



INTERNATIONAL CENTRE FOR
TRADE AND SUSTAINABLE
DEVELOPMENT

Bridges

Weekly Trade News Digest

8 December 2004

Volume 8 Number 42

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LEAD STORIES

TRIPS COUNCIL CONSIDERS PUBLIC HEALTH, BIODIVERSITY

Public health and biodiversity-related concerns emerged as major issues at the year's final meeting of the WTO Council for Trade-related Aspects of Intellectual Property Rights (TRIPS) on 1-2 December.

At the meeting, Nigeria submitted a proposal (IP/C/W/437) on behalf of the African Group -- which includes all African WTO Members -- for converting the waiver provided for in the 30 August 2003 Decision on pharmaceutical patents into a formal amendment of the TRIPS agreement. Many developed countries criticised the Nigeria-led proposal, arguing that it sought to re-open the debate on the substance of the Decision and would only complicate current discussions. The supporters of the proposal countered that the suggested text was only an attempt to simplify the complex nature of the waiver.

In the session on biodiversity, traditional knowledge (TK) and folklore an attempt was made to move the substantive debate forward on the relationship between the TRIPS Agreement, biodiversity issues and TK with a new proposal (IP/C/W/438) submitted by Bolivia, Brazil, Cuba, Ecuador, India, Pakistan, Peru, Thailand and Venezuela.

Nigeria stirs up debate on 30 August Decision

The '30 August Decision' by the General Council spells out the circumstances under which countries without pharmaceutical manufacturing capacity can import generic versions of drugs still under patent. (see BRIDGES Monthly July-August 2003 <http://www.iprsonline.org/ictsd/docs/healthBridges7-6.pdf>). The Decision temporarily waives Members' obligations under TRIPS Article 31(f) by allowing them to export pharmaceuticals produced under compulsory licence, albeit subject to a large number of conditions in both the exporting and importing country. In the Decision -- the adoption of which was accompanied by a statement from the Chair of the General Council assuring that it would not be misused -- Members agreed that the waiver would last until the TRIPS

Agreement is permanently amended; the already-extended deadline to do this is 31 March 2005.

The African Group submission proposed a text for amending TRIPS Article 31, and marked the first substantial contribution to the debate since the Decision itself. Prior discussions had been limited to technical questions about how to include the waiver in the Agreement.

Some developed country Members disagreed with the proposed text. The US in particular criticised it for not including several provisions of the 30 August Decision. Countries including the US, the EU, Japan, Canada, and Switzerland argued that the omissions amounted to an attempt by the African Group to re-open the agreement struck in 2003. They see the amendment as a strictly technical exercise involving the incorporation of the waiver into the TRIPS Agreement. They said that the negotiations leading up to the 30 August Decision were very difficult and that the current text represents a fragile balance that should not be renegotiated; new debates on the amendment would be counterproductive.

The proposal's co-signatories, with the support of the Philippines, countered that though their proposed amendment goes beyond the mere introduction of the waiver's text into Article 31, it does not make any substantive changes to it. They argue that at most, it only simplifies the text of the waiver by leaving out the parts that are redundant in view of other provisions in the TRIPS Agreement, including its preamble.

In addition, the US demanded that the General Council Chair's Statement of 30 August be included in any amendment to the TRIPS Agreement. Most developing countries generally resist this, due to the limiting language of the statement and its direct reference to specific pharmaceutical corporations.

In the end, due to the late presentation of the African proposal, most countries decided not to comment. With the 31 March 2005 fast approaching, great expectations now lie on the TRIPS Council meeting in March 2005, where Members would have to agree on an amendment if the General Council meeting at the end of that month is to be able to decide on how to proceed with amending the TRIPS Agreement.

Debate on genetic resources moves from Disclosure of Origin to Prior Informed Consent

A new proposal (IP/C/W/438) submitted by Bolivia, Brazil, Cuba, Ecuador, India, Pakistan, Peru, Thailand and Venezuela focused on Prior Informed Consent (PIC), the second of the three elements identified in the 'checklist' (IP/C/W/420) presented in March 2004 by a

number of developing countries as the basis for future negotiations on biodiversity concerns in the TRIPS Council. The proposal paid particular attention to Article 15 of the Convention on Biological Diversity (CBD), according to which the Contracting Party is obliged to disclose prior informed consent for patents that involve the use of biological resources, unless otherwise determined by the country that provides those resources.

This recent submission follows a proposal (IP/C/W/429) by the same group of countries made during the last TRIPS Council meeting in September, which focused on the first of the checklist's elements, namely disclosure of origin (see BRIDGES Trade BioRes, 23 September 2004, <http://www.ictsd.org/biores/04-09-23/story1.htm>). The third item is disclosure of benefit sharing under the relevant national-level regime.

Most other Members remained unchanged in their positions on this issue. The US maintains its belief that there is no inherent conflict between TRIPS and the CBD, and that mandatory disclosure mechanisms are inappropriate as they are likely to lead to uncertainties in the international patent system. They thus favour a contract-based approach (IP/C/W/434) through national laws outside the patent system.

