004; "Europe's sweet tooth rots developing country hopes," OXFAM RELEASE, 22 November 2004.

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**IN BRIEF**


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**AFRICAN COUNTRIES LOOK FOR WAY FORWARD IN DOHA ROUND**


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African trade officials and negotiators convened in Tunis, Tunisia from 25-26 November for a "high-level brainstorming meeting" organised by the UN Economic Commission for Africa. The meeting's objective was to undertake a comprehensive evaluation of the July Package and to help African countries chart a course forward in the Doha Round negotiations. Sessions were tailored to help the participants develop and refine their negotiation strategies; identify areas of particular interest in the negotiations; and develop specific modalities for African countries in the modalities for agriculture and non-agricultural market access (NAMA). During his opening remarks, Commission Executive Secretary Amoako credited the July Package with having injected "urgently-needed momentum" into the talks. However, he criticised it for ignoring the concerns of African countries on NAMA and agriculture, leaving them to be dealt with in subsequent negotiations. He called on African countries to intensify their efforts to ensure that their concerns are reflected in the modalities to be negotiated, as well as in the final outcome of the Doha Round.

The brainstorming meeting followed an expert group meeting on market access held there from 23-24 November, during which African WTO negotiators discussed several technical aspects related to market access and non-tariff barriers.

Africa's share in global exports has decreased from about five percent in 1980 to under two per cent today.

Documents from the meetings are available at <http://www.uneca.org/trid/meetings/TunisNovember2004/index.htm>

Further information on the WTO 'July Package' is available at: [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)

Opening Statement by K.Y. Amoako, Executive Secretary of the ECONOMIC COMMISSION FOR AFRICA (UN-ECA), 25 November 2004; "African trade negotiators strategize on kick-starting the Doha Round of WTO talks," ECONOMIC COMMISSION FOR AFRICA, 19 November 2004; "World Trade Liberalisation Still Excludes Africa, FINANCIAL TIMES, 23 November 2004.

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**BIG AGRIBUSINESS CASHING IN ON US AG SUBSIDIES**


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The US-based NGO Environmental Working Group recently released new statistics on the distribution of US farm subsidies. The updated statistics revealed, once again, that farm payments are highly concentrated and that big agro-industrial corporations, not family farms, are by far the greatest recipient. In 2003, the US farm sector received US\$16.4 billion, with Riceland Foods Inc., Pilgrim's Pride Corp. and Cargill Inc. topping the list of beneficiaries. Meanwhile, two-thirds of US farms received no payments at all, and eighty percent of farms that did benefit received only small amounts of money. In the case of corn, the most important crop in the US, ten percent of recipients got 72 percent of the payments. Cotton handouts were even more concentrated; the top three percent of recipients collected almost half the subsidies, cashing in more than US\$1 million each on average. The "Step 2" programme, which supports companies that export or mill US cotton, provided the top four recipients with more than US\$100 million each between 1995-2003.

US cotton subsidies have been successfully challenged at the WTO by Brazil (see BRIDGES Weekly, 15 September 2004, <http://www.ictsd.org/weekly/04-09-15/story1.htm>). Their international implications attracted attention due to the cotton initiative by four West African countries in 2003, which aimed at the phase-out of subsidies and compensation for least-developed countries affected by depressed world prices.

The Environmental Management Group stressed that, "given the chasmal disconnect between farm subsidies and the livelihoods of the vast majority of farm families in America," citizens must start asking hard questions about whether their tax money is being appropriately spent.

To access the Farm Subsidy Database, visit <http://www.ewg.org/farm/findings.php>

"What's The Plan? U.S. Farm Subsidies, 1995 through 2003," EWG RELEASE, 29 November 2004; "Farm Subsidies Enriched Biggest Producers, Group Says," BLOOMBERG, 29 November 2004.

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**OZONE MEETING APPROVES LIMITED USE OF METHYL BROMIDE**


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Meeting in Prague from 22-26 November, parties to the Montreal Protocol on ozone-depleting substances were unable to agree on exemptions to a ban on methyl bromide. The US and other developed countries sought exemptions from the full phase-out of this ozone-

depleting pesticide and fumigant, originally set for 2005, citing "critical use" needs. Methyl bromide is applied to cut flowers, strawberries and tomatoes. To resolve the methyl bromide issue, an additional, extraordinary meeting will be held in mid-2005.