Switzerland in a new proposal (IP/C/W/433) reaffirmed its support for a voluntary patent disclosure system on the source of genetic resources and traditional knowledge. However, it believes that WIPO's Patent Cooperation Treaty (PCT) would be a more appropriate forum for this than the WTO, and informed the TRIPS Council that it was pursuing the matter in WIPO.

The EU, on the other hand, has suggested that a mandatory system of disclosure would be suitable in principle. However, it has not yet decided on how to best implement this in practice.

While also remaining undecided on how to best resolve potential conflicts between TRIPS and biodiversity related concerns, Canada intervened to challenge the proponents of the three dominant positions in the Council to examine how 'bad patents' such as neem, turmeric or basmati rice would have been resolved under their respective mandatory, contract-based, and voluntary approaches. This challenge was supported by Australia and New Zealand, confirming the demand for assessments of the potential impact of each of the three methodologies on actual cases.

Other Developments

While substantive debate did take place in the fields of health and biodiversity, positions remain deadlocked on the issue of non-violation complaints. Members are

technically allowed to take 'non-violation complaints' to dispute settlement based on the loss of an expected benefit caused by another Member's actions -- even if the actions do not actually violate WTO law.

The US and to a lesser extent Switzerland remain the only countries that support the end of the moratorium (provided for in TRIPS Article 64.2 and extended by the July Package until July 2005) on submitting TRIPS-related non-violation complaints to the WTO Dispute Settlement Body. Most other countries heavily opposed this position, arguing that the nature of TRIPS, which simply sets minimum standards for the protection of intellectual property, is not appropriate for the use of non-violation complaints. Furthermore, they fear that the introduction of non-violation complaints would threaten the countries' freedom to regulate IPR issues at the national level. They also argue that allowing TRIPS-related non-violation complaints could alter the very delicate equilibrium between rights and obligations in the Agreement.

Finally, China, in response to a set of questions posed by Japan (IP/C/W/430), the EU and the US (IP/C/W/432) in November 2004 on how it was confronting piracy and counterfeiting within its borders, gave a one hour and 45 minute-long speech explaining primarily its enforcement policies. While other Members applauded China's initiatives to address piracy, they expressed lingering concerns about the amount of counterfeit products ending up in their markets.

While no real agreement was reached during this session, the debate was characterised by a constructive attitude towards substantive issues.

The next TRIPS Council meeting is scheduled for 8-10 March 2005.

For the 30 August Decision see: http://www.wto.org/english/tratop_e/trips_e/implement_par_a6_e.htm

For the General Council Chair's Statement see: http://www.wto.org/english/news_e/news03_e/trips_stat_28aug03_e.htm

ICTSD reporting; "U.S., Other Rich Countries Slam African Bid for Incorporating Medicines in TRIPs Accord," WTO REPORTER, 2 December 2004.

WTO MEMBERS 'CAUTIOUSLY POSITIVE' ABOUT S&D PROCESS

At the Committee on Trade and Development Special Session (CTD-SS) meeting on 7 December, Members

considered a new approach to negotiations on special and differential treatment (S&D) suggested by Chair Faizel Ismail (South Africa). The Chair's informal suggestions for organising further work, first presented to Members on 3 December, seek to enable developing countries to access enhanced flexibilities in WTO rules to address particular development challenges while remaining consistent with a rules-based multilateral trading system. They are, however, still at a very preliminary stage of discussion. Several Members indicated that they had not had time to look at the approach exhaustively and needed time for further reflection. The meeting decided to continue discussions through informal consultations and a meeting early next year.

Background

Paragraph 44 of the Doha Declaration states that all S&D provisions "shall be reviewed with a view to strengthening them and making them more precise, effective and operational." However, negotiations on these provisions have not progressed significantly in the current round of talks.

Discussions in recent years have been characterised by a split between two groups: those who want to first deal with the set of 88 agreement-specific proposals for S&D enhancement, led by the African Group of developing countries; and the developed countries which want to first address the controversial "cross-cutting" issues such as the principles and objectives of S&D and the creation of a system to differentiate among developing countries and provide them different levels of S&D (see BRIDGES Weekly, 8 April 2004, <http://www.ictsd.org/weekly/04-04-08/story1.htm>).

A proposed way ahead

The Chair's new informal suggestions build upon the approach suggested at the previous CTD-SS meeting on 28 October (see BRIDGES Weekly, 3 November 2004, <http://www.ictsd.org/weekly/04-11-03/story1.htm>), where the meeting considered looking at the "horizontal issues," or "underlying causes" behind the agreement-specific proposals to try to understand their motivation and intent.

Chair Ismail's suggestions for this meeting described four elements of a conceptual approach to S&D proposals: effective market access, enhanced flexibility in WTO rules, consistency with a multilateral rules-based system, and enhanced capacity-building programmes.

He also put forth different options for the 88 agreement-specific proposals for operationalising S&D. They could be redrafted or merged according to this conceptual

approach, or referred as they are to ongoing negotiations. Alternately, proposals could be withdrawn and the development issues that underlie each one could be addressed in the context of four thematic groups of cross-cutting issues. Possible issue groups include addressing the issue of enhanced flexibility, developing the monitoring mechanism concept, addressing the need for enhanced capacity building, and building the coherence of policy making and implementation amongst multilateral agencies.

These suggestions were made in a very informal manner, and Members did not make any decisions on them, nor are they likely to.

Reactions to proposals vary

While sources stressed that nothing has been decided, some Members raised concerns about the new approach at the meeting. Several countries, including some of the original proponents of the 88 agreement-specific proposals, suggested that this potential new approach might involve a long process that would distract Members from the Doha mandate to make the agreement-specific S&D provisions more "precise, effective and operational". One delegate pointed out that since the CTD-SS is supposed to come forth with recommendations on the specific proposals by July 2005 as per the July Package, Members should focus on doing so before addressing cross-cutting issues.

One African country suggested the CTD-SS continue on the proposal from the last meeting to just group the 88 proposals according to themes such as capacity building, technical assistance, supply-side constraints, flexibility and monitoring.

Several developing countries said that they needed time for further reflection on the proposed course of action. A few developed countries reiterated their belief that S&D was intended to facilitate developing countries' integration into the multilateral trading system, and that this understanding would have to be reflected in the approach of the CTD-SS to S&D negotiations. However, the meeting was described as "cordial" and "positive" in its attempt to find pragmatic ways to overcome the S&D stalemate, in clear contrast to earlier meetings of the group.

The Chair confirmed that he would continue "dynamic processes" that would attempt to sequence work and enable Members to further reflect on possible approaches before a meeting early next year. He also mentioned that he had spoken to the Chairs of other WTO negotiating bodies, and planned to do so again, regarding S&D provisions that had been referred to them (see BRIDGES Weekly, 4 June 2003, <http://www.ictsd.org/weekly/03-06-04/story1.htm>). The

Chairs reportedly reacted positively to the idea of addressing these provisions in their respective negotiations.

Members at the meeting also recognised that the Chair's suggestions themselves should not be negotiated, but that Members should spend time considering the current S&D negotiations in the context of the principles contained in the suggestions.

ICTSD reporting.

WTO SERVICES TALKS SAID TO BE IN "CRISIS"; CHAIR REMAINS HOPEFUL

A senior WTO official has described the Doha round services negotiations as in "crisis" due to lack of engagement by a large number of countries. His comments came as the recent two-week 'cluster' of talks on the further liberalisation of trade in services ended on 3 December with a meeting of the Special Session of the Council for Trade in Services (CTS), which oversees the services talks.

Mamdouh: services negotiations "in trouble"

Abdel-Hamid Mamdouh, the head of the WTO Secretariat's services division, told the press on 3 December that "the negotiations are not progressing," pointing to the "huge number" of countries that have not yet made initial offers of market access in the ongoing talks.

The Doha mandate gave Members until March 2003 to submit their initial offers; the July Package said that revised offers should be made by May 2005. To date, 37 non-least-developed country (LDC) Members -- including Indonesia, the Philippines, South Africa, Morocco, and Venezuela -- have yet to table offers. LDCs are not expected to make offers. Market access in services is negotiated bilaterally through a process of requests and offers. The initial requests and offers serve as the baseline for the bilateral talks.

Malaysia made its initial offers on 3 December; Egypt announced at the CTS meeting that it would do so the following week, which would bring the number of countries that have submitted initial offers in the negotiations up to 47 out of the 148 WTO Members.

Mr. Mamdouh echoed Members' disappointment with the depth and quality of the offers made thus far, saying, "it's safe to say services have not been getting the appropriate attention in capitals."

Quad, others, call for more and better offers

Sources indicated that there was general agreement at the CTS meeting that the services talks are at a critical juncture. A 23 November informal 'organisational statement' from a group of countries including the Quad (Canada, the US, the EC, and Japan), India, Chile, and Mexico was the subject of much discussion (see BRIDGES Weekly, 1 December 2004, <http://www.ictsd.org/weekly/04-12-01/story3.htm>). The paper called on Members to "engage substantively in the request-offer process" with an eye to the May 2005 benchmark date. It also emphasised that further initial offers were "critical to securing high-quality, meaningful revised offers." Some Members disagreed with the communication's exclusive focus on market access, emphasising that they wanted to discuss rule-making as well.

Chilean WTO Ambassador and CTS Chair Alejandro Jara expressed more optimism than Mr. Mamdouh, saying that more offers are expected in the near future, and that "there's a lot of will and political capital invested in... [putting] the talks on an equal footing with those of agriculture and non-agricultural market access."

Mode 4 ('movement of natural persons') was also discussed, though no papers on the subject were tabled. A group including India, Chile, Colombia, Mexico, and the Philippines said they would present a paper on categories of businesspersons in a few months' time.