Parties to the Montreal Protocol also considered trade in products and commodities treated with methyl bromide. Kenya introduced a draft decision urging parties not to restrict trade in these products, given their significance in the agricultural sectors of developing countries. Switzerland, however, noted that trade barriers may be desirable in that they encourage the phase-out of methyl bromide, and also cited implications for international law. The language in the decision finally adopted on this topic "invites" parties not to restrict trade in products from parties in compliance with the Montreal Protocol just because they have been treated with methyl bromide. The decision also welcomes efforts at developing alternatives to methyl bromide.

For daily updates and a full summary of the meeting, see IISD's Earth Negotiations Bulletin at <http://www.iisd.ca/ozone/mop16/>

ICTSD reporting; "Rich states' demands threaten environment treaty," REUTERS, 25 November 2004; "Use of Ozone Destroying Methyl Bromide Will Continue," ENS, 29 November 2004.

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## CONSERVATIONISTS TO MAKE TRADE WORK FOR BIODIVERSITY

More than 4,800 participants came together at the Third IUCN World Conservation Congress from 17-25 November in Bangkok, Thailand, to re-think and re-focus biodiversity conservation efforts. In relation to trade, resolutions called for a rights-based approach to conservation, the promotion of food sovereignty and the protection of water for public benefit. Trade concerns were integrated into a number of members' motions, trying to ameliorate adverse trade impacts on specific issues. The overall theme of the congress, "People and Nature -- only one world," was taken up by many motions that called for the consideration of poverty alleviation and human rights in conservation activities. While there was concern that focusing on poverty alleviation and development would distract IUCN from its mission, delegates agreed that biodiversity conservation cannot ignore development needs and called for an integrated approach. IUCN adopted the 2005-2008 Intersessional Programme which addresses population dynamics, consumption patterns, inequity, market failures and policy distortions as the four major underlying threats to sustainability. Accommodating fears about the impacts of genetically modified

organisms, members also approved two resolutions calling for credible knowledge and a moratorium on these organisms until proven safe. IUCN decided in addition to advocate action to combat illegal wildlife trade in the ASEAN region and globally.

For further information, see the upcoming edition of BRIDGES Trade BioRes.

ICTSD reporting.

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## WTO IN BRIEF

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### PÉREZ DEL CASTILLO OFFICIALLY ENTERS DG RACE

On 1 December, Uruguay officially nominated Ambassador Carlos Pérez del Castillo to the post of Director-General of the WTO. In his nomination letter, Ambassador Guillermo Valles Galmés of Uruguay noted that Pérez del Castillo would be a suitable candidate given his background as a citizen of a small developing country known as a consensus builder and for understanding the importance of multilateralism. In addition, a candidate from Latin America has never held the post of WTO Director General. The nomination letter also pointed out that Uruguay has already sounded out the Membership with regard to Pérez del Castillo's candidature, and that he has the benefit of "extensive formal support in Latin America as well as in other developing regions and the industrialised world".

The successor to Director-General Supachai Panitchpakdi is scheduled to be selected by the end of May 2005, in order to enable a smooth transition for the new Director-General in early September, well in advance of the December 2005 Ministerial Conference in Hong Kong. Several candidates have entered the race, informally and formally (see BRIDGES Weekly, 13 October 2004, <http://www.ictsd.org/weekly/04-10-13/WTOinbrief.htm>).

ICTSD reporting.

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## GI REGISTER FOR WINES AND SPIRITS INCHES FORWARD

At a 30 November meeting of the special (negotiating) session of the Council for Trade-related Aspects of Intellectual Property Rights (TRIPS), WTO Members found common ground on some aspects of the

proposed multilateral register for geographical indications for wines and spirits. Members agreed that notification of protection should provide flexibility to allow for different countries' legal approaches. They also agreed that the notification procedure should be simple, brief, transparent, easily accessible, and that users could pay the costs. Members also agreed that the WTO Secretariat could administer the register. The EU suggestion to retain WIPO as a possible administering body was opposed by "new world" countries including Argentina, Australia, Canada, Chile, the US and others.