Next services cluster set for February 2005

Members agreed at the CTS meeting to a three-week long cluster of services negotiations in February 2005; the unusually long talks will allow many bilateral meetings to take place. Subsequent clusters will take place in June and September.

Some countries warn that it is not feasible to wait for progress in agriculture and non-agricultural market access (NAMA) talks before moving forward on services. They argue that services are a complex issue, and that because domestic coalitions of support for liberalisation cannot be built overnight, countries need to "start doing their homework right now."

ICTSD reporting; "WTO Official Sounds Alarm on Progress of Services Talks," WTO REPORTER, 6 December 2004.

DEVELOPED, DEVELOPING COUNTRIES DISAGREE ON INDUSTRIAL MARKET ACCESS APPROACH

Developing country Members continue to disagree with a US-led group of developed countries on how to go about reducing import tariffs on industrial and consumer goods. The first two days of the 6-8 December meeting of the WTO Negotiating Group on Non-agricultural Market Access (NAMA) saw discussions on the July Package's mandate; the third day's talks focused largely on non-tariff barriers.

Sources said that the "totally multilateral" informal sessions on 6-7 December allowed several delegations to express their views on the framework for establishing NAMA negotiating modalities set out in Annex B of the July Package. They hoped that the open discussions would help Members identify common ground on which to move forward.

Members divided on sectoral, formula-based approaches

In spite of the participatory nature of the discussions, Members remain broadly divided on whether to first focus on developing a tariff-reduction formula that would apply across the board, or to first pursue a 'sectoral' initiative that would sharply reduce or eliminate import tariffs on certain products.

Proponents of the sectoral approach -- including the US and Canada -- argued that such a strategy had been successful in the past, pointing to agreements on toys and raw materials such as paper products and steel. Sectoral agreements for various products already exist among a number of primarily developed country WTO Members. Informal discussions organised in November by the US, Canada, and Hong Kong suggested that a sectoral initiative could encompass products of export interest to developing countries, such as chemicals, machinery, leather goods, and gems.

Developing countries remained generally unconvinced of the merits of the sectoral approach, arguing that Members should devote their energies to developing a tariff-reduction formula. China did not find the existing sectoral agreements to be as successful as the US-led countries were arguing; along with India, it argued that a sectoral initiative might not even be necessary if an agreed formula cuts tariffs substantially enough. Brazil demanded that participation in a sectoral initiative be voluntary. Several developing country Members fear that a sectoral approach could leave them facing high tariffs in areas of importance to them, since it is not clear how sectors would be chosen. They also believe

that they may not have the research capacity necessary to evaluate the effects of liberalising certain sectors.

The informal discussions explored many gaps in the discussions. Supporters of sectoral liberalisation talked about a 'critical mass'-based approach that would see tariffs on a product eliminated when a sufficiently high percentage of countries trading in it agree to participate in the initiative. They argued that this would address Brazil's desire to keep participation voluntary. Some countries asked the WTO Secretariat to prepare some studies on the sectoral approach, looking at whether such initiatives have ever been successful in the past.

Non-tariff barriers discussed on 8 December

The 8 December session was occupied by discussions on non-tariff barriers (NTBs). The Secretariat has prepared a document classifying NTBs notified by Members on the basis of the WTO Agreements to which they pertain. Members discussed whether each NTB should be dealt with within the relevant body (e.g., the Committee on Sanitary and Phytosanitary Measures or the Committee on Technical Barriers for Trade) or whether NTBs should be discussed as a whole by the NAMA group. Kenya and the EC support the latter approach. The US suggested that the Chair could hold consultations on NTBs with smaller groups of Members. New Zealand said that Members are obliged to ensure that NTBs are legitimate under WTO law.

Given the absence of consensus on how to change the process for dealing with NTBs, the Chair decided that work will simply continue as it has been proceeding.

The Negotiating Group on NAMA is scheduled to meet next at the end of January 2005.

ICTSD reporting; "US-Backed Sectoral Initiative Continues to Face Opposition at WTO NAMA Talks," WTO REPORTER, 8 December 2004.

WTO DG RACE HEATING UP: LAMY ANNOUNCES CANDIDACY; KENYAN MAY THROW HAT INTO RING

Former EU Trade Commissioner Pascal Lamy announced on 7 December that he will seek to succeed Supachai Panitchpakdi as Director-General (DG) of the WTO. The very same day, his candidacy received the preliminary approval of the 133 Committee, the body comprised of trade officials from all 25 member states that determines EU trade policy. No EU members objected to Lamy's bid at the meeting, so the official endorsement of his bid on 9 December is expected to

be a formality. Lamy also received public declarations of support from Peter Mandelson, his successor as trade commissioner, as well as European Commission President Jose Manuel Barroso. US trade officials described Lamy as a "strong candidate," but stopped short of endorsing his candidacy.

Lamy is joined in what is fast becoming a crowded race by former Uruguayan WTO Ambassador Carlos Perez del Castillo and Mauritian Foreign Affairs and Trade Minister Jayakrishna Cuttaree, who have both already been formally nominated for the WTO's top job.

Other likely nominees to replace Supachai when his term ends in September 2005 include Brazil's current WTO Ambassador Luiz Felipe de Seixas Correa and surprise candidate Mukhisa Kituyi, Kenya's minister for trade and industry.

Kenya unexpectedly announced its intention to nominate Kituyi at the end of an African, Caribbean, and Pacific (ACP) group of countries ministerial in Brussels on 29 November - 3 December. Annoyed Mauritian officials insisted that the ACP group was "overwhelmingly behind" Cuttaree's candidacy. However, the nomination of the Kenyan could split the ACP countries. An announcement regarding Kituyi's candidacy is expected by 10 December.

All nominations are to be sent to the Chair of the General Council by 31 December. This will be followed by three months of campaigning by nominees before consideration begins on 1 April 2005. Less popular candidates are supposed to successively withdraw their names from consideration during the final two months of the process, leaving the General Council to establish consensus around one candidate by 1 June 2005. If consensus proves impossible by this date, Members may vote on whom to appoint.

The previous selection process paralysed the WTO for months, distracting Members from preparatory work for the 1999 Seattle Ministerial Conference that went on to end in failure.

ICTSD Reporting; "Lamy Confirms Bid for Top WTO Job; EU Committee Approves Candidacy," WTO REPORTER, 8 December 2004; "Pascal Lamy in running to head WTO," FINANCIAL TIMES.COM, 7 December 2004; "Move to Push Kenyan Candidate Could Split African Nations Over Selection of WTO Chief," WTO REPORTER, 7 December 2004.

WTO REVIEWS BRAZIL'S TRADE POLICIES

The central role of agriculture in Brazil's trade policy despite the dynamism of its manufacturing and services sectors was highlighted by the WTO Trade Policy Review (TPR) of Brazil, held on 29 November and 1 December. Members appreciated Brazil's active participation in the WTO and in the Doha talks in particular, but took note of its non-participation in the negotiations on the Information Technology Agreement (whereby Members undertook to reduce tariffs on Information Technology products to zero on an MFN basis) and non-ratification of the General Agreement on Trade in Services (GATS) protocols for telecommunications and financial services.

TPR Body Chair Thai Ambassador Puangrat Asavapisit's concluding remarks also drew attention to concerns about the range and complexity of non-tariff charges on imports into Brazil, both at the state and at the federal levels. In addition, Members invited Brazil to exercise restraint in its use of contingency measures such as anti-dumping duties.

The Secretariat's report (WT/TPR/S/140, available at <http://docsonline.wto.org>) noted that while trade, particularly exports, had already come to play an increasingly important role in Brazil's economy, further liberalisation would promote greater competition and efficiency and help ensure sustainable growth. The TPR noted that Brazil's tariff structure protected a number of manufacturing activities while implicitly taxing agriculture and mining.

The report noted that Brazil, as a major agricultural exporter, has much to gain from reducing distortions in world agricultural markets. Notably, the report said that though Brazil's ethanol fuel industry has been largely liberalised, the Brazilian government continues to finance ethanol fuel stocks for energy security reasons. Ethanol is a by-product of Brazil's sugarcane farming.

The report noted that although the agriculture sector only made up 8.2 percent of Brazil's GDP in 2002, it accounted for a massive 42 percent of its exports in 2003, amounting to US\$30.6 billion. The major export destinations were the US, EU and Japan. In value terms, soybeans are Brazil's largest export, followed by wood and wood-derived products, meat, leather, sugar, and coffee, with exports of the latter two showing an upward trend. In 2002, agriculture employed 12.5 million people, or 18.8 percent of total employment in South America's largest country.

Brazilian average agricultural tariffs lower than industrial ones

One of the few WTO Members who levy lower tariffs on agricultural products than on industrial goods, Brazil maintained an average nominal MFN tariff for the agriculture sector (WTO definition) of 10.2 percent in 2004, compared with an overall average tariff of 10.4%. All tariffs were bound, and Brazil applied Mercosur's (Brazil, Argentina, Uruguay and Paraguay) Common External Tariff (CET), albeit with a number of exceptions.

The modest levels of agricultural support in Brazil largely go to low-income farmers and small producers, in the form of minimum price support and preferential rural credit complemented by marketing schemes and market-oriented price and stabilisation mechanisms. Option contracts are a relatively recent innovation. Although the private sector plays the key role in rural credit, the government intervenes by setting minimum credit requirements for banks, regulating interest rates and assuming risk coverage. Brazil has been notifying its export subsidy commitments to the WTO Committee on Agriculture since 1995, and did not grant any export subsidies before 2001.