Members were unable to make headway on whether the protection of registered terms should be voluntary or obligatory, and whether Members who do not register a term -- or do not even participate in the proposed register -- would nevertheless be obliged to protect it if it has been registered by others. Members fell into old negotiating positions, with the "new world" countries supporting a more voluntary, database-like system, and the EU pushing for a more rigid scheme (see BRIDGES Weekly, 29 September 2004, <http://www.ictsd.org/weekly/04-09-29/WTOinbrief.htm#2>). The meeting was sparsely attended and operated in informal mode.

The next "TRIPS weeks" are planned for April, June and October 2005.

ICTSD reporting.

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### BYRD AMENDMENT: EU, OTHERS CAN IMPOSE TRADE SANCTIONS ON US

On 26 November, the WTO's Dispute Settlement Body (DSB) gave permission to seven WTO Members to impose retaliatory duties on US imports. This came as a result of the US' failure to comply with a ruling that found an aspect of its anti-dumping practices illegal. Under the so called Byrd Amendment -- the popular name for the US Continued Dumping and Subsidy Offset Act of 2000 (CDSOA) -- foreign firms selling their products below cost in the US could be fined, and the money thus collected redistributed to the US companies that initiated the complaint. This redistribution scheme was ruled illegal by a WTO panel in January 2003 (see BRIDGES Weekly, 22 January 2003, <http://www.ictsd.org/weekly/03-01-23/index.htm>).

The DSB's approval followed the US retraction of an earlier demand that six of the seven Members modify the language in their separate retaliation requests. The US had argued that the absence of such modifications would allow the six to impose sanctions above the authorised levels fixed by a WTO arbitrator in August (see BRIDGES Weekly, 8 September 2004,

<http://www.ictsd.org/weekly/04-09-08/wtoinbrief.htm>).

The six Members -- Brazil, Canada, the European Union, India, Japan and South Korea-- rejected the US request on the basis that it had no merit. The impasse was resolved when the US agreed to accept a statement from DSB Chair Amina Mohamed of Kenya proposing that the DSB agree to authorise retaliation in line with the awards set out in the arbitration rulings.

ICTSD Reporting; "WTO Gives Green Light to Byrd Sanctions; U.S. Drops Objections to Request Language", WTO Reporter, 29 November 2004; "WTO Imposes Penalties on US Exports," China View, 19 November 2004.

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### DISPUTE SETTLEMENT REVIEW FOCUSES ON 'PACKAGE DEAL'

During the last special (negotiating) session of the Dispute Settlement Body (DSB) for the year on 25-26 November, discussion focused on the informal 'package deal' (JOB (04)/52) submitted by Norway and four other countries during the 28 May 2004 special session (see BRIDGES Weekly, 2 June 2004, <http://www.ictsd.org/weekly/04-06-02/story2.htm>).

Unlike the 28 May session, Members showed considerable interest in the proposal. Discussions were more detailed, although there was no emerging consensus on any of the three proposals outlined in the deal -- sequencing, remand and post-retaliation issues. Notably, there was very little engagement on the package deal by the US, which took the view that the issue of 'sequencing' did not present any problems that needed to be fixed. Likewise, the EC disagreed with the proposal's 'sequencing' suggestion that either party to a dispute be allowed to seek a panel to determine if the offender had complied with a ruling -- a right that is currently available only to the complaining party. The proponents of the package deal agreed to address the technical questions and concerns Members had raised and continue discussion in 2005. Thus, the Chair, Ambassador David Spencer of Australia, concluded the dispute settlement talks for 2004 with no harvest in sight.

Negotiations to improve and clarify the WTO rules on disputes -- the Dispute Settlement Understanding Review (DSU Review) mandated by the Doha Ministerial Declaration -- have been sluggish so far, with a lack of political will from WTO Members to reach a consensus on proposals submitted. Argentina, Brazil, Canada, India, New Zealand and Norway introduced the informal set of proposals in response to the chair's invitation to Members to work among themselves outside the sessions to bridge differences and achieve consensus. The 'package deal' covered three systemic issues; equipping the Appellate Body with a 'remand'



authority to send a complaint back to the original panel for clarification on factual issues; 'sequencing' trade sanctions and compliance rulings so that a party that wishes to request sanctions against an offender will have to await a WTO compliance panel decision affirming that the offender in question has not implemented the ruling; and 'post-retaliation' procedures for the removal of previously authorized trade sanctions.

ICTSD reporting.

## EVENTS & RESOURCES

### EVENTS

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

#### Coming Up: 2-8 December

6 December, Copenhagen, Denmark: SEMINAR ON WTO, TRADE AND THE ENVIRONMENT. This seminar is organised by the 'WTO, Trade & Development' network, an initiative based at the Danish Institute for International Studies (DIIS). It will include an introduction by the International Institute for Sustainable Development's Mark Halle and sessions on trade and the environment, on the Doha Mandate and Multilateral Environmental Agreements, Environmental Impacts of Trade Liberalisation in Mexico: Lessons for the WTO and a discussion. The afternoon is part of the DIIS' monthly 'Trade Mondays' seminar series. For further information, contact Stefano Ponte, tel: +45 3269 8787; fax: +45 3269 8700; email: [spo@diis.dk](mailto:spo@diis.dk); Internet: <http://www.diis.dk/sw8019.asp>

8-10 December, Islamabad, Pakistan: SEVENTH SUSTAINABLE DEVELOPMENT CONFERENCE. This conference is organised by the Sustainable Development Policy Institute (SDPI) and will provide a forum for dialogues on sustainable development and governance with South Asian practitioners and policy makers. It will examine the relations between various dimensions of sustainable development and governance. The speakers will discuss how problems and issues in South Asia can be dealt with effectively at various levels based on prior experience of successful policy interventions. For further information, contact Uzma T. Haroon, tel: +92-51-2278134; fax: +92-51-

2278135; email: [Uzma@sdpi.org](mailto:Uzma@sdpi.org); Internet: [http://www.sdpi.org/sdc\\_2004/sdcMain.htm](http://www.sdpi.org/sdc_2004/sdcMain.htm)

### 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.

2 December: WTO INTEGRATED FRAMEWORK STEERING COMMITTEE.

3 December: WTO COUNCIL FOR TRADE IN SERVICES - SPECIAL SESSION.

6 December: WTO WORKING PARTY ON THE ACCESSION OF BOSNIA AND HERZEGOVINA.

6 & 8 December: WTO NEGOTIATING GROUP ON MARKET ACCESS.

### Other Upcoming Events

12-14 December, Noordwijk, Netherlands: INTERNATIONAL CONFERENCE ON ENERGY FOR DEVELOPMENT. This high-profile event is being organised by the Dutch Ministry of Foreign Affairs and the Ministry of Housing, Spatial Planning and the Environment, in close collaboration with the World Bank, UNDP and the World Business Council on Sustainable Development. The conference will address investment needs in the energy sector, barriers to investment and ways of overcoming them. It aims to put energy more firmly on the development agenda and to explore the contributions that can be made by the various local and international stakeholders. For further information, contact the Secretariat of Energy for Development, tel: 31-70-339-1812; fax: 31-70-339-1306; email: [projectteam@energyfordevelopment.org](mailto:projectteam@energyfordevelopment.org); Internet: <http://www.energyfordevelopment.org>

12-14 December, San Francisco, US: INTERNATIONAL CONFERENCE ON ERADICATING POVERTY THROUGH PROFIT: MAKING BUSINESS WORK FOR THE POOR. Keynote addresses, panels, workshops and other presentations during this international conference organised by the World Resources Institute (WRI) will focus on private sector approaches to development and ask how business can "do good and do well" at the same time. For further

information, contact the World Resources Institute, tel: +1-202-729-7600; fax: +1-202-729-7610; email: [PovertyConference@wri.org](mailto:PovertyConference@wri.org); Internet: <http://povertyprofit.wri.org/>

10-14 January 2005, Port Louis, Mauritius: INTERNATIONAL RESEARCH FOUNDATION FOR DEVELOPMENT WORLD FORUM ON SMALL ISLAND DEVELOPING STATES (SIDS): CHALLENGES, PROSPECTS AND INTERNATIONAL COOPERATION FOR SUSTAINABLE DEVELOPMENT. This Forum will be held as a side event during the International Meeting (IM) on the 10-Year Review of the Barbados Program of Action for the Sustainable Development of SIDS. In addition to contributing to the IM, this event seeks to mobilise the scientific community to engage in research, policy analysis, as well as to design programmes of action to solve major problems faced by SIDS on a continuous basis. The Forum also aims to raise global public awareness on SIDS issues through research, education, and the dissemination of new knowledge. For further information, contact the International Research Foundation for Development, tel: 1-763-689-2963; fax: 1-763-689-0560; email: [sids@irfd.org](mailto:sids@irfd.org); Internet: <http://irfd.org/events/wfsids/>