The TPR cites a 2002 study that shows that agricultural market liberalisation through the Doha negotiations would significantly expand production in Brazil, partly due to substantial price increases in meat, dairy products and soybeans. It also cites two other studies that point to potential gains from Brazil from the FTAA (Free Trade Area of the Americas) liberalisation process; Brazilian farm products faced average tariffs of up to 30 percent in the Americas -- the highest in the Western hemisphere.

"Brazil Continues to Liberalize; Further Steps Would Benefit the Economy and World Trade," WTO NEWS, 29 November 2004.

IN BRIEF

PETER MANDELSON DISCUSSES TRADE NEGOTIATIONS WITH ACP COUNTRIES

On 1 December, the newly appointed EU Trade Commissioner, Peter Mandelson, held his first meeting with trade ministers from the African, Caribbean and Pacific (ACP) group of states in Brussels. On the agenda were the ACP's involvement in ongoing multilateral trade talks and the EU-ACP Economic Partnership Agreement (EPA) negotiations. Regarding multilateral trade priorities, Commissioner Mandelson stressed that "delivering development has been the

core of the EU's approach to the Doha Agenda" -- an agenda which he intended to pursue. He cautioned, however, that advanced developing countries needed to be aware that they could not be granted the same advantages and privileges as "weak and vulnerable" countries in the Doha round. Regarding the EPAs, he reiterated their importance in promoting regional integration and tackling supply-side constraints to trade within the ACP.

Mr. Mandelson also highlighted some of the assurances that his predecessor Pascal Lamy had repeatedly offered to the ACP. In particular, he mentioned: (i) EPAs would involve asymmetrical liberalisation in favour of the ACP; (ii) EPAs would not necessarily result in loss of customs revenue for the ACP; (iii) in relation to market access, the EU will revise its rules of origin within EPAs and help developing countries meet Europe's "exacting product standards"; and. (iv) on the ACP's concern about the erosion of their preferences on bananas, sugar and textiles due to the EU's recent reform proposals on these commodities, the EC was committed to supporting them through the adjustment process (see BRIDGES Weekly 3 November 2004, <http://www.ictsd.org/weekly/04-11-03/story4.htm>).

The full text of Peter Mandelson's speech is available at <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/505&format=HTML&aged=0&language=EN&guiLanguage=en>

ICTSD reporting.

SOUTH-SOUTH TRADE SCHEME LIFTING OFF

The 19th session of the Global System of Trade Preferences Among Developing Countries (GSTP) was held on 3 December in Geneva. Participants agreed to conduct negotiations next year in two groups -- trade rules and market access -- that will be chaired by Nigeria and India respectively.

The session reviewed a work programme for the rules group that includes examining current rules of origin under the GSTP and developing ways and means of improving technical cooperation on non-tariff barriers to trade. It also examined the market access group's review of GSTP members' trade and tariff data. The market access group plans to finalise its work programme early next year and will likely focus on examining various tariff reduction approaches.

The 44 member countries in the GSTP hope to conclude the round by November 2006 to fully take advantage of the trade opportunities offered by the South-South trade liberalisation framework (see

BRIDGES Weekly, 17 November 2004, <http://www.ictsd.org/weekly/04-11-17/inbrief.htm#1>).

ICTSD reporting; "Sao Paulo Round of GSTP Negotiations," GSTP PRESS RELEASE, 7 December 2004.

WTO IN BRIEF

SUPACHAI REPORTS ON DEVELOPMENTAL ASPECTS OF COTTON

In a 3 December report to the General Council, WTO Director-General Supachai Panitchpakdi, highlighted the work of a 'consultative framework' -- comprising the proponents of the cotton initiative (Benin, Burkina-Faso, Chad and Mali), bilateral donors, and relevant multilateral and regional agencies -- in addressing the developmental ramifications of trade-related cotton issues. The July Package (WT/L/579) reaffirmed that the developmental aspects of cotton were complementary to the trade dimension, and instructed the WTO Secretariat to continue to work with the development community as well as to periodically report to the General Council on relevant developments.

This is the Director-General's first such report to the General Council. It noted that bilateral donor Members and the multilateral and regional agencies (such as the World Bank and the African Development Bank) have quickly introduced cotton-sector priorities into their programmes.

The WTO, bilateral donors, and other trade, economic and development organisations previously called attention to the development aspects of cotton in an 'African Regional Workshop on Cotton', held in Benin from the 23-24 March 2004 (see BRIDGES Weekly, 31 March 2004: <http://www.ictsd.org/weekly/04-03-31/story2.htm>). The trade related aspects of cotton are being addressed within the ongoing agriculture negotiations at the WTO. Within this context, a subcommittee on cotton was recently established to focus on this dimension as mandated in the July Package (see BRIDGES Weekly, 24 November 2004: <http://www.ictsd.org/weekly/04-11-24/story2.htm>).

The Director-General's report, WT/GC/83, is available at <http://docsonline.wto.org>

ICTSD reporting.