18-22 January 2005, Kobe-Hyogo, Japan: WORLD CONFERENCE ON DISASTER REDUCTION. This conference is organised by the International Strategy for Disaster Reduction Secretariat and aims to increase support for the implementation of disaster risk reduction strategies at all levels and in particular its integration into development planning processes. The conference is the culmination of a the ten-year review of disaster reduction activities since the first World Conference on Natural Disaster Reduction, which took place in Yokohama, Japan in 1994. For further information, contact Helena Molin Valdes, tel: 41-22-917-2776; fax: 41-22-917-0563; email: [molinvalides@un.org](mailto:molinvalides@un.org); Internet: <http://www.unisdr.org/wcdr/>

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## RESOURCES

ECONOMIC AND POLICY ASPECTS OF AGRICULTURAL SUBSIDIES. By Timothy Wise (Global Development and Environment Institute, Tufts University, 2004). This paper examines the economic and policy aspects of agricultural subsidies. It focuses on the most widely used measure of agricultural support, the OECD's Producer Support Estimate. The paper identifies several important flaws in its application and interpretation as a reliable subsidy measure. A review of economic models of subsidy reduction and trade liberalisation finds that they are unlikely to raise producer prices to a sufficient degree to bring relief from alleged agricultural dumping to Southern farmers. The paper concludes that subsidy reduction is not likely

to reduce economic pressures on Mexican maize producers from below-cost US exports, nor are such measures likely to improve the economic prospects for similar small-scale farmers growing food primarily for subsistence and the internal market. Instead, the author argues, policy reforms should focus on ending agricultural dumping, reducing global commodity overproduction in key crops, and reducing the market power of agribusiness conglomerates. The report is available at <http://www.ase.tufts.edu/gdae/Pubs/wp/04-02AgSubsidies.pdf>.

INCORPORATING RESOURCE IMPACT INTO FISHERIES SUBSIDIES DISCIPLINES: ISSUES AND OPTIONS. By the United Nations Environment Programme (2004). This discussion paper considers the potential implications of an international reform of subsidies. With the aim of stimulating dialogue, it offers one view of several possible options for incorporating the impact on resources into existing and new WTO disciplines on fisheries subsidies. The report is available at <http://www.unep.ch/etu/Fisheries%20Meeting/bulletinPech.pdf>.

POVERTY REDUCTION AND HUMAN DEVELOPMENT IN AFRICA. By Ben C. Arimah, the Journal of Human Development 5 (3, 2004): 399-415. This paper uses cross-national data to investigate the extent to which the adoption of human development strategies has resulted in a reduction of poverty in Africa. Inter-country variations in income and human poverty reinforce the established patterns of well being within the continent, as countries in Northern and Southern Africa have the lowest levels of poverty. The empirical analysis reveals that inter-country differences in poverty levels can be accounted for by variables indicative of the different facets of human development. These include public expenditure on education, primary school enrolment, female educational enrolment, expenditure on health, and good governance. Other significant variables apart from those pertaining to human development are economic growth, high external debt, the prevalence of HIV/AIDS and the geographical disadvantage of being a landlocked country. The paper also shows that foreign aid has had a limited effect on poverty reduction in Africa. To access the paper visit <http://hdr.undp.org/publications/journal.cfm>.

GLOBALISATION AND SECURING RIGHTS FOR WOMEN INFORMAL WORKERS IN ASIA. By Jeemol Unni, The Journal of Human Development, 5 (3, 2004): 335-354. The major paradigms of the development discourse have recently incorporated the language of rights. To move from the rhetoric of human rights to concretely elaborate the content of rights for informal workers, particularly women, in Asia is the purpose of

this paper. Using a rights-based approach to development, the paper takes up the issue of gender-enabling worker rights in the context of developing economies that are increasingly open to external influences. The claim of women and informal workers for a voice in the macro policy decisions through representation at the local, national and international levels is at the heart of the rights-based approach. To access the report visit <http://hdr.undp.org/publications/journal.cfm>.

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