EC AND COMPLAINANTS REQUEST DELAY IN SUGAR APPEAL

In a joint request on 2 December, Australia, Thailand, Brazil (the complainants) and the European Communities (EC - the defendant) asked the WTO's Dispute Settlement Body to consider a 'Procedural Agreement' that they had reached in the dispute on sugar subsidies, for which a WTO panel recently ruled in favour of the complainants (see BRIDGES Weekly, 20 October 2004, <http://www.ictsd.org/weekly/04-10-20/story1.htm>). The parties have agreed that the usual 60 day time-period for appeals to be filed following the circulation of a panel report under the WTO rules for dispute settlement -- the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) -- should be extended until 13 January 2005, when the EC will file its notice of appeal. According to the parties' request, the reason for this is "to take account of the end of year period and to avoid inconveniencing the appeal procedure."

The 'Procedural Agreement,' referenced as WT/DS265/24, WT/DS266/24 and WT/DS283/5 is available at <http://docsonline.wto.org>

ICTSD reporting.

EVENTS & RESOURCES

EVENTS

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

ICTSD Event

14 December, Buenos Aires, Argentina: **TRADE IMPLICATIONS FOR KYOTO IMPLEMENTATION: MAKING IT WORK**. This Kyoto COP-10 side event organized by ICTSD and UNCTAD will focus on the linkages between the climate change regime and trade rules. Presentations will address the climate/trade interface, including relevant issues arising from the current Doha Round of trade negotiations. They will explore windows of opportunity in the international trading system for promoting climate policy, as well as possible obstacles. Following a general background on the interaction between the climate and trade regimes,

two case studies will be examined to bring the issues down to a more concrete level. For further information, contact Malena Sell, email: msell@ictsd.ch; Internet: <http://www.ictsd.org/dlogue/2004-12-14/COP10side-event.pdf>.

Coming Up: 9-15 December

6-17 December, Buenos Aires, Argentina: **TENTH CONFERENCE OF THE PARTIES TO THE UNFCCC**. For further information contact the UNFCCC Secretariat, tel: +49-228-815-1000; fax: +49-228-815-1999; email: secretariat@unfccc.int; Internet: <http://unfccc.int/cop10/index.html>

9-10 December, Brussels, Belgium: **ACP FISHERIES MEETING**. Organised by the Economic Affairs Division of the Commonwealth Institute. For further information, contact the Commonwealth Institute, email: a.Kahenya@commonwealth.int; Internet: <http://www.thecommonwealth.org>

WTO Events

An updated list of forthcoming WTO meetings is posted at: http://www.wto.org/english/news_e/meets.pdf. Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

9 December: **TRADE NEGOTIATIONS COMMITTEE**

9 December: **TEXTILES MONITORING BODY**

10 December: **TRADE, DEBT AND FINANCE WORKING GROUP**

13 December: **NEGOTIATING GROUP ON RULES - Regional Trade Agreements**

13-14 December: **DISPUTE SETTLEMENT BODY**

13-14 December: **GENERAL COUNCIL**

15 December: **TRADE POLICY REVIEW BODY - Switzerland/Liechtenstein**

15 December: **WORKING PARTY ON THE ACCESSION OF VIET NAM**

Other Upcoming Events

27 January 2005, Dakar, Senegal: 17TH ANNUAL BANK CONFERENCE ON DEVELOPMENT ECONOMICS (ABCDE). This conference is organised by the World Bank and will focus on the theme of "growth and integration" as well as financial reforms, economic development, trade and development and the investment climate necessary for development. Attendance is by invitation only. For further information, contact Boris Pleskovic, tel: +1- 202-473-1062; fax: 202-522-0304; email: bpleskovic@worldbank.org; Internet:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTABCDEWASHINGTON2005/0,,menuPK:553668~pagePK:64168427~piPK:64168435~theSitePK:553662,00.html>.

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: molinvaldes@un.org; Internet: <http://www.unisdr.org/wcdr/>

31 January - 5 February 2005, Hague, the Netherlands: INTERNATIONAL CONFERENCE ON WATER FOR FOOD AND ECOSYSTEMS. Organized by FAO and the Government of the Netherlands, this conference will provide a high-level platform to help governments identify management practices, share practical lessons learned and determine the enabling environment for harmonizing food production and ecosystem management with a view to implementing internationally-agreed commitments. The outcomes of this conference will provide direct input to CSD-13 and help implement work programmes of the CBD, Ramsar Convention, as well as the JPOI. For further information, contact Mathieu Pinkers, email: m.j.h.p.pinkers@minlnv.nl; Internet: <http://www.fao.org/ag/wfe2005/>

RESOURCES

INTERNATIONAL INVESTMENT FOR SUSTAINABLE DEVELOPMENT: BALANCING RIGHTS AND REWARDS. Edited by Lyuba Zarsky. London: Earthscan, 2004. The book critically examines the interface between sustainability, development, and the governance of international investment. It challenges the conventional view that foreign direct investment is a

'miracle drug' for developing countries and exposes serious shortcomings in the current international investment regime. Composed of norms, agreements, treaties and regulations, the emerging investment regime expands the rights of transnational corporations (TNCs) without commensurate rewards for the common good. Drawing on both research and engaged advocacy, the contributors ultimately map out a new way forward, towards the creation and implementation of international investment rules that will promote global sustainability and equity.

PRACTICAL GUIDE TO THE WTO FOR HUMAN RIGHTS ADVOCATES. Published by 3D -> Trade - Human Rights - Equitable Economy and FORUM-ASIA. This simply-worded guide to the World Trade Organization (WTO) provides concrete examples of how trade and trade rules developed in the WTO and elsewhere can affect human rights. The Practical Guide describes human rights mechanisms that can be applied by people concerned to ensure that trade, trade rules or the domestic implementation of international trade rules are carried out in a way that does not have negative impacts on human rights. It also contains pointers for individuals and groups concerned with human rights to respond to the threats trade and trade rules can pose to the enjoyment of human rights, as well as detailed reference and contact information for those wishing to learn more about how to undertake work relating to trade.

THE AGREEMENT ON SAFEGUARDS: USE OF THE INSTRUMENT, PROBLEM AREAS, AND PROPOSALS FOR CHANGE. By the Swedish National Board of Trade with a contribution from Patrick A. Messerlin. The report looks at WTO Members' dramatically increased use of safeguards since the Agreement on Safeguards entered into force in 1995, and concludes that the Agreement needs to be revised. The Agreement allows Members to unilaterally put up protection (tariffs or quotas) against sudden import surges found to injure their domestic industries. However, all the safeguard measures that have been brought before WTO dispute settlement have been found to be in breach of WTO rules. The report analyses the problems experienced with the application of the agreement to date and the risks that the safeguard instrument is used in a protectionist manner. It also suggests a number of ways in which the Agreement could be improved.

GSM COMMUNICATION TECHNOLOGY IS PRACTICALLY AND FINANCIALLY FEASIBLE FOR RURAL AFRICA. By Anders Engvall, Olof Hesselmark, and the Swedish International Development Cooperation Agency (SIDA), 2004. This feasibility study looks at the opportunities for micro-scale rural telephone operators who use Global System for Mobile

(GSM) communication technology to provide rural, low-income areas with communications services. Although the study uses Tanzania for evaluation purposes, the authors propose that these findings are applicable to most rural, low-income areas. It concludes that voice services can be offered to poor rural communities in less developed countries at very low prices and on commercial terms; universal access without subsidies can be a reality; and that a small pilot implementation should be carried out in order to verify these findings and confirm these business model assumptions. The report is available at <http://www.eldis.org/fulltext/profitable.pdf>.

ANALYZING RESOURCE IMPACT OF FISHERIES SUBSIDIES: A MATRIX APPROACH. The United Nations Environment Programme, 2004. The aim of this publication is to improve the understanding of the resource impact of different types of fisheries subsidies, and to provide an analytical basis for the reform of environmentally harmful subsidies. This publication builds upon earlier UNEP work that developed a matrix as an analytical framework for assessing the impact of subsidies. Using this framework, the study offers a detailed assessment of the impact of eight categories of subsidies taking into account the specific characteristics of a fishery, including its level of exploitation and its management regime. The publication is available at www.unep.ch/etu/etp/index.htm.

Back issues of **BRIDGES Weekly Trade News Digest**® can be accessed at: <http://www.ictsd.org/weekly/archive.htm>

BRIDGES Weekly Trade News Digest® is published by the International Centre for Trade and Sustainable Development (ICTSD), <http://www.ictsd.org/>. Electronic distribution is carried out by the Institute for Agriculture and Trade Policy (IATP).

Contributors to this issue of **BRIDGES Weekly Trade News Digest**® are Yvonne Apea, Trineesh Biswas, Johanna von Braun, Hugo Cameron, Eduardo Escobedo, Sarah Mohan, and Mahesh Sugathan. Editors: Trineesh Biswas, tbiswas@ictsd.ch, and Hugo Cameron. Director: Ricardo Meléndez-Ortiz, rmelendez@ictsd.ch. ICTSD is an independent, not-for-profit organisation based at: 7, ch. de Balexert, 1219 Geneva, Switzerland, tel: (41-22) 917-8492; fax: 917-8093. Excerpts from **BRIDGES Weekly Trade News Digest**® may be used in other publications with appropriate citation. Comments and suggestions are welcomed and should be directed to the Editor or the Director.

BRIDGES Weekly Trade News Digest is made possible in 2001 - 2004 through the generous support of the Government of the United Kingdom (DFID). Additional support is provided by ICTSD's core donors: the Governments of Finland, Denmark, the Netherlands and Sweden; Christian Aid (UK), MISEREOR, NOVIB (NL), Oxfam (UK) and the Swiss Coalition of Development Organisations (Switzerland). The **Weekly** also benefits from support for the **BRIDGES** series of publications including: the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation and Swiss Development Cooperation. ISSN 1563-0